

The impact of the energy crisis on housing, the real estate market and urban development in the Economic Commission for Europe Region: Perspectives from the UNECE Real Estate Market Advisory Group

Inflation effects on housing affordability and household vulnerability



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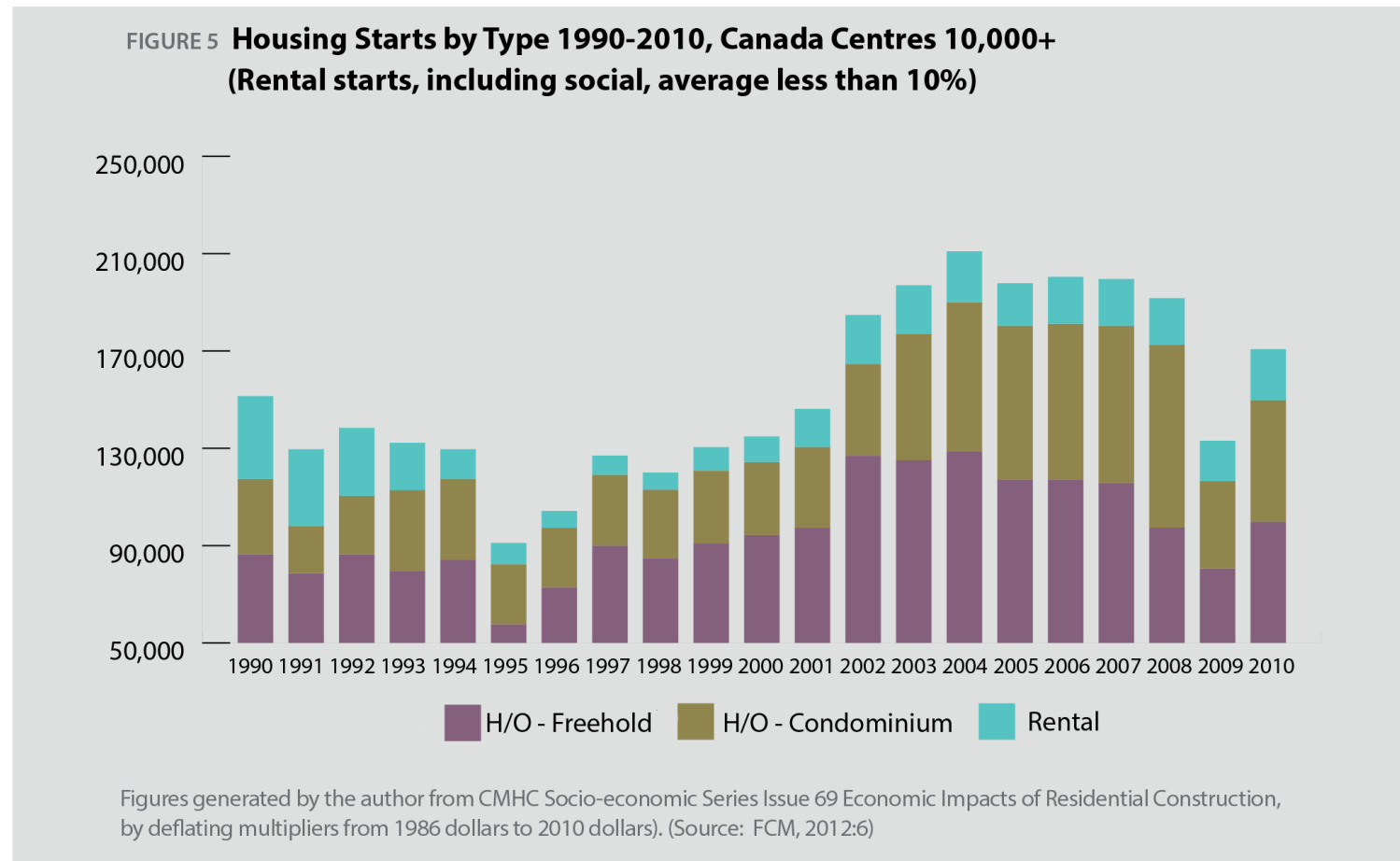
SMART SUSTAINABLE CITIES AND
SUSTAINABLE URBAN DEVELOPMENT

Shifting housing market in Canada



In early 1990's the Government of Canada withdrew from direct investment in creation of housing, buttressed by a neoliberal belief that the private sector would fill the gap.

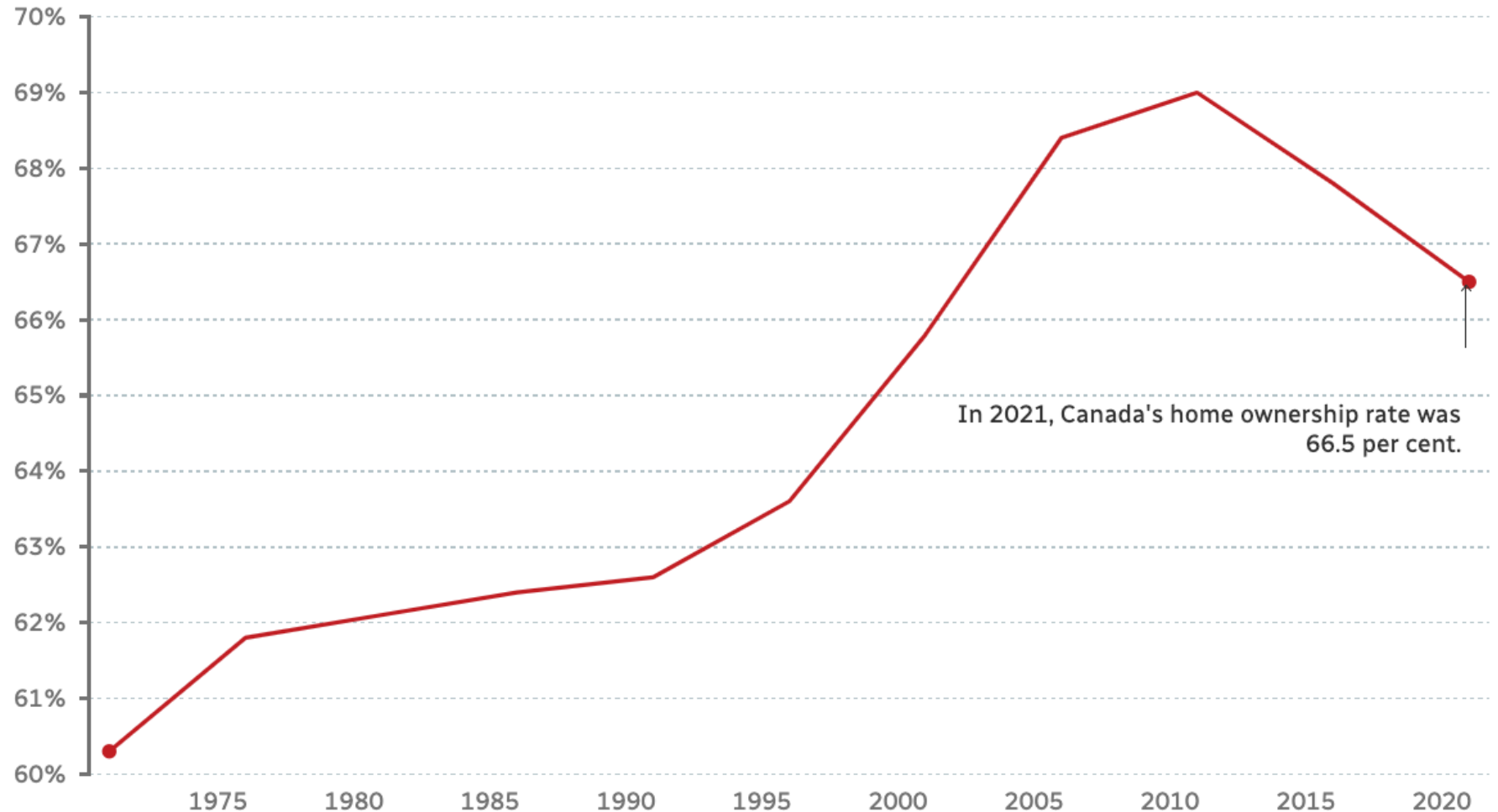
Over next two decades, shrinking investment in affordable rental housing



Over past ten years, home ownership has been in decline, while demand for rental housing has increased

- Average cost of **rent** rose by 17.6%
- Average cost of **home ownership** rose by 9.7%

Proportion of Canadian households that own their home



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Middle and upper income

- Those with relatively high disposable income do not need to reduce their consumption levels when prices go up, particularly in the areas of basic needs (food, heat, shelter, safety). Actually, most will be able to continue consuming as much as before.
- Although paying more now and thus saving less, they should be able to ride out the storm without going into debt.
- “While both owning and renting come with a cost, those who own their home have been lucky enough to offset those costs by way of a significant increase in the value of their homes. That isn't the case for anyone who rents”. Peter Evans, Canada Broadcasting Corp (CBC)

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Low Income Households

- More likely to lose jobs during a recession, thus exacerbating financial crisis and housing instability.
- May exhaust savings and need to go deeper into debt to maintain their levels of consumption.
- Opportunity costs: doing one thing means not doing another. May have to make choices regarding paying the rent, purchasing food, paying energy costs, etc.
- Inflation drives up costs of services and supports meaning such supports become less accessible at a time when there is greater demand.
 - Those who lose their housing during this time will either have to:
 - Double up with friends or family members who also may be under financial pressure
 - Become homeless and be forced to access emergency services.