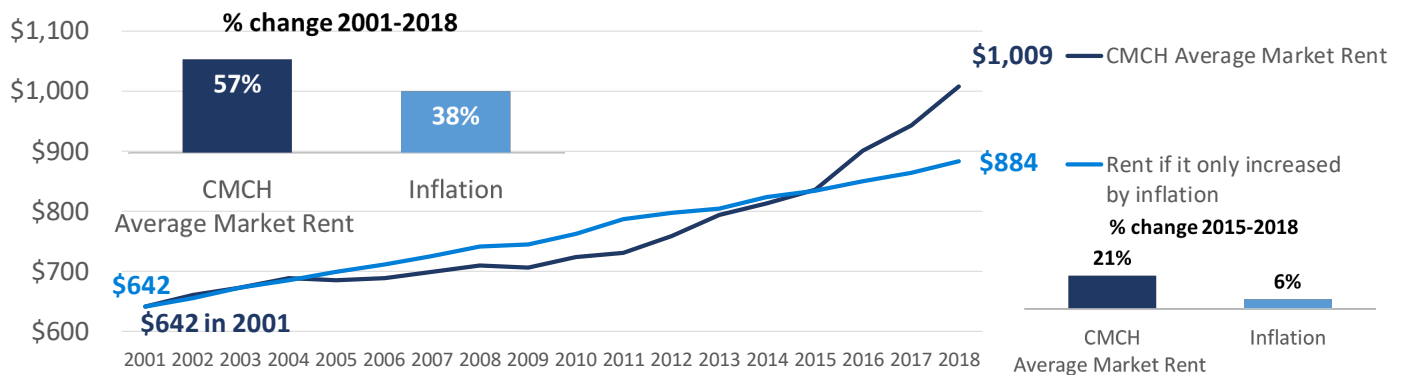


# RENTS AND AFFORDABILITY IN HAMILTON AND ONTARIO

A recent report from the Canadian Centre for Policy Alternatives shows that a minimum-wage earner would have to work 54 hours a week to afford a one bedroom apartment in Hamilton<sup>1</sup>. This troubling situation is not unique to Hamilton, as many communities across Ontario and Canada are experiencing a similar rental housing crisis, especially for households with only modest incomes.

In Hamilton, CMHC average market rent data shows a dramatic shift in the rental landscape since 2015, as illustrated in Chart 1. While rents in Hamilton stayed near or just below inflation, from 2001-2015, since 2015 rent have increased by 21%, compared to a 6% rise in inflation in the 2015-2018 period.

**Chart 1. CMHC average market rent in primary private rental units compared to inflation, City of Hamilton, 2001-2018**  
Housing Information Portal, Rental Market Survey, Canada Mortgage and Housing Corporation (CMHC) and Consumer Price Index, Statistics Canada



Across Ontario and Canada, renters are feeling the squeeze. But Hamilton has been particularly challenged by rising rents as seen in Chart 2. Between 2010 and 2016, Hamilton's average rents increased by about 3.7% per year, the highest rate of growth among our neighbouring communities and the Ontario average (which was 2.8% during this period). The most recent data show that Hamilton's average rents climbed by 6.9% between 2017 and 2018, driven both by continued increasing rents in existing units and new construction of higher quality and higher priced units. Kitchener-Waterloo-Cambridge has even higher spike in rents in that period (almost 10%), which is due in part to a large growth in student rentals and the construction of the Grand River Transit LRT line which has spurred rental investment in the city. As average rent continues to rise, affordability becomes a concern when wages are not rising as quickly, and renter households see a growing portion of their income needed to pay for rent and utilities alone.

Data to help understand the rental crisis come from many sources. The Canadian Census has detailed data about rents, affordability, renters, and all types of rental units, but is only available every five years. The Canadian Mortgage and Housing Corporation (CMHC) undertakes a detailed annual Rental Market Survey among private landlords of purpose built rental buildings (designated as the primary rental market). From this survey, CMCH publishes an indicator they call "Average Market Rent" (AMR), which is an average of rents paid by current renters and rents being asked for by landlords for vacant units. Monthly data about a small portion of rents is available on various private rental market websites. Data from these websites do not include rents paid by current renters, nor any rents advertised outside of their network, but may give a general indication of how fast rents may be increasing when units turnover (at which point landlords in Ontario are not constrained by rent control policies). Because Census rental data and CMHC Average Market Rent include current renters, their average rent statistics are substantially lower than rent data from rental websites, which only include rents for a portion of available units<sup>2</sup>, and no data from currently rented units.

**Chart 2. Average annual increase in CMHC average market rents in primary private rental units, City of Hamilton, selected neighbouring communities and Ontario, 2010-2016 and 2017-2018**  
 Housing Information Portal, Rental Survey, Canada Mortgage and Housing Corporation (CMHC)

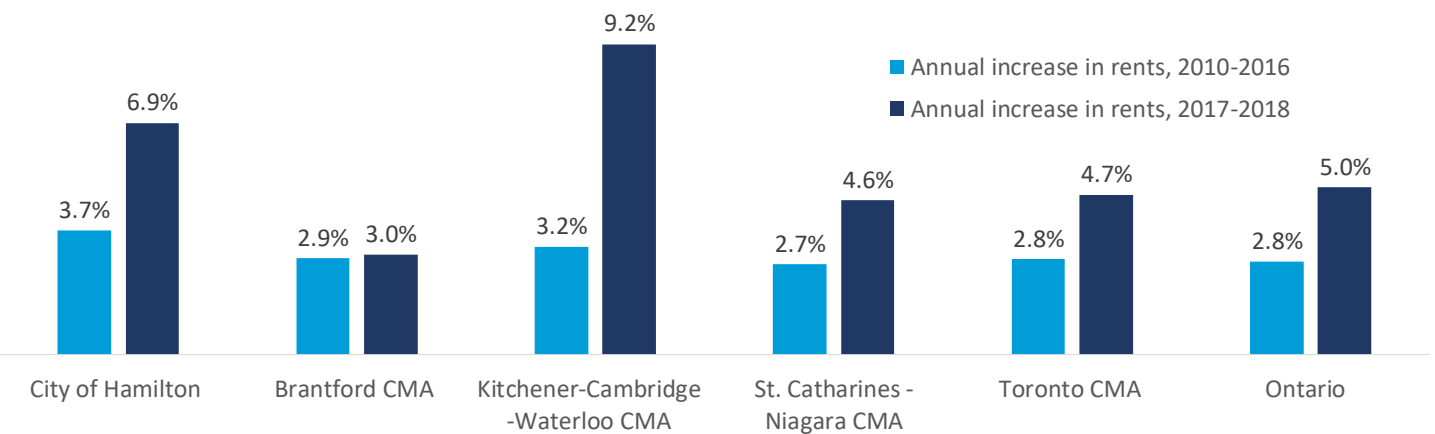
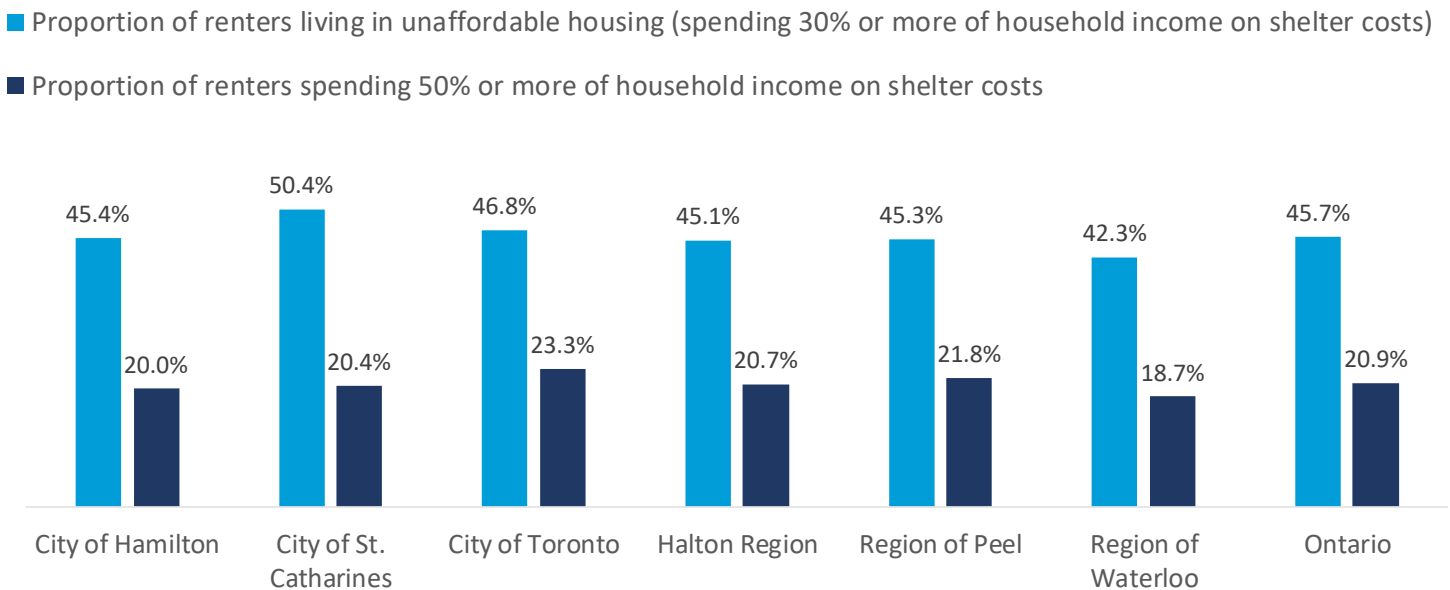


Chart 3 compares two indicators of housing “unaffordability”: the proportion of renter households spending 30% or more of their income on housing costs, and the proportion of renter households spending half or more of their income on housing costs. In the City of Hamilton, 45% of renter households live in unaffordable housing, slightly above the Ontario average of just under 46%. The proportion of renter households experiencing deep unaffordability (spending 50% or more of their income on housing) in Hamilton is 20%, a rate similar to most neighboring communities. This further illustrates that housing affordability must be addressed through coordinated local, regional, provincial and national solutions.

**Chart 3. Indicators of rental housing unaffordability, all rental units, City of Hamilton, selected neighbouring communities and Ontario, 2016 (chart corrected 11/29/19)**  
 2016 Census, Statistics Canada



<sup>1</sup> Canadian Centre for Policy Alternatives. (2019). *Unaccommodating Rental Housing Wage In Canada*. <https://www.policyalternatives.ca/unaccommodating>

<sup>2</sup> A further data quality concern about average rent data published by rental websites is that they include rents for units which remain vacant for months because the rent demanded for the units is higher than renters are willing to pay, and may ultimately be rented at a lower price. Due to data quality concerns, this data source is not used in this report.