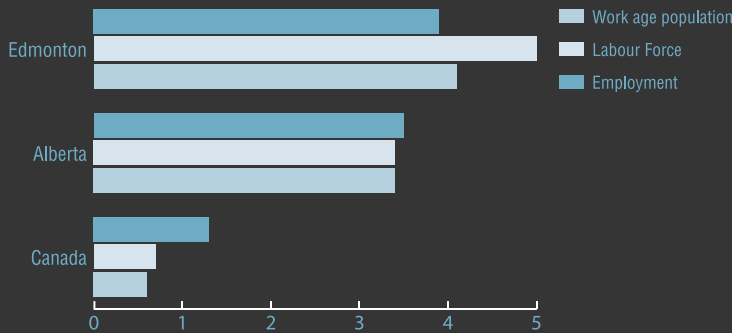


Edmonton's Housing Crunch

Edmonton is a rapidly growing city. The growth of Edmonton's economy is outperforming Alberta and Canada in job creation, labour force growth and expansion of the working age population.



Per cent annual growth to February 2014
(Source: Statistics Canada)



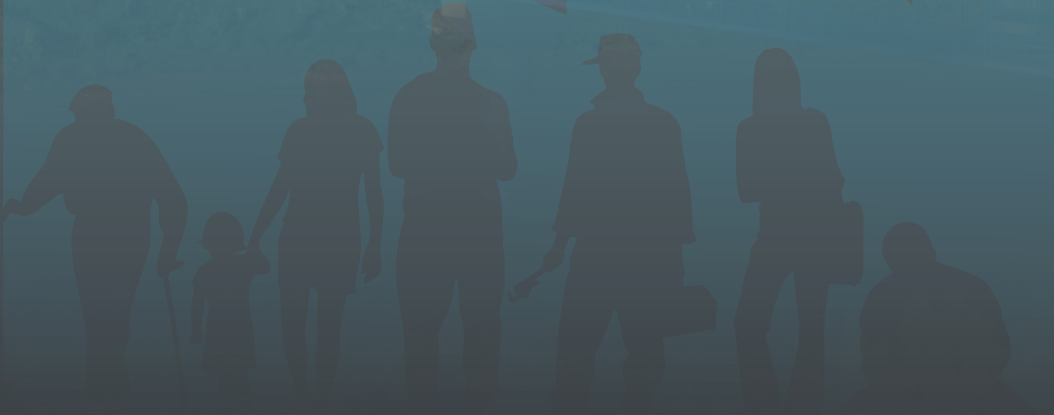
Federation of Canadian
Municipalities (FCM)



edmonton.ca/housing

Edmonton's HOUSING CRUNCH

Roundtable Discussion



In support of FCM initiative "Fixing Canada's Housing Crunch"

Federation of Canadian
Municipalities (FCM)

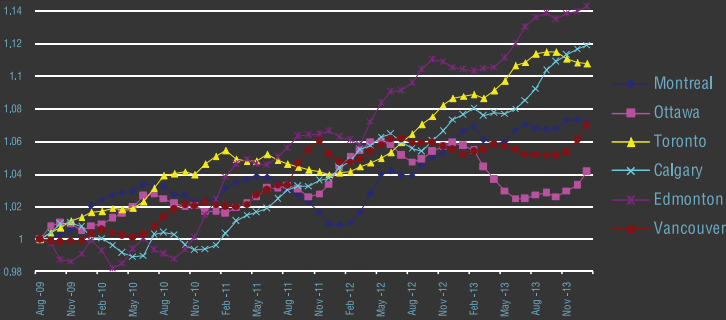




The energy sector is a key contributor to this growth; though direct employment in this sector is relatively small, it serves as the primary market for Edmonton's construction, manufacturing and professional service sectors.

Moving forward, the economy will pivot toward the consumer side with the retail sector, personal services and hospitality industries contributing a larger share to Edmonton's growth.

The Conference Board of Canada expects Edmonton to be the fastest growing of Canada's large municipalities from 2015 to 2018 with an average annual growth rate of 3.1 per cent real growth. Since August 2009, Edmonton has recorded the best employment growth among Canada's top six metro areas.



Employment growth across Canadian metro areas
(Source: Statistics Canada)

Edmonton is attracting near record levels of in-migration. Records from 2012 show an estimated 25,000 net in-migrants – more than double the level of 2011, increasing the Capital Region population beyond 1.1 million.

There are more people coming to Edmonton than leaving. This net in-migration is a major factor in Edmonton's growth and one of the leading causes of the housing crunch. Edmonton is growing at a pace well above that of Canada and Alberta. International migrants make up the majority of new residents. Also, interprovincial migrants continue to increase and made up more than one third of total net migration in 2012.

The 2011 National Household Survey showed that visible minorities make up 20 per cent of the city's population and the Aboriginal community makes up 6.3 per cent, up from 5.3 percent in 2006.

Edmonton also has an increasing number of seniors. By 2041, one-in-three people in Edmonton will be over the age of 55.

In 2006, Edmonton had a total population of 722,235. In 2011, we saw a 10.2 per cent increase bringing Edmonton's population to 795,670.

The availability of affordable and social housing is a critical issue for Edmonton to meet the needs of its diverse population as well as handle the influx of new workers. Businesses looking to recruit and retain talented employees are also facing challenges finding suitable housing for their workers.

Edmontonians recognize that access to adequate and affordable housing is fundamental to individual and family well-being. It also contributes to economic prosperity and sustainable communities.

Like other cities across Canada, Edmonton is facing real housing needs and challenges. In our pursuit for long-term solutions, we need support from all levels of government and organizational partners. City Council endorses the Federation of Canadian Municipalities (FCM) housing campaign – “Fixing Canada's Housing Crunch”. The City recognizes that although Edmonton is dealing with specific housing issues, there are commonalities in cities across Canada.

Rising cost of homeownership:

According to Royal Bank's 2014 Housing Trends and Affordability Report, Edmonton remains a relatively affordable city for homeownership. The 2011 National Household Survey shows Edmonton's median household income is \$72,248 – an income level at which entry into homeownership is attainable for a segment of residents.

While Edmonton enjoys strong economic and employment growth, not all residents benefit from these. A recent Parkland Institute study found that, between 1992 and 2010, the top one per cent of Edmontonians saw their real incomes grow by more than \$200,000 while the lower 90 per cent increased by only \$3,000.

« Homeless Pure Market Housing »

Non-Market Housing	Market Housing
Serves the 15 - 20% of households whose housing needs are not being met by the market.	Serves the 80 - 85% of households whose housing need & demand is met by the market.
Requires direct capital and/or operating subsidies to make rents or ownership costs attainable for lower-income and/or special needs households.	
Subsidized Housing	Affordable Housing
Emergency Shelters Transitional Housing Supportive Housing	Rental or ownership housing
	Market Affordable
	Rental or ownership housing

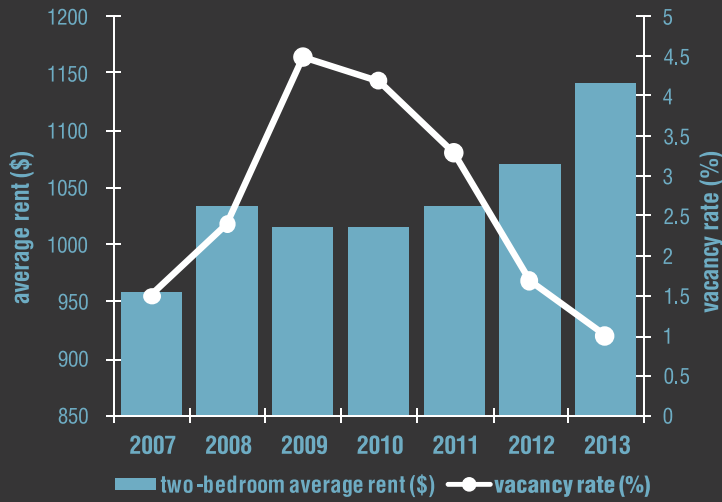
0 - 80% Below Median Household Income (Edmonton: \$0-\$57,798)	80 - 100% Below Median Household Income (Edmonton: \$57,798-\$72,248)	100 - 150% of Median Household Income (Edmonton: \$72,248-\$108,372)
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Housing Continuum
(Source: Capital Region Board)

Scarcity of affordable rental housing:

Robust population growth coupled with low levels of new rental constructions have had pronounced effects on Edmonton's rental housing market. Low and declining vacancy rates continue to push rents higher giving lower and fixed income households little choice but to pay a high percentage of their incomes on rent and utilities or become homeless.

Rental vacancy rates fell more than three per cent from 2009 to 2013 – a fall from 4.5 per cent to 1.2 percent. In 2014, we expect the vacancy rate to remain under 1.5 per cent. Concurrent to this trend, the average rental rate for a two-bedroom apartment in the Edmonton CMA continues to rise, resulting in an increase from \$958 in 2007 to \$1,141 in 2013.



Edmonton CMA Rental and Vacancy Rates Over Time
(Source: CMHC Housing Mkt Outlook, Edmonton CMA Fall 2010 & 2013)

The minimum wage in Alberta is \$9.95/hour, while the average rent for a two-bedroom apartment in 2013 was \$1,141. Hence, a single parent earning minimum wage will spend 72 per cent of his or her income on rent. In April 2013, the average two-bedroom rent in Canada was \$911 compared to \$1,077 in Edmonton.

The majority of people coming to Edmonton from a different region and/or country typically enter the rental market first, further driving vacancies down and rental rates up. In April 2013, Edmonton and Calgary had the lowest vacancy rates of all major Canadian centres.

Expiry of federal social housing agreements currently benefitting very low-income households:

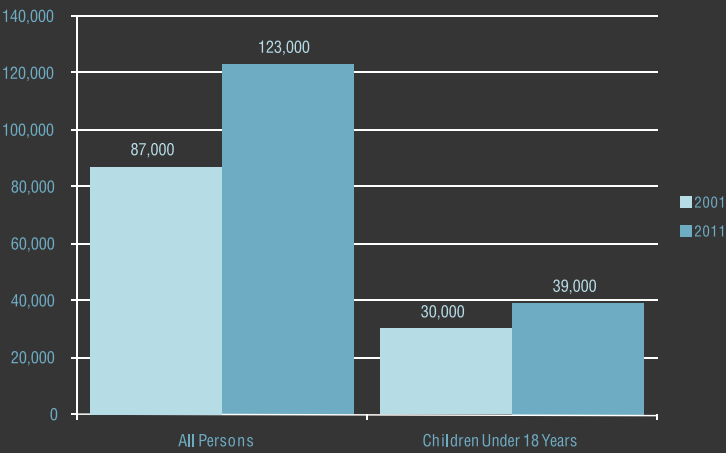
In the larger housing market context, the expiry of social housing operating agreements is of particular concern. In Alberta, this represents approximately 32,250 households and over \$200 million in federal subsidies annually.

A significant portion of the type of housing currently benefitting from these subsidies house very low-income households.

The continued provision of these homes will not be sustainable after the social housing operating agreements expire. To avoid an operating deficit, many of these buildings will be forced to charge market rents, which will be unattainable for current residents.

In Edmonton, there are currently 3,000 units subsidized under these agreements. The total operating deficit after the agreements expire is estimated at \$20 million per year.

According to March 2014 Capital Region Housing Corporation data, there are close to 3,000 people on the wait list for housing subsidies and social housing. There are additional wait lists with other agencies and/or organizations; hence, it is likely that the total wait list number is larger.



Number of Persons Living in Low Income, Edmonton CMA
(Source: 2006 Federal Census and 2011 National Household Survey)

The tightening rental market affects our most vulnerable citizens (low-income earners or citizens on a fixed-income). Rapid economic and employment growth translates into more competition in the rental market resulting in higher rents pushing those already struggling out of the market and into the risk of becoming homeless.

Alberta and Edmonton are currently pursuing Edmonton's 10-Year Plan to End Homelessness following the Housing First approach. During the first year of the Plan's implementation, Homeward Trust worked with other agencies to house more than 2,600 formerly homeless individuals in private apartments.

This period also saw significant reductions in emergency shelter use. According to the Homeless Count, Edmonton saw a reduction in sheltered homeless from 1,217 in 2008 to 888 in 2010. However, the most recent 2012 Homeless Count shows a troubling increase in sheltered homeless, up to 1,104. This trend indicates a need for continued investment in subsidized housing, with agencies calling for a focus on permanent supportive housing in order to end homelessness by 2019.

In March 2014, the City launched the Mayor's Taskforce to Eliminate Poverty within a generation, which includes housing initiatives.

“With a combined effort from all orders of government, housing providers and a broad range of community partners, we can prevent and eliminate homelessness. But to do so, we have to tie this discussion into a larger conversation about reducing and eliminating poverty,” says Mayor Iveson. “It's not going to happen overnight, but we have to make a bold goal to make progress.”

Conclusion:

The City of Edmonton is pleased that the Government of Canada is placing a high priority on jobs, the economy and families in Canada. As it stands, one of the most urgent financial issues affecting jobs, the economy and families is the high cost of housing in Canada and its impacts on meeting housing and homeless needs.

The City has a long history of working in partnership with other orders of government, industry and community partners to respond to housing and homeless needs. We wish to continue working with our partners to identify and develop solutions and strategies for sustainable housing supports. The federal government must initiate and lead a national housing strategy to address critical housing issues facing Canadians. This includes housing affordability, predictable investments for social housing, addressing scarcity of rental housing and reducing homelessness.