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Rental Dynamics in Canada's Low-income Neighbourhoods

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1. Introduction & key concepts

Housing ↔ Neighbourhood

- **Change in housing system is major driver of neighbourhood change**

- New supply, prices by area, up or down- shifts in status & quality, etc.
- Household choices strongly constrained by mix of housing stock & by price

- **Change across the whole urban area is main driver of local neighbourhood change**

- Only secondarily a result of forces operating within the neighbourhood

Intro & concepts (2)

KEY CONCEPTS (classic US & recent European research)

Filtering

- Main market process to supply housing to lower incomes is via older housing with declining quality/status/etc.

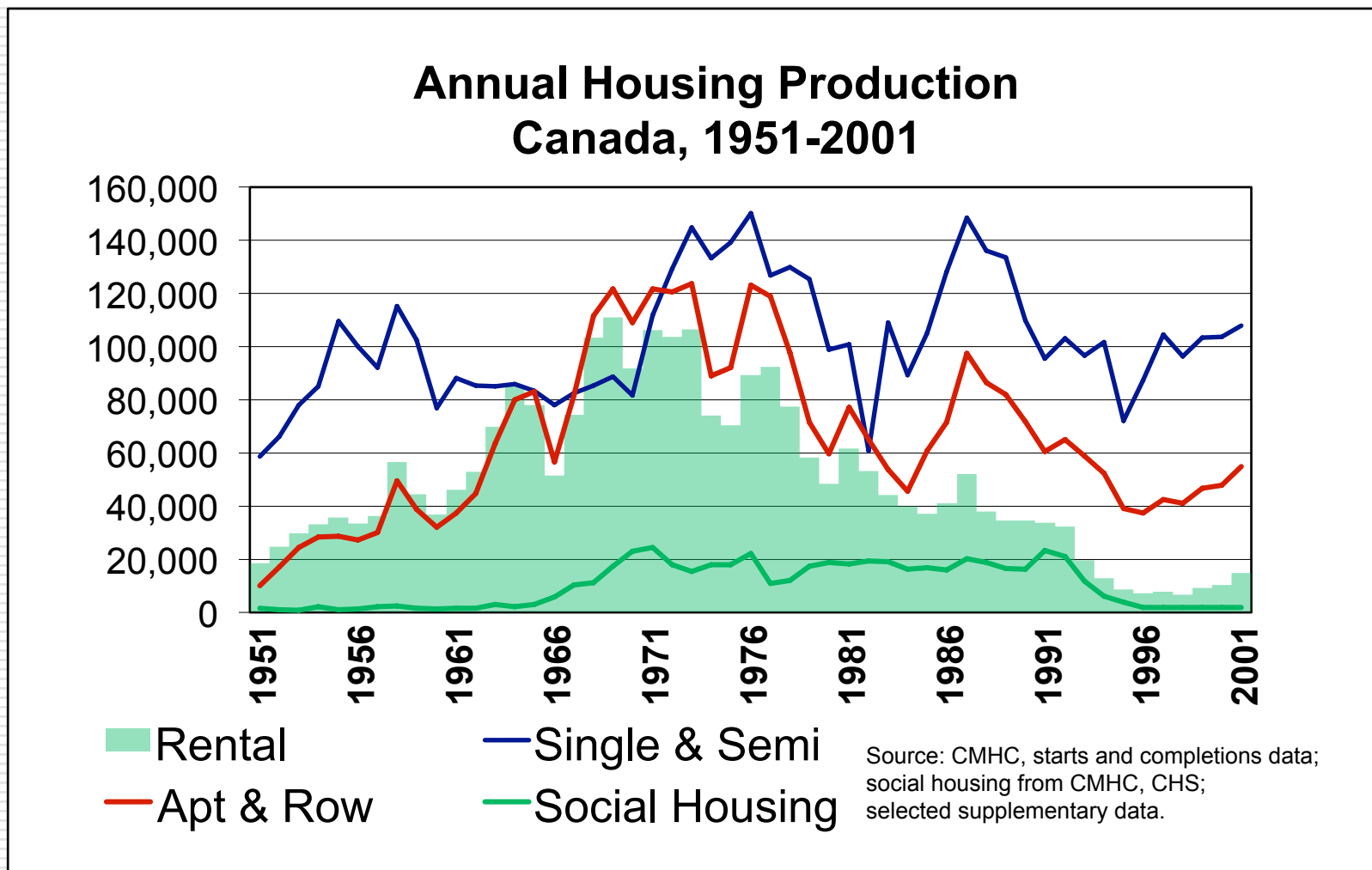
Socio-tenure segregation

- The different locations of rental and ownership shape the geography of income

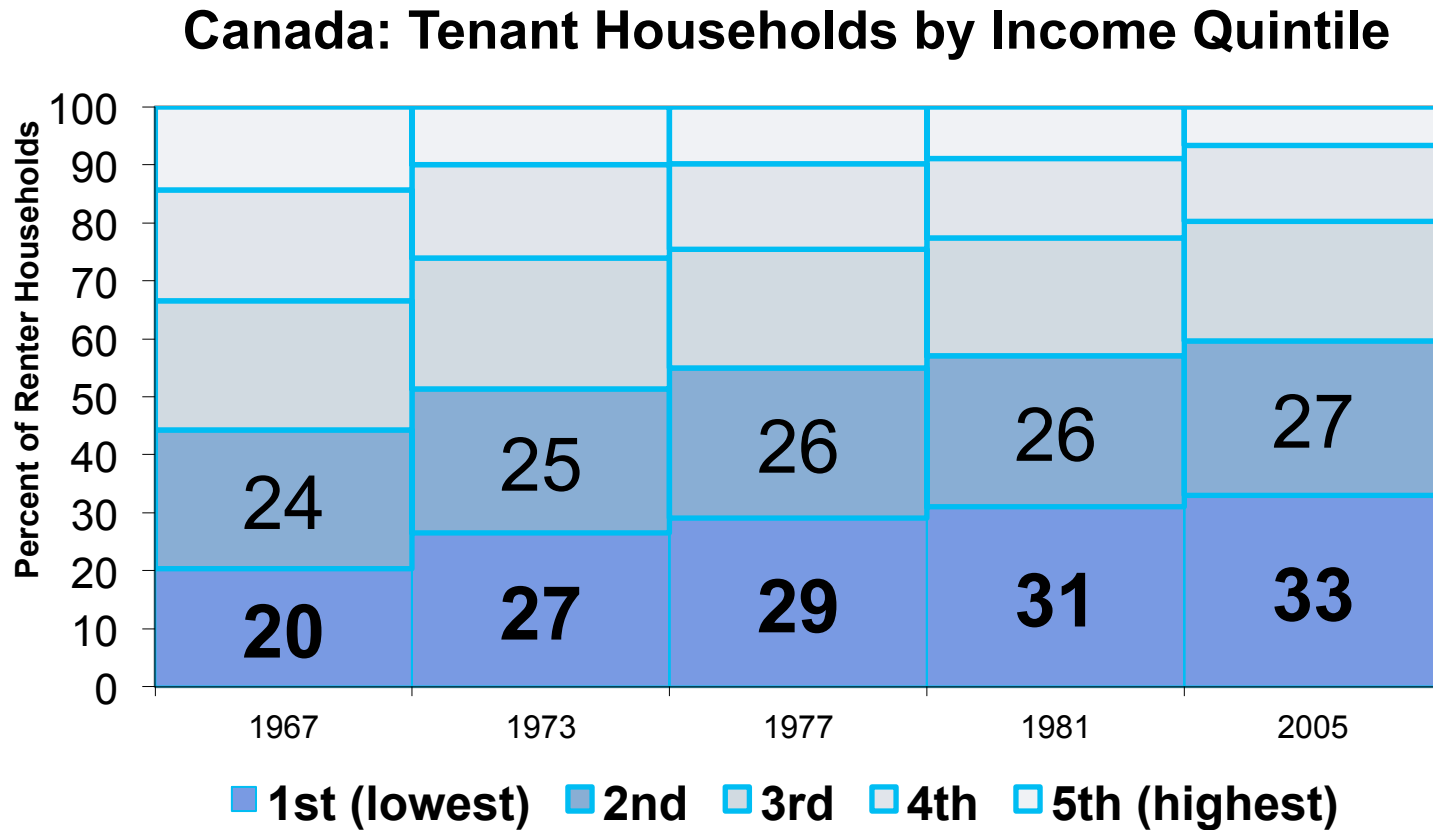
Rental residualization

- Rental has become a sector of lower priority, investment, status, socio-economic profile, & quality

2. Dominant rental trends



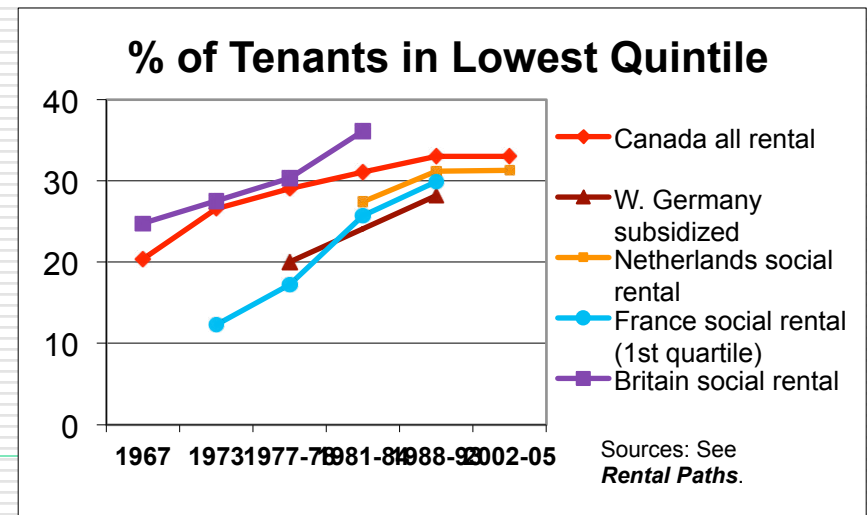
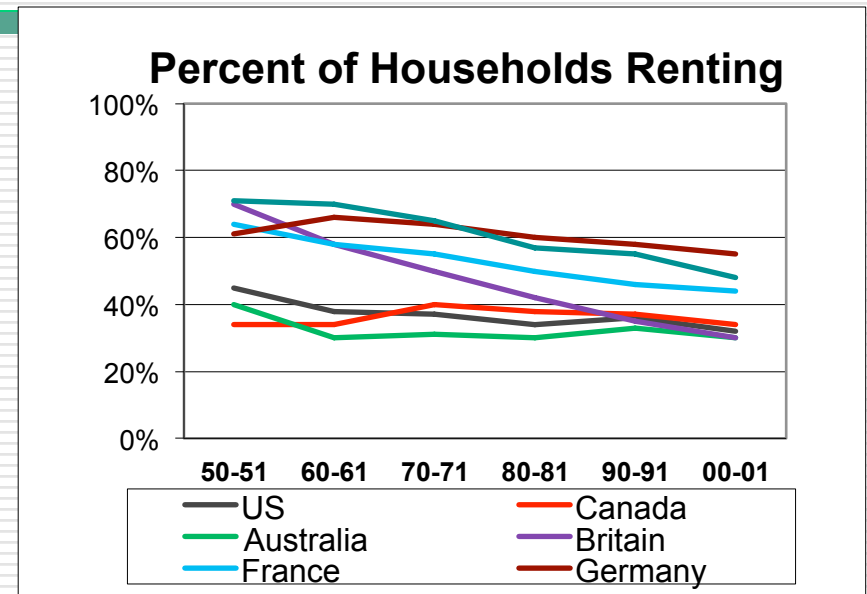
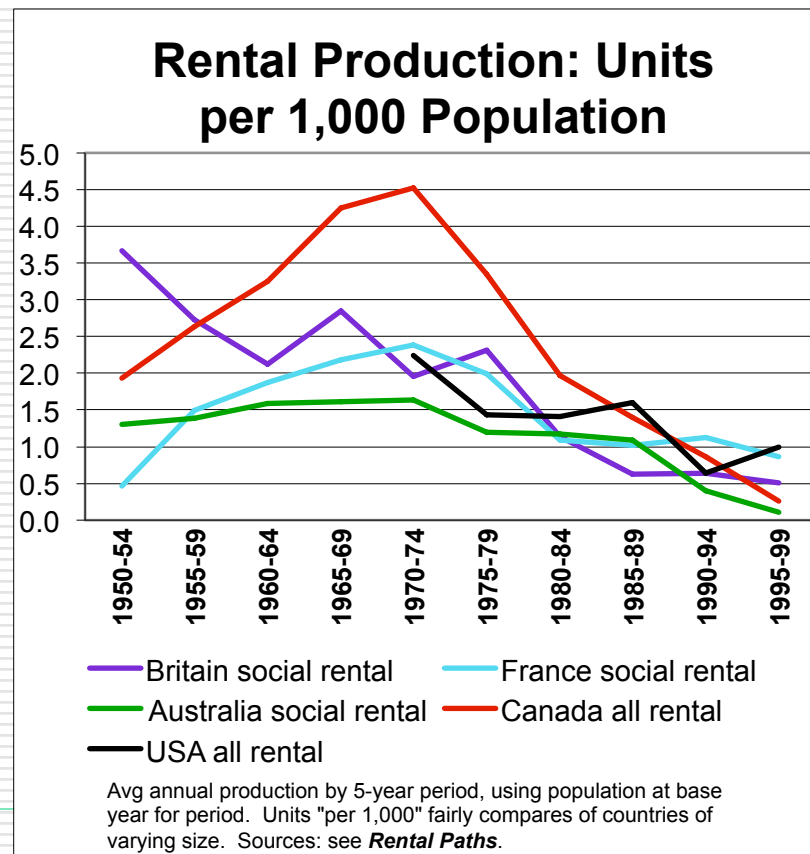
Dominant rental trends (2)



Source: Statistics Canada data: see *Rental Paths* (Hulchanski 1987 & other).

Dominant rental trends (3)

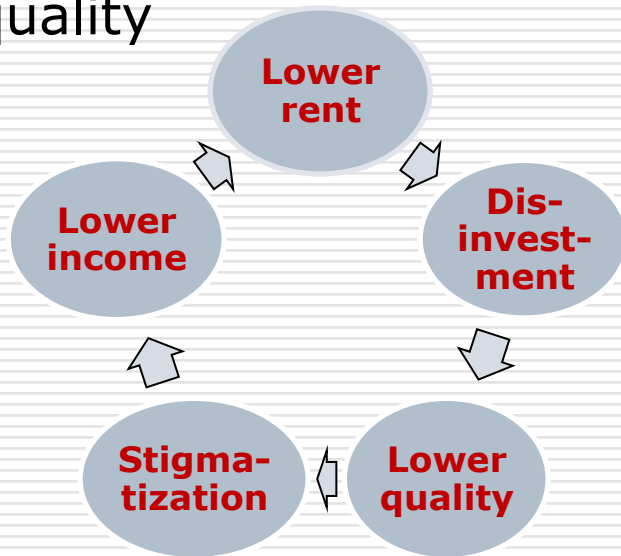
Parallel trends...
→ learn from others



3. Building rental vs Filtering

Added rental supply by filtering in the market

- Tendency to spatial concentration + lower quality

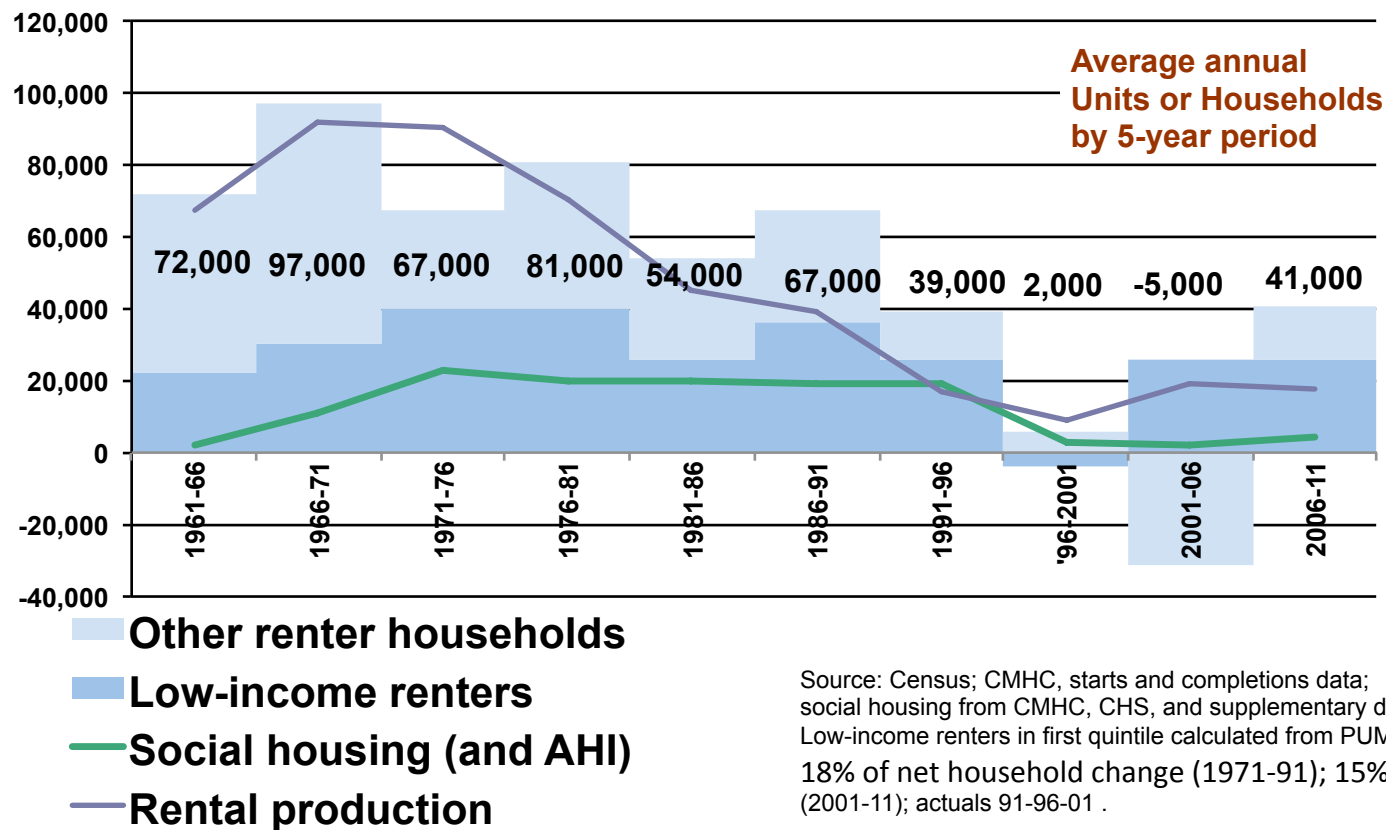


Added rental supply by building (private rental or social)

- Geographic patterns depend on the particular system of development
- Quality is higher initially

Building rental vs. Filtering (2)

Rental Production & Net Change, Canada 1961-2011



Source: Census; CMHC, starts and completions data; social housing from CMHC, CHS, and supplementary data. Low-income renters in first quintile calculated from PUMF at 18% of net household change (1971-91); 15% of same (2001-11); actuals 91-96-01.

Building rental vs. Filtering (3)

Large number of net added renter households to accommodate by filtering and/or building

City (CMA, GTA)	Growth per decade – Households (average of 1991-2001 & 2001-2011)	Low-income Renter Growth per decade (15%, generalized from long-run actuals)
Toronto	340,000	45,000
Montreal	189,000	30,000
Vancouver	141,000	20,000
Calgary	94,000	15,000
Winnipeg	20,000	3,000
Halifax	23,000	3,000

4. Spatial implications

International trend of socio-economic “decline” in postwar suburbs

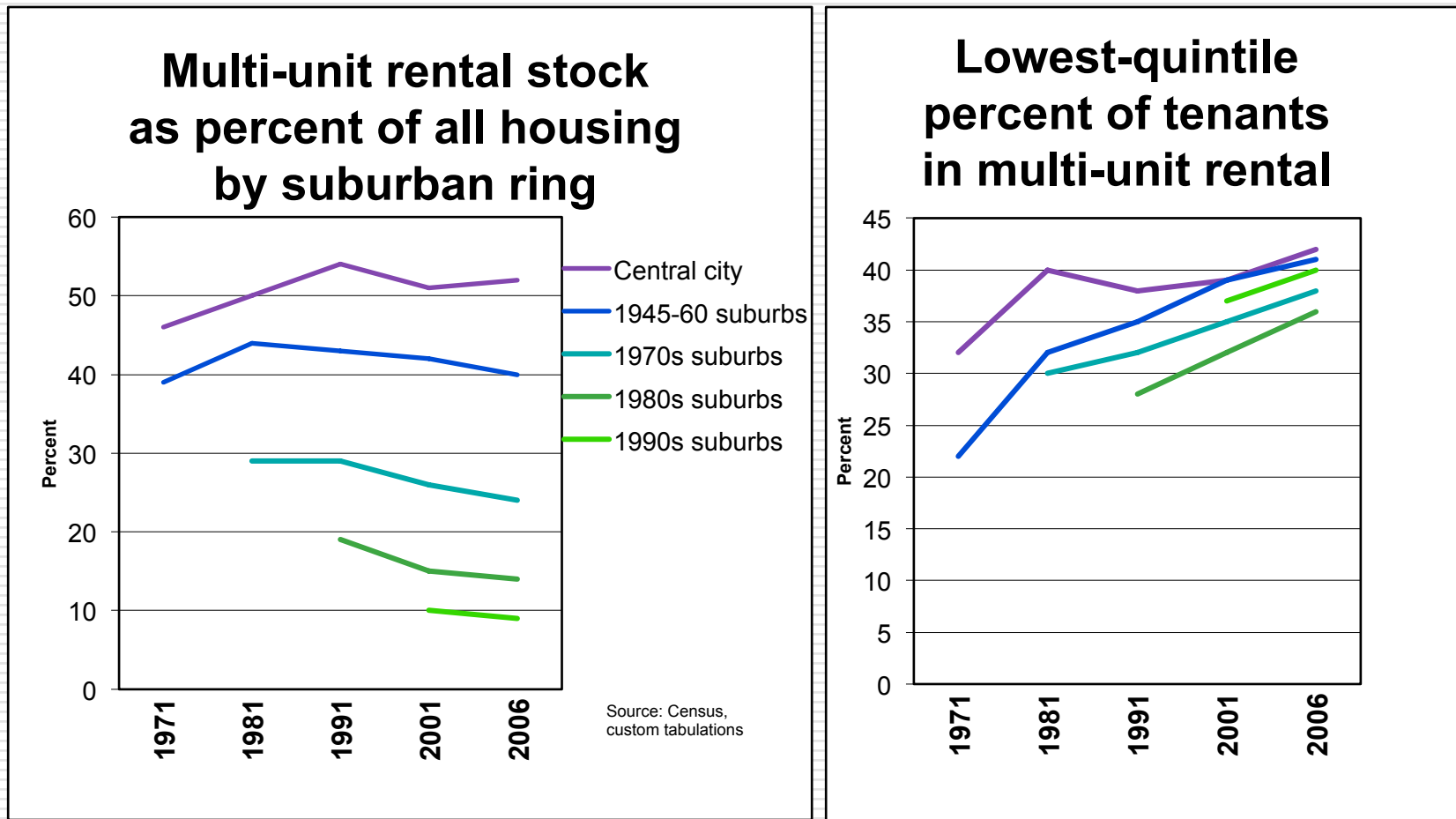
- Western Europe, peripheral estates
- USA, “inner ring suburbs”
- Australia, mix of these two patterns

Associated with:

- Gentrification in central city
- Older suburbs cheaper than newer suburbs
- Auto-dependency in post-1980 suburbs
- Little tenure mix in post-1980 production, contrasting to postwar areas

Spatial implications (2)

Toronto example...



5. Summary by period

<i>(Patterns do vary by city)</i>	1955-70	1970-95 (Ont '65-95)	'95-2005	2005 on
Net rental demand	High, with mix of incomes	Very high, >½ low-inc.	Negative exc. low-inc.	Middling, >½ low-inc.
Private rental production	~1/3 of production	1/3 of prod'n until c.1982	Minor	Minor (condo rental...)
Social housing	<10% of added rental	~1/3 of added rental	Very minor (exc. Que, BC)	<10% of added rental
Main low-rent net supply	Filtering in central city +New-build	New-build in central city & postwar 'burbs	Filtering in postwar suburbs	
Neigh'd mix implications	Many income-mixed areas in central city & postwar suburbs, few in post-1980 suburbs			
Main locale of poverty	Mostly central city	In central city & postwar suburbs		Mostly post-war suburbs

6. Conclusions

Political economy of housing

- Relationship of welfare-capitalist regime to housing regime

Liberal-welfare

- Rental as a byproduct of ownership market (filtering)
- Rental as 'residual'
- Small segment of demand
- Socio-tenure polarization
- Wider disparities
- Rental as a venue of poverty & 'decline' always

Corporatist & Social democratic (*then/today*)

- Build for rental (then)
- Rental as a priority (then)
- Large segment of demand
- Less socio-tenure polariz'n
- Lesser disparities
- Rental as a venue of poverty & 'decline' today

- Elements of hybrid regime in 1950s-80s Canada, legacy today

Conclusions (2)

1. Long-run 'Imprint' of housing regime history on urban space

- Postwar suburbs have most older/cheaper rental
Some variation by city (esp. Winnipeg, Montreal?)

2. More rapid growth drives more rapid change

Conclusions (3)

3. Poverty concentration: Dominant role of rental apt. sector *Some variation by city (esp. house rental in West)*

- Income decline in large postwar private rental stock
- Social housing 'mix' agenda missed the broader geography

4. Building for lower income meant much less impetus for supply by filtering / tenure conversion / quality decline / etc.

- This is now reversed → more quality issues
- Vulnerable areas in inner suburbs (*some variation by city...*)