

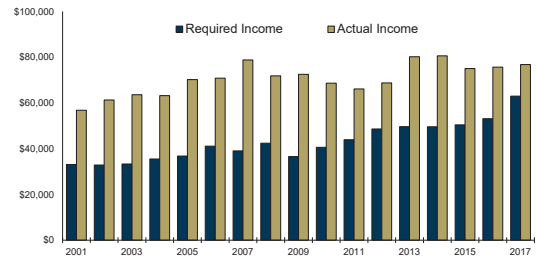


London Housing Advisory Committee Meeting December 12, 2018

Canada



Required income to purchase average home increasing faster than actual household income.

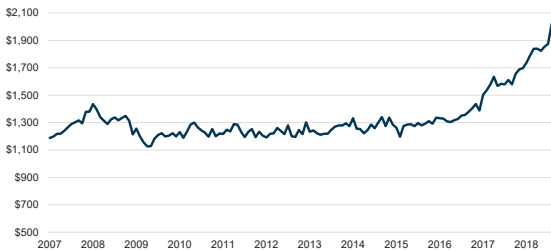


Source: CMHC, Statistics Canada
Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 per cent gross debt service ratio. Mortgage carrying costs are calculated based on a 10 per cent down payment, the posted fixed five-year mortgage rate and the longest available amortization for a mortgage.

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Mortgage payment on average priced home rising

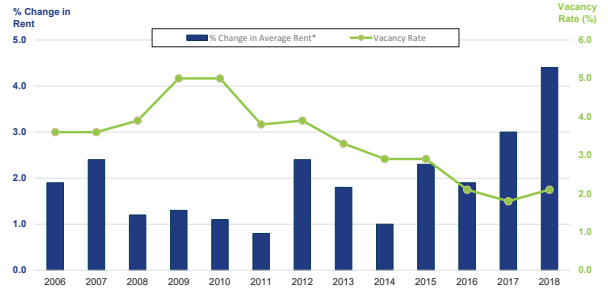
Mortgage payment* based on MLS® average price, London and Surrounding Area



Source: CREA, CMHC calculations
Assumptions: Average home price with 5% down payment amortised over 25 year at five year conventional mortgage rate

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Historically low vacancy rate resulting in rising rents

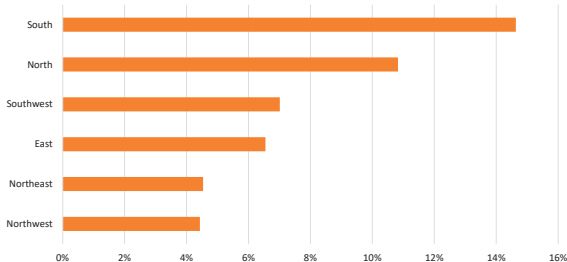


Source: CMHC
*Same sample rent increases

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Penalty to move resulting in lower turnover

% Difference between rent for vacant and occupied units, two-bedrooms by area



Source: CMHC

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Unemployment rate trending down, yet low participation rate signals more slack

Unemployment rate (%), seasonally adjusted, London CMA

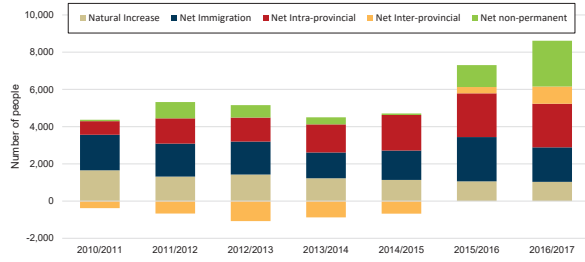


Source: Statistics Canada
Last data point: September 2018

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Strong migration pushing up population growth

Contribution to population growth by component, London CMA

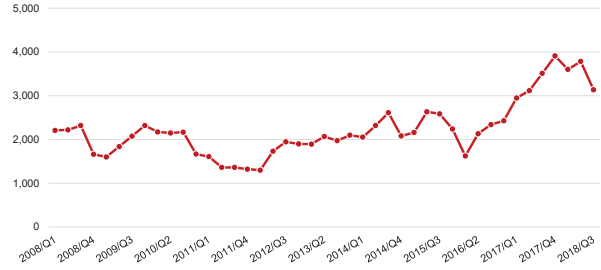


Source: Statistics Canada
Note: 2016/17 are preliminary estimates

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Number of units under construction lower in 2018, but remain elevated

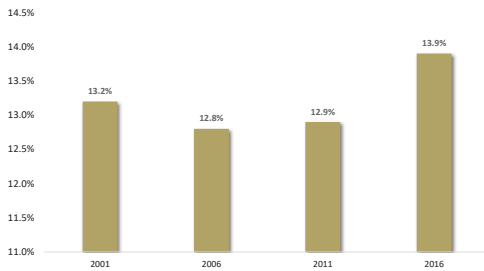
Number of Units Under Construction, London CMA



Source: CMHC
Last data point: 2018 Q3

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Share of households in core housing need



Source: CMHC, Statistics Canada (Census)
London CMA

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Core housing need is derived in two stages

- Whether the household was living in a dwelling considered unsuitable, inadequate or unaffordable.
 - Suitability identified whether the dwelling had enough bedrooms according its occupants needs.
 - Housing adequacy was assessed based on the dwelling condition being reported in need of major repairs.
 - A shelter-cost-to-income ratio of less than 30% was required to deem the housing affordable.
- Whether the household could be expected to have affordable access to suitable and adequate alternative housing by comparing the household's total income to an income threshold based on local housing costs. Only those households who could not afford alternative housing would be considered in core housing need.

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Who is in core housing need?

- 80% had household incomes less than \$30,000
- 76% are renters
- 64% were renting in non-subsidized housing
- 56% lived alone
- 25% were seniors (65+)
- 23% were lone-parent families

Source: CMHC, Statistics Canada (Census 2016)
London CMA

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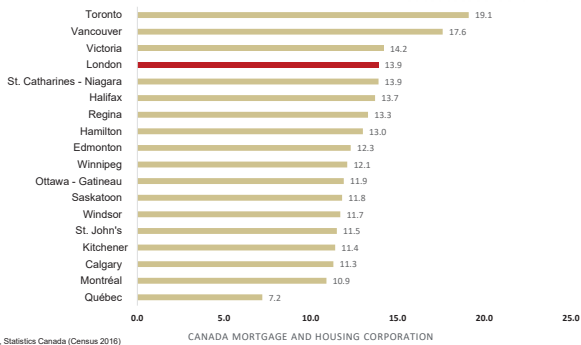
Why are households in core housing need?

- 92% were below affordability measure
 - 40% paid more than 50% of income on housing
- 13% were below adequacy measure
- 9% were below suitability measure

Source: CMHC, Statistics Canada (Census 2016)

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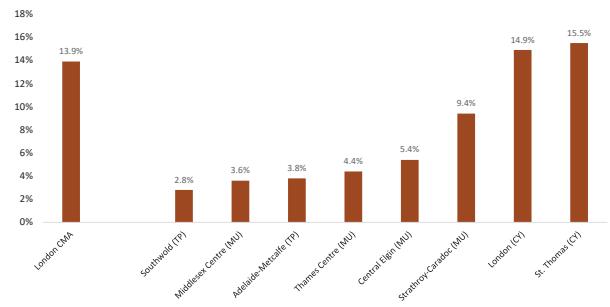
Percentage share of households in core housing need by large and mid-sized cities



Source: CMHC, Statistics Canada (Census 2016)

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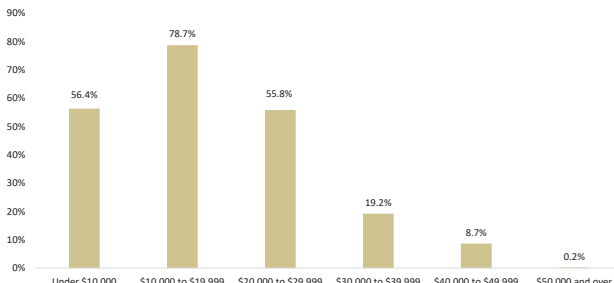
Share of households in core housing need



Source: CMHC, Statistics Canada (Census 2016)

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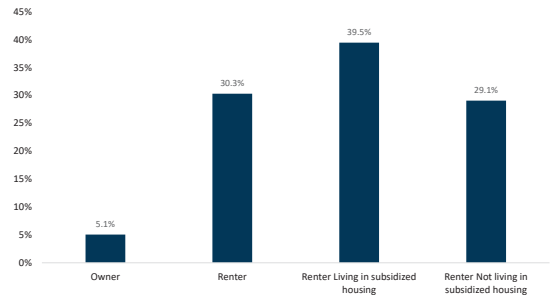
Core housing need by household income group



Source: CMHC, Statistics Canada (Census 2016)

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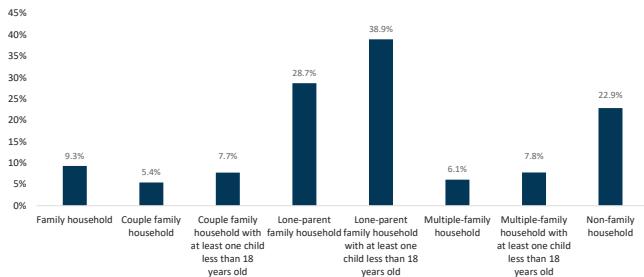
Share of households in core housing need by tenure



Source: CMHC, Statistics Canada (Census 2016)

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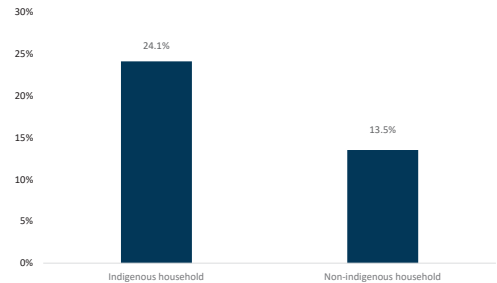
Share of households in core housing need by household type



Source: CMHC, Statistics Canada (Census 2016)

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Share of households in core housing need by aboriginal status



Source: CMHC, Statistics Canada (Census 2016)

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Summary

- Economic and population growth increasing demand for housing, whether it be rental or ownership tenure.
- Affordability deteriorating for a greater portion of households.
- Low vacancy and turnover rates, as fewer renters transitioning into homeownership.
- Rents increasing above rate of inflation.

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