

Request for Recommendation Finance Committee



Type of Decision									
Meeting	March 7, 2007			Report Date	March 7, 2007				
Decision Requested		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only			Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed	

Report Title
2007 Budget Parking Lot - Low Vacancy Rate Question

Budget Impact / Policy Implication	Recommendation
<input type="checkbox"/> This report has been reviewed by the Finance Division	

NOT APPLICABLE

FOR INFORMATION ONLY

Background Attached


Recommendation Continued

Recommended by the Department

C Matheson
Catherine Matheson
General Manager, Community Development

Recommended by the C.A.O.

M. Mioto
Mark Mioto
Chief Administrative Officer

Report Prepared By	Division Review
 Denis Desmeules Manager, Housing Services	Name Title

At the March 1, 2007, Finance Committee Meeting, the following question was raised by Mayor Rodriguez; **“What is the current vacancy rate and what is the impact on rents for low income citizens?”**

The following response is provided:

- As reported by CMHC in December 2006, Greater Sudbury’s vacancy rate for rental apartment structures with at least 3 units fell to 1.2%, down from 1.6% in 2005. The vacancy rate has dropped for the 7th consecutive year since peaking in 1999 at 11.1%
- Greater Sudbury has one of the tightest rental markets across the country equaling Edmonton which also registered a 1.2% vacancy rate
- Factors helping lower the vacancy rate:
 - high university/college student enrolment and demand for off-campus housing
 - rising mortgage rates causing renters to put off purchasing a home
 - higher resale home prices (up 10% in 2006; expected to rise another 5% in 2007)
 - net in-migration (nearly 1,200 households between 2002 and 2005). Newly arriving households generally seek rental accommodation
 - higher employment in the traditional the prime renter age group (18 to 30)
 - little increase in the supply of new rental accommodation in the last 10 years
- As a result of the low vacancy rate, rental rates in all rental units have increased. Newer units are in highest demand and have seen the greatest rent increases
- The average one bedroom rent was \$571 while the average two bedroom rent was \$706. Units built after 1975 were renting in excess of those figures.
- Low income households (those on social assistance and the working poor) continue to have difficulty locating affordable units
- The shelter allowance provided for a single individual receiving social assistance (Ontario Works) is insufficient to cover the rental cost of a one bedroom unit. These households must spend over 50% of their assistance on rent
- The City’s rent-geared-to-income (rgi) housing Registry has seen an increase in the number of applicants as the vacancy rate has dropped. The Registry makes referrals to over 3,800 rgi units. The rgi units are funded by the CGS through Housing Services

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- There are no vacant rgi units in the portfolio though approximately 700 units turned over in 2006. This is slightly lower than last year's 800 figure. As the rental market tightens, tenants are less likely to move
 - The average local wait time for an rgi unit is approximately 12 months. This is lower than wait times being experienced in other larger centres i.e Toronto, Ottawa, Waterloo where applicants can wait as long as 10 years to secure a unit
 - Wait times vary depending on unit size and project location. The wait list for projects in New Sudbury and the south end are very long. Applicants wanting those projects only experience much longer wait times
 - The City is participating in the Canada-Ontario Affordable Housing Program. The Program hopes to encourage the building of new rental units. Staff are currently reviewing proposals received under the Program and will be coming to Council in late March/early April with project recommendations