

Review of Rental Market Opportunities in the City of Toronto

Prepared by:

Will Dunning Inc.

For:

Greater Toronto Apartment Association

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Introduction

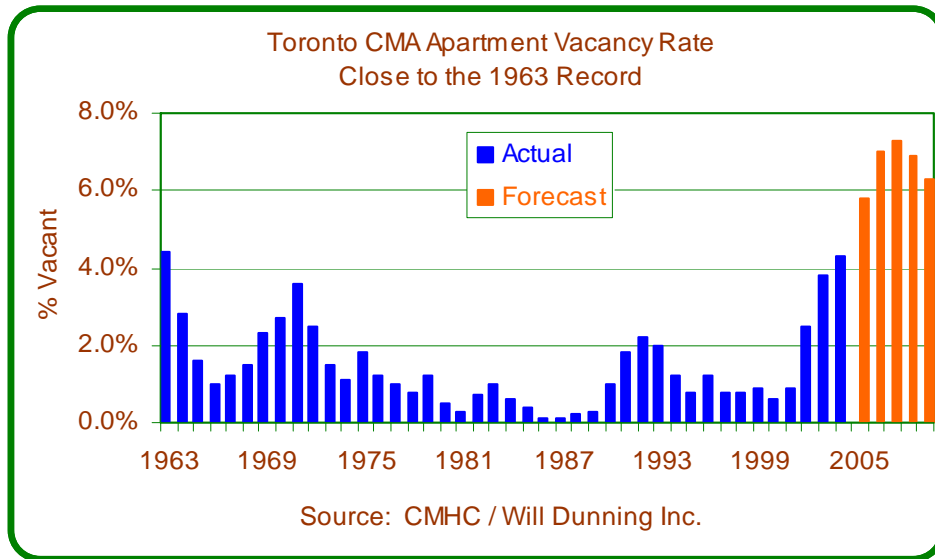
This report has been prepared by Will Dunning Inc. at the request of the Greater Toronto Apartment Association. It reviews the current state of the rental apartment market in the Toronto area and its outlook to 2009. It also estimates the costs of providing rent supplements for low income households as well as subsidies for the creation of new rental units under the *Affordable Housing Program*. Finally, it comments on City of Toronto housing objectives and on a proposal by the City that per diem funding for housing shelters be converted to rent supplements.

Key conclusions are:

- At present about 11,000 rental apartments are vacant within the City of Toronto. The vacancy rate is forecast to rise until at least 2007 when there would be 19,000 to 20,000 vacant units. Even if the vacancy rate begins to fall after 2007, by 2009 there would be 15,000 to 16,000 vacant units within the City of Toronto.
- Vacancies are widely distributed across the City and there are considerable vacancy rates at all rent levels.
- The City of Toronto has an objective to create 1,000 new affordable rental units (i.e. with rents similar to average rents) per year. Given the current and anticipated levels of vacancies, there is no pressing need to expand the rental supply, as this would only result in an increase in an already very high number of vacant units. At a cost of \$25,000 per unit for each of the three levels of government, the creation of new rental housing would be wasteful at this time.
- The City also has an objective to create 500 new rent supplement opportunities per year, which would assist households that cannot afford to pay market rents. These rent supplement opportunities could be readily accommodated within the existing rental housing inventory, without the need to construct new rental housing. If the housing is provided within the existing market, it requires one subsidy – a rent supplement, but if provided in new housing, two subsidies are required – the supply assistance plus the rent supplements. To meet the City's objective over a five year period, without constructing new rental units, would cost about \$263 million (assuming that the rent supplements are provided for 15 years). If the City's approach also includes constructing 1,000 new rental units per year for five years, the total cost would be about \$513 million. This would require an unrealistic share (85%) of the total funding (\$602 million) available for all of Ontario.
- The City has proposed that per diem funds for shelters be converted to rent supplements. The City provides an example of potential benefits, in which 100 residents of "Tent City" were housed using rent supplements plus other supports rather than being housed in shelters - this approach reduced costs by 28%. Applying this 28% factor, if 10% of the shelter budget was converted to rent supplements, the savings could be used to assist about 280 families (without reducing the number of homeless people who are assisted). If 25% of the shelter budget was converted, about 800 additional families could be assisted. This estimate assumes that the additional beneficiaries don't require any assistance other than the shelter allowances - if other supports are required, the number of new opportunities would be correspondingly reduced.

Conditions in the Rental Apartment Market

The residential rental market in the Toronto area has gone through a dramatic change during the past 3 years. As is illustrated in the following chart, since the mid-1970s, vacancy rates in the Toronto CMA have been less than 2% almost all of the time and have usually been in the area of 1% or less. Beginning in early 2002, however, the vacancy rate began to climb, reaching 2.5% in October 2002, 3.8% in October 2003, and 4.3% in October 2004. The October 2004 vacancy rates was just fractionally lower than the 4.4% record set in 1963. As is shown in the chart (and is discussed in more detail in a later section) I forecast that the vacancy rate will climb further, peaking at 7.3% in 2007.



The City of Toronto has seen a similar change in vacancy rates. In October 2001, the vacancy rate in the City was 0.9%; as of October 2004 the vacancy rate had increased to 4.3%

Vacancy Rates by Rent Range

The following table provides CMHC data on vacancy rates in the City of Toronto by rent range, as of October 2004. The last row in the table also shows the average rent for each of the four unit types.

The table shows that for each bedroom type, vacancies are widely distributed across the rent ranges. In particular, for each unit type the rent range that includes the average rent has a significant vacancy rate; vacancy rates are also high in the next lower rent range:

- For bachelor units (average rent of \$730): the \$700-\$799 rent range has a vacancy rate of 4.8%; the \$600-\$699 range has a vacancy rate of 5.7%.

- For one bedroom units (average rent of \$888): the \$800-\$899 rent range has a vacancy rate of 5.7%; the \$700-\$799 range has a vacancy rate of 5.6%.
- For two bedroom units (average rent of \$1,061): the \$1,000-\$1,099 rent range has a vacancy rate of 5.0%; the \$900-\$999 range has a vacancy rate of 5.4%.
- For apartments with three or more bedrooms (average rent of \$1,258): the \$1,200-\$1,299 rent range has a vacancy rate of 4.1%; the \$1,100-\$1,199 range has a vacancy rate of 4.2%.

In conclusion, this data from CMHC indicates that in the City of Toronto, there are substantial numbers of vacancies at and below the average rent for each unit type.

Rent Range	Bachelor	One Bedroom	Two Bedroom	Three or More Bedrooms
\$500-\$599	12.8%	**	**	**
\$600-\$699	5.7%	2.6%	**	**
\$700-\$799	4.8%	5.6%	4.8%	**
\$800-\$899	3.8%	5.7%	3.6%	**
\$900-\$999	4.3%	4.5%	5.4%	3.5%
\$1,000-\$1,099	2.9%	4.4%	5.0%	7.4%
\$1,100-\$1,199	**	2.8%	5.1%	4.2%
\$1,200-\$1,299	**	2.1%	4.2%	4.1%
\$1,300+	**	1.5%	3.4%	5.3%
Average Rent	\$730	\$888	\$1,061	\$1,258
Source: CMHC				
Note: ** indicates that data not available or suppressed by CMHC				

Rental Apartment Outlook

From the low rate of just 0.9% in 2001, the vacancy rate in the Toronto CMA began a very rapid ascent in 2002 (2.5%) and 2003 (3.8%). The vacancy rate increased further in 2004 (4.3%) although the amount of increase (0.5 percentage points) was less than in the two previous years.

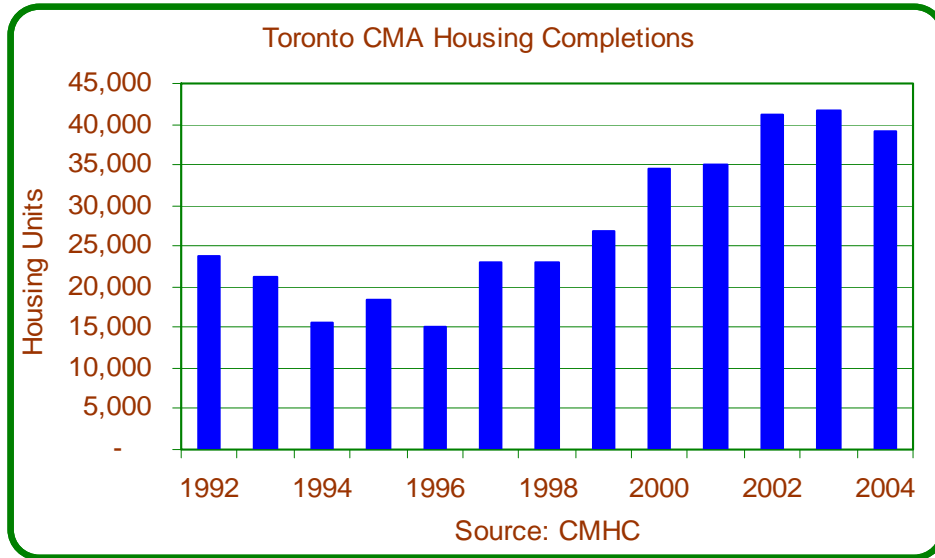
Factors that have affected the apartment vacancy rate in the Toronto area are:

- Growth of employment – job creation stimulates the formation of new households and thereby tends to reduce the number of vacant units.
- Competition from home ownership – an increase in home buying activity increases the number of people who move out of rentals and thereby tends to increase the number of vacant units.
- New rental supplies – an expansion of supply tends to increase the number of vacant units.
- Rent levels – higher rents (especially relative to the cost of home ownership) tend to reduce the demand for rentals and thereby increase the vacancy rate.

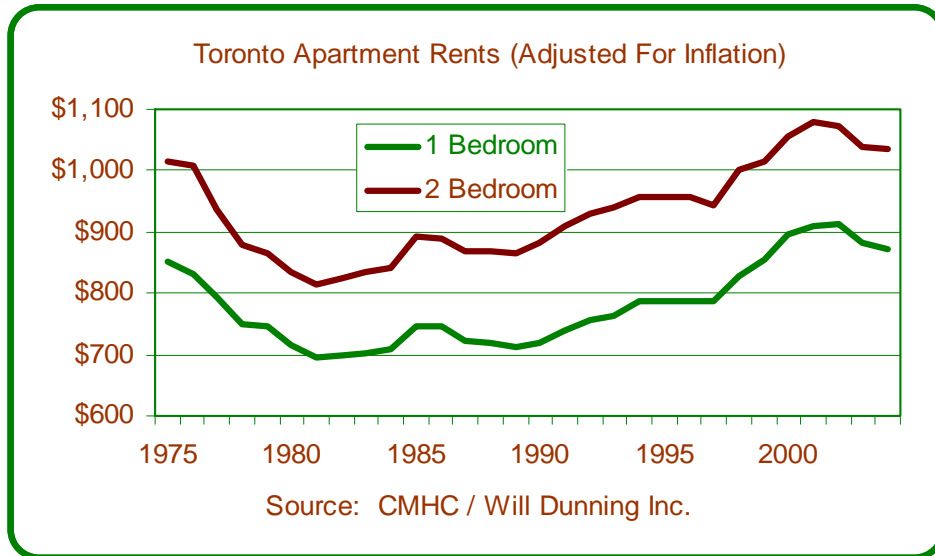
The increase in the vacancy rate that was seen during 2001-2004 was due to a combination of these factors:

- Employment growth in the Toronto CMA slowed during 2001 to 2004, initially due to the bursting of the stock market bubble and more recently due to the strengthening of the Canadian dollar relative to the US dollar. In the six years leading up to October 2000, employment growth in the Toronto CMA averaged 3.6% per year. But then job creation decelerated:
 - In the year to October 2001, the growth rate was 3.0%.
 - In the year to October 2002, the rate was 2.1%.
 - In the year to October 2003, the rate was 1.0%.
 - In the year to October 2004, the reported growth rate was 2.7%. However this appears to be one of the occasional erroneous reports produced by Statistics Canada's Labour Force Survey, and it is highly likely that the true growth rate was less than 2%.
- The slowdown in job creation reduced the rate at which new households were being formed and therefore there was less movement into rentals. The slight increase in the rate of job growth in 2004 may have resulted in a slight strengthening of rental demand.
- Meanwhile, an increase in housing completions meant that more people were moving out of rentals. The following chart shows annual housing completions (for 12-month periods ending in September of each year, to correspond with the October rental market survey). It shows a rising level of completions that began in 1999 and became quite elevated in 2002 and 2003, which coincides with the most rapid increases in the vacancy rate. The number of completions fell in 2004 (although was still very high in historic terms). The reduced completions in 2004 was entirely due to condominium apartments – this housing form competes most directly with the rental market, and therefore this slowdown in housing completions provided relief to the rental market and contributed to the slower rate of increase in the vacancy rate during 2004.

- During the past three years, about 750 new rental units have been completed per year, which has further contributed to the rise in vacancies.



- Rents increased rapidly in the late 1990s, due to the introduction of vacancy decontrol in June 1998, but also due to catch-ups for allowable rent increases that were not taken earlier in the decade. The following chart shows average rents for 1 and 2 bedroom apartments, after adjustment for inflation. It indicates that rents increased rapidly in “real terms” during 1997 to 2001, but fell back during 2002 to 2004. At present, inflation adjusted rents are well in excess of prior levels. This has tended to reduce demand for rentals and to increase the vacancy rate.



- The last factor to consider is the cost of home ownership. The following chart shows the monthly mortgage carrying cost for the average priced resale home in the Greater Toronto Area. It indicates that the cost has drifted downwards during the past three

years and remains close to an all-time low. While house prices have increased rapidly in the GTA, falling interest rates have more than offset the price increases. The low mortgage carrying cost has been strongly stimulative to home buying. When viewed relative to rent trends the low cost of home ownership helps to explain the rapid rise in the apartment vacancy rate.



This review indicates that during the past few years the factors that affect vacancies have all lined up on the side of increasing vacancies. However, in 2004, there was a slight reduction in the forcefulness of the rise in vacancies, due to a slight improvement in job creation and a slowdown in the rate of housing completions – especially condominiums.

Looking Forward

The factors that have generated increased vacancies during the past three years will continue to influence the Toronto CMA apartment rental market.

- Employment growth has decelerated. With the appreciation of the Canadian dollar since the beginning of 2003, key export-oriented sectors of the Toronto CMA economy will be negatively affected, including manufacturing and tourism. Due to the composition of the local economy, it may suffer a larger adverse impact than many other regions of Canada. Employment is unlikely to grow by very much during the next two years, there is a risk of outright job losses. This is a negative factor for rental demand and will tend to increase vacancy rates. However, there is a second round effect of reduced home buying activity in future, which will tend to moderate the movement in vacancy rates.
- Economists continue to expect interest rates to increase in the near future, as they have (incorrectly) for at least the past two years. I take the view that interest rate increases are likely to be concentrated in the short end and that the five year mortgage rate (which is the most important interest rate for first-time buyers) will not increase by very much. In my forecasts, I am now assuming that the posted five year mortgage rate is unlikely to exceed 7.2%, versus the current typical rate of 6.05%.

The reduction in affordability will reduce home buying activity, which is a positive for rental demand and therefore will tend to reduce vacancy rates. However, the higher interest rates will also tend to reduce job creation in future, which is a countervailing force.

- Because there are long lags between the date of housing sales and the actual completion of new homes, it will be quite some time before the higher interest rates (which have not yet materialized in any event) will start to positively affect rental demand.
- Since mid-2004, the sales rate for new low-rise homes has slowed sharply, which is due to higher prices for new homes (builders have attempted to pass-through cost increases that have resulted from rising land costs, rising municipal fees, and rising material costs). This sales slowdown, if it persists, will result in slower completions of low-rise homes, beginning early in 2006. The positive effects on rental demand might be felt in the “905” areas before the “416” areas.
- However, low-rise activity is less important for the rental market than is condominium apartment activity. In that area, sales remain very strong. Based on projects that are already under construction (over 20,000 units), as well as projects that are anticipated to start construction, completions of condominium apartments will remain very strong for the next three years. This will continue to weaken demand for rentals and will tend to increase the vacancy rate.
- A moderate amount of purpose built new rental supply will enter the market during the next two years, as 1,488 apartment units and 132 row units were under construction in March 2005. Given current and expected conditions in the rental market it is unlikely that any more privately-initiated, unsubsidized projects will start construction for some time. In normal times, the anticipated supply would be readily absorbed, but these are not normal times, especially considering the volumes of new rental supplies that are coming in investor-owned condominiums. There is no firm data on the extent of investment activity in the condominium market. I believe that a minimum of one-third of new condominium apartments are investor owned and will be offered for rent. This means that about 4,000 new rented condominiums will be offered for rent each year from 2005 to 2007, and this will tend to increase the vacancy rate for conventional apartments.
- Whether or not a new condominium will be offered for rent may be irrelevant anyway. Most buyers of new condos are first-time buyers, for whom the housing alternative is a rental. Thus, whether the new condo unit is occupied by a home buyer or a tenant, most of the time he/she most had left an existing rental unit.
- Current high rent levels are (and will remain) a deterrent to rental demand, but the slowdown in rent increases is resulting in rents dropping in real terms. This will tend to have a slight positive effect on rental demand. To the extent that mortgage interest rates increase, the relative balance of rents versus home ownership costs will shift in favour of renting, and will tend to further increase rental demand.

The following table summarizes the key factors that have affected the vacancy rate during the past three years and will affect it over the mid-term.

Table 2 Summary of Factors Affecting the Toronto CMA Vacancy Rate		
<i>Factor</i>	<i>Impact on Vacancy Rate During 2001 to 2004</i>	<i>Expected Impacted on Vacancy Rate During 2005-2007</i>
Employment Growth	Increase, due to slower job creation	Increase, due to slower job creation. The beginning of the next economic upswing will tend to reduce vacancies later in the period
Competition from Home Ownership – Low-Rise	Increase	Increase during 2005 with diminishing impact thereafter
Competition from Home Ownership – High-Rise	Increase (although moderated during 2004)	Strong increase until at least late 2007
New Rental Supply	Moderate increase from purpose built rentals Significant increase due to investor-owned condominiums	Moderate increase from purpose built rentals Significant increase due to investor-owned condominiums. This effect is unlikely to moderate until late 2007 at best
Rent Increases	Increase	Decrease
Source: Will Dunning Inc.		

Considering all of these factors, I forecast the vacancy rate for Toronto CMA as follows:

- October 2004 – 4.3% (actual)
- October 2005 – 5.8%
- October 2006 – 7.0%
- October 2007 – 7.3%
- October 2008 – 6.9%
- October 2009 – 6.3%.

CMHC has forecast a Toronto CMA vacancy rate of 5% for October 2005, but has not published forecasts for subsequent years. The amount of increase in the vacancy rate forecast by CMHC (0.7 percentage points) is lower than my forecast of a 1.5 percentage point increase. From my perspective, the reason for the differences may be different expectations about the impact of the stronger Canadian dollar on job creation, and different expectations about the impact of a resurgence of condominium completions. Regardless of differences in magnitude, CMHC and I are forecasting in the same direction – expecting further increases in the Toronto CMA vacancy rate.

As of October 2004, CMHC reported that there were almost 11,000 vacant rental apartments in the City of Toronto (in privately-initiated rental apartment buildings with three or more units). With the anticipated increase in vacancy rates, there would be about 18,700 vacant units in October 2007. The slightly reduced vacancy rate in October 2009 would result in about 16,000 vacant apartments in the City.

Implications for Housing Policies and Programs

This section discusses two areas of policy: the alternatives of providing low income housing within the existing housing stock versus constructing new housing, and the option to convert funding for shelters to rent supplements.

Use of New Versus Existing Housing

As of October 2004, CMHC reported that there were 10,997 vacant rental units within the City of Toronto. The CMHC data indicates that there are ample rental opportunities (vacancies) at all rent levels. The market outlook indicates that the availability of vacant units will increase until 2007. Even by 2009 (the end of the projection period) there will be 15,000-16,000 vacant units, about 50% more than there are today. The implication from this evolving market situation is that there is at present no need to add to the supply of units that rent at market levels (including units that rent for about the average rent).

There is, however, a pressing need for low income housing (for units renting well below market levels, which would be subsidized through rent supplements). As of March 2005, waiting lists within the City of Toronto have about 64,300 applications for rent supplemented housing, of which about 46,400 are considered active applications. (The length of the waiting list is being reduced - a year earlier, there were 67,300 total applications of which 49,400 were active.) With 5,652 applicants being housed in assisted housing during 2004, the availability of assisted housing is clearly far short of the need. At that rate, it would take over 8 years to house all of the 46,400 active applicants.

There is clearly a potential opportunity to make greater use of vacant units within the existing rental stock, if funding is available.

A recent Staff Report of the City of Toronto¹ "From the Street into Homes: A Strategy to Assist Homeless Persons Find Permanent Housing" reflects on the changed conditions in the rental market and on the need for more assisted rental units:

"There are also increased housing opportunities in the private rental market. In 1999 the reported vacancy rate in private rental housing was a mere 0.9%, while today it has risen to 4.3%. Despite higher vacancy rates, affordable housing remains elusive for many low-income residents of Toronto. Government restraints on social assistance and the minimum wage have continued to make it difficult for low-income earners to pay the rent and other necessary living expenses."

Among the various recommendations expressed in that City of Toronto report is the following:

¹ The date on the report is shown as January 13, 2004, but based on references within the report it appears that it was written in 2005.

“City Council support an achievable annual target of 1,000 new affordable housing units in the City of Toronto, including at least 500 to be targeted to low-income households on a rent-geared-to-income basis and urge the federal and provincial governments to reach an agreement enabling the Affordable Housing Program to proceed without delay”

On April 29, 2005, the Governments of Canada and Ontario announced an agreement that commits \$602 million to the *Affordable Housing Program*, to be spent by 2009. The funds are to be used for 4 program components:

- **Affordable Urban Rental Housing:** a new rental housing supply program which aims to increase the supply of new rental affordable housing for moderate-to-low-income households. This includes a rehabilitation/conversion housing component to rehabilitate severely deteriorated properties into rental housing for low-income households.
- **Affordable Home Ownership Program:** to ease the demand for rental housing by assisting rental households to purchase affordable homes.
- **Affordable Remote Housing Program:** to create, acquire or rehabilitate through renovation, affordable rental or ownership housing in remote areas.
- **Housing Allowance/Rent Supplement Program:** an interim measure to create rental affordable housing for low-income households on or eligible to be on a social housing waiting list, through rent supplements on existing vacant units.

The announcement did not indicate a division of the funding between these four components, but did announce an expectation that assistance would be provided “to some 20,000 households in total under the Affordable Housing Agreement including rent supplement for more than 5,000 lower-income families in Ontario”. This announcement therefore implies an intention to create up to 15,000 housing units (rental or ownership, through new construction or rehabilitation of existing structures).

Conceptually, the assistance can be divided into two components:

- “Supply” assistance is used to create new rental dwellings with affordable rents (more-or-less equal to CMHC average rents, by unit type). This assistance is provided in the form of forgivable loans. At an anticipated average of \$50,000 per unit (\$25,000 from each of the federal and Ontario governments), the \$602 million would assist 12,040 units. In addition, municipalities would contribute \$25,000 per unit. Since the municipal contribution can take the form of reduced realty taxes or municipal fees, this contribution does not necessarily result in actual expenditures by the municipalities.
- “Rent supplements” or “housing allowances” are used to reduce rents from market levels to the amount that can be afforded by a low income tenant. Taking an example for Toronto, with a subsidy cost of \$507 per month for a family of three people, and assuming inflation at 2% per year, the cost of subsidizing one family for five years would be \$31,661². At this rate, the \$602 million would provide rent supplements to about 19,000 families. Assuming that 5,000 rent supplements are provided for periods of five years, the total cost would be about

² Calculations of the subsidy cost are provided in the Appendix.

\$158 million. This would leave about \$444 million, which, at a rate of \$50,000 per unit, would provide supply assistance for about 8,900 units. If the rent supplements are provided for 15 years, the cost would be about \$105,000 per unit, and the \$602 million would support rent supplements on about 5,700 units.

The two approaches can be combined, so that a new unit created under the supply program could also be subsidized with a rent supplement or housing allowance. For a unit receiving the \$50,000 for supply assistance, plus the \$31,661 for a rent supplement over 5 years, the cost would be \$81,661. If the rent supplement was provided for a 15 year period, the combined cost of the supply assistance and rent supplement (\$105,000 per unit) would be \$155,000.

To achieve the objective of the City of Toronto (1,000 new affordable housing units per year, including at least 500 units per year to be provided on a rent-geared-to-income basis) for each year from 2005 to 2009 (five years) would cost:

- \$250 million dollars to provide supply assistance to 5,000 new units.
- \$263 million to provide rent supplements to 2,500 of those units (assuming that the rent supplements are provided for 15 years).
- The total cost would be \$513 million, or 85% of the total amount available for the province. It is unlikely that the City of Toronto, which has about 22% of the province's population, would receive 85% of the budget.
- Even if the rent supplements were provided for only 5 years, the total cost would be about \$329 million, or 55% of the total provincial budget.

On the other hand, if the rent supplements were provided using vacant units within the existing market, it would cost \$263 million to provide the 2,500 rent supplements for 15 years. This would amount to 44% of the \$602 million that is available within the province. If the rent supplements were provided for 5 years, the total cost would be \$79 million, or 13% of the total provincial funding.

This financial analysis indicates that the City's goals with respect to low income housing are much more likely to be achieved if the housing is obtained in the existing market, rather than through the construction of new housing: if the housing is provided within the existing market, it requires one subsidy – rent supplements, but if provided in new housing, two subsidies are required – supply assistance plus rent supplements.

Conversion of Shelter Funding to Rent Supplements

The Toronto Staff Report identified an additional source of potential funding:

“The conversion of shelter per diems for use as housing supports and portable rent supplements to assist homeless persons make the transition from the streets and shelters into permanent housing.”

The Staff Report notes that rent supplements were used to provide housing for 100 people who were displaced from “Tent City”. The total annual cost per resident (providing rent supplements, Ontario Works/Ontario Disability Support Plan shelter costs and housing supports) “was \$11,631 compared to the \$16,156 it would have cost the

City and the Province to house an individual in an emergency shelter for a year". The cost reduction per person assisted amounted to 28%.

The amount of money saved in this actual example (about \$450,000 per year, for just 100 clients) could be used to provide rent supplements for about 74 families, assuming that the families require only the rent supplement at an estimated cost of \$6,084 per year. If those families require other assistance in addition to the rent supplements, then the number that might be assisted would be reduced.

This information from the City of Toronto confirms that wider adoption of this approach (conversion of per diem funding of shelters into rent supplements, with supports) would result in much more cost-effective assistance to the homeless, and the savings would allow for greater achievement of the City's other housing goals.

For 2005, the City of Toronto has budgeted \$60.6 million³ for purchase of service shelters, motels and payments to Habitat Services and the Toronto Hostels Training Centre. Conversion of 10% of this amount to rent supplements would provide \$6.06 million per year. Using the data from the Tent City analysis:

- The same number of homeless people could be assisted, but with a cost reduction of 28%. About \$1.7 million would be freed to assist other needy households. At an average cost of \$6,084 per family, the \$1.7 million would assist about 280 families.
- If 25% of the budget was converted, about 700 additional rent supplements would be available.
- Once again, if those families require other assistance in addition to the rent supplements, then the number that might be assisted would be reduced.

³ Source: City of Toronto Staff Report, December 6, 2004, Subject: Approval of Delegated Authority to Execute and Administer the Purchase of Service Contracts for Shelter Services, Personal Needs Allowance, Habitat Services, Motels and the Toronto Hostels Training Centre.

Appendix - Financial Analysis

This section illustrates the calculation of subsidy costs for rent supplements and the supply assistance.

The body of the report utilizes costs for a family of three that requires a two bedroom apartment.

Table A-1				
Calculation of Rent Supplement Costs				
For a Family With 3 People, Requiring a 2 Bedroom Unit				
Year	Monthly Rent (1)	Income Per Month Available to Spend on Shelter (2)	Assistance Required (3)	Annual Assistance
1	\$1,061.00	\$554.00	\$507.00	\$6,084
2			\$517.14	\$6,206
3			\$527.48	\$6,330
4			\$538.03	\$6,456
5			\$548.79	\$6,585
6			\$559.77	\$6,717
7			\$570.97	\$6,852
8			\$582.39	\$6,989
9			\$594.04	\$7,128
10			\$605.92	\$7,271
11			\$618.04	\$7,416
12			\$630.40	\$7,565
13			\$643.01	\$7,716
14			\$655.87	\$7,870
15			\$668.99	\$8,028
Total Cost Per Unit Over 5 Years				\$31,661
Cost of rent supplements for 2,500 Units Over 5 Years				\$79,153,200
With Addition of Supply Assistance for 5,000 units				\$329,153,200
Total Cost Per Unit Over 15 Years				\$105,214
Cost of rent supplements for 2,500 Units Over 15 Years				\$263,035,200
With Addition of Supply Assistance for 5,000 units				\$513,035,200
Source: Calculations by Will Dunning Inc.				
Notes:				
(1) Average rent in the City of Toronto, CMHC Rental Market Survey, October 2004				
(2) Shelter Component of Welfare or Equivalent Income				
(3) Assuming 2% annual increase in assistance.				

Alternatively, the following table estimates the costs for a single person who requires a one bedroom apartment. In this example, rent supplement costs are higher than for the three person family.

Table A-2				
Calculation of Rent Supplement Costs				
For a Single Person, Requiring a 1 Bedroom Unit				
Year	Monthly Rent (1)	Income Per Month Available to Spend on Shelter (2)	Assistance Required (3)	Annual Assistance
1	\$888.00	\$325.00	\$563.00	\$6,756
2			\$574.26	\$6,891
3			\$585.75	\$7,029
4			\$597.47	\$7,170
5			\$609.42	\$7,313
6			\$621.61	\$7,459
7			\$634.04	\$7,608
8			\$646.72	\$7,761
9			\$659.65	\$7,916
10			\$672.84	\$8,074
11			\$686.30	\$8,236
12			\$700.03	\$8,400
13			\$714.03	\$8,568
14			\$728.31	\$8,740
15			\$742.88	\$8,915
Total Cost Per Unit Over 5 Years				\$35,159
Cost of rent supplements for 2,500 Units Over 5 Years				\$87,897,000
With Addition of Supply Assistance for 5,000 units				\$337,897,000
Total Cost Per Unit Over 15 Years				\$116,836
Cost of rent supplements for 2,500 Units Over 15 Years				\$292,089,300
With Addition of Supply Assistance for 5,000 units				\$542,089,300
Source: Calculations by Will Dunning Inc.				
Notes:				
(1) Average rent in the City of Toronto, CMHC Rental Market Survey, October 2004				
(2) Shelter Component of Welfare or Equivalent Income				
(3) Assuming 2% annual increase in assistance.				