

Housing Supply and Demand Analysis

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Report Summary

This report and presentation provide information regarding a supply and demand analysis of Greater Sudbury’s housing needs across the continuum and will be used to develop targets and inform proposed policies and incentives that will form part of the City of Greater Sudbury Housing Supply Strategy.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

The Housing Supply and Demand Analysis aligns with Council’s Strategic Priorities including “Expand Affordable and Attainable Housing Options” and “Develop and Promote Solutions to Support Existing Housing Choices”. The Supply and Demand Analysis is one of a series of reports that will inform the development of the Housing Supply Strategy which will address the actions outlined in the Housing goal of the Strategic Plan, which reflect Council’s desire for all citizens, especially vulnerable populations, to have access to safe, affordable, attainable and suitable housing option in the City of Greater Sudbury.

The Housing Supply and Demand Analysis provides the City with a strong foundation of data to guide the creation of compact, complete communities, Goal 1 of the CEEP.

Financial Implications

There are no financial implications associated with this report at this time.

Background

The Housing Supply and Demand Analysis provides an assessment of affordability thresholds based on income levels; describes the current housing market in Greater Sudbury (Ownership resale housing, ownership new sale housing, and rental housing); characterizes the housing supply and needs; provides an affordability gap analysis; and describes the types of households facing affordability challenges. This study was funded through the ‘Consulting Fees for Policy and Process Improvements Stream’ of the Province’s Streamline Development Approvals Fund and provides a foundation of housing related data that will assist in the development of a policy framework supportive of residential growth targeting gaps in the current housing supply. This report is one of a series of background reports that will inform the development of the Housing Supply Strategy.

What Affordability Means in Sudbury

Affordable Ownership, as per the Provincial Policy Statement, is defined as the least expensive of:

- Housing, for which mortgage costs do not exceed 30% of gross household income for households below the 6th income decile or
- Housing which is 10% below the average resale home.

The current affordable purchase price is \$368,508 for a resale home.

Affordable Rental Housing is the least expensive of:

- Housing with a rental rate not exceeding 30% of gross household income below the 6th income decile (the 6th income decile represents the threshold between moderate and high income groups which in Greater Sudbury is \$112,500) or
- Housing that is rented at or below the average market rent in the region.

Slight adjustments to the affordable rents presented in the report have been made by CGS's Community Development Department and are set out below (rents not exceeding 30% of household income):

- \$1,030 – bachelor
- \$1,134 – one bedroom
- \$1,329 – two bedroom
- \$1,472 – three bedroom

CMHC defines affordable rent as the average monthly rent by unit type as determined in the annual survey of rents for the prior calendar year and because of the lag are often below the rents reflected in the current market universe.

A summary of key findings from the Consultant's report (see Appendix A) is provided below. A glossary of terms is provided in Appendix B to this report for key terminology throughout the report.

Key Findings

Key Findings – High Level Themes

- Incomes in Greater Sudbury have been increasing, but the increase is primarily attributed to growth among high-income households.
- Renter households are far more likely to be in core housing need (a household is in core housing need if its housing doesn't meet one or more of the following standards: affordability, adequacy, suitability).
- In the ownership market, resale pricing has been increasing rapidly in recent years and is quickly becoming out of reach for many middle-income households.
- Population growth and eroding affordability in the ownership market are driving rental demand, resulting in low vacancy and strong increases in rental rates. As a result, the vast majority of rental and ownership housing is becoming unaffordable to low- and moderate-income households.
- The City has a significant wait list for community housing of nearly 1012 households (an increase from the time the consultant report was drafted). Demand for community-housing (i.e. Rent-Geared-To-Income (RGI)), and particularly one-bedroom units, is expected to remain strong given deteriorating affordability levels and the current wait list composition.
- There is also sizeable demand for Low-End of Market (LEM) (60% of AMR) and rental housing at a proportion (80% of AMR) of the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR).
- Greater Sudbury is expected to continue to grow, with most of the growth expected in low-density forms and within the former City of Sudbury. Though singles and semis are anticipated to account for 52% of the housing forecast, rows and apartments are anticipated to increase to approximately 10% and 40% respectively (see reference 6). The City must ensure that housing supply is able to meet the

current unmet demand as well as the needs of future residents. The City should find ways to encourage more rental housing broadly across the housing continuum and affordability depths (e.g., RGI to market-rates).

Key Findings – Ownership Market

- Housing stock has experienced significant price growth in recent years.
- Supply of housing should increase to meet current or projected demand. The modest amount of new housing that is built targets a very narrow segment of the market (e.g. single-family homes positioned towards the upper end of the market). It should be noted that, as noted on page 14 of the Supply and Demand Analysis report, CMHC does not include conversions or alterations within an existing structure that result in new units. Additionally, CMHC data reports on completion and there is often a lag between building permit issuance and the unit being complete. Therefore, CMHC data does not match housing building permit activity data reported by CGS.
- Limited new housing supply will continue to put upward pressure on prices as population grows while higher mortgage rates and stricter qualification requirements will pose barriers for many potential buyers, particularly those entering the market for the first time. These conditions continue to drive demand for rental housing.
- The City should encourage a broader supply of ownership housing, particularly more compact and lower-cost product types such as townhomes, semi-detached, and condominium apartments.

Key Findings – Rental Market

- The most significant housing gaps are observed in the rental market.
- The newest and most expensive rental stock has the tightest vacancy. These market conditions force higher income households into older less expensive rental units resulting in tight vacancy, higher rents and an overall reduced inventory in lower cost housing.
- There is an immediate need for 470 additional rental units to achieve a healthy vacancy rate of 5% and an average of 66 additional rental units per year for the next 30 years to meet anticipated demand. The gaps exists across all rental typologies (purpose built rental, townhomes, privately leased homes, etc.) and unit type (Bachelor, one-bedroom, two-bedroom and three-bedroom) (refer to page 46 of the report).
- Broader supply and choice should cause rental rates to stabilize.
- The City should investigate strategies to improve the supply of new rental housing by the private sector.
- Basement apartments and secondary suites are more affordable than the new purpose-built rental stock in the City and easier to supply than purpose-built rental construction.

Key Findings – Affordable Housing

- Greater Sudbury's supply of Low-End of Market (LEM) and Rent-Geared-to-Income Units (RGI) falls short of demand (minimum 301 LEM units (as of 2017, wait list no longer maintained) and 655 RGI units needed).
- The above wait-list indicators are likely to continue to increase as the population grows and affordability challenges remain in the ownership and rental markets.
- Demand for RGI housing is likely to continue to be focused on one-bedroom units.
- In addition to creating new supply, there is a need to reinvest in the existing community housing stock across the Greater Sudbury Housing Corporation (GSHC) and Non-Profit / Co-operative Portfolio as identified in the Greater Sudbury Housing Revitalization Plan and Housing and Homelessness Plan.
- Targets should be identified for each affordability depth (level of rent or payment charges to the household relative to the average market costs based on income decile) and aligned with strategies to promote supply for each.

Conclusion and Next Steps

The Housing Supply and Demand Analysis will support the development of the Housing Supply Strategy as directed by Council and is directly linked to items 2.a. (recommendations to enhance current initiatives), 2.d. iv. (ensuring the right mix of housing stock), and 2.f. (reporting metrics), of resolution CC2023-26.

The table below provides an outline of the Housing Supply Strategy project stages and anticipated timing.

Project Stage	Timeline
Phase 1 Consultation	June to September 2023
Series 1 - Background Reports	July-October 2023
Draft Housing Supply Strategy	December 2023
Phase 2 Consultation	Q1 2024
Series 2 – Implementation Reports	Q1-Q2 2024
Final Housing Supply Strategy	Late Q2 2024
Implementation, Monitoring and Evaluation	Ongoing

Resources Cited

1. “Streamline Development Approvals Fund”, report presented at the March 29, 2022 Finance and Administration Committee Meeting, <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=43654>
2. “Request for the Development of a Housing Supply Strategy”, Motion presented at the February 7, 2023, Council meeting <https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=45cb9903-efa8-4dbc-8754-c95b1dd1773c&Agenda=Agenda&lang=English&Item=50&Tab=attachments>
3. Housing Supply Strategy – Over To You Website, <https://overtoyou.greatersudbury.ca/housing-supply-strategy>
4. City of Greater Sudbury Social Housing Revitalization Plan, 2018, <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?documentid=3279>
5. Housing and Homelessness Plan, Annual Update Reports, Community Housing Website, <https://www.greatersudbury.ca/live/community-housing/housing-services/ten-year-housing-and-homelessness-plan/>
6. Population Projections Report, July 10, 2023, <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=50009>