OVERCROWDING AS A RESPONSE TO HIGH RENT

When rents increase, a tenant may choose to reduce other expenditures but may also find a roommate or lodger or move their family to a smaller unit costing less. “Overcrowding” is one response to a rent increase.

Canada Mortgage & Housing Corporation (CMHC) defines “overcrowding” as occurring when the number of people residing in a housing unit exceeds the National Occupancy Standard for that size of unit. For a one-bedroom apartment, the NOS defines overcrowding as occurring when more than two people reside in that apartment.

The diagram presents data on the rental market in 60 communities from across Canada. Each dot represents, for a single community, data describing the average rent paid on a one-bedroom rental and the percentage of one-bedroom rentals in which there is overcrowding. The data come from the 2016 census.

Increased overcrowding is positively correlated with rising rents. Choosing overcrowding to accommodate increases in rent enables tenants to maintain their housing but it comes with other costs.

The red trend line drawn through these data illustrates a positive correlation between the rent paid on a one-bedroom apartment and the percentage of apartments in which there is overcrowding. The slope of that line is statistically significant and suggests that every $100 increase in average rent results in another 2% of one-bedroom rental units becoming overcrowded.

Overcrowding may take the form of a single person adding one or more roommates, a family accepting a lodger, or two families sharing accommodation. The latter form of overcrowding is referred to as “doubling-up” and has been described as a form of homeless shelter provision offered by families and friends who are often at risk of homelessness themselves.

Overcrowding is a disguised form of stress for families and individuals in the rental market. It is disguised in that, as a measure, it does not often appear in housing statistics or discussions of housing conditions. Crowding may enable people to maintain housing in the face of rising rents but comes at the cost of lost privacy, increased risk of exposure to viruses such as COVID-19, the lack of space for children’s studying, etc.

Concern has been expressed lately over the cost of homeownership. For people with modest incomes, remaining housed depends on the cost of rental accommodations, not homeownership. An individual or family unable to meet this cost faces far more dire consequences than an individual or family frustrated with the size of a mortgage. If overcrowding is not enough to maintain housing, then for families with limited incomes, food insecurity and homelessness are next on the list of consequences of high rent. These possibilities suggest the more immediate concern of public policy should be with the cost of rental accommodations than financial barriers to homeownership.

Source: Canadian Rental Housing Index. Rent includes the cost of utilities.