

MARCH 2024

Housing Supply Mix Strategy 2: Student Housing

Purpose-Built Student Accommodation can alleviate pressure
on scarce affordable rental



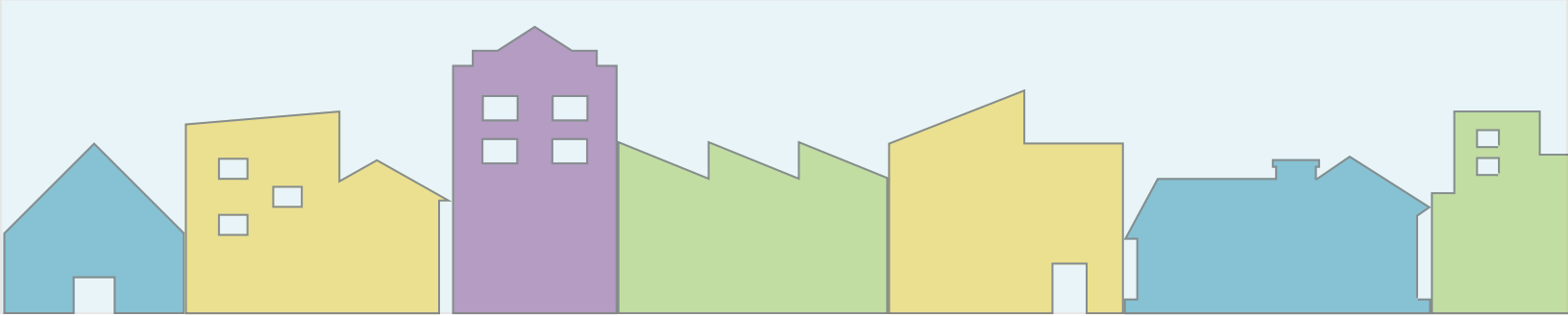
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SUPPLY MIX RESEARCH
SUBMITTED TO THE TASK FORCE
FOR HOUSING & CLIMATE

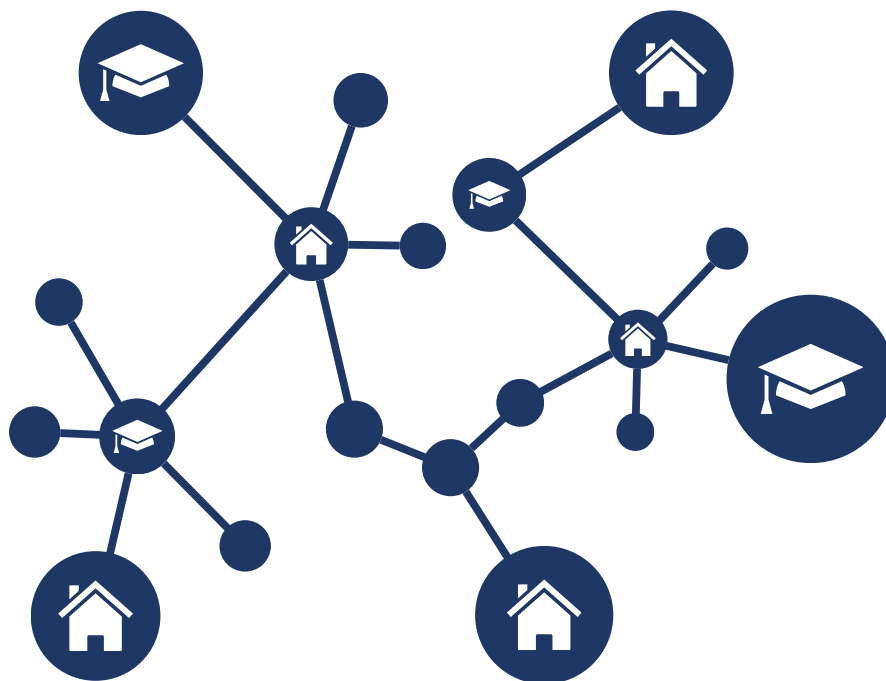


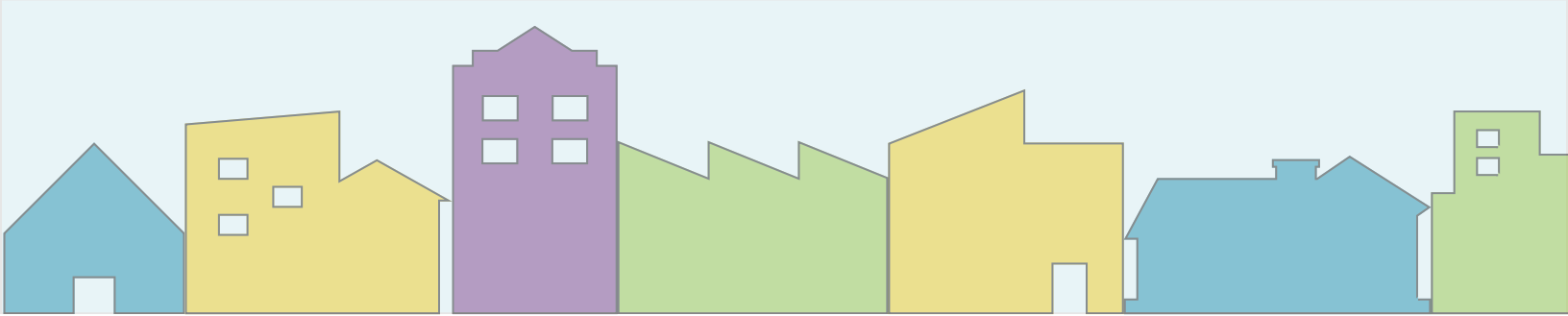
The Issue

As part of its nationwide housing affordability challenge, Canada is facing a shortage of suitable rental housing for students. Many post-secondary institutions in Canada offer on-campus residency, however, it is often expensive and limited to first-year students, leaving many students searching for housing elsewhere. Given the limited availability of affordable rentals in cities and towns across the country, a greater supply of purpose-built student accommodations (PBSA) is advised.

PBSA could alleviate pressures on the private rental market

Most students need housing that is temporary and affordable, but students are competing for the same scarce supply of rentals with low- and moderate-income households who need secure and permanent homes. Purpose-built student accommodation (PBSA) that is designed specifically to house students for the duration of their education would relieve pressure on the urban rental market for other segments of the population, and provide students with housing certainty and the ability to return for the next school year.





Research and Findings

Students account for a growing population of renters in Canada

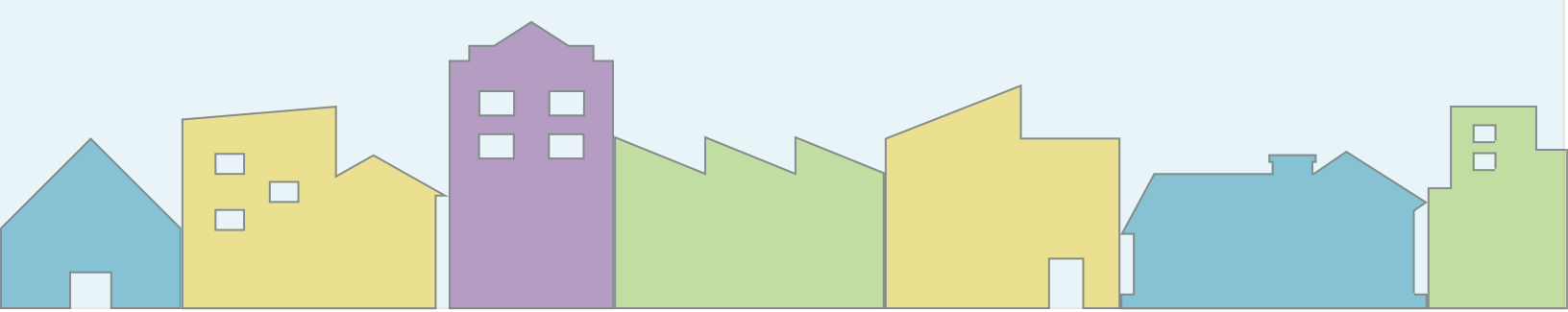
In the 2019-2020 academic year, 2,183,973 students were enrolled in Canadian post-secondary institutions. The number of international students within Canada grew over 10% annually in the last decade.¹ Accommodating all international students in Canada by 2033 in PBSA, assuming a more modest growth rate of 2% annually due to a challenging international climate, would require roughly 1.8% of the projected new 5.8 million units dedicated to this purpose in the private rental market.² Other studies indicate the growth rate could be even higher, requiring over 8% of new housing supply.³ These estimates do not even address the housing needs of the broader student population, beyond international students.

Canada is falling behind in offering students dedicated housing

In the UK, 35% of students (domestic and international) are accommodated in student housing. In the USA, student housing accommodates 40% of student enrollment.⁴ By comparison, only 12.5% of Canada's students are housed in PBSA.⁵ Shifting 40% of enrolled students to student residences would be equivalent to 5% of the new supply (assuming three students per unit) or 7.5% (two students per unit).

PBSA supports student budgets and well-being, while simultaneously being profitable for developers

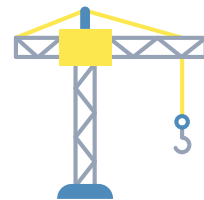
PBSA is cost-effective for students and profitable for developers, in that more individuals can be housed per square foot compared to average developments, leading to lower rents per student and greater stability than in the private rental market.⁶ Office conversions could also make sense for dormitory-style residences, when they might not be feasible for PBRs or condos.⁷ In addition, growing research indicates that communal student living results in better academic performance and well-being.⁸



Key Recommendations for Student Housing by the Task Force for Housing and Climate

Top recommendations in the National Task Force on Housing and Climate's *Blueprint for More and Better Homes* include:

- Provide a fund for municipalities to build additional student residences across Canada. (Federal)
- Collaborate with colleges and universities to ensure that there is enough available and attainable housing near campuses to support their enrollment plans. (Provincial)
- Bonus developers to build an increased total amount of purpose-built rental by building a minimum number of floors as student accommodation, following the best practices of Dublin, Ireland and Austin, Texas. (Municipal)



Endnotes

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4. Government of Canada, S. C., “A comparison of postsecondary enrolment trends...”
5. Alex Bruvels and Ouvedi Rama Naiken, “Capitalizing on the Underserved Student Housing Market in Canada: Industry Overview and Capital Raising Structures,” McMillan LLP, (2023, April 5). <https://mcmillan.ca/insights/capitalizing-on-the-underserved-student-housing-market-in-canada-industry-overview-and-capital-raising-structures/>
6. Erudera, “Study Reveals Students in Canada Pay 25% More for Housing Than the Rest of Renters,” Erudera, (2022), <https://erudera.com/news/study-reveals-students-in-canada-pay-25-more-for-housing-than-the-rest-of-renters/>
7. Frances Bula, “Solving the student housing crisis”, University Affairs, (2022), <https://www.universityaffairs.ca/features/feature-article/solving-the-student-housing-crisis/>
8. Shelagh McCartney, and Ximena Rosenvasser, “Why old, shared dorms are better than new, private student residences,” The Conversation and TMU, (2023, August 10), <https://theconversation.com/why-old-shared-dorms-are-better-than-new-private-student-residences-207567>

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