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Nuclear plant relocations may create a housing meltdown

Columnists Dr. Landlord Jul 3, 2019

By Chris Seepe

Four years ago, I attended a presentation about Darlington, Ont.'s nuclear plant refurbishment program. They projected 2,000+ full-time and perhaps 4,000 "transient" jobs would be created over the next 10 years. I asked the general contractor what their plans were for housing these additional people. He passed the question to one of his staff, who said they hadn't yet addressed that part of the plan.

On June 10, Ontario Power Generation (OPG) announced that it's moving all its "non-station" groups in Toronto, Niagara, Bruce, three Pickering offices and other Durham Region offices to a campus facility next to the existing Darlington Energy Complex in Clarington by 2024.

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This is good news for some people who will see career-enhancing opportunities. The refurbishment program will likely be an adrenaline-boosting injection of economic growth for the greater Clarington area (GCA), maybe even all of Durham.

And this news may also be welcomed by current homeowners and private sector residential housing providers too (I'm sick and tired of the stigmatism some media, all government levels and tenants attach to "landlord" for the invaluable but thankless service they collectively provide), as housing prices soar and rent rates rise due to overheated demand. But the fallout on the social fabric of the region will have profound consequences that may yield a significant deficit on the socio-political balance sheet.

I've repeatedly written, "Housing is the foundation of sustainable living, without which any society cannot survive or develop. A shortage of housing in an established society represents a significant security threat to all denizens from myriad social ills that arise from homelessness and unfulfilled home ownership aspirations."

These OPG-relocated people will compete successfully using their above-average incomes, lifestyles and other relocation incentives against the existing local citizenry who are already struggling to find an "affordable" (meaning something they can afford, not the government's fatally flawed definition) place to live.

A few weeks ago, the Ministry of Housing (MoH) reported that about 106,000 affordable housing units may disappear within the next seven years. What portion of that number applies to GCA? A director at MoH said someone would contact me about this but no one has.

Oshawa (next door to Clarington) shut down its affordable housing program. Last year Toronto removed 1,100 uninhabitable units from its affordable housing inventory (expect more to follow) because they can't sustain the capital maintenance costs. This is no surprise to people who actually know how to run a residential rental property: 20 per cent below market rent is financially unsustainable. Nothing from any level of government has convinced me that they even understand the market forces that are driving the housing crisis to a pandemic meltdown.

No one is building the desperately needed "missing middle" housing. These types of rental properties require 100-per-cent investment capital. How many luxury condos have been built? They require 20-per-cent down and no spade goes in the ground until 80 per cent of the units have been sold. We have plenty of luxury and rental condos.

What is absolutely certain is that beating private sector housing providers senseless for the last two decades with a regulatory truncheon until they bleed out into bankruptcy is forcing investors and good-intentioned operators to abandon the Ontario residential rental business in droves. But residential properties are in higher demand than ever before – that’s good, isn’t it? Not if the remaining operators are either neophytes who will learn the terrible truth about the dark side of Ontario landlording, or the percentage increases exponentially of low-end operators for whom the traditional perception of a landlord most likely applies.

The mortgage stress test appears to have had the desired effect of cooling housing prices. However, over 200,000 households were locked out of the house-purchasing market. That’s 200,000 more households that are still renting in markets with below one-per-cent vacancies. Residential rents in the GTA have increased five times more than the annual rent control guideline in the past two years. The tenant turnover rate has dropped by 50 per cent in the last year. No one’s moving because no one can afford to.

There could be some great short-term real estate investment opportunities in the GCA for fast-acting entrepreneurs and Realtors but the longer term social consequences could be quite grim. I don’t say this to be alarmist or sensationalistic. I’m offering facts and historical relevancy.

How many more portends from distant thunder (and blatant warnings) are required before our politicians and lawmakers find the political will and courage to think past their one-term mindset about what they can do for tenants today to ensure their next re-election, and start thinking about how tenants and frustrated homeowner wannabees are going to react when they discover there’s no place for them to live anywhere near where they work?

The writing is on the proverbial wall and the political powers don’t seem literate enough to read it.



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