WATERLOO REGION Community Foundation

## Waterloo Region's Vital Signs® focused on Affordable Housing
## 2023 Summary of Key Findings

Waterloo Region Community Foundation (WRCF) researched and created the 2023 Waterloo Region's Vital Signs® Report focused specifically on affordable housing to provide more information about this issue that matters to our community; and to help people and organizations across our region turn that knowledge into action. The report illustrates how the housing crisis continues to hit our most vulnerable hardest – the young, non-homeowner older adults, newcomers and refugees, those who identify as Indigenous, Black or as a person of colour, those with disabilities, and individuals exiting the child welfare system. This uneven impact deepens social disparities, threatening the cohesion and diversity that makes our community strong.


This document highlights the key findings of the report in one quick summary and hopefully provides a useful reference tool. Click here to access and/or download the full report, a recording of the launch event, or to learn more about Vital Signs® locally or nationally.

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### Supply and demand: Navigating housing in one of the OECD's fastest-growing regions

- **One of the fastest growing areas in North America:** Waterloo Region's growth rate since 2015 is almost double that of Canada, reaching record highs in 2022 (3.8%).
- **The supply and demand chasm:** Population growth in Waterloo Region in 2022 surged by 363% compared to 2015 levels (growing by 22,700, up from 4,900), while housing starts have increased by a mere 50% (from about 3,200 to 4,800).
- **Missed housing targets:** Ontario's 2031 target for Waterloo Region is 70,000 new housing units. The current pace covers just 54% of this goal.

### Scaling global peaks: Waterloo Region's housing price surge

- **The renting struggle intensifies:** Vacant unit rental costs jumped from $774 (2005) to $1,864 (2022), with a staggering 25% increase in 2022 alone.
- **Housing prices have skyrocketed by approximately 295% since 2005:** As of June 2023, average home prices in Kitchener-Waterloo reached a distressing $778,000, up from $197,200 in January 2005. Waterloo Region is nearly leading Canada, and Canada is leading the OECD in price growth.



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- **Incomes are not keeping up:** The disproportionate growth of home prices (295%) compared to incomes (49%) pushed the region's home price-to-income ratio from 3.3x to an alarming 8x, placing Waterloo Region in the league of global cities like New York and London.

## Pricing out prosperity

- **Much fewer affordable rentals:** 38,800 units were renting for less than $1,000 in 2011, down to 21,900 in 2021 – an average loss of 2,100 units/year. The vacancy rate for affordable units is now zero. To afford the current vacant rent ($1,864) while spending less than 30% of income on housing, households need $75,000 in income. Which means 63% of renting households in Waterloo Region cannot afford the current rent.
- **The waitlist for community housing keeps getting longer and much fewer people are housed:** The number of households waiting has risen from 3,100 in 2008 to 7,645 in 2022. The number of households housed dropped from more than 1,000 to 268 over the same period.

## Expanding households, shrinking spaces

- **Rental stock failing to meet needs:** A mere 5% of new rental stock created over the past three years have 3+ bedrooms, while 30% of new households have 4+ people.
- **Less houses, more (and smaller) condos:** Condos accounted for 9% of housing starts in 2005, but 40% in 2022. Since 2005, the average condo size has decreased by 40%, leading to fewer bedrooms built. Square footage declines are leading Canada.
- **Large – and more complex – households driving growth:** Five-person households grew by 16% from 2016 to 2021 (vs 7% nationally), faster than any other household size. Extended households, including multi-generational households, roommates, and other shared households, grew faster in Waterloo Region than anywhere else in Canada.
- **Overcrowding increasingly common:** Overcrowded homes comprised 6% of households in 2021. However more than a third of new residents (35%) between 2016 and 2021 lived in overcrowded conditions. While suitable households grew by 8% vs 2016, those with a one-bedroom shortfall grew by 37%, a two-bedroom shortfall by 81%, and a three+ bedroom shortfall by 104%.

## Coming and going in Waterloo Region

- **Many are coming:** The region's population grew by 10%, adding over 50,000 residents. This includes about 40,000 international immigrants and 70,000 from elsewhere in Canada while more than 60,000 left the region. Waterloo Region had the second highest rate of in-migration among larger metropolitan areas.
- **Many are leaving:** But Waterloo Region also ranked second highest among metropolitan areas for residents leaving – 12% of 2016 residents had left by 2021.
- **Age a factor:** Waterloo Region attracts young adults, with 39% aged 25-34 arriving in


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recent years, mainly from Toronto. Yet, many (29% aged 25-29 and 23% aged 30-34 from 2016) have left by 2021. Additionally, there's a significant growing outflow among residents aged 55+ from 2016 to 2021.

- **International students play key role:** International enrolment at major local post-secondary institutions has increased by 15,000 (216%) from 2014/2015 to 2021/2022. Population growth would be 40% lower each year without non-permanent residents, mostly students.

## A deeper dive into unaffordable housing

- **Affordability improved for the lowest income folks due in part to pandemic benefits, but declined for others:** The number of people spending more than 30% of their income on housing declined between 2016 and 2021 (from 24% to 22%) even as twice as many people making between $60-$100,000 household income live in unaffordable housing (from 10% to 19%).
- **Wealth divide between older owners and renters:** Many older owner households have accumulated great wealth and are now mortgage-free while renting older adults are increasingly struggling.

## Blueprints of belonging: Seeking community in our changing communities

- **Community disconnection amidst growth:** Waterloo Region residents' sense of belonging and satisfaction with their neighbourhoods is below the national average.
- **Renters vs. owners divide:** Renters have a significantly lower sense of belonging (9 percentage points lower) and neighbourhood satisfaction (22 percentage points lower).

## Unified action needed: From national to local solutions to the housing crisis

- **Canada and Waterloo Region need far more subsidized housing units to hit the 7% OECD average:** In Canada only 3.5% of housing units are subsidized (3.7% in Waterloo Region).
- **Initial progress in building new subsidized units needs to be leveraged:** The Region of Waterloo, has a plan to create 2,500 new affordable housing units between 2021 to 2025 (10x more than before).
- **A war-time effort for housing:** Economist Mike Moffat argues that wartime-level efforts are required to increase Canadian supply and improve affordability.

## Let's talk about local actions that can be taken

- **Opportunities for development:** Partnership with local non-profits can help ensure that the most marginalized have access to affordable housing, while changing the type of development that is done could also help address some challenges in this report.



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- **Opportunities for homeowners:** Housing is in short supply, and many homeowners have rooms they can rent. While far from a systemic solution, homeowners can certainly help in some circumstances.
- **Opportunities for donors and investors:** For those looking to donate to or invest in affordable housing, there are many options locally and more than a dozen are listed in the report.
- **Everyone can play a role, and it's more than just housing:** Every person and every institution can play a role in ensuring that everyone feels welcome and has the support they need. The challenges caused by housing will affect almost every domain in the community, and all types of community engagement are needed.

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