Homelessness is a Housing Problem in Canada

Preliminary Findings

Canadian Alliance to End Homelessness

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Introduction

Canada's homelessness crisis is getting worse. Homelessness doubled between 2018 and 2024, while unsheltered homelessness surged by 300 per cent.[1] The amount of visible human suffering on our streets is growing. Cost-of-living increases have compounded the affordability crisis, as more Canadians are losing their homes and being pushed into homelessness.

To understand these national trends, why homelessness is increasing in some parts of the country more than others, and how to solve the crisis, we undertook a new national analysis. This research builds off landmark research by U.S. scholars Gregg Colburn and Clayton Page Aldern,[2] and our preliminary findings have reinforced that **in Canada as well, homelessness is a housing problem**.

In their 2022 book, Colburn and Aldern analyzed several existing theories about what causes homelessness rates to be higher in some communities compared to others. Poverty rates, weather patterns, politics, and rates of individual risk factors like substance use did not explain why some communities had higher rates of homelessness.

Instead, the American study found a causal relationship between the affordability and availability of rental housing and homelessness rates across American communities. **When rents rise and vacancy rates fall, rental housing becomes more competitive and homelessness tends to increase.** People with the lowest incomes have the hardest time securing and keeping housing as they are unable to compete with those with higher incomes. Those who can find housing must spend more of their income on housing, forcing them to choose between rent, groceries, transportation, and bills.

Our preliminary analysis suggests the same trend exists in Canada: that homelessness is highest in communities where private market rentals are the least affordable and the least available. According to our research, the problem is getting worse.

The first key indicator is that homelessness has increased most in communities where the lowest-cost rental units have become less available and less affordable.

Second, the lowest-cost rental units are rapidly becoming less affordable and less available in many communities across Canada.

Our analysis is focused on understanding these rental market trends, as structural forces driving homelessness in Canada. In their book, Colburn and Aldern make an important distinction between individual-level risk factors that could increase the likelihood an individual becomes homeless, and structural factors that drive increasing community-level rates of homelessness.

[1] Everyone Counts 2024 - Highlights Report Part 1 – Enumeration of Homelessness - Housing, Infrastructure and Communities Canada

[2] Colburn, G., and Aldern, C.P. (2022). *Homelessness is a Housing Problem: How structural factors explain U.S. patterns*. Oakland, California: University of California Press.

An often-cited metaphor can help explain the difference between individual vulnerabilities and structural drivers of homelessness. Imagine ten children playing a game of musical chairs, trying to grab a seat when the music stops. If there are only nine chairs when the music stops, one person will lose the game and be chairless. When the music stops, Alex doesn't get a chair; he was playing while hobbling on crutches after spraining his ankle. If there had been ten chairs, Alex would not be chairless. Alex has no chair because there weren't enough chairs for all ten children. His sprained ankle was a personal vulnerability that made it more difficult for him to grab a chair given the scarcity of seats. But the lack of chairs was the structural driver.

What do we mean by people with low income?

There are multiple ways of defining low-income, but for the purposes of our analysis, we use incomes below 50% of a census metropolitan area's median income. This roughly corresponds to the low-income measure (LIM) used in the Census and corresponds to the upper-boundary of the low-income definition used by the University of British Columbia's Housing Assessment Readiness Tools (HART).[3]

We are concerned, in particular, about the over 2,000,000 Canadian households in core housing need[4] – a threshold putting them at higher risk of homelessness, being forced to choose between paying for housing costs, bills, transportation, and groceries. CMHC's most recent core housing need analysis found that 80% of households in core housing need were in the lowest income quintile.[5]

Individual-level risk factors, vulnerabilities and other barriers like substance use, mental health disorders, intergenerational trauma, and poverty may increase the likelihood that someone becomes homeless in a community with a scarcity of affordable housing. We know that some people experiencing homelessness use substances, just as many people who use substances have never and will never experience homelessness. But it does not explain why some communities have higher and more rapidly increasing rates of homelessness than others. By understanding the structural forces behind homelessness, we can arrive at the policy approaches that will have the biggest impact on reducing it.

If we maintain the status quo, this research offers a stark warning: homelessness will continue to grow across the country. While more purpose-built rental construction overall is improving vacancy rates and relieving some pressure for middle-income earners, our research shows that the benefits are not being felt by Canada's low-income earners. The increasing price of units at the bottom end of the rental market has placed them out of reach at the same time as vacancy rates for low-cost rentals are dwindling. It means there are even fewer affordable rental homes available for people experiencing or at risk of homelessness.

[3] About | Housing Assessment Resource Project (HART)
[4] Core Housing Need, by Incidence and Number of Households, 2018 to 2024 | CMHC
[5] Labour Market Outcomes and Incomes of Households in Core Housing Need | CMHC

Much of the policy discussion around Canada's housing crisis has focused on increasing housing supply to improve future affordability. This lens was embedded in the 2017 National Housing Strategy and underpins other recent federal housing investments through Build Canada Homes.[6] Increasing supply is critical, but new homes take time to build, and not all supply serves all households. Our preliminary findings point to the need for interventions that support the lowest-income Canadians to afford housing now and prioritize expanding supply at the bottom end of the market in the long-term, including nonmarket, deeply affordable, and supportive housing.

With the National Housing Strategy up for renewal in 2027/28, we have an opportunity to learn from these findings and develop policies that will start to reverse the trend.

[6] Canada's National Housing Strategy

Finding 1

Homelessness increased most in communities where the lowest-cost rental units have become more expensive and less available

As more housing units are built across Canada, average asking rental prices are going down and vacancy rates are going up.[7] That's easing pressure in the broader market. But the trend is not reaching people experiencing homelessness and those most at risk of losing their homes: people who rely on the lowest-cost rental units in their communities.

Despite the growth in purpose-built rental units, homelessness is continuing to rise. To understand why, this research investigated the relationship between homelessness rates and rental market conditions in 36 Canadian communities. Specifically, this report analyzed the price and vacancy rates for private market rental units in the lowest-cost, medium-cost, and higher-cost segments of the market in each community.

Our analysis found that homelessness tended to increase in communities that have seen rental market conditions worsen — higher rent prices and fewer available units — for the lowest-cost rental units. Communities that saw a greater increase in rent prices and a decrease in vacancy rates for the lowest-cost rental units tended to have the greatest increase in homelessness.

The conditions for the middle- and higher-end rental market in each community did not have a statistically significant correlation to a change in homelessness.

To reach this finding, we collected homelessness data from a sample of 36 communities. To select our sample, we started with the Canadian communities that participated in the last three federal Point-in-Time (PiT) Counts for which data was available (2018[8], 2022[9], and 2024[10], capturing snapshots of the number of people experiencing homelessness in each community on the night of the survey. While the PiT Count has some limitations, namely that it offers just a one-day snapshot of homelessness instead of timely By-Name Data, we used the PiT Count because it offers an opportunity to compare data in more communities over time. Using those results, we calculated the rate of homelessness (per 10,000 people) and how that changed from 2018 to 2024 for each community.

We then linked data from the Canadian Mortgage and Housing Corporation's (CMHC) Rental Market Survey that showed the average rents and vacancy rates broken down by quartile for each Census Metropolitan Area (CMA), including data from 2018 to 2023, the last year available in

[7] https://opendatacanada.ca/articles/canada-rents-falling-and-rising-2026
[8] Everyone Counts 2018: Highlights - Report - Housing, Infrastructure and Communities Canada
[9] Everyone Counts 2020-2022 – Results from the Third Nationally Coordinated Point-in-Time Counts of Homelessness in Canada - Housing, Infrastructure and Communities Canada
[10] Everyone Counts 2024 - Highlights Report Part 1 – Enumeration of Homelessness - Housing, Infrastructure and Communities Canada

public datasets.[11] First-quartile or lowest-quartile rents represent the least expensive 25% of all rental units in a community.

We refined our sample down to the 36 communities that had reported data for both rent and vacancy measures during this time and could be linked to a primary CMA. In other words, some communities were excluded from our sample because they did not have the appropriate rental market data available (in some cases data was missing) or they did not link up with a CMA.

To test the relationship between changes in rental market conditions and homelessness rates across those 36 communities, we used an exploratory linear regression model comparing the PiT Count and CMHC data.

We found a clear relationship between homelessness rates and rent prices for lowest-quartile units, as communities with the greatest increase in rent price tended to have the largest increase in homelessness (see Figure 1). In other words, the more rent increased for the lowest-cost rental units, the higher the rates of homelessness.

That relationship holds for recent asking rent prices as well, as our analysis found a statistically significant correlation between higher homelessness rates and higher rental prices. We compared rates of absolute homelessness in the 15 most populous Canadian CMAs (for which we had complete rental market and PIT count data) with the average asking rents for private market units in the last quarter of 2024.[12] Again, we found that communities with the highest average rent prices in 2024 — places like Toronto, Kelowna and Kitchener-Waterloo — often had the highest rates of homelessness. Communities with lower average asking rent prices, including Edmonton and Winnipeg, typically had lower rates of homelessness. Furthermore, when comparing rents and homelessness rates across these larger metros for all years with PiT Count data, higher median rents in purpose-built rental stock were statistically associated with higher rates of homelessness.

Similarly, our analysis found that as vacancy rates decreased (i.e. there were fewer low-cost units available for rent), homelessness tended to increase. As shown in Figure 2, communities with the biggest decrease in available low-cost rental units (where the vacancy rate decreased by 4-10 per cent), tended to have larger increases in homelessness rates. Communities that saw vacancy rates actually increase for the lowest-cost rental units, tended to see the smallest increase in homelessness rates.

Overall, our preliminary findings demonstrate a clear relationship between changing rates of homelessness and market conditions for the lowest-cost rentals. When the most affordable

[11] Accessed at: https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/rental-market/urban-rental-market-survey-data-rent-quartiles

[12] To assess the relationship, we calculated the rate of absolute homelessness (those counted as staying in emergency shelters or unsheltered situations in the 2024 Point-in-Time Count) per 1,000 population for each of the 15 largest census metropolitan areas. This analysis excluded Montreal and Vancouver, as neither city published 2024 PiT Counts. We then plotted the homelessness rates on a scatterplot graph, comparing it against the average asking rents for all rental units in the respective census metropolitan areas during the fourth quarter of 2024, the same time period when the 2024 PiT Count was conducted.

rental units in a community become more expensive and less available, homelessness tends to increase.

This is a critical takeaway. Homelessness tends to be the highest and growing in communities with worsening rental market conditions in the lowest-cost, most-affordable segment of the market.

That is a significant cause for concern, because our analysis has found that the lowest-cost rental market has become less affordable and less available over the past decade.

FIGURE 1. GROWTH IN HOMELESSNESS RATE IS ASSOCIATED WITH RISING RENT

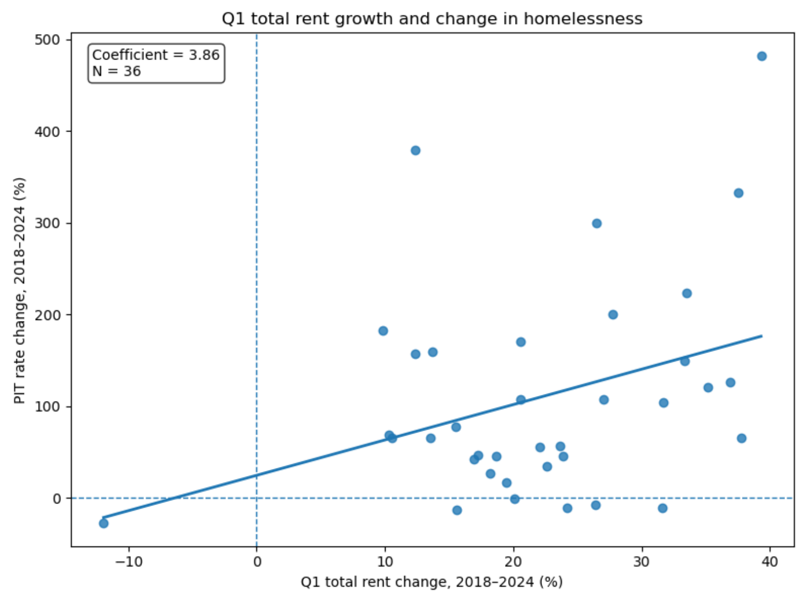
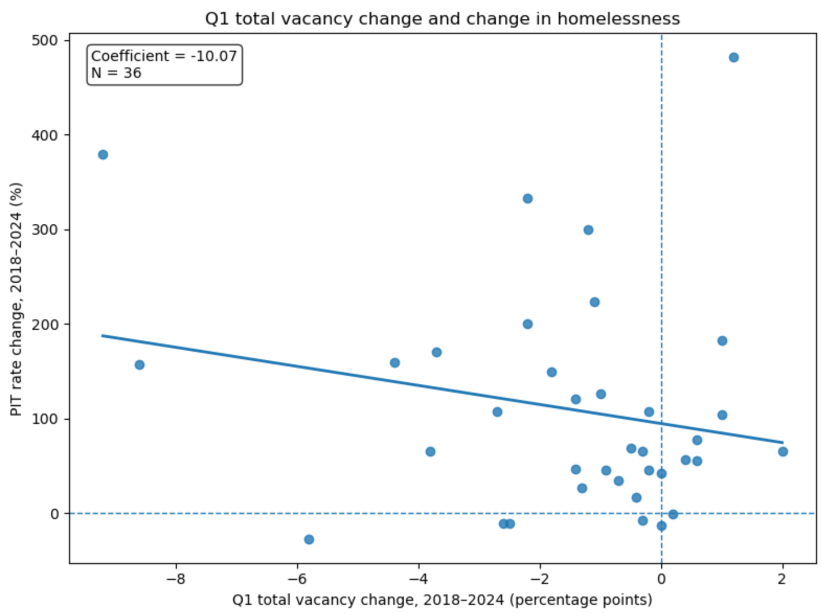


FIGURE 2: GROWTH IN HOMELESSNESS RATE IS ASSOCIATED WITH DECLINING VACANCY RATE



CASE STUDY

Hamilton, ON

Nicknamed Steel City for its history as a major industrial town, and located a short drive from Toronto, Hamilton has experienced a significant increase in homelessness in recent years.

In 2018, rental prices for the lowest-cost one-bedroom units were roughly $815, while vacancy rates sat at about 2.3%. But over the next six years, the lower end rental market conditions for one-bedroom units became more competitive, with their vacancy rates dropping to 1.2% and rental prices increasing by 47% to nearly $1,200 per month, rapidly outpacing the 18.9% growth in median single-person incomes for Hamilton residents.

It meant the lower end of the rental market became even less affordable for people with low incomes, as the affordability ratio moved from 2.00 to 2.47. In 2018, the lowest-cost one-bedroom unit costs double with a Hamilton resident with low income could reasonably afford, and those same units became even more out of reach by 2024.

Correspondingly, the rate of homelessness grew rapidly in Hamilton to 19.2 people per 10,000 population in 2024. In 2018 the homelessness rate had been 5.94 people per 10,000 population.

Finding 2

Canada's low-cost rental market is rapidly becoming less affordable, less available

Recent headlines have declared falling rental prices and increasing vacancy rates across Canada.[13] But that's only looking at part of the picture: average rental cost and average vacancy rates in Canadian communities.

Our preliminary research looked specifically at the lowest-cost units in the private rental market, which are the most important units for the lowest-income renters, those most at risk of or actively experiencing homelessness.

Once again, this analysis found a worrying trend. In many communities, "affordable" rental units cost more than twice what people with low incomes can reasonably afford. Since 2018, those lowest-cost rental units have rapidly become less affordable and less available to Canadians with low incomes.

To reach this conclusion, our investigation looked at whether the lowest-cost private market rental units — the 25% of units with the lowest rents relative to the rest of the market — were becoming more or less affordable relative to what's considered reasonably affordable for the lowest-income households in 36 Canadian communities. This offered insight into the conditions of the lowest-cost part of the market, instead of the average rental price in a community, which is entirely out of reach for people with low incomes.

Essentially, our analysis asked if the most "affordable" rental units are actually affordable for people with the lowest incomes, who are most at risk of homelessness.

To determine the rent price that would be considered affordable for a Canadian with low income, we took 50% of the median income in a community and calculated 30% of that income. That gives us an affordable rent threshold.

Comparing lowest-quartile rent prices to the affordable rent threshold for people with the lowest income produces an affordability ratio to understand how local markets have become more or less affordable over time. An affordability ratio of 1.0 means the average rental unit in the lowest-cost part of the market is the same as the maximum affordable rent for someone with low income. An affordability ratio of 2.0 means the average low-cost rent is double the affordable rent threshold.

Using CMHC data from 2018-2023,[14] the last year for which quartile data is publicly available, our analysis shows that the average price for the bottom quartile rental units in a typical Canadian community is more than double what a single adult with low income can reasonably

[13] Asking Rents Extend Seasonal Rebound as Affordability Remains Top Concern for Renters
^^most recent headlines come from the Rentals.ca and Urbanation reports
[14] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/rental-market/urban-rental-market-survey-data-rent-quartiles

afford. Those rental prices have grown increasingly out of reach from 2020 to 2023. In 2023, the median affordability ratio was 2.12 in our sample of 36 communities.

While housing in Vancouver or Toronto has long been recognized as deeply unaffordable, even more historically affordable communities like Halifax, Saint John, and Moncton are showing signs of rapid deterioration in housing affordability.

The affordability of the lowest-cost rental units are worsening — not just in historically expensive markets, but in many communities. Figure 3 explores this exact trend. The way that the affordability ratio has changed from 2018-2023 in all 36 communities has been plotted on the scatter graph below based on their affordability ratio in 2023. The communities with the highest affordability ratio and the largest increase in affordability ratio — meaning the lowest-cost units that are the least affordable and getting worse — are in the top right quadrant of the graph.

What do we mean by affordable?

"Affordable housing" is a term that is commonly used in policy circles, but not consistently defined. For example, the current National Housing Strategy offers loans and grants for the creation of affordable units, but has multiple different definitions for what it considers "affordable," ranging from 80% of median market rent to 30% of median pre-tax income.

We consider housing (including rent and utilities) to be affordable if it costs less than 30% of a household's pre-tax income. This is consistent with the definition used by the Canadian Mortgage and Housing Corporation (CMHC).

According to the CMHC, the average annual income for Canadian renters with the lowest incomes was $19,500 in 2023.[15] A rental price that would be reasonably affordable for those renters would be $487.50 per month: nowhere near the asking rents of new rental housing stock, and substantially lower than asking rents even for the lowest-cost units in the private rental market. As average rents and incomes increase more quickly than what Canadians with the lowest incomes can afford, it's important that affordability benchmarks be tied to individual pre-tax incomes. If people need to spend more than 30% of their pre-tax income on housing, they may need to cut back on other essentials like food, transportation and medication, or risk losing their housing.

We consider housing to be "deeply affordable" when housing costs are affordable (30% of pre-tax income) for Canadians with very low incomes, for example, being affordable to people who rely solely on government income social assistance programs.

Of the 36 communities, 27 (three-quarters of communities) saw the affordability ratio increase over those five years, with the low-cost rental market becoming even less affordable. In 24 communities, (two-thirds) the average low-cost rental price was more than double what would be reasonably affordably for single adults with the low incomes in 2023.

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[15] Canada Mortgage and Housing Corporation, "Real Average Before-Tax Household Income by Before-Tax Income Quintile and Tenure, 2006–2024. Accessed at: https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/household-characteristics/real-average-before-tax-household-income-quintiles

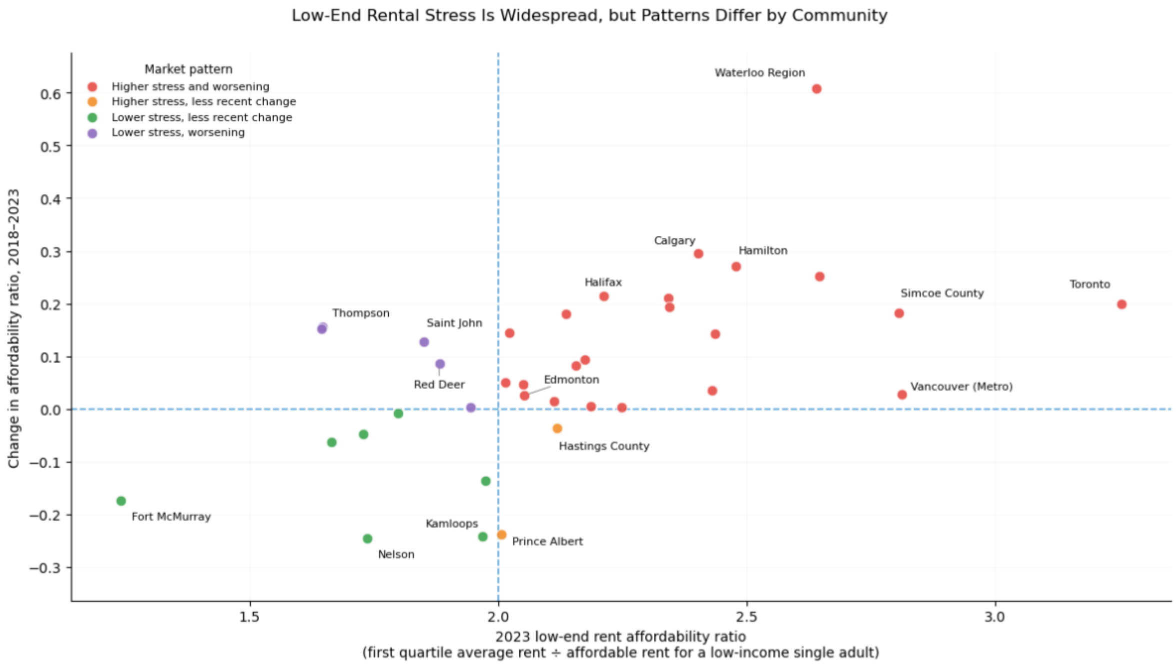
That affordability gap for people with low incomes is widening, as the price of the lowest-cost private market rentals grew much faster than the wages of single adults with low income in most communities included in our analysis.

Not only are the lowest-cost rental units becoming less affordable, they are also extremely scarce.

While national vacancy rates have recently started to increase, rental market data from the CMHC shows that vacancy rates remain the tightest in the lowest-cost purpose-built rental units in 2025.[16] When separating the rental market into four quartiles based on cost, it's clear that improved availability of rental units is concentrated mostly in mid- and upper-cost rental units. In 2025, the vacancy rate was 1.4% in the lowest-cost quartile of the rental market, compared to 5.3% in the highest cost quartile of the rental market.

Despite a period of substantial new housing construction, with more than 200,000 new housing units completed annually on average across Canada from 2018-2023,[17] the lowest-cost rental units still have the lowest vacancy rates. Thus, the only units that could actually be affordable for Canadians most at risk of homelessness are becoming less affordable and less available since 2018.

FIGURE 3. LOWEST-COST RENTALS BECOMING INCREASINGLY UNAFFORDABLE FOR LOW-INCOME RENTERS SINCE 2018



Source: Calculations based on CMHC's Urban Rental Market Survey Data and Statistics Canada Table 11-10-0017-01

[16] CMHC, 2025 Rental Market Report. Accessed at: https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres

[17] Statistics Canada, Table 34-10-0126-01, *Canada Mortgage and Housing Corporation, housing starts, under construction and completions, all areas, annual*. https://doi.org/10.25318/3410012601-eng

Case Study

Halifax

Halifax is an historic port city on Canada's East Coast, and the largest city in the Atlantic provinces. It's long been known as one of the country's most affordable large cities, but that is starting to change. From 2018 to 2024, housing market conditions—particularly at the lowest end of the market—began to tighten. At the same time, homelessness increased dramatically.

In 2018, homelessness rates were relatively low in Halifax. The Point-in-Time Count noted 220 people experiencing homelessness (5.13 people per 10,000 population) and a relatively affordable housing market. At the lowest end of the market, a one-bedroom was renting for about $710 per month, and vacancies for those one-bedroom units sat at four per cent.

But over the next six years, market conditions changed dramatically for the lowest-cost units. Vacancy rates dropped 3% for the lowest-cost one-bedroom units, to sit at just 1%. From 2018-2024, one-bedroom rental prices jumped more than 40%, rapidly outpacing median single-person income growth of 24%. As a result, the affordability ratio for one-bedroom units changed over those six years from 1.77 to 2.01, meaning the average monthly rent price for a low-cost one-bedroom unit was about twice what would be considered reasonably affordable for a Halifax resident with low income.

While still a relatively affordable place to live in Canada, what we have seen in Halifax is a dramatic tightening of the rental market for the lowest-cost units that people experiencing or at risk of homelessness would depend on. Rent prices increased much faster than incomes, and low-cost units became less available — making the lower end of the rental market much more competitive and pushing more people into homelessness.

From 220 in 2018, the number of people experiencing homelessness jumped to 1,132 in 2024, according to their PiT Count. Accounting for population growth, there were 22.24 Haligonians experiencing homelessness per 10,000 population in 2024, a change of 333% compared to the homelessness rate in 2018.

Conclusion

Homelessness in Canada is a housing problem.

This analysis has indicated that homelessness in Canadian communities is closely linked to conditions in the lower-cost part of the private rental market. Homelessness is most likely to be higher in communities where rent prices are high, and vacancy rates are low in the lowest-cost rental units.

While rental housing supply has expanded in recent years, the benefits have largely failed to reach the Canadians most at risk of experiencing homelessness, because new supply is being added at the higher end of the market price.

Newly constructed rental units have not eased the pressure for the lowest end of the rental market. Instead, prices have risen, and vacancy rates have dropped for the lowest-cost part of the rental market. Many Canadians cannot afford to rent even the cheapest units in their community, and the affordability gap is growing, locking more Canadians out of the market and pushing more people into homelessness.

These findings point to ways our governments can fine-tune and improve their policies to right the ship and put Canada on the path to ending homelessness.

As part of the next national housing strategy, the federal government should prioritize reform of the Canada Housing Benefit to provide immediate relief to lowest-income Canadians and reduce homelessness,[18] while investing to stop the rapid loss of existing affordable rentals[19] and doubling the supply of social and deeply affordable housing to reduce costs at the low end of the market longer-term.[20] Investments should incorporate a consistent and realistic measure of deep affordability, with rent prices set at 30% of pre-tax income for the lowest-income Canadians so they are not asked to choose between housing and other basic needs like groceries and transportation.

While we are continuing more detailed analysis on factors associated with homelessness in Canada, these preliminary findings must be considered now, in the context of the 2027/28 renewal of the National Housing Strategy, and the hundreds of thousands of Canadians who are counting on action.

[18] CAEH - Transforming the Canada Housing Benefit to Prevent Homelessness
[19] Filling in the bucket: loss of affordable rentals
[20] CAEH - 5 Things Canada Can Do in the Next National Housing Strategy to Drive Large Scale Reductions in Homelessness