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City of Sault Ste. Marie  
**Housing Needs Assessment**  
2023 to 2025

Planning & Enterprise Services, City of Sault Ste. Marie  
July 2023

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## Executive Summary

In Canada, the passing of the *National Housing Strategy Act* in 2019 recognized housing as a human right. In recent years, housing supply and affordability have become a challenge across Canada, including Sault Ste. Marie.

The City's Planning Department has undertaken this Housing Needs Assessment to review and quantify current and future needs in the local housing system. This Housing Needs Assessment will assist in:

- the development of a municipal Housing Action Plan, which will provide the goals and strategic actions for ensuring an adequate supply of housing in the community;
- developing benchmarks for measuring future progress and success of the Housing Action Plan; and
- justifying the local housing need for applications to federal and/or provincial funding programs.

## Key Findings

**The population is growing** – The population of Sault Ste. Marie began to grow in 2018 after a long period of decline. Migrants from other parts of Ontario and Canada, international immigrants and non-permanent residents are responsible for the city's population growth. The population is projected to grow by an additional 8,400 persons over the next 13 years.

**Household sizes are decreasing** – There has been an increase in the proportion of one-person households in the past decade, mainly due to an aging population, but as well as a shift in living arrangements of younger working age adults. As such, there are many "over-housed" households; one-person households living in homes with two or more surplus bedrooms, many of which are seniors aged 75+. A focus on the construction of units geared to seniors may contribute to an increase in the turnover rate of larger 3+ bedroom homes. This will bring larger homes to the market to meet the needs of households that require additional space for their growing families, or to accommodate families migrating to Sault Ste. Marie.

**Local housing stock is old** – Sault Ste. Marie's housing stock is old compared to the province and many homes are in need of major repairs. Nearly two-thirds of the housing stock of the city is comprised of single-detached houses, the majority of which were built before 1980. Over the past decade, the market is producing less single-detached houses and more row houses; a reflection of the changing needs of the city.

**Household incomes are increasing but not as fast as the province** – Median household incomes are increasing in Sault Ste. Marie, but the increase is proportionally less than the province. COVID-19 income support programs had a significant impact on income levels during the pandemic; however, this impact was only temporary.

**Housing resale prices have risen much faster than household incomes** – Between 2017 and 2022, housing resale prices grew by approximately 80%, far outpacing the growth in household income during this time. In 2022, only the households with an income near 70<sup>th</sup> percentile or higher would be able to afford the average single-detached house in the city.

**Rental rates are growing quickly and are creating an affordability gap** – The number of primary rental market units has grown slightly in the past decade and vacancy rates are currently at their lowest level since 2014. Rental rates have grown 56.1% between 2011 and 2022, outpacing the rate of inflation. Rental households with incomes below the 60% percentile (for all rental households) are not able to afford the average market rent for available units in 2022. Many of these households do not qualify for subsidized housing and are therefore required to spend more than 30% of their gross income on housing costs. This group represents the “missing middle”.

**There is an increasing need for supportive housing and subsidized housing** – Homelessness and emergency shelter usage are trending upwards; there is a high and growing need for permanent supportive housing. Between 2018 and 2021, homelessness increased by 163% based on Point-in-Time count numbers. Experts have recommend that supportive housing for homeless community members be increased by 700% to meet current demand. There were 1,700 households on the centralized waitlist for subsidized housing at the end of March 2023.

**Rental households are much more likely to be in core housing need than owner occupied households** – About 14% of all rental households that do not receive a subsidy are in core housing need. More than one-third of all rental households in Sault Ste. Marie are spending more than 30% of their gross household income on shelter costs. Nearly all households in core housing needs were facing affordability challenges.

**Rental housing stock has not kept up with demand** – Few rental units were built between 2016 and 2021, contributing to supply challenges. New rental unit supply is needed and should be a mix of purposely-built “affordable” units and moderately priced units within walkable and well-connected urban neighbourhoods. If the supply of moderately priced rental units are regularly built, some portion of rental units in older buildings will filter down-market and become affordable for households with lower incomes. Furthermore, the secondary rental market (such as accessory dwelling units) should be encouraged to grow through regulatory flexibility as well as financial incentives to offset some of the increases in costs of construction.

**More freehold housing will be required** – Market ownership housing has not kept up with demand, largely due to the rising costs of construction. To meet the demands of a growing population, approximately 3,115 new units will be needed in Sault Ste. Marie by 2036. Dillon Consulting estimates that as the Baby Boomer generation retires, migrants will be required to replace them in the workforce, and many will bring their families to the city. It is critical that the city has enough housing supply to accommodate this growth, both affordable and market rate.

**Current and future housing needs as identified in this report:**

*It is important to note that the number of units provided for each need are not meant to be summed into overall housing target, as there may be significant overlap between needs. Cells shaded in orange are specifically related to housing affordability challenges.*

Timeline	Description of Housing Need	# Units Needed
Current	Replacement of enough housing units in need of major repairs to bring Sault Ste. Marie to the provincial average for inadequate housing:	455
Current	Renters in core housing need that exceed the affordability threshold and are not receiving housing subsidies:	1,090
Current	Homeowners in core housing need who cannot afford acceptable housing:	620
Current	Number of new permanent supportive housing units needed	70
Current	Number of households on the waitlist for subsidized housing:	1,700
Current	Number of freehold (homeowner occupied) dwellings required to make up for the lack of housing starts between 2016 and 2021:	250
Current	Number of vacant purpose-built market rental units needed to bring the vacancy rate up to 3% to 5%:	52 to 155
Future	Projected new units to meet population demand to the end of 2026:	779
Future	Approximate number of rental households that cannot afford market rental rates, do not qualify for subsidized housing, and will likely move to a new rental unit in the next 3 years:	680
Future	Rental units geared to over-housed seniors to increase the turnover rate of larger 3+ bedroom homes:	500

# 1 Introduction

## 1.1 Purpose

The purpose of this Housing Needs Assessment is to review and quantify the housing situation in Sault Ste. Marie and assist in developing benchmarks for measuring progress. This report contains data on population, household sizes and types, local housing stock, as well as analysis on housing supply, demand and affordability. Population and housing projections up to 2036 are included to assist in determining the future housing needs for our changing city.

This report will also assist the City’s Affordable Housing Task Force in developing recommendations for a municipal Housing Action Plan, which will provide the goals and strategic actions for ensuring an adequate supply of housing exists for all residents of Sault Ste. Marie. The Housing Action Plan will include transformative actions to address issues such as development costs, land availability, and regulatory barriers.

Measuring the success of the Housing Action Plan will rely on much of the data presented here. As such, this report should be refreshed every two years to measure and analyze the impact of the Housing Action Plan on the local housing system.

The Housing Needs Assessment will also serve as a justification report for funding applications, such as the Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (Summer 2023). Funding streams such as the Housing Accelerator Fund will allow for more robust initiatives and incentives aimed at increasing housing supply in Sault Ste. Marie.

## 1.2 Scope: The Focus of this Report

A successful housing system provides an appropriate range and mix of housing options to meet the needs of current and future residents of the community. The Housing Continuum ranges from emergency shelters to market rate homeownership (Figure 1). There is need across the housing continuum in Sault Ste. Marie.

**Figure 1: The Housing Continuum**



The primary focus of this Housing Needs Assessment is on the last three housing types in the continuum: affordable housing, market rental housing, and market home ownership. The District of Sault Ste. Marie Social Services Administration Board (DSSMSSAB) is the Service System Manager responsible for overseeing and planning for shelters, supportive housing, and subsidized housing. Both the City and the DSSMSSAB have overlapping responsibilities in the area of affordable housing, and as such it is recommended that the City and DSSMSSAB coordinate planning efforts to address housing affordability needs in Sault Ste. Marie.

## 1.3 Affordable Housing Definition

A key change of the Ontario’s proposed Provincial Planning Statement (2023) is the removal of the definition of “affordable” as it applies to housing. According to the definition within the Provincial Policy Statement (PPS 2020) and the City’s Draft Official Plan, “affordable housing” for Sault Ste. Marie is defined as:

In the case of **ownership housing**, “affordable” means housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area.

Affordable ownership housing in Sault Ste. Marie in 2022 was a purchase price of **\$281,300** or below.

In the case of **rental housing**, “affordable” means a unit for which the rent is at or below the average market rent of a unit in the regional market area.

Affordable rental housing in Sault Ste. Marie in 2022 was a monthly rental rate of **\$1,015** or below (including utilities).

Please note that an alternative definition of affordable housing is also used in the core housing needs analysis section of this report. This is the definition used by CMHC.

## 2 Housing Demand: Population Trends and Projections

### Key Points:

- The population of Sault Ste. Marie began to grow in 2018 after a long period of decline. Growth was interrupted by the onset of the COVID-19 pandemic, but most recent population figures indicate the City is growing once again.
- Migrants from other parts of Ontario and Canada, international immigrants and non-permanent residents are responsible for the City’s population growth.
- There has been recent growth in the population of younger working age adults and children under the age of 15.
- The population of the City is projected to grow by approximately 8,400 persons over the next 13 years. It is critical that the City has enough housing supply to accommodate this growth.

### 2.1 Population Counts

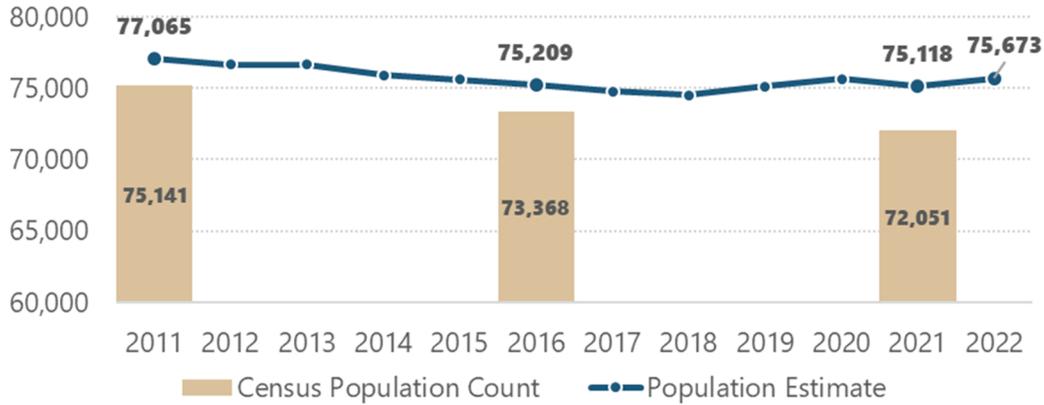
This report contains both Statistics Canada’s Census counts and Annual Demographic Estimates for Subprovincial Areas (ADEs) for Sault Ste. Marie. Census data is used in this report to determine current needs for the community as the dataset contains many housing related socio-demographic variables. Similarly, population projections presented in this report are based on Census data. ADEs are used in this report to measure the evolution of the population between censuses and provide explanations behind the population growth.

There are however differences between the two datasets. Census data may be prone to undercounts for a variety of reasons. ADEs are based on Census data with adjustments for migration, births, deaths, and Census undercounts. Therefore, the estimated population figures of the ADEs are typically higher than the Census population counts for their respective years.<sup>1</sup>

<sup>1</sup> Please see <https://www.statcan.gc.ca/en/hp/estima> for more details.

According to Statistics Canada’s ADEs there were 75,673 people living in Sault Ste. Marie in 2022, down 1.9% from 2011 but up 0.6% from 2016 (Figure 2).

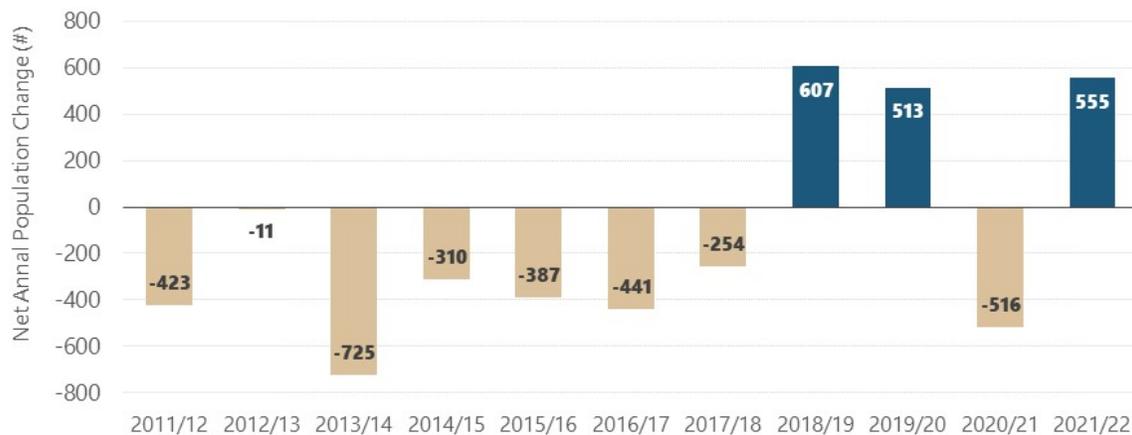
**Figure 2: Annual Population Estimates and Census Population Counts – Sault Ste. Marie, 2011 to 2022**



Source: Statistics Canada. Table 17-10-0142-01 and the Censuses of Canada, 2011, 2016 and 2021.

Figure 3 shows the estimated change in population year-over-year in Sault Ste. Marie. After a period of population decline, Sault Ste. Marie started to grow in 2018. Growth was interrupted during the first year of the COVID pandemic (between 2020 and 2021) as the city experienced a population loss of 516 people. The following year saw a return to growth with 555 additional people.

**Figure 3: Estimated Annual Change in Population – Sault Ste. Marie, 2011/12 to 2021/22**



Source: Statistics Canada. Table 17-10-0142-01

## 2.2 Components of Population Change

Figure 4 shows the estimated annual change in population broken down by key components for the Sault Ste. Marie area from 2011/12 to 2021/22. Components include:

- **Natural change** refers to difference between the number of live births and the number of deaths during the year;

- **Immigration** refers to the difference between the total number of international immigrants (includes persons who are landed immigrants or permanent residents) and emigrants;
- **Internal Migration** refers to the difference between the total number interprovincial and intraprovincial in-migrants and out-migrants for the year; and
- **Non-permanent Residents** include persons from another country with a usual place of residence in Canada and who have a work or study permit or who have claimed refugee status. Family members of those persons are included as well unless these family members are already Canadian citizens, landed immigrants or permanent residents.

A value below zero in the chart refers to a net loss of that population group, while a value above zero refers to a net gain of that population group for the year.

Figure 4 shows that the population of Sault Ste. Marie is not growing naturally, as deaths outnumbered births by almost 2 to 1 in 2021/22. The gap between the number of deaths and the number of births in Sault Ste. Marie has widened year-over-year since 2011/12. This means Sault Ste. Marie must rely on internal migration, immigration, and the arrival of non-permanent residents to make up for the natural decrease in population.

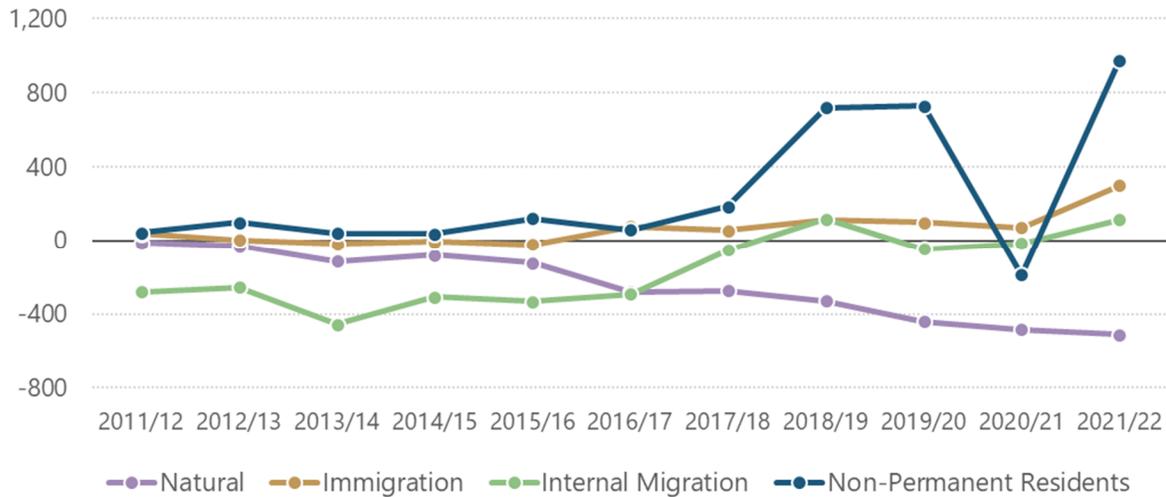
Between 2011/12 and 2016/17 internal out-migration was the main driver of population loss for the city. This means Sault Ste. Marie typically had more out-migration to other parts of Ontario/Canada than in-migration from those places. Internal migration moved to net-positive in 2018/19 after a long period of net-losses, reversing this trend. The year 2021/22 also showed a net-positive year in internal migration. Part of the attraction to relocate in Sault Ste. Marie is due to education and employment opportunities (including the opportunity to work remotely). Comparatively cheaper house prices, especially compared to southern Ontario is also an attraction. This pressure on housing supply has been a contributor in driving both house prices and rents up.

Sault Ste. Marie has also become a draw for immigrants and non-permanent residents. Non-permanent residents have been the largest contributor to population growth since 2017/18; however, the COVID-19 pandemic did interrupt this growth in 2020/21. The growth in non-permanent residents represents a considerable change for Sault Ste. Marie, as non-permanent residents are more likely to rent their home and are typically in the 20 to 35 year age group.<sup>2</sup>

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<sup>2</sup> Statistics Canada. "A portrait of non-permanent residents in Canada". June 2023. Accessed online via: <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2023039-eng.htm>.

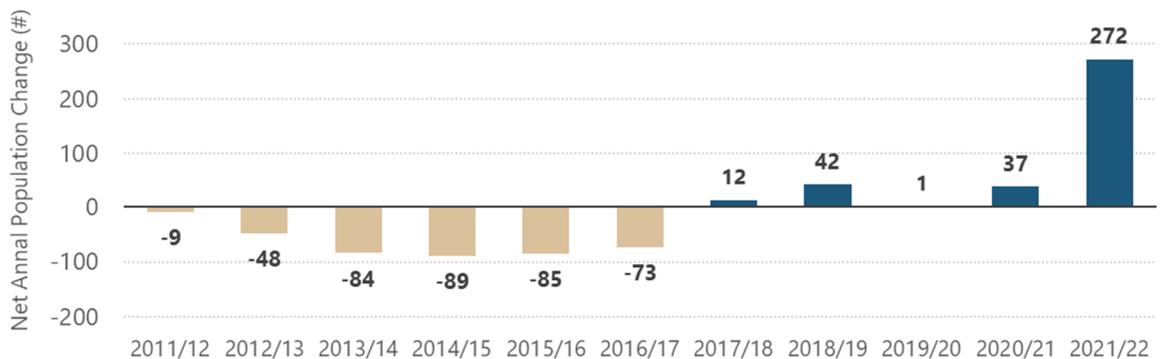
**Figure 4: Components of Population Change – Sault Ste. Marie CA, 2011/12 to 2021/22**



Source: Statistics Canada. Table 17-10-0136-01

Historically, persons aged 25 to 34 years old tended to migrate away from Sault Ste. Marie. Since 2017/18, there has been a net increase in this age group as a result of a shift in migration trends and the influx of non-permanent residents (Figure 5). This age group is significant in starting households and in starting families. Their impact on the housing market is on the rental and first-time buyers' market.

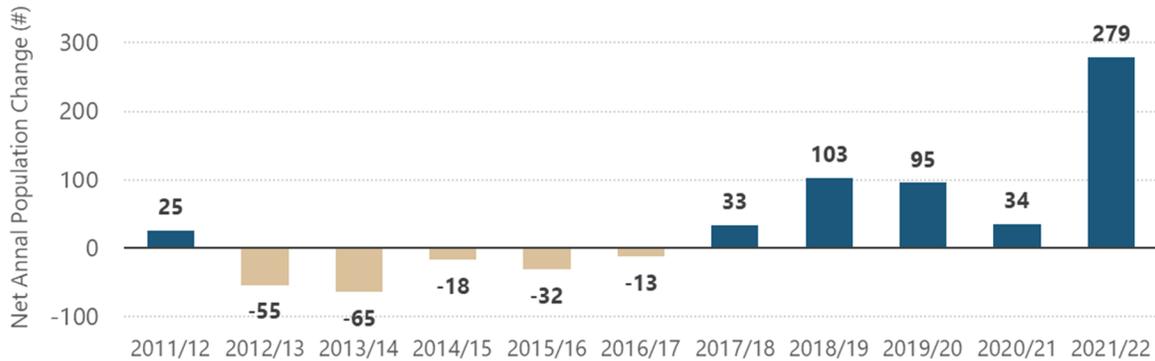
**Figure 5: Estimated Net Internal Migrants, Immigrants and Non-Permanent Residents, 25 to 34 Years Old – Sault Ste. Marie CA, 2011/12 to 2021/22**



Source: Statistics Canada. Table 17-10-0136-01

Similarly, there has been a net increase of children age 0 to 14 in Sault Ste. Marie since 2017/18 (Figure 6). This indicates more families are moving to the city from other parts of Ontario/Canada as well as from international locations. Families with children aged 0 to 14 require larger dwellings, typically those with two or more bedrooms.

**Figure 6: Estimated Net Internal Migrants, Immigrants and Non-Permanent Residents, 0 to 14 Years Old – Sault Ste. Marie CA, 2011/12 to 2021/22**

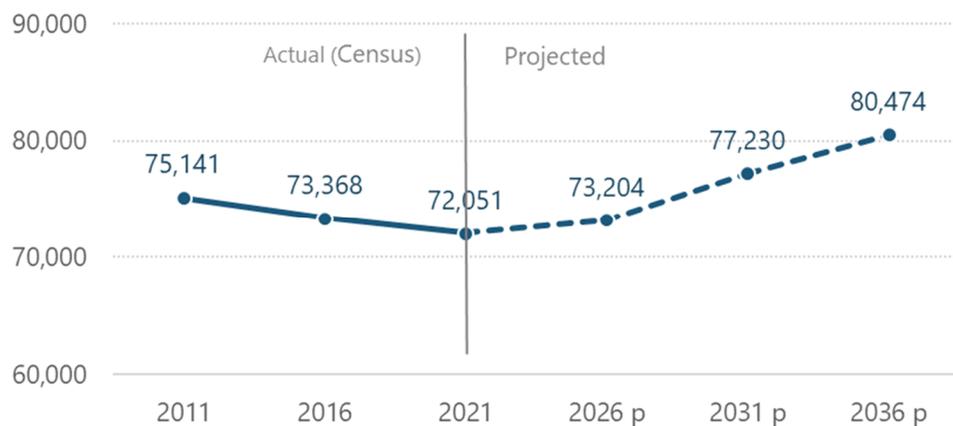


Source: Statistics Canada. Table 17-10-0136-01

### 2.3 Growth Forecasts

Population projections are typically based on Census counts rather than ADEs as they factor in economic, employment, and migration trends. In 2018, Dillon Consulting produced a detailed population projection for the City of Sault Ste. Marie entitled: “The City of Sault Ste. Marie: Population, Housing and Employment Projections – Commercial and Industrial Land Needs Analysis – Final Report”. This study projected the city to experience population growth between 2016 and 2036, with the most significant period of growth occurring between 2026 and 2031.<sup>3</sup> The population was projected to grow by 1.6% between 2016 and 2021, however as shown in the ADE data, the COVID-19 pandemic had a profound effect on growth in 2020/21. The City’s Planning Department have verified that Dillon’s projections were on track (but were interrupted by the onset of the pandemic) and have therefore adjusted these projections based on 2021 Census population statistics (Figure 7). Note that the revised projections project a population of 80,474 by 2036.

**Figure 7: Population Projection – Sault Ste. Marie, 2026, 2031 and 2036**



Sources: Statistics Canada, Dillon Consulting and the City of Sault Ste. Marie Planning Department

<sup>3</sup> Dillon Consulting. “The City of Sault Ste. Marie: Population, Housing and Employment Projections – Commercial and Industrial Land Needs Analysis – Final Report.” September 2018. Available online via: <https://shapethesault.ca/land-use>.

Population growth is expected to be moderate between 2021 and 2026, increasing by 1,153. The city is expected to experience a higher growth rate between 2026 and 2036 as the last of the baby boomer generation moves into retirement. Many baby boomers will remain in the city and will require local services. There will be a need to replace many of the retiring baby boomers in the workforce, which will result in annual flows of positive net in-migration and an overall increase in the population.<sup>4</sup> This will have a significant impact on the housing needs of the community.

### 3 Household and Dwellings

#### Key Points:

- The average household size in Sault Ste. Marie is less than that of the province.
- There has been an increase in the proportion of one-person households in the past decade; mainly due to an aging population, but as well as a shift in living arrangements of younger working age adults. More than half of all rental households in Sault Ste. Marie are one-person households.
- The rate of homeownership is falling in the City, albeit at a slower rate than the province.
- There are many one-person households living in homes with two or more surplus bedrooms, many of which are seniors aged 75+. These households can be considered “over-housed”. An increase in 1 to 2 bedroom apartment units may contribute to an increase in the turnover rate of larger homes.
- Nearly two-thirds of the housing stock of the City is comprised of single-detached houses.
- Sault Ste. Marie’s housing stock is old compared to the province. Relatively few homes have been built since the 2000’s.
- Many homes are in need of major repairs, particularly rented single-detached, semi-detached and row houses.

#### 3.1 Average Household Size

In 2021, there were 32,530 occupied dwellings in Sault Ste. Marie, down slightly from 32,635 in 2016. The average household size in Sault Ste. Marie was 2.2 persons per household in 2016 and 2021. This was below the average household size in Ontario 2021 (2.6 persons per household).

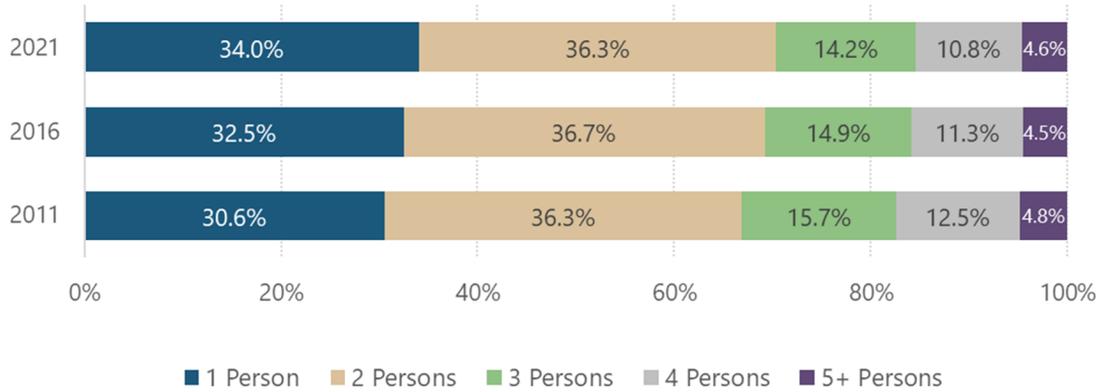
Figure 8 shows there has been growth in the proportion of one-person households in Sault Ste. Marie between 2011 and 2021. This trend is expected to continue as the last of the baby boomer generation moves into their senior years and the prevalence of living alone remains highest at older ages.<sup>5</sup> In contrast, there were also more younger adults aged 25 to 34 living alone in 2021 than in the two past census years (approximately 1,175 persons in 2021 as opposed to 905 persons in 2011).

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<sup>4</sup> Dillon Consulting, 2018.

<sup>5</sup> Statistics Canada. Table 98-10-0134-01.

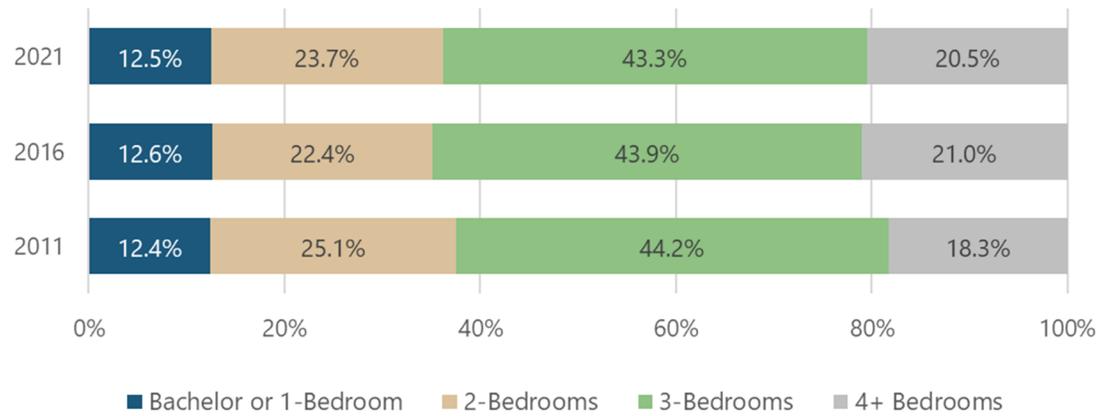
**Figure 8: Household Size as a Percentage of Total Households – Sault Ste. Marie, 2011, 2016 and 2021**



Source: Statistics Canada, Census Profiles, 2011, 2016 and 2021

Although, just over 70% of households had two persons or less, Figure 9 shows that nearly two-thirds of dwellings in Sault Ste. Marie in 2021 had three or more bedrooms. This indicates that the dwelling composition does not align with current household sizes in Sault Ste. Marie. Therefore, it is important that a sufficient supply of smaller units exists for those that wish to downsize or those who cannot afford a larger unit than required.

**Figure 9: Number of Bedrooms per Occupied Dwelling – Sault Ste. Marie, 2011, 2016 and 2021**



Source: Statistics Canada, Table: 98-10-0237-01.

Furthermore, Figure 10 shows in 2021 there were 4,255 one-person households living in homes with three or more bedrooms in Sault Ste. Marie.

**Figure 10: Household Size by Number of Bedrooms – Sault Ste. Marie, 2021**

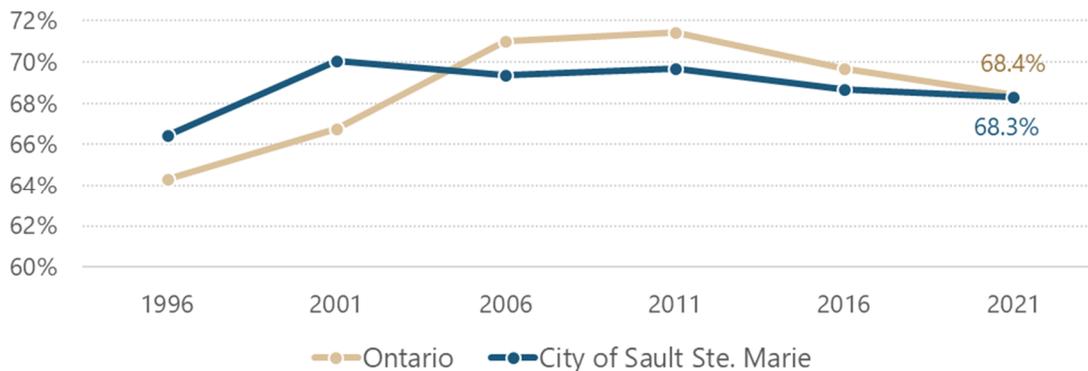


Source: Statistics Canada, Table: 98-10-0237-01.

### 3.2 Household Tenure

In general, the rate of homeownership has been declining in recent years. Prior to 2006, the rate of homeownership was higher in Sault Ste. Marie than in Ontario. In 2006, Sault Ste. Marie’s homeownership rate fell below the province, but the most recent Census shows the city on par with the province.<sup>6</sup>

**Figure 11: Change in Homeownership Rates – Sault Ste. Marie and Ontario, 1996 to 2021**

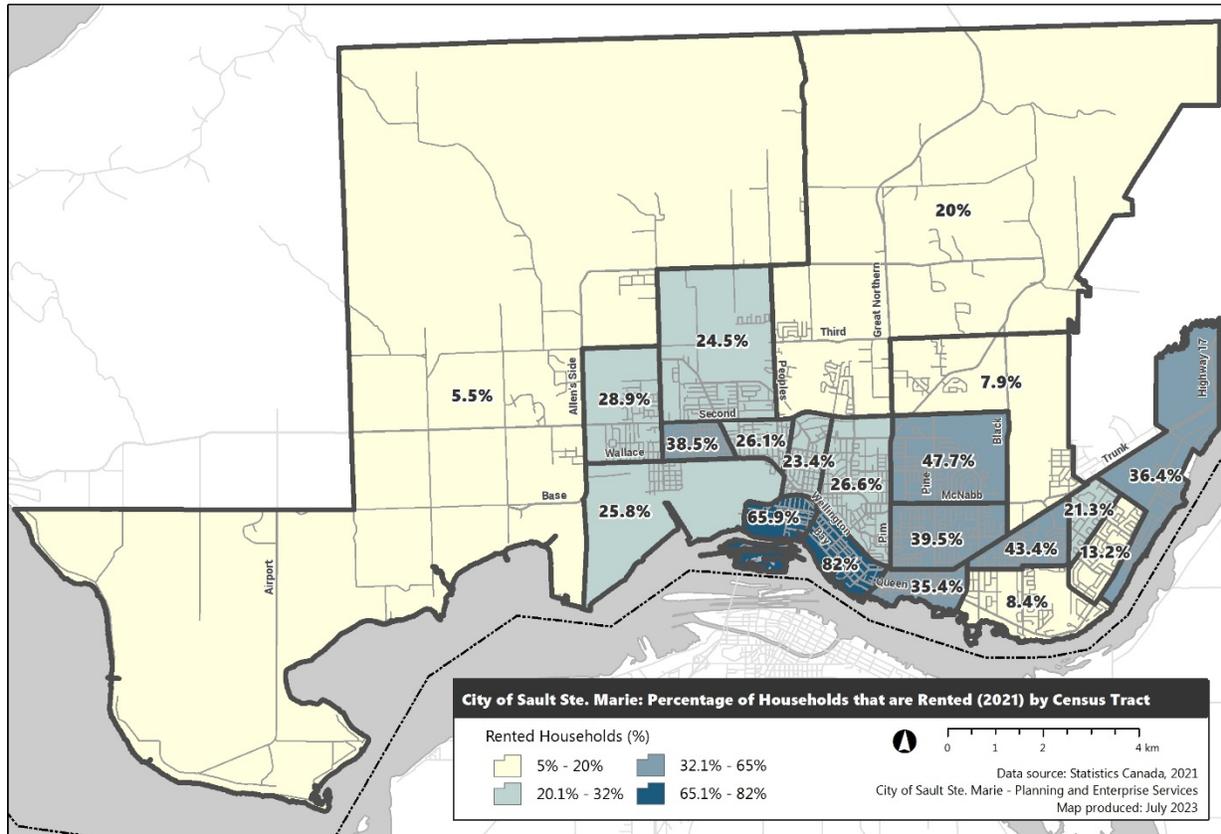


Source: Statistics Canada, Cat. #95F0200XDB96001 (1996) and Census Profiles, 2001 to 2021

The map in Figure 12 shows percentage of households that are renters by Census Tract (CT). The map shows that the majority of dwellings in the downtown area are rented. Other areas, typically east of Great Northern Road, have a higher concentration of rental dwellings than the average for the city. This includes the CT containing Sault College, the Pine/Allard area, and the P-Patch (47.7% renters).

<sup>6</sup> Statistics Canada. “To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home” September 2022. Accessed online via: <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm>.

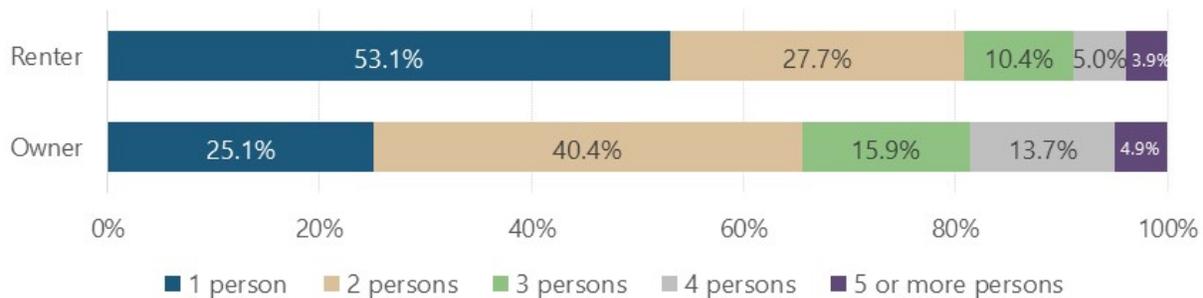
**Figure 12: Rented Households by Census Tract – Sault Ste. Marie, 2021**



Source: Statistics Canada, Census of Canada, 2021.

Figure 13 shows that approximately one quarter of all owned dwellings in Sault Ste. Marie are one-person households. Just over one-third of owned dwellings in Sault Ste. Marie contained three or more persons. Households sizes for rented dwellings are typically lower than owned dwellings. In 2021, 53.1% of rented dwellings were one-person households and 19.3% contained three or more persons.

**Figure 13: Household Size by Tenure – Sault Ste. Marie, 2021**



Source: Statistics Canada, Census Profile 2021.

### 3.3 Age of Primary Household Maintainer

“Primary Household Maintainer” refers to the first person in the household identified as someone who pays the rent or the mortgage, taxes, and/or utilities for the dwelling. In the case of a

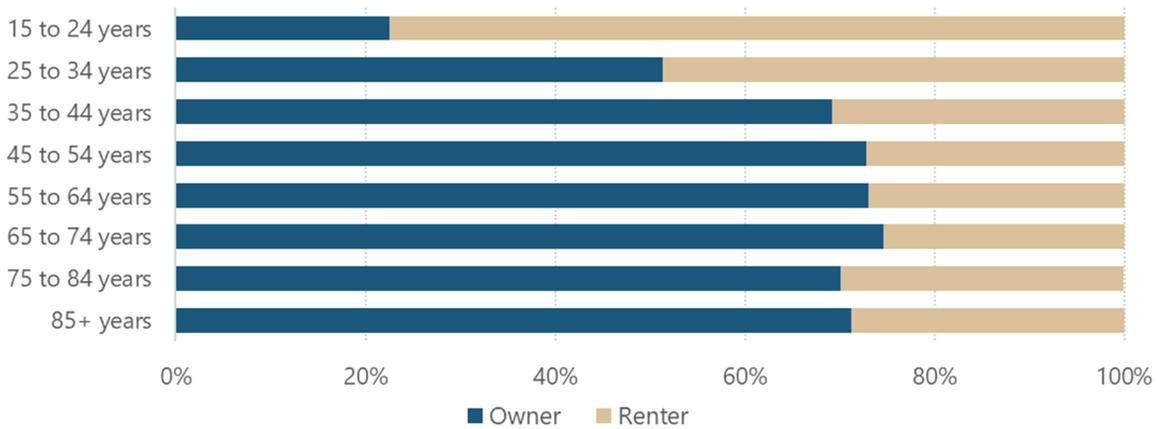
household where two or more people are listed as household maintainers, the first person listed is chosen as the primary household maintainer (Statistics Canada).

Figure 14 shows that younger households are more likely to rent than older households. For households with a primary maintainer aged 15 to 24, 77.4% were renters in Sault Ste. Marie in 2021. This age group represents students and young working age persons.

The age group 25 to 34 is significant in starting households and in starting families. Figure 5 indicates that this age group has started to grow in Sault Ste. Marie as migration trends have shifted in recent years. In 2021, just over half (51.4%) of households led by this age group were owned.

Figure 14 also shows that rate of homeownership for those aged 75+ is similar to the city-wide average of 68.3%, indicating that many seniors are choosing to not enter the rental market as they age.

**Figure 14: Age of Primary Household Maintainer by Tenure – Sault Ste. Marie, 2021**

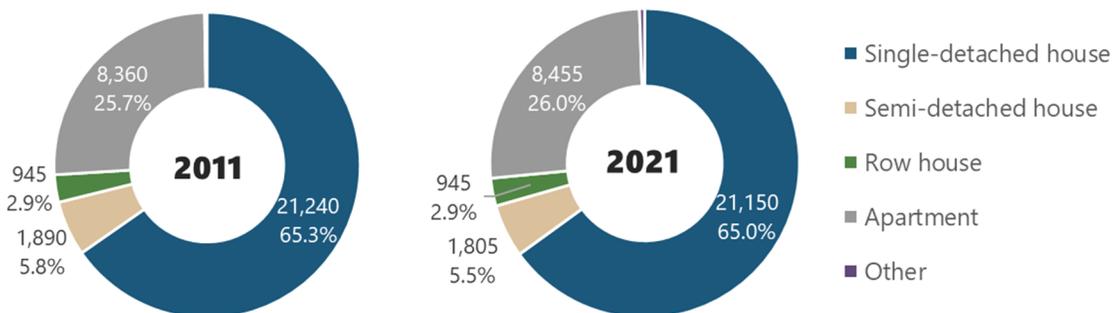


Source: Statistics Canada. Table 98-10-0232-01.

### 3.4 Dwellings by Type

The majority of occupied dwellings in Sault Ste. Marie are single-detached houses (65% in 2021). This is 11.4 percentage points higher than Ontario as a whole (53.6%). There has been very little change in the number and proportions of dwellings types between 2011 and 2021 in Sault Ste. Marie.

**Figure 15: Occupied Dwellings by Structural Type – Sault Ste. Marie, 2011 and 2021**



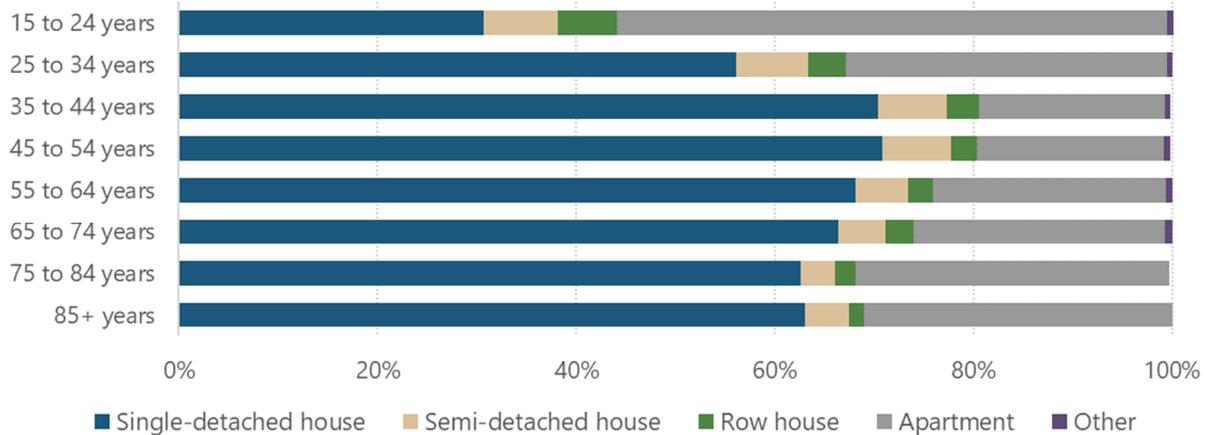
Source: Statistics Canada, Census Profiles 2011 and 2021.

Similar to Figure 14, Figure 16 shows that senior-led households are most likely to be within single-detached houses in Sault Ste. Marie (66.3% for age 65-74, 62.6% for 75-84 and 63% for 85+). Seniors are less likely to be the primary maintainer of semi-detached homes or row houses than other age groups.

Overall, 16.5% (5,375) of households in Sault Ste. Marie were maintained by a person aged 75+ in 2021. Just over one quarter of these households were non-census family households within single-detached house (*note: non-census-family households are either one person living alone or a group of two or more persons who live together but do not constitute a census family*).

Furthermore, 5% (1,580) of all households in Sault Ste. Marie were headed by a person aged 85+ in 2021. Just over one-third of these households were non-Census family households living in a single-detached house.

**Figure 16: Age of Primary Household Maintainer by Dwelling Type – Sault Ste. Marie, 2021**



Source: Statistics Canada. Table 98-10-0232-01.

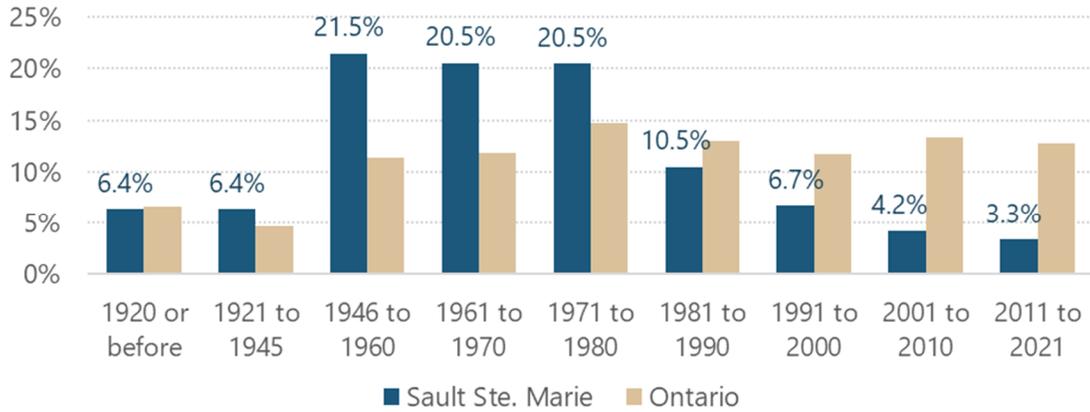
The data suggests that seniors are “aging-in-place” in Sault Ste. Marie, often within dwelling units that have more bedrooms than required to suit the size and composition of their households. This may simply be that seniors prefer to age-in-place in larger homes, but could also indicate a lack of available rental housing that meets the needs of seniors. As a result, a portion of the housing supply “is inaccessible to younger generations who may require additional space for their growing families”.<sup>7</sup>

### 3.5 Age of Housing Stock

The housing stock in Sault Ste. Marie is quite old compared to Ontario, with 75% of dwellings built before 1980 (Figure 17). The city entered a building boom in the post-World War II era, ending in 1980. Comparatively, there have been relatively few dwellings built in the city in the most recent decades.

<sup>7</sup> R-LABS. “Overhousing & Underhousing in Canadian Real Estate”. Accessed online via: <https://rlabs.ca/overhousing-underhousing-in-canadian-real-estate/>.

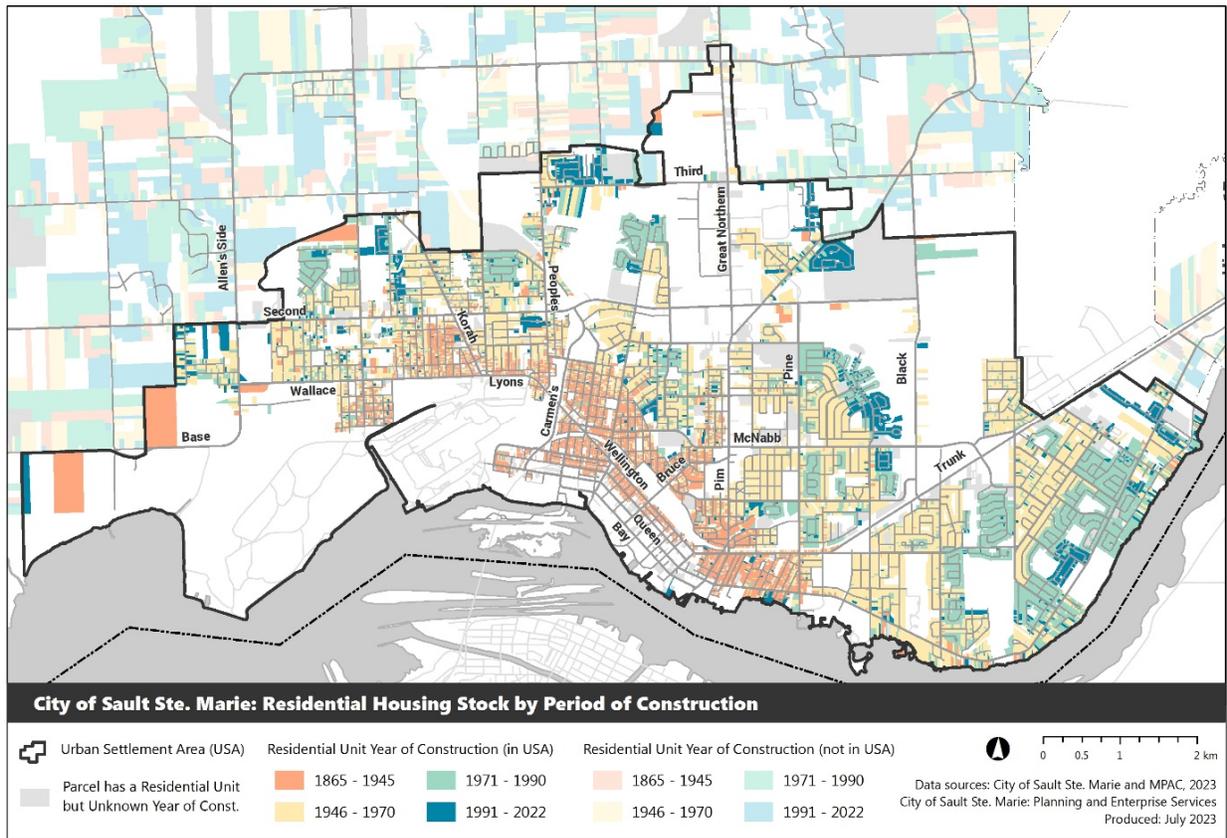
**Figure 17: Dwellings by Period of Construction – Sault Ste. Marie and Ontario, 1920 to 2021**



Source: Statistics Canada. Table 98-10-0233-01.

The map in Figure 18 shows residential growth by period of construction, focusing specifically on the Urban Settlement Area of the city. Dwellings built before 1946 are mainly located within the first neighbourhoods of the city. Except for some infill developments, newer housing units (built after 1990) are generally located in the suburban area of the city or near the edge of the Urban Settlement Area.

**Figure 18: Residential Housing Stock by Period of Construction – Sault Ste. Marie**



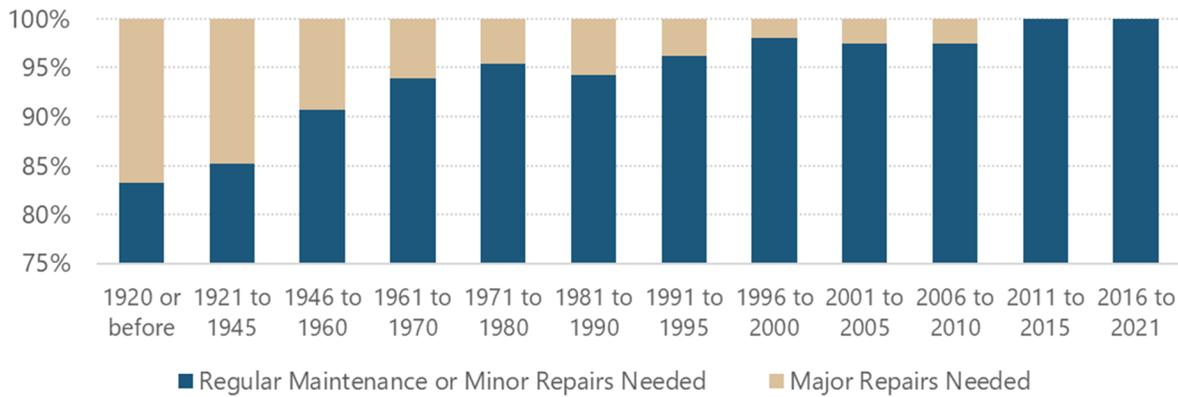
Source: City of Sault Ste. Marie and MPAC, 2023.

### 3.6 Dwellings Requiring Major Repairs

Living in a dwelling that requires major repair affects the quality of life for the occupants. The classification “major repairs needed” includes dwellings with defective plumbing or electrical wiring and dwellings needing structural repairs to walls, floors or ceilings. This is also referred to as “inadequate” housing by the Canada Mortgage and Housing Corporation (CMHC).

Approximately 7.1% of all dwellings in Sault Ste. Marie (2,315 dwellings) were in need of major repairs in 2021. This is comparatively higher than the Ontario average of 5.7% of dwellings. Nearly one-third of Sault Ste. Marie homes requiring major repairs (650 dwellings) were built before 1945 (Figure 19). This is typical as older buildings may require more investment to maintain. As seen in Figure 18, many of these dwellings are located downtown or within the first neighbourhoods of the city.

**Figure 19: Condition of Housing by Period of Construction – Sault Ste. Marie, 2021**

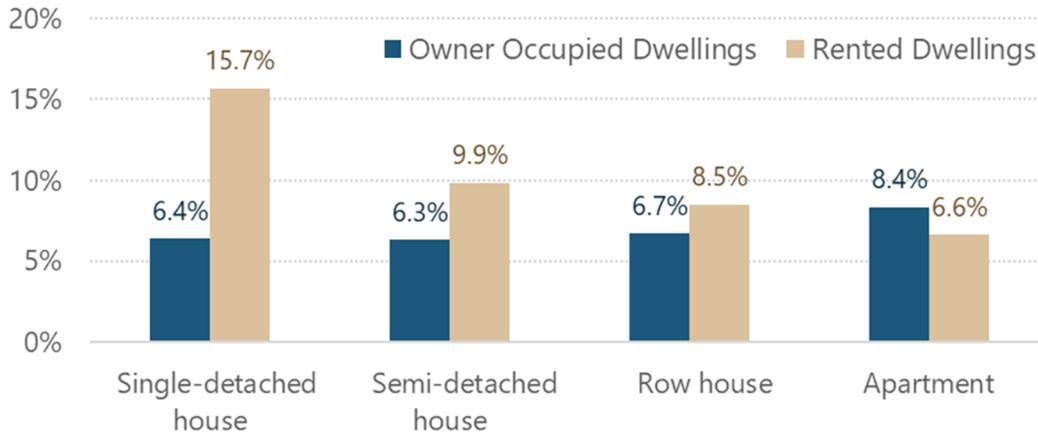


Source: Statistics Canada. Table 98-10-0233-01.

A larger proportion of rental dwellings (8.5%) required major repairs in Sault Ste. Marie in 2021 than owner occupied dwellings (6.4%). Figure 20 shows that rented single detached, semi-detached or row house dwellings were more likely to need major repairs than owner occupied dwellings of the same type. There were 260 rented single-detached dwellings (15.7% of all rented single-detached homes) in need of major repairs in 2021. Within the Apartment category, 9.6% of all rented apartments within a duplex were in need of major repairs.

The higher than average number of rented dwellings in Sault Ste. Marie in need of major repairs is likely related to the age of the housing stock but also could be related to lower-income levels, high costs for repairs, or the unwillingness of landlords to provide necessary repairs to their rental units.

**Figure 20: Percent of Dwellings Requiring Major Repair by Tenure and Type – Sault Ste. Marie, 2021**



Source: Statistics Canada. Table 98-10-0233-01.

## 4 Household Income

### Key Points:

- Median household incomes are increasing in Sault Ste. Marie, but the increase is proportionally less than the province. COVID-19 income support programs had a significant impact on income levels in 2020 and 2021; however, this impact was only temporary.
- There has been considerable growth in the number of high-income households (earning over \$150,000) between 2011 and 2021.
- There were far fewer households earning less than \$40,000 annually in 2021 than in 2016; however, this does not indicate housing affordability is improving due to the rising cost of living, high rates of inflation, as well as the end of temporary pandemic relief programs.
- Rental household incomes are typically half of those that own their home. Rental household incomes grew somewhat quicker than those who own their home between 2017 and 2022, however more than two-thirds of rental households had an annual before-tax income of less than \$55,000 in 2022.

### 4.1 Average and Median Household Income

The COVID-19 pandemic and the income support programs put in place in 2020 had a significant impact on the income profile of Canadians. A comparison between the Censuses of 2016 and 2021 shows a stronger than expected growth in household incomes, due to temporary relief programs. This growth is not expected to continue, as the driving force behind the recent increase was temporary in nature.<sup>8</sup> Therefore, the growth in income statistics between pre-pandemic years and 2021/22 should be interpreted with some caution.

<sup>8</sup> Statistics Canada, The Daily “Pandemic benefits cushion losses for low income earners and narrow income inequality”. July 2022. Accessed online via: <https://www150.statcan.gc.ca/n1/daily-quotidien/220713/dq220713d-eng.htm>.

Table 1 shows the change in median incomes for all households, one-person households, and two-or-more person households in Sault Ste. Marie and Ontario from 2011, 2016 and 2021. Median incomes for all types of households are typically lower in Sault Ste. Marie than Ontario.

For all households, the change between 2016 and 2021 was 19.6% in Sault Ste. Marie and 22.5% in Ontario. This growth outpaced the rate of inflation (calculated using the all-items Consumer Price Index) for Ontario over the same period, which was 9.5%.<sup>9</sup>

**Table 1: Median Before-Tax Household Income – Sault Ste. Marie and Ontario, 2011, 2016 and 2021**

Year	Sault Ste. Marie		Ontario	
	Median Income	% Change	Median Income	% Change
<i>All households</i>				
2011	\$56,051	-	\$66,358	-
2016	\$61,020	8.9%	\$74,287	11.9%
2021	\$73,000	19.6%	\$91,000	22.5%
<i>One-person households</i>				
2011	\$26,910	-	\$33,243	-
2016	\$29,747	10.5%	\$36,900	11.0%
2021	\$37,600	26.4%	\$43,600	18.2%
<i>Two-or-more person households</i>				
2011	\$74,196	-	\$80,967	-
2016	\$81,696	10.1%	\$90,967	12.4%
2021	\$97,000	18.7%	\$111,000	22.0%

Source: Statistics Canada, Census Profiles, 2011, 2016 and 2021

#### 4.2 Total Households by Broad Income Range

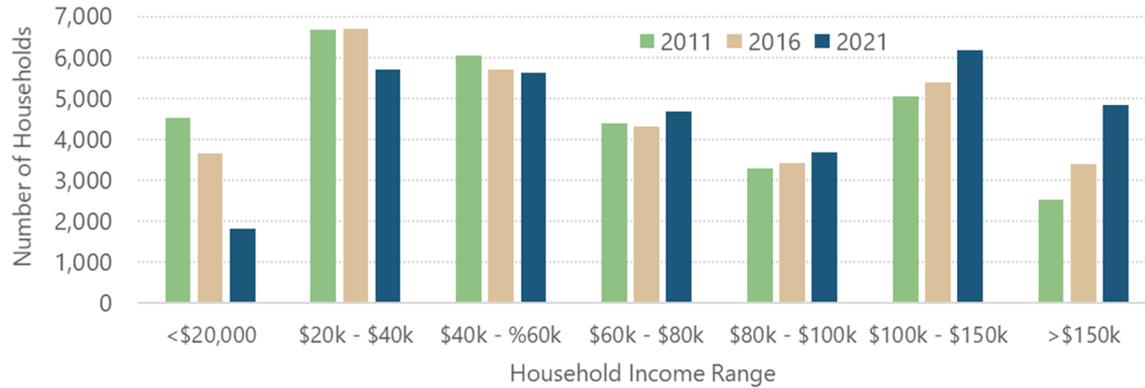
Figure 21 shows the household income distribution for all households in Sault Ste. Marie in 2011, 2016, and 2021. The largest changes were in the lowest and highest income ranges between 2011 and 2021. There was not as much change in the mid-income ranges, particularly those earning \$40,000 to \$100,000 per year.

Households earning more than \$150,000 per year have nearly doubled, while households earning less than \$20,000 per year have decreased from 14% of households in 2011 (4,540 households) to 5.5% of households in 2021 (1,800 households). However, this does not indicate that housing affordability is improving due to the rising cost of living, high rates of inflation, as well as the end of temporary pandemic relief programs.

<sup>9</sup> Note: The CPI represents changes in prices as experienced by consumers by measuring the price change of a fixed basket of goods and services over time. It is widely used as an indicator of the change in the general level of consumer prices or the rate of inflation.

Statistics Canada. “Consumer Price Index (CPI)” May 2023. Accessed online via: <https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2301>.

**Figure 21: Household Income Distribution - Sault Ste. Marie, 2011, 2016 and 2021**



Source: Statistics Canada. Censuses of Canada 2011, 2016 and 2021

### 4.3 All Households and Rental Households by Income Percentile

Rental household incomes in Sault Ste. Marie are typically around half of the incomes of all households. Table 2 shows that 60% of renter households earned less than \$55,000 in 2022. Between 2017 and 2022, rental incomes grew at a faster pace than the incomes of owner households; however, the actual increases (in dollar amounts) for rental households were lower than all households in every income percentile.

**Table 2: Income Growth for All Households and Rental Households – Sault Ste. Marie, 2017 to 2022**

Income percentile	2017 Income		2022 Income		Change 2017 to 2022			
	All Households	Rental Households	All Households	Rental Households	All Households		Rental Households	
					\$	%	\$	%
10th	\$19,400	\$12,900	\$27,400	\$18,600	\$8,000	41.2%	\$5,700	44.2%
20th	\$29,500	\$16,500	\$40,700	\$26,100	\$11,200	38.0%	\$9,600	58.2%
30th	\$40,500	\$21,100	\$52,600	\$31,800	\$12,100	29.9%	\$10,700	50.7%
40th	\$51,500	\$25,400	\$65,800	\$38,900	\$14,300	27.8%	\$13,500	53.1%
50th	\$63,900	\$31,100	\$81,200	\$46,400	\$17,300	27.1%	\$15,300	49.2%
60th	\$79,400	\$37,600	\$98,300	\$54,800	\$18,900	23.8%	\$17,200	45.7%
70th	\$99,200	\$47,400	\$120,400	\$66,700	\$21,200	21.4%	\$19,300	40.7%
80th	\$122,100	\$58,600	\$146,900	\$81,200	\$24,800	20.3%	\$22,600	38.6%
90th	\$157,100	\$81,000	\$190,000	\$105,000	\$32,900	20.9%	\$24,000	29.6%

Source: Ministry of Municipal Affairs and Housing, 2018-2023.

## 5 Housing Costs and Affordability

### Key Points:

- Housing resale prices are well above pre-pandemic levels, reaching a peak benchmark price of \$320,700 in May 2022 but receding slightly since then. Between 2017 and 2022, housing resale prices grew by approximately 80%, far outpacing the growth in household income during this time.
- Resale inventory is down from its long-term average, indicating high demand and low supply. Residential sales activity was very high in 2021 and 2022.
- In 2022, only the households with an income near the 70<sup>th</sup> percentile or higher would be able to afford the average single-detached house in the City.
- The number of primary rental market units has grown very slightly in the past decade and vacancy rates are currently at their lowest level since 2014. Sault Ste. Marie would need to add 52 to 155 vacant purpose built rentals to the market to rise to a vacancy rate of 3% to 5%.
- Rental rates are growing faster than the rate of inflation; rising by 56.1% between 2011 and 2022.
- Rental households with incomes between the 40<sup>th</sup> and 70<sup>th</sup> percentile (for all rental households) are not able to afford the current market rent for available units in 2022. Many of these households do not qualify for subsidized housing and are therefore required to spend more than 30% of their gross income on shelter costs. This group represents the “missing middle”.

### 5.1 Ownership Housing

#### 5.1.1 Resale Data

The MLS® Home Price Index (HPI) tracks price trends for a “typical” house for the area. The overall MLS® HPI composite/single-family benchmark price for the Sault Ste. Marie area was \$287,600 in May 2023 (not seasonally adjusted). Between May 2017 and May 2023, the benchmark price for the Sault Ste. Marie area increased by 82.4%.

Figure 22 shows monthly resale price growth trends for Sault Ste. Marie over the period from January 2013 to May 2023 based on Canadian Real Estate Association (CREA) sales data for all resale house types (blue line). The beige bars show the percent change from the same month in the previous year.

Price growth was relatively flat between 2013 and 2019; however, it increased steadily throughout 2020 and reached a peak in May 2022 with a benchmark price of \$320,700 (not seasonally adjusted). Prices have decreased somewhat since then, indicating the market may be starting to stabilize.

**Figure 22: MLS® Home Price Index (HPI) – Monthly Composite Benchmark Price (\$) and Change from the Previous Year (%) – Sault Ste. Marie Real Estate Board, Jan. 2013 to May 2023**



Source: CREA, 2023.

### 5.1.2 Months of inventory

Months of inventory is an important measure of the balance between sales and the supply of listings. It represents how long it would take to liquidate current inventories at the current rate of sales activity. According to the Sault Ste. Marie Real Estate Board, months of inventory numbered 2.1 at the end of March 2023, up from the 0.7 months recorded at the end of March 2022 but well below the long-run average of 4.9 months for this time of year.<sup>10</sup> The years of 2021 and 2022 had very low residential months of inventory compared to the recent average, indicating a high demand and low supply.

### 5.2 Affordable Ownership Gap Analysis

Table 3 shows: income percentiles (or deciles) for all households; the maximum affordable house price for each income percentile for Sault Ste. Marie as calculated by the Ministry of Municipal Affairs and Housing (MMAH); minimum wage (\$15.50/hour); and a living wage (\$19.70/hour) as calculated by the Ontario Living Wage Network.<sup>11</sup> Each income decile is compared to the “affordable” housing price for the city according to the PPS 2020 (\$281,300) and the estimated average value of each dwelling type captured in the Census of 2021 (adjusted for 2022). Cells shaded in orange indicate that a household in this decile cannot afford to purchase a home at that price. Cells shaded in green indicate that a household in this decile can afford to purchase a home at that price. Cells shaded in orange and green lines means that most households in this decile cannot afford to purchase a home.

Households with incomes in the 70<sup>th</sup> percentile or above would be able to afford an average house of any type within Sault Ste. Marie. Households with incomes in the 40<sup>th</sup> percentile could afford average priced semi-detached units only. Low-income households (including those with one minimum wage earner or one living wage earner) would likely not be able to purchase a home in Sault Ste. Marie and would rely on the rental market or on subsidized housing.

<sup>10</sup> Canadian Real Estate Association. “Sault Ste. Marie Real Estate Board”. May 2023. Accessed online via: <https://creastats.crea.ca/board/saul>.

<sup>11</sup> Ontario Living Wage Network. Rates. November 2022. Accessed online via: <https://www.ontariolivingwage.ca/rates>.

**Table 3: Ownership Housing Affordability in Sault Ste. Marie, 2022**

Income Group	Income decile	Maximum HH Income 2022	Max Affordable House Price	MMAH 10% below average	Estimated Average Value of Dwelling (based on Census 2021)				
					Total	Single	Semi	Townhouse	Apartment /Condo
				\$281,300	\$325,675	\$335,809	\$223,412	\$333,967	\$287,902
Low Income	10th	\$27,400	\$94,300						
	20th	\$40,700	\$139,900						
	30th	\$52,600	\$180,900						
Moderate Income	40th	\$65,800	\$226,500						
	50th	\$81,200	\$279,400						
	60th	\$98,300	\$338,300						
High Income	70th	\$120,400	\$414,300						
	80th	\$146,900	\$505,500						
	90th	\$190,000	\$653,800						
	100th	\$190,001+	\$653,801+						
Min. Wage	-	\$28,210*	\$103,780						
Living Wage	-	\$35,845*	\$131,868						

\*assumes a 35 hour work week for 52 weeks

Sources: Ministry of Municipal Affairs and Housing 2023 and Statistics Canada 2022.

### 5.3 Rental Housing

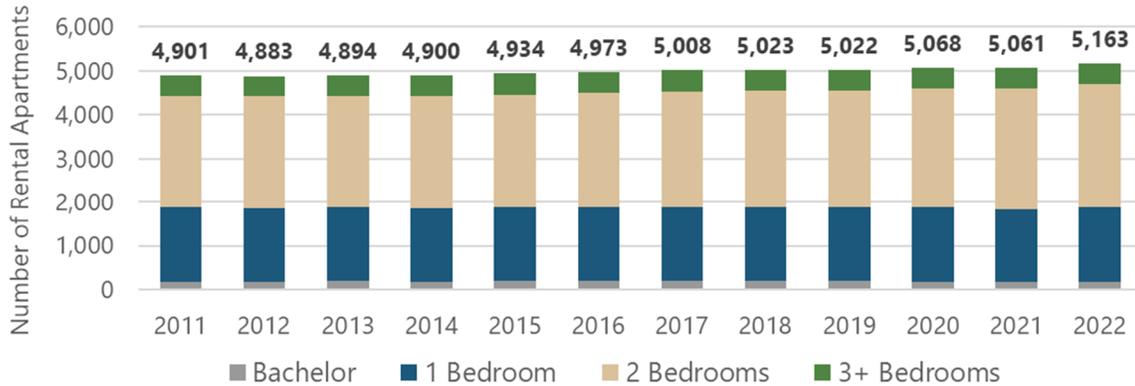
Rental housing comprises 31.7% of all households in Sault Ste. Marie, including the primary and secondary rental markets as well as subsidized units (such as those owned by the DSSMSSAB). Rental housing has traditionally been a more affordable option than purchasing a house in Sault Ste. Marie and Ontario; however, rental rates have grown faster than the rate of inflation and the supply of primary market rental units has not kept pace with recent demand.

#### 5.3.1 Number of Primary Market Rental Units (Supply)

The primary rental market consist of units in purpose-built rental structures of three units or more. The number of primary market rental units in Sault Ste. Marie has grown by 5.3% since 2011; however, there was little change between 2018 and 2021 (Figure 23). This time-period is notable as it marks the beginning of the influx of non-permanent residents to the city (whom typically rely on the rental market).

The growth in rental units was almost exclusively in 2-bedroom apartments (+255 units), as the number of bachelor, 1-bedroom, and 3+ bedroom units remained nearly the same.

**Figure 23: Number of Primary Market Rental Units by Number of Bedrooms - Sault Ste. Marie, 2011 to 2021**

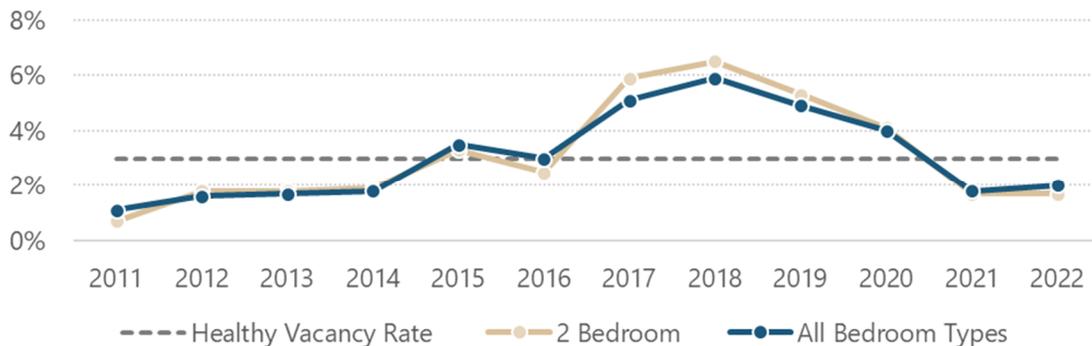


Source: CMHC Primary Market Rental Reports 2011 to 2022.

**5.3.2 Vacancy Rate for Primary Rental Units**

Apartment and row house vacancy rates fluctuated between 2011 and 2022, from a low of 1.1% in 2011 to a high of 5.9% in 2018 (Figure 24). The most recent data shows a primary market vacancy rate of 2% for apartments and row houses combined. High demand for rental units and limited construction during this time has contributed to the vacancy rate falling below the 3% to 5% that is considered a balanced or “healthy” vacancy rate.<sup>12</sup> Sault Ste. Marie would need to add 52 to 155 vacant purpose built rentals to the market to rise to a vacancy rate of 3% to 5%.

**Figure 24: Apartment and Row House Vacancy Rate – Sault Ste. Marie, 2011 to 2022**



Source: CMHC, 2011 to 2022.

**5.3.3 Primary Market Rental Rates**

CMHC annually publishes average monthly rental rates for Sault Ste. Marie apartments. This data includes all rental apartments, which includes newly leased apartments as well as long-term units that are rent controlled. Therefore, these rates do not represent actual current market rental rates of newly leased units.

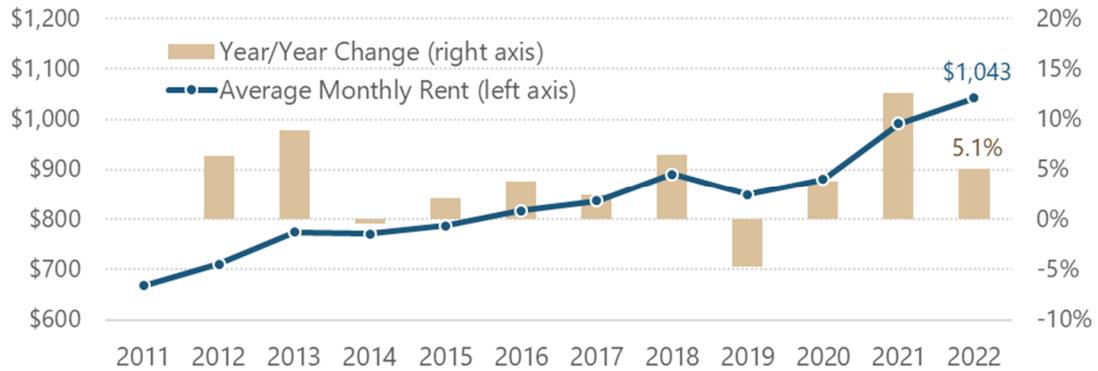
Figure 25 shows the average primary market rental rates increased year-over-year between 2011 and 2022, with a slight decrease in 2014 and a 4.7% decrease in 2019. The highest one-year

<sup>12</sup> Advocacy Centre for Tenants Ontario. “Tenant Protection and Rent Regulation in Ontario”. March 2021. Accessed online via: [https://www.acto.ca/production/wp-content/uploads/2019/07/Factsheet\\_March2021.pdf](https://www.acto.ca/production/wp-content/uploads/2019/07/Factsheet_March2021.pdf).

increase took place between 2020 and 2021 when average rates increased 12.9% from \$881/month to \$992/month. This increase, coupled with the drop in vacancy rate from 4% to 1.8% indicates a high demand for rental units during this time.

Overall, average rental rates have increased by 56.1% in Sault Ste. Marie between 2011 and 2022; at a higher rate than the income growth of all households as shown in Table 1. This likely indicates that renters are required to pay a greater share of their gross income on rents over time, leaving less for other necessities, discretionary spending, and/or savings.

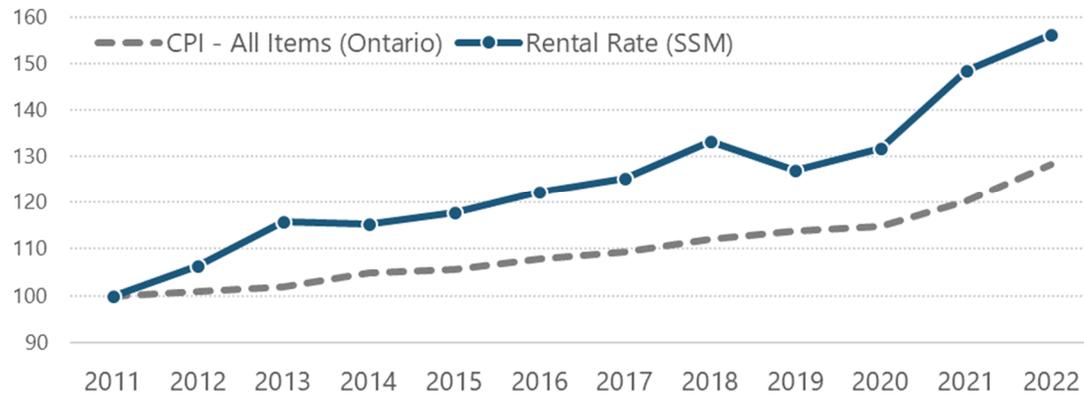
**Figure 25: Apartment/Row House Rental Rates (\$) and Annual Growth (%) – Sault Ste. Marie, 2011 to 2022**



Source: CMHC, 2011 to 2022.

Furthermore, average rental rates in Sault Ste. Marie outpaced the rate of inflation between 2011 and 2022. Figure 26 shows the average rental rate for Sault Ste. Marie and the Consumer Price Index (All Items), both indexed to 2011. The gap between the increase in rental rates and the CPI has widened over time.

**Figure 26: Annual Rental Rates and Consumer Price Index (Indexed to 2011), 2011 to 2022**



Source: CMHC and Statistics Canada, 2011 to 2022.

#### 5.4 Affordable Rental Gap Analysis

Households in lower income percentiles may qualify for subsidized housing depending on the number of bedrooms required. Table 4 shows the income limits for subsidized housing by bedroom count for Sault Ste. Marie for 2020 and 2021. It is important to note that there is a long waitlist for subsidized housing in Sault Ste. Marie through the DSSMSSAB as well as other

providers such as Ontario Aboriginal Housing Services (OAHS). Those who qualify for subsidy may spend a significant period of time waiting.

**Table 4: Subsidized Household Income Limits for Sault Ste. Marie, 2021 and 2022**

Unit Type	Household Income Limit 2021	Household Income Limit 2022
Bachelor	\$27,500	\$27,500
1 Bedroom	\$33,000	\$34,000
2 Bedrooms	\$39,500	\$40,500
3 Bedrooms	\$43,500	\$45,000
4+ Bedrooms	\$59,500	\$59,500

Source: Housing Services Act, 2011, Ontario Regulation 370/11

Table 5 shows rental household income percentiles (or deciles) along with the maximum affordable monthly rent for each income percentile for Sault Ste. Marie as calculated by MMAH. It also shows the average rental rates for apartments and row houses by number of bedrooms. Similar to the ownership analysis, orange cells indicate the rental price is unaffordable and green cell indicate affordable rent. Cells with an “S” indicate that a household in this income percentile would qualify for a housing subsidy.

**Table 5: Rental Housing Affordability in Sault Ste. Marie, 2022**

Income Group	Income percentile	Renter HH Income 2022	Max Affordable Monthly Rent 2022	CMHC Average Rents for Apartments and Row Houses (2022)				
				Total	Bachelor	1 BR	2 BRs	3+ BRs
				\$1,043	\$746	\$917	\$1,092	\$1,226
Low Income	10th	\$18,600	\$460	S	S	S	S	S
	20th	\$26,100	\$650	S	S	S	S	S
	30th	\$31,800	\$800	S		S	S	S
Moderate Income	40th	\$38,900	\$970	S			S	S
	50th	\$46,400	\$1,160					
	60th	\$54,800	\$1,370					
High Income	70th	\$66,700	\$1,670					
	80th	\$81,200	\$2,030					
	90th	\$105,000	\$2,620					
	100th	\$105,001+	\$2,621+					
Min. Wage	-	\$28,210*	\$704	S		S	S	S
Living Wage	-	\$35,845*	\$895				S	S

\*assumes a 35 hour work week for 52 weeks

Source: MMAH and CMHC

It is important that rental rates provided by CMHC include those who have been in a rent-controlled unit for many years. The rates shown in this table do not reflect current market prices for available units.

For current market rates for available units, market rental reports are available online. These reports aggregate rental rate data from numerous rental listings websites and only factor in units that are available to rent at that given time. Table 6 uses the same income and maximum affordable rent data as Table 5, but uses Rent Panda’s Market Rental Report for December 2022

rather than CMHC average rents. As expected, market rental rates are significantly higher than the CMHC Average Rents.

Many households between the 40<sup>th</sup> and 70<sup>th</sup> percentiles cannot afford market rental rates and do not qualify for subsidy. This is a rental affordability gap. There are approximately 1,032 households within each of the income percentiles shown in Table 6; meaning there are approximately 2,064 rental households in the city that do not qualify for rent subsidy and would not be able to afford the current market rental rates.

**Table 6: Current Market Rate Rental Housing Affordability in Sault Ste. Marie, 2022**

Income Group	Income percentile	Renter HH Income 2022	Max Affordable Monthly Rent 2022	Market Rental Report (Median 2022)					
				1 BR – Apart.	1 BR – All	2 BRs – Apart.	2 BRs – All	3+ BRs – All	3+ BRs – Houses
				\$1,250	\$1,275	\$1,400	\$1,550	\$1,850	\$1,800
Low Income	10th	\$18,600	\$460	S	S	S	S	S	S
	20th	\$26,100	\$650	S	S	S	S	S	S
	30th	\$31,800	\$800	S	S	S	S	S	S
Moderate Income	40th	\$38,900	\$970			S	S	S	S
	50th	\$46,400	\$1,160						
	60th	\$54,800	\$1,370						
High Income	70th	\$66,700	\$1,670						
	80th	\$81,200	\$2,030						
	90th	\$105,000	\$2,620						
	100th	\$105,001+	\$2,621+						
Min. Wage	-	\$28,210*	\$704	S	S	S	S	S	S
Living Wage	-	\$35,845*	\$895			S	S	S	S

*\*assumes a 35 hour work week for 52 weeks*

*Source: Rent Panda, Market Rental Reports December 2022.*

New migrants to the city and persons who must move to a new unit may have difficulty in finding a rental unit that they can afford. The general mobility rate of the city in 2021 was 11%; meaning just over 1 in 10 households in Sault Ste. Marie indicated they lived at a different residence one-year prior to the 2021 Census reference date. Many households are therefore required to either spend more than 30% of their income on rent or live in inadequate or less than ideal accommodations.

### 5.5 Non-Market Housing Supply

There are a number of non-market housing providers in Sault Ste. Marie. The DSSMSSAB is the local service manager that oversees affordable housing and homelessness prevention programs. The DSSMSSAB uses funding from all levels of government to meet local housing needs through programs and services including rent supplements.

Ontario Aboriginal Housing Services (OAHS) is a non-profit housing provider with a focus on the Indigenous communities and individuals. OAHS provides rent-geared-to-income (RGI), affordable rent, and affordable homeownership programs.

Habitat for Humanity Sault Ste. Marie and Area provides an option for affordable homeownership. Habitat is involved in building and improving homes in partnership with individuals and families in

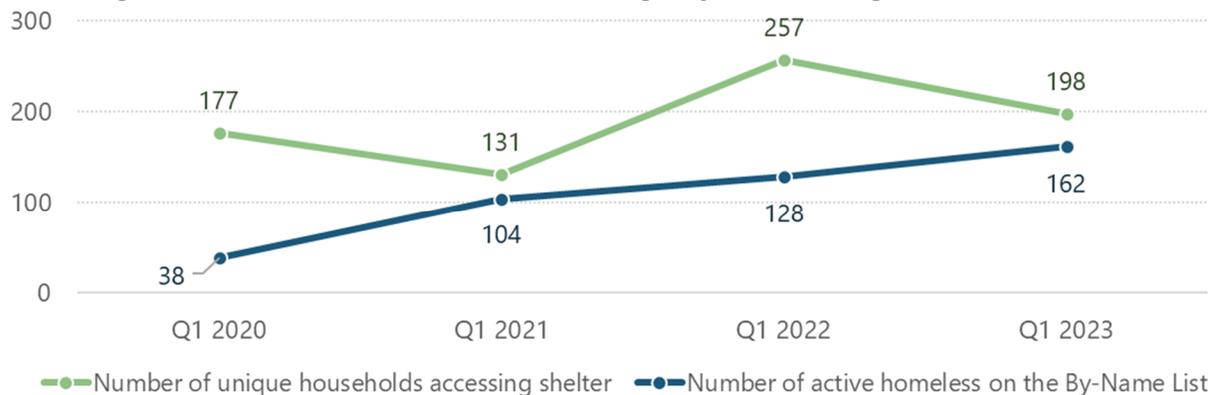
need of a decent and affordable place to live. Habitat builds several homes per year in Sault Ste. Marie.<sup>13</sup>

### 5.5.1 Homelessness, Emergency Shelters and Supportive Housing

Despite being a small city, Sault Ste. Marie still faces its share of need for social housing to address homelessness and precarious housing. A point-in-time count conducted in October 2021 identified 244 individuals that were either homeless or in a precarious housing situation, compared to 93 in April 2018 (an increase of 163%). It is recognized that this point-in-time count likely understates the number of homeless individuals.

Figure 27 shows a snapshot of the number of unique households accessing any one of the emergency shelters in Sault Ste. Marie as well as the number of active homeless individuals on the local By-Name List at the end of the first quarter in 2020 to 2023. The By-Name List is a real-time list of all known people experiencing homelessness in the community. Both the number of homeless individuals and the number of those accessing the emergency shelters have been trending upwards since 2020.

**Figure 27: Homelessness Counts and Emergency Shelter Usage, Q1 2020 to Q1 2023**



Source: DSSMSSB, 2023.

Furthermore, there is a need for supportive housing in Sault Ste. Marie. Supportive housing is intended for those who experience chronic homelessness and are unable to exit homelessness on their own due to multiple barriers. According to a consultant’s report from May 2022, it was estimated that Sault Ste. Marie requires a minimum of 80 permanent supportive housing units.<sup>14</sup>

As of July 2023, there were 10 permanent supportive housing units in the city. There are an additional 8 bridge units at Pauline’s Place and will be 22 bridge units opening at a new men’s shelter in 2023. These bridge units will temporarily fill a gap until more permanent supportive housing is built.

### 5.5.2 Subsidized Housing

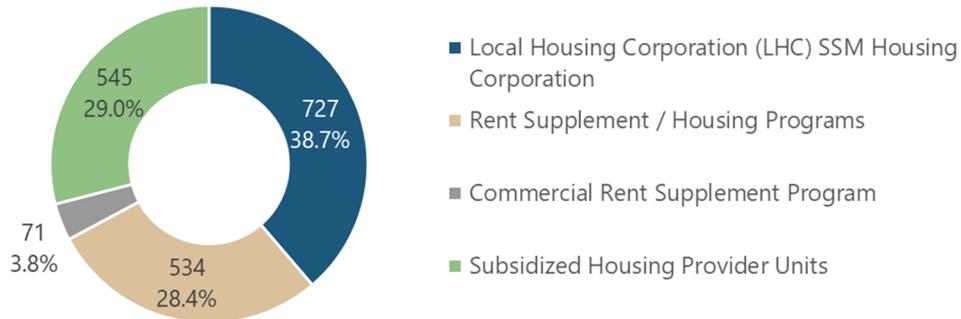
Subsidized housing options in Sault Ste. Marie include: community housing owned by the Sault Ste. Marie Housing Corporation (SSMHC), rent supplement programs (including the Portable

<sup>13</sup> Habitat for Humanity Sault Ste. Marie & Area. “Our Builds”. Accessed online via: <https://habitatsault.ca/blogs/our-builds>.

<sup>14</sup> DSSMSSAB. Homelessness Prevention Program Investment Plan 2023-24. June 2023. Accessed online via: <https://socialservices-ssmd.ca/wp-content/uploads/2023/06/June-2023-DSSAB-Board-Package-Updated-1.pdf>.

Housing Benefit), subsidized housing owned by a non-profit provider, co-operatives, and other programs. As the service managers for the Sault area, the DSSMSSAB is required to provide at least 1,869 social housing subsidies as per the *Housing Services Act*, 2011. Figure 28 shows a breakdown of the types of subsidies provided by the DSSMSSAB. At the end of March 2023, there were 727 subsidized units operated by the SSMHC and 545 RGI units operated by 14 other non-profit and co-operative housing organizations within the Sault Ste. Marie area.

**Figure 28: Types of Subsidized Housing Units – Sault Ste. Marie, March 2023**



Source: DSSMSSAB, 2023

## 6 Current Unmet Needs

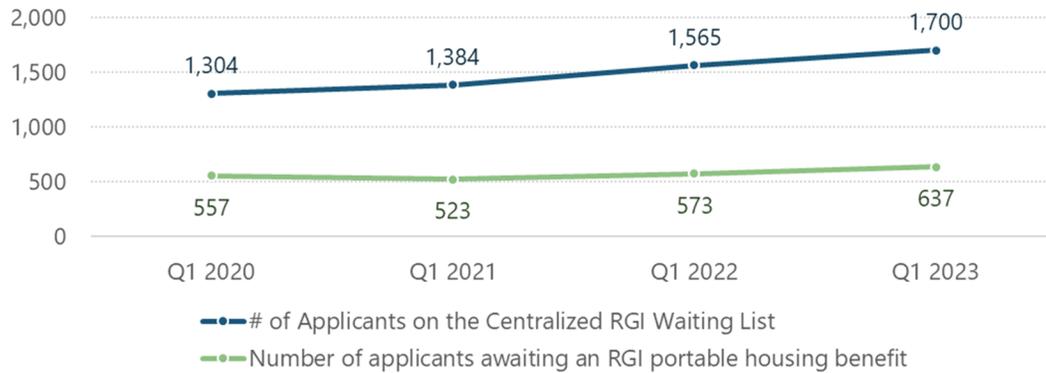
### Key Points:

- The waitlist for subsidized housing has been increasing in recent years. At the end of March 2023, there were 1,700 households on the DSSMSSAB waitlist for subsidized housing, representing 5.2% of all households in the City.
- The percentage of households in core housing need has declined between 2016 and 2021; however, this may only be temporary as many households were relying on pandemic-related government transfers in 2020/21.
- Rental households are much more likely to be in core housing need than owner occupied households. About 14% of all rental households that do not receive a subsidy are in core housing need.
- More than one-third of all rental households in Sault Ste. Marie are spending more than 30% of their gross household income on shelter costs. Nearly all households in core housing needs were facing affordability challenges.

### 6.1 Waitlists for Subsidized Housing

Demand for subsidized housing in Sault Ste. Marie exceeds supply. At the end of quarter 1 of 2023, there were 1,700 households waiting for subsidy (Figure 29). This represents 5.2% of all households in the city. The waitlist is up by 30.4% (+396 units) from end of quarter 1 of 2020. About two-thirds of those waiting for a unit are seeking a one-bedroom unit and approximately one-third of those on the waitlist are seniors (60+). In some cases, those on the waitlist may already occupy a subsidized unit and are wishing to move to a different unit to better suit their needs. OAHS has also indicated they have a substantial waitlist for housing, particularly for 1 and 2 bedroom units; however, those figures are not included in the following chart.

**Figure 29: Waitlist for Housing Subsidies – Sault Ste. Marie, 2020 to 2023**



Source: DSSMSSB, 2023

## 6.2 Core Housing Need

A commonly used measure of the need for affordable housing is the number or percentage of households in core housing need. This measure is useful in identifying households living in precarious housing circumstances due to limited means. According to the CMHC, households in core housing need live in an unsuitable, inadequate or unaffordable dwelling and their income levels are such that they could not afford acceptable housing in their community.

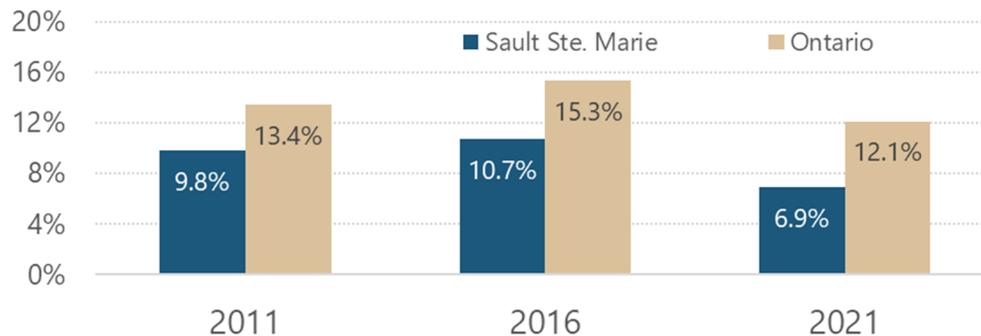
**Unsuitable housing:** A household that does not have enough bedrooms according to the National Occupancy Standards.

**Inadequate housing:** A household that lives in a dwelling in need of major repairs.

**Unaffordable housing:** A household that spends more than 30% of its income on shelter costs and is unable to afford alternative housing in the community.

It is important to note that CMHC’s definition of ‘affordable housing’ differs from that of the Provincial Policy Statement 2020. Figure 30 shows that generally, the prevalence of core housing need in Sault Ste. Marie (6.9% of households) is lower than that of Ontario (12.1% of households province-wide). Core housing need dropped between 2016 and 2021; however, this may only be temporary as many households were relying on pandemic-related government transfers in 2021. With the end of those programs, many households may experience a decrease in household income.

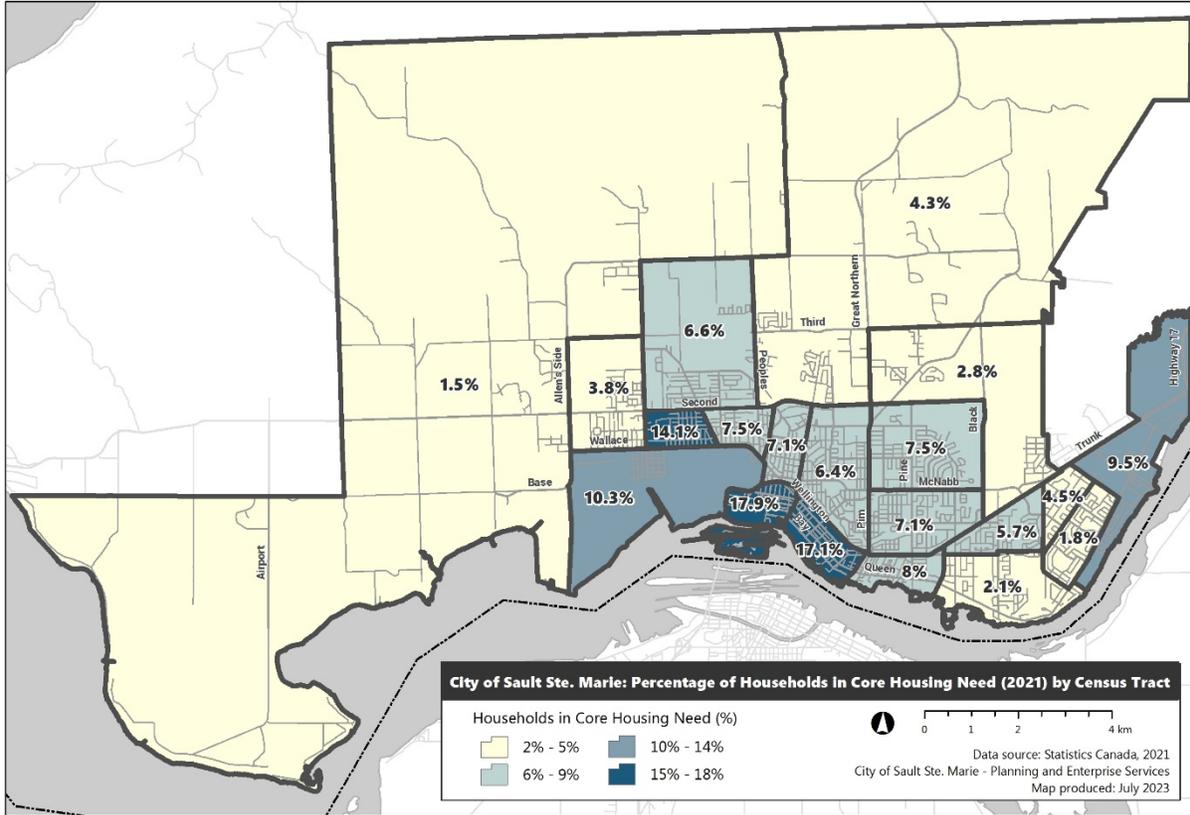
**Figure 30: Households in Core Housing Need (%) – Sault Ste. Marie and Ontario, 2011, 2016 and 2021**



Source: Statistics Canada. Censuses of Canada, 2016 and 2021, and NHS, 2011.

There are areas within the city with higher concentrations of households in core housing need including the downtown and the Buckley neighbourhood in the urban west end (Figure 31). Approximately 17-18% of all households in the downtown area were in core housing need.

**Figure 31: Percentage of Households in Core Housing Need, by Census Tract – 2021**



Sources: CMHC and Statistics Canada 2021 Census of Population.

Rental households are more likely to be in core housing need than owner households (Table 7). In 2021, 15.9% of rental households (1,605 households) in Sault Ste. Marie were in core housing need compared to 2.8% of owner households (620 households).

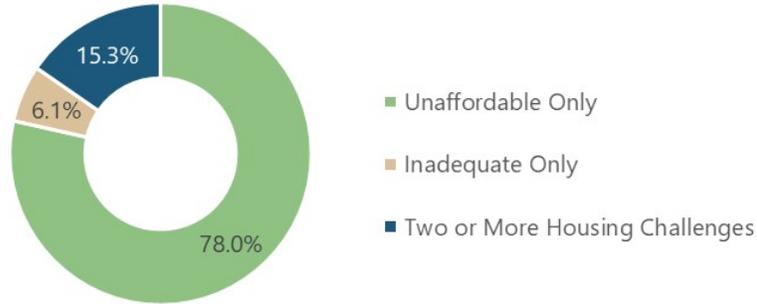
**Table 7: Households in Core Housing Need by Tenure Type – Sault Ste. Marie and Ontario, 2021**

Indicator	Households in Core Housing Need 2021		
	Sault Ste. Marie (#)	Sault Ste. Marie (%)	Ontario (%)
All Households	2,225	6.9%	12.1%
Owner Households	620	2.8%	6.3%
Renter Households	1,605	15.9%	24.9%
Renters in Subsidized Housing	510	22.6%	30.2%
Renters Not in Subsidized Housing	1,090	13.9%	24.1%

Sources: CMHC and Statistics Canada 2021 Census of Population.

This chart shows the proportion of Sault Ste. Marie households that were in core housing need in 2021 due to each of the three underlying housing standards/dimensions. Nearly all households in core housing need were facing affordability challenges (93.1%), many of which were only were facing affordability challenges (78%).

**Figure 32: Core Housing Need by Housing Standards – Sault Ste. Marie, 2021**



Source: Statistics Canada. Table 98-10-0247-01.

### 6.2.1 Housing Affordability

Compared to Ontario, Sault Ste. Marie has a smaller proportion of households who are in unaffordable homes. Census data shows that homeownership costs in Sault Ste. Marie are significantly less than in other parts Ontario. However, rental affordability is similar to the rest of Ontario, despite cheaper average rent in the city. This is due to the lower income levels of renters in Sault Ste. Marie than Ontario. Table 8 shows that the percentage of households spending more than 30% on housing but not in core housing need is comparable in Sault Ste. Marie (34.2%) and Ontario (38.4%).

**Table 8: Households Spending More than 30% of their Income on Shelter – Sault Ste. Marie and Ontario, 2021**

Household Tenure	Housing Affordability Indicator (2021)	Sault Ste. Marie	Ontario
All Households	Spending <30% on shelter	83.9%	75.8%
	Spending >30% on shelter but not in Core Housing Need	16.1%	24.2%
	Spending >30% on shelter and in Core Housing Need	6.4%	10.9%
Owner Households	Spending <30% on shelter	92.3%	82.3%
	Spending >30% on shelter but not in Core Housing Need	7.7%	17.7%
	Spending >30% on shelter and in Core Housing Need	2.5%	5.9%
Renter Households	Spending <30% on shelter	65.8%	61.6%
	Spending >30% on shelter but not in Core Housing Need	34.2%	38.4%
	Spending >30% on shelter and in Core Housing Need	14.8%	22.0%

Statistics Canada. 2023. Census Profile 2021.

## 7 Recent Housing Development and Projected Future Supply

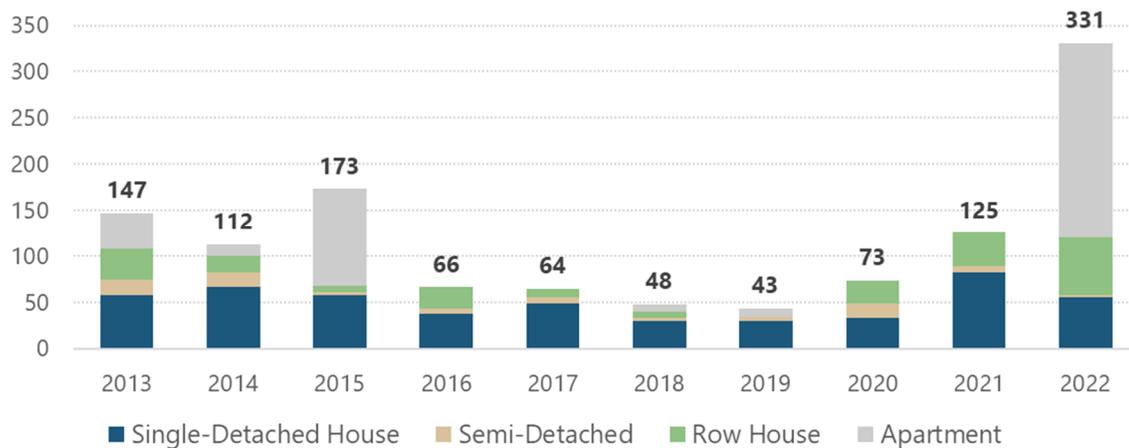
### Key Points:

- In 2022, there were 331 building permits issued for new units; the highest number of building permits issued for new units of any year in the past decade. This included 211 permits for apartment units.
- Over the past decade, the market is producing less single-detached houses and more row houses and apartments than what is seen in the overall housing stock of the City. This reflects a change in needs from previous decades.
- Relatively few rental units were built between 2016 and 2021. The lack of new units and the recent growth in population have caused a drop in vacancy rates and the rise in market rental rates.
- The current construction costs of housing are prohibitive to the development of new affordable housing.
- To meet the demands of a growing population, approximately 3,115 new units will be needed in Sault Ste. Marie by 2036. The mix of units is difficult to project and will rely on many factors; however, the demands on the rental market will likely be higher than forecasted in 2018.

### 7.1 Market Housing Development

In terms of new construction, 2022 saw the highest number of building permits issued for new units in the past decade (Figure 33). This included 211 permits for new apartment units. Between 2016 and 2020, few permits were issued for new construction in the city, and nearly no permits were issued for new apartment units. The lack of purpose-built rental apartments, coupled with the growth in population, has contributed to the drop in vacancy rates and the rise in market rental rates in the city.

**Figure 33: Number of Building Permits for New Construction by Unit Type - Sault Ste. Marie, 2013 to 2021**

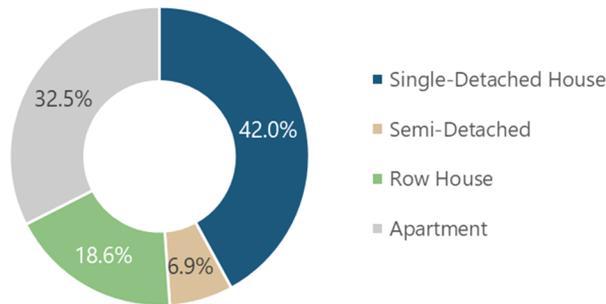


Source: City of Sault Ste. Marie Building Department.

New construction in the past decade has seen a proportionally different mix of housing types compared to the overall mix of housing stock in the city. This is due to a change in housing type needs from the majority of the city’s housing stock, that was built (1946-1980).

Row houses accounted for 18.6% of all new building permits for new construction, a significant difference from the overall housing stock of the city (2.9% of all housing units in the city were row houses in 2021). Proportionally fewer single-detached houses were built in the past decade (42% of new construction compared to 65% of the overall local housing stock). This may reflect a change in housing affordability in the local market, and may indicate that new single-detached housing has become unaffordable for much of the population due to rising construction costs.

**Figure 34: New Construction Permits by Dwelling Type over the Past Decade – Sault Ste. Marie**

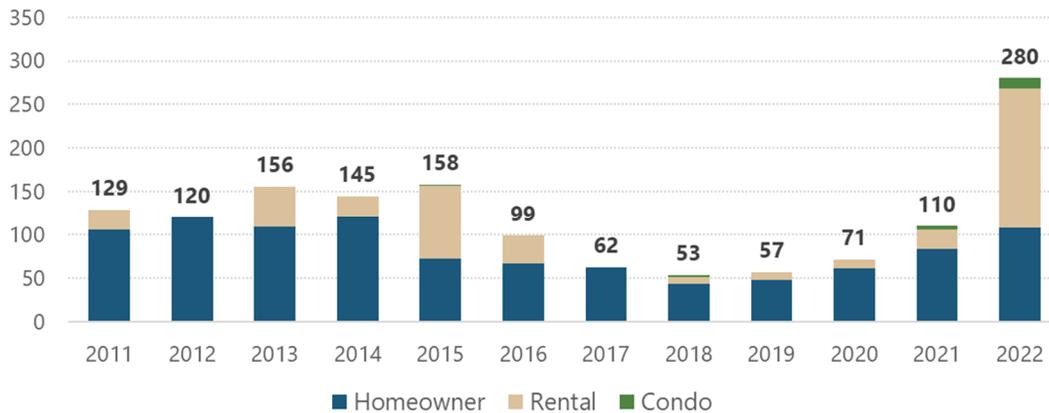


Source: City of Sault Ste. Marie Building Department.

## 7.2 Housing Starts by Intended Tenure Type

Figure 35 shows housing starts by intended tenure type from 2011 to 2022. Housing starts are a commonly used economic indicator that reflect the number of residential dwelling units that were constructed over a specific length of time.

**Figure 35: Housing Unit Starts by Intended Tenure Type - Sault Ste. Marie, 2011 to 2022**



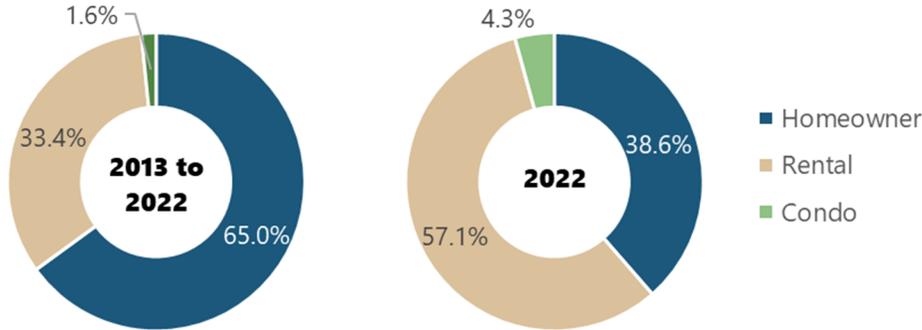
Source: Statistics Canada. Table 34-10-0148-01.

In 2022, the largest share of housing starts were purpose-built rental units. This matches a national trend which shows that recently built dwellings are increasingly likely to be occupied by renters;<sup>15</sup> however, this is atypical for Sault Ste. Marie as nearly two-thirds of housing units built

<sup>15</sup> Statistics Canada. September 2022.

during the past decade have been owner occupied dwellings (Figure 36). Locally, few purpose-built rental units were constructed between 2017 and 2021.

**Figure 36: Housing Unit Starts by Intended Tenure Type over the Past Decade – Sault Ste. Marie**



Source: Statistics Canada. Table 34-10-0148-01.

### 7.3 Construction Costs

The City’s Planning Department surveyed local private housing developers in 2023 regarding housing costs. Respondents indicated that over the past two years their average all-in costs of construction were approximately \$640,000 per single-detached unit, \$310,000 per row-house unit and \$260,000 per apartment unit. Nearly all survey respondents indicated that they would be very unlikely to build affordable housing (either single-detached ownership housing or multi-unit rental housing) according to the PPS 2020 definition without a significant funding incentive per unit. The reasons cited were the high costs of construction materials and labour.

### 7.4 Projected Future Housing Supply

In 2018, Dillon Consulting estimated the number of additional dwellings needed in Sault Ste. Marie by 2036 to account for the forecasted growth in population. Similar to the population growth forecasts provided above, the City’s Planning Department has adjusted Dillon’s dwelling needs estimates based on 2021 Census counts (Table 9). Dillon has assumed that this growth will be primarily single-detached, semi-detached, or row houses and has assumed that new dwellings will have on average 2.7 persons per household.

**Table 9: Projected Number of Additional Dwellings Needed - City of Sault Ste. Marie, 2021 to 2036**

Number of Dwellings Needed	2021 to 2026	2026 to 2031	2031 to 2036	2021 to 2036
Population Growth	+1,153	+4,026	+3,244	+8,423
Additional Units Needed	475	1,520	1,120	3,115
Single-detached, Semi-detached, or Row House (Range)	300 to 350	950 to 1,100	705 to 815	1,955 to 2,265
Apartment (Range)	125 to 175	420 to 570	305 to 415	850 to 1,160

Sources: Statistics Canada, Dillon Consulting and the City of Sault Ste. Marie Planning Department.

These estimates for dwelling types may not take into account several key factors mentioned in this report; therefore, the demands on the rental market may be understated in the Dillion projections. An example of this is the number of “overhoused” senior households (their dwelling has more bedrooms than required to suit the size and composition of their households) and the impact on the housing market should an effort be put on increasing the number of geared-to-senior rental units in the city.

## 8 Summary and Key Findings

### 8.1 Summary

The residential needs of Sault Ste. Marie that have been discussed in this report are summarized in Table 10. It is important to note that the number of units provided for each need are not meant to be summed into overall housing target, as there may be significant overlap between needs. Cells shaded in orange are specifically related to housing affordability challenges.

**Table 10: Summary of Current and Future Housing Needs – City of Sault Ste. Marie**

Timeline	Description of Housing Need	# Units Needed
Current	Replacement of enough housing units in need of major repairs to bring Sault Ste. Marie to the provincial average for inadequate housing:	455
Current	Renters in core housing need that exceed the affordability threshold and are not receiving housing subsidies:	1,090
Current	Homeowners in core housing need who cannot afford acceptable housing:	620
Current	Number of new permanent supportive housing units needed	70
Current	Number of households on the waitlist for subsidized housing:	1,700
Current	Number of freehold (homeowner occupied) dwellings required to make up for the lack of housing starts between 2016 and 2021:	250
Current	Number of vacant purpose-built market rental units needed to bring the vacancy rate up to 3% to 5%:	52 to 155
Future	Projected new units to meet population demand to the end of 2026:	779
Future	Approximate number of rental households that cannot afford market rental rates, do not qualify for subsidized housing, and will likely move to a new rental unit in the next 3 years:	680
Future	Rental units geared to over-housed seniors to increase the turnover rate of larger 3+ bedroom homes:	500

### 8.2 Key Findings

Recent population growth, the increase in the number of one-person households, over-housed seniors aging-in-place, and limited housing construction over the past several years have contributed to an undersupply of housing in Sault Ste. Marie. Future population growth in the city

will place increased pressure on affordability if the housing supply does not adequately grow and respond to these needs.

There has been a disproportionate increase in the cost of homeownership (purchase price of resale housing) compared to rise in household incomes in recent years. As such, resale prices have become unaffordable for many households and the demand on the rental market has increased. This has caused low vacancy rates, an increase in rental rates, and an increase in the need for subsidized housing in the city. Current market rental rates are not affordable for many households. There is a significant need for an increase in the supply of new rental housing that is affordable to households below the 60<sup>th</sup> income percentile.

Furthermore, existing subsidized housing programs are not meeting needs of all lower income households, as the waitlist for subsidized housing reached 1,700 households in early 2023. Homelessness is increasing, including those who are chronically homeless, thereby exacerbating the need for permanent supportive housing units.

The growth in the supply of rental units should be encouraged and incentivized to reduce the gap between rental demand and supply. New rental units should be a mix of purposely-built “affordable” units and moderately priced units within walkable and well-connected urban neighbourhoods. If the supply of moderately priced rental units are regularly built, some portion of rental units in older buildings will filter down-market and become affordable for families with lower incomes. A focus on residential infill and intensification within key sites in the Urban Settlement Area such as the older inner core of the city (First Neighbourhoods) and areas within the retail and services nodes of the city will reduce the future need for greenfield housing development.

The secondary rental market (such as accessory dwelling units) should be encouraged to grow through regulatory flexibility as well as financial incentives to offset some of the increases in costs of construction. An increase in the supply of affordable ownership housing should also be pursued as a secondary objective to the increase of rental housing.

A focus on the construction of units geared to seniors may contribute to an increase in the turnover rate of larger 3+ bedroom homes. This will bring larger homes to the market to meet the needs of households who require additional space for their growing families, or to accommodate families migrating to Sault Ste. Marie.

Finally, market ownership housing has not kept up with demand, in part due to the rising costs of construction. Dillon Consulting has projected that as the Baby Boomer generation retires, migrants will be required to replace them in the workforce, and many will bring their families to the city. As the city grows, it is imperative that there is an adequate supply of market ownership housing available. A lack of housing may have an impact on the recruitment of migrants to the city and will ultimately affect growth.

## 9 Scheduled Review Date

This Housing Needs Assessment will be reviewed and updated with new data on a biennial basis to track population growth and housing development in the city. Data provided in this report will be used to measure the impact of any Housing Action Plan initiative undertaken to increase the housing supply. The next review of this document will take place in July 2025.