



BOARD REPORT

REPORT No.: 2022-51
MEETING DATE: SEPTEMBER 15, 2022
SUBJECT: 2022 MARKET RENT STUDY

RECOMMENDATION

THAT with respect to Report No. 2022-51 (Integrated Social Services Division) we, The District of Thunder Bay Social Services Administration Board, approve the receipt of the 2022 Market Rent Study as presented;

AND THAT the Board authorizes Administration to submit a request to the Ministry of Municipal Affairs and Housing to use the average rental rates realized from the 2022 Market Rent Study.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or Board) with the results of the TBDSSAB procured 2022 District of Thunder Bay Market Rent Study, and provide recommendations based on the information obtained.

BACKGROUND

In February 2022, TBDSSAB issued a request for proposals for a Market Rent Study for all communities within the District of Thunder Bay for the purposes of providing an accurate assessment of current rental rates.

The purpose of this study is to provide TBDSSAB Administration with detailed and current market rents for different sized units in the market and compare these rates with the posted annual market rates provided by Canada Mortgage and Housing Corporation (CMHC). CMHC posts an average market rental rate for the City of Thunder Bay North and the City of Thunder Bay South and utilizes these numbers for the entire District of Thunder Bay.

To achieve a more detailed picture of the rental market rates throughout the District of Thunder Bay, TBDSSAB requested rental rate data from all communities within the District of Thunder Bay.

The results of this Market Rent Study will help TBDSSAB, stakeholders, and community members develop a meaningful sense of the rental housing market. The study provides a measured assessment of present rental rates for the District of Thunder Bay.

The successful proponent for the 2022 Market Rent Study was Symmetry Business Solutions. Administration worked with Symmetry to ensure a full understanding of the needs and outputs of the survey which was conducted between April and June, 2022. The last market rent study was conducted by TBDSSAB in 2016.

COMMENTS

The TBDSSAB 2022 Market Rent Study provides a snapshot of rental rates at existing rental properties within the service areas of TBDSSAB, including quantitative data regarding age, size, location of properties, and average or estimated rental value.

The methodology of the study included three data sources:

1. Responses to a voluntary survey distributed to area landlords and property managers.
2. Advertised rates for current vacant rental properties throughout the District.
3. The TBDSSAB Internal Database for units participating in its Rent-Geared-To-Income (RGI) program.

The data sample for the City of Thunder Bay and Thunder Bay CMA is robust, and the survey results are very significant. Data collection throughout many communities in the District was more of a challenge as some communities had greater participation than others. It was noted that some communities have a small, informal rental market sector. Overall, the data set for the district is incomplete but still able to provide some indication of market rental rates as a whole.

CMHC presents data on the average market rents for the Thunder Bay Census Metropolitan Area (CMA) but does not present data for other communities within the District. The minimum population size for CMHC data to be compiled is 10,000. As a result, the study is unable to compare survey and advertised rental rates against a CMHC factor. The Thunder Bay CMA includes the City of Thunder Bay, the municipalities of Oliver Paipoonge and Neebing, the Townships of Shuniah, Conmee, O'Connor, and Gillies, and the Fort William First Nation.

The survey was designed primarily to access an electronic survey which allowed participants to respond to questions, complete relevant detail, and add properties as required if they controlled multiple locations. Included was the option to receive a pdf fillable survey through email, mail-out a paper copy, in-person interview, or a telephone interview if requested. Anything received other than online was entered manually by project staff for inclusion in the final results.

Though there is extensive data contained in the study, one of the key findings is that the advertised rates in the City of Thunder Bay are higher and, in some cases, much higher than both the CHMC data and the average surveyed data. This indicates that the current trend for rental rates in the City of Thunder Bay are trending upwards, with landlords offering their rental accommodations at amounts higher than those offered to current tenants in units. This upward trend indicates that the demand for rental units is increasing, and landlords recognize the opportunity to seek higher rents than what they are currently charging.

Table 1: Comparative Rent Summary Using Average Rates - City of Thunder Bay

Unit Type	Data Source – City of Thunder Bay		
	Average Survey Rates	Average Advertised Rates	CHMC ¹
Bachelor	\$793.00	\$820.00	\$751.00
1 Bdrm	\$1,056.00	\$1,065.00	\$928.00
2 Bdrm	\$1,437.00	\$1,423.00	\$1,112.00
3 Bdrm	\$1,456.00	\$1,764.00	\$1,308.00
4+ Bdrm	\$2,011.00	\$2,258.00	N/A

This trend however is not reflected in communities outside the City of Thunder Bay where the average survey rents are higher than the advertised rates. This may be an indication that rental units have a higher vacancy and that the demand for units is lower.

Table 2: Comparative Rent Using Average Rates - District

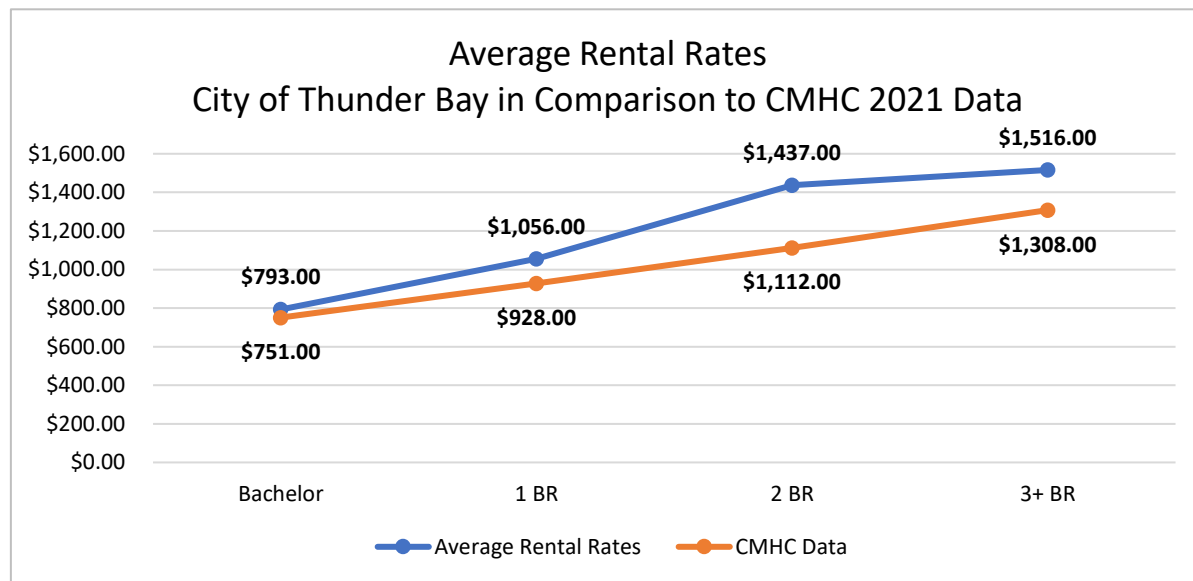
Unit Type	Data Source – The District	
	Survey	Advertised Rates
Bachelor	\$824.00	\$533.00
1 Bdrm	\$949.00	\$768.00
2 Bdrm	\$1,201.00	\$1,056.00
3 Bdrm	\$1,384.00	\$1,292.00
4+ Bdrm	\$3,300.00	\$1,850.00

The province of Ontario uses the CMHC average market rent data in calculating allowable rents under certain programs, including the establishment of portable housing benefit amounts and the development of affordable housing rental rates. The Canada Ontario Housing Benefit also relies on the CMHC data to establish rental assistance rates. Where an applicant for any of these programs resides outside the City of Thunder Bay, the rate used is based on the CMHC Thunder Bay CMA.

The following figure shows the data from the City of Thunder Bay surveyed rental rates from 2,518 units compared to the 2021 CMHC data. This figure shows the gap between the rates provided from CMHC and what was realized in the survey. The surveyed data's current market rent rates are higher than the CMHC rates in all categories.

¹ Source: Rental Market Survey (CMHC) 2022

Figure 1: Average Rental Rates - City of Thunder Bay in Comparison to CMHC 2021 Data



This shows that the provincial program that relies on the CMHC average market rent are undervaluing the amount of rental support compared to the actual realizable rent in the communities making access to affordable housing more challenging. Further, where housing development programs set a maximum allowable rent at a factor of 80% of the CMHC average market rent, this limits the financial viability of the project as developers are realizing rental revenue much lower than the actual market. Projects may not be developed due to the lower-than-expected rental revenue, based on the CMHC rate. This creates even more housing hardship due to a lack of new affordable housing units.

The results of this study will help guide TBDSSAB Administration in the operation of the Private Landlord Rent Supplement program, the Private Market Rental Housing Fund, the Portable Housing Benefit program, the Canada Ontario Housing Benefit, the Canada Ontario Community Housing Initiative, the Ontario Priorities Housing Initiative, TBDSSAB's 10-Year Housing and Homelessness Plan updates, and for market rents in TBDSSAB owned buildings.

Further, this study will allow TBDSSAB to appeal to the Ministry of Municipal Affairs and Housing to reconsider the use of the lower CMHC average market rent amounts by demonstrating that the actual rents are much higher.

Ongoing review of the 2022 Market Rent Study will continue to inform program decisions and further recommendations based on the results may be presented to the Board at a future time.

A full copy of the TBDSSAB Market Rent Study is provided under separate cover due to its size.

STRATEGIC PLAN IMPACT

This report supports the Strategic Plan visions of establishing flexible, inclusive services through the management of relevant diverse housing and financial stewardship.

FINANCIAL IMPLICATIONS



There is no immediate financial implication for TBDSSAB with the 2022 Market Rent Study though the information realized may have financial implications related to rent revenue in the future.

CONCLUSION

It is concluded that this report and attachment provides the Board with information pertaining to the completed TBDSSAB 2022 Market Rent Study, and recommendations arising from the data.

REFERENCE MATERIALS

Attachment #1 [TBDSSAB 2022 Market Rent Study Final Draft](#)
(Under Separate Cover)

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