



Our Home, Our Future: Projections of Rental Housing Demand and Core Housing Need

**REGIONAL DISTRICT OF OKANAGAN-
SIMILKAMEEN TO 2036**

SEPTEMBER 2012



BCNPHA

BC Non-Profit Housing Association

www.bcnpha.ca

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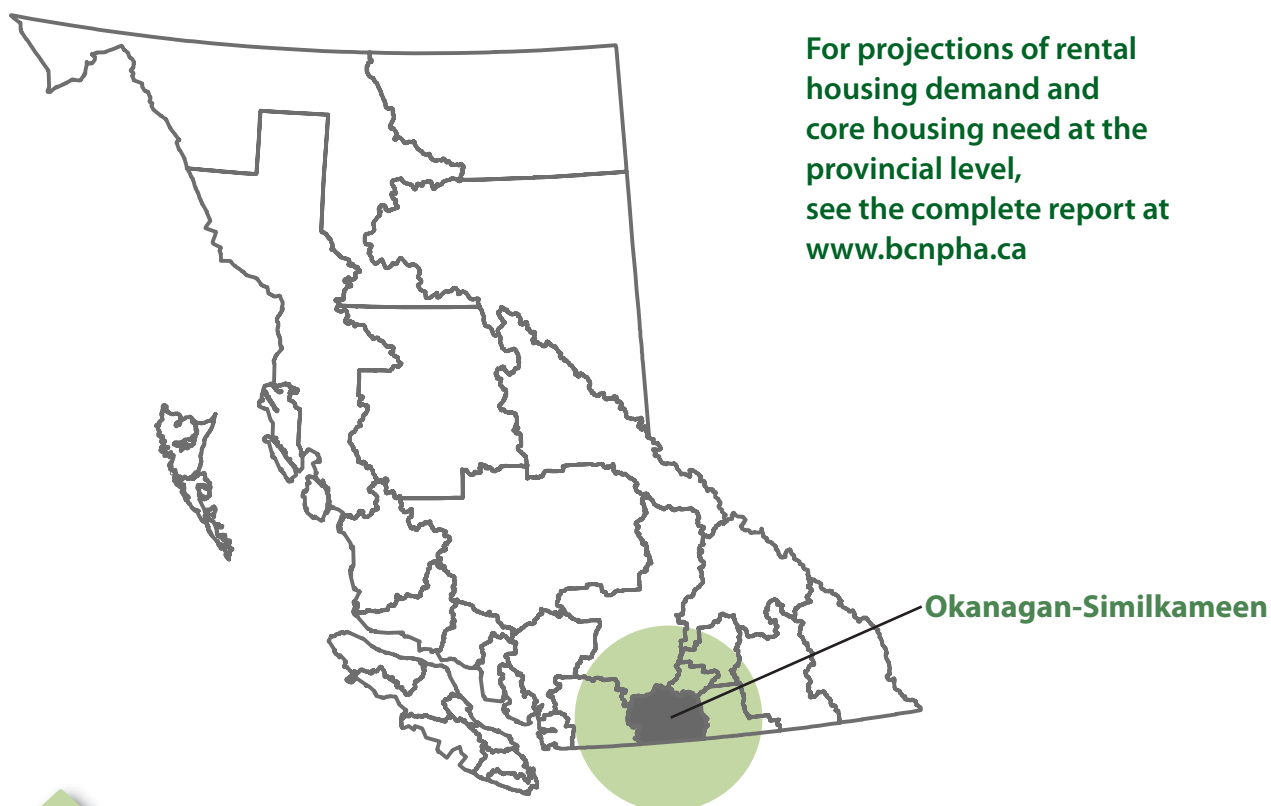
A vision for sustainable housing in communities across British Columbia

BC Non-Profit Housing Association's vision is that all households in the province have access to safe, secure and affordable housing.

Understanding future demand for housing in BC is critical to realizing our vision, so BCNPHA has created rental housing demand projections and core housing need projections to 2036 for the province as a whole and for each regional district.

These estimates will assist the public, private and non-profit sectors in their efforts to plan for affordable housing options that meet the needs of all citizens.

There are 29 regional districts in the province, with boundaries shown in the map below. The Regional District of Okanagan-Similkameen is situated in the south.



highlights

Two demographically driven scenarios were built to project rental housing demand and core housing need among renter households to 2036. These scenarios are illustrations of what might occur under certain conditions.

Scenario A: Constant Tenure considers how rental housing demand will change if tenure patterns stay constant and age-specific renter household maintainer rates are held at 2006 levels.

Scenario B: Shifting Tenure assumes tenure patterns will follow their historic trend, seen over the preceding decade, to 2036. In many cases this is a shift away from rental and towards ownership.

Both scenarios suggest that rental housing demand will grow into the future in Okanagan-Similkameen. Rental housing demand is estimated to range between 9,790 and 10,636 households in 2036, an increase of between 831 and 1,677 households, as seen in Table 1 below. Core housing need among renters is projected to range between 2,497 and 2,699 renter households by 2036, an increase of between 211 and 413 households.

In Scenario A: Constant Tenure rental housing demand grows more rapidly than populations growth, but the opposite is true for Scenario B. To the extent that vacancies cannot accommodate the additional demand, new stock will need to be developed. Additional renter households in core housing need will require some form of assistance to ensure that housing is affordable.

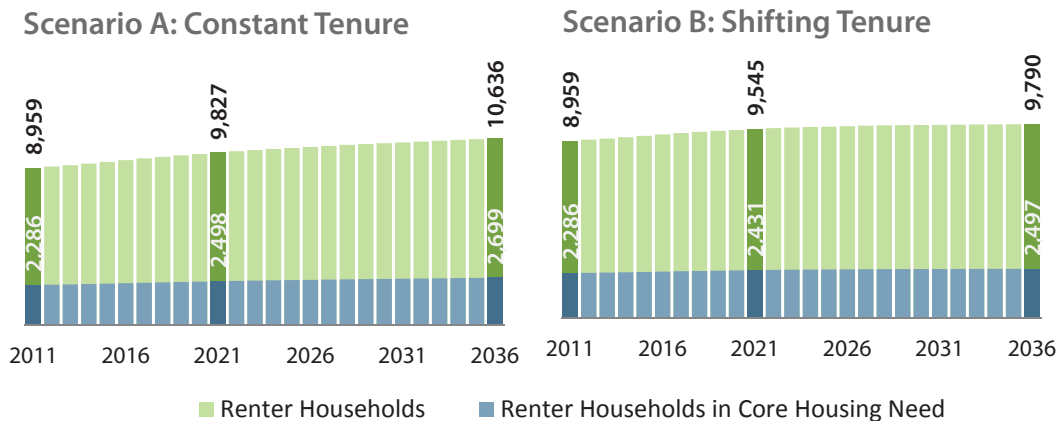


FIGURE 1
Rental Housing Demand and Core Housing Need (Okanagan-Similkameen, 2011 to 2036)

Year	Scenario A: Constant Tenure		Scenario B: Shifting Tenure	
	Rental Demand	Core Need	Rental Demand	Core Need
2011	8,959	2,286	8,959	2,286
2021	9,827	2,498	9,545	2,431
2036	10,636	2,699	9,790	2,497
Increase 2011-2036	1,677	413	831	211

TABLE 1
Rental Housing Demand and Core Housing Need (Okanagan-Similkameen, 2011 to 2036)



The projections for rental housing demand and renter households in core housing need in the Regional District of Okanagan-Similkameen partly reflect anticipated demographic change in the District. The population is projected to increase by 15%, from 81,632 in 2011 to 94,215 in 2036.

Between 1986 and 2006 the population grew by 19,415 people, fluctuating between a 0.5% annual decline and a 3.6% annual increase. Recent growth has averaged around 0.3% annually and is projected to grow to 0.8% in 2021, and then slow to 0.3% in 2036.

Based on 2006 Census data (the most recent available), Okanagan-Similkameen's population is older than the provincial population. In 2006, the median age in Okanagan-Similkameen was 49.7 versus 40.8 years provincially. Figure 3 shows that by 2036 there will be significant growth in the population age 70 and older. The population aged 25 to 49 will also increase.

Rental maintainer rates in Okanagan-Similkameen are highest among those aged 25 to 34. The rates steadily decline before rising slightly among seniors. An aging population will account for much of the growth in rental housing demand in Okanagan-Similkameen.

By 2036 there will be significant growth in the population 70 and older.

DEFINITIONS

Rental Housing Demand

Rental housing demand is a measure of the number of renter households. Because of potential vacancies in the rental stock and the demand for second homes, rental housing demand does not necessarily equate with demand for units.

Core Housing Need

Canada Mortgage and Housing Corporation defines a household as being in core housing need if "its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to pay the median rent of alternative local market housing that meets all three standards." (http://cmhc.beyond2020.com/HiCODefinitions_EN.html)

Household Maintainer Rates

Age-specific household maintainer rates are the percent of the population within a particular age cohort that identifies as a primary household maintainer. This number is useful for calculating the number of households in the region.

Statistics Canada defines the primary household maintainer as the "first person in the household identified as the one who pays the rent or the mortgage, or the taxes, or the electricity bill, and so on, for the dwelling." (www.statcan.gc.ca)



context

Demographic Drivers

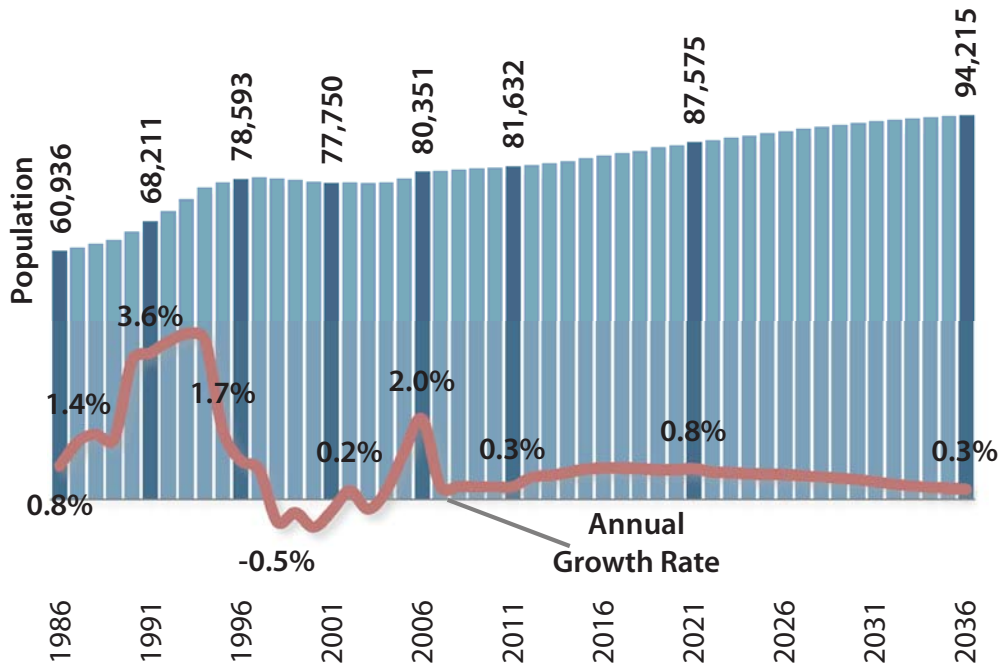


FIGURE 2

Total Population Change (Okanagan-Similkameen, 1986 to 2036)

Population will grow slowly over the next 25 years.

	Total Population			Avg Annual Growth		
	2011	2021	2036	2011-2021	2021-2036	2011-2036
Okanagan-Similkameen	81,632	87,575	94,215	0.7%	0.5%	0.6%

TABLE 2

Population Change (Okanagan-Similkameen, 2011 to 2036)

Okanagan-Similkameen will experience an average annual growth rate of 0.6% over the next 25 years.

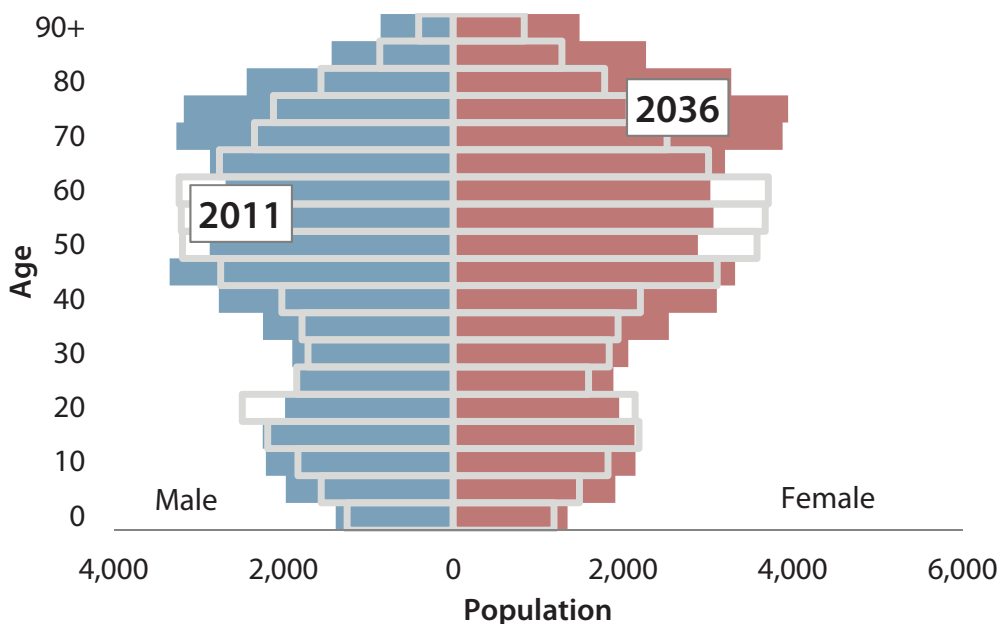


FIGURE 3

Regional Age Profile (Okanagan-Similkameen, 2011 and 2036)

Over the next 25 years, Okanagan-Similkameen will age considerably, with a large increase in those aged 70 and over.



projections

Rental Housing Demand

Rental housing demand in Okanagan-Similkameen is projected to increase by 9% to 19% over the next 25 years through two different scenarios, compared to population growth of 15% over the same period.

Figure 4 shows that rental housing demand declined from 2001 to 2006, reflecting demographic changes. The decline in rental housing demand was caused by a relatively steady population with declining rental household maintainer rates.

Figure 5 depicts the age breakdown of rental housing demand in 2011 and 2036, showing that much of the growth in rental demand will occur among senior households.

Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase by 19% from 8,959 households in 2011 to 10,636 households in 2036 when tenure patterns are held constant.¹ This translates to an average annual increase in rental housing demand of 67 households between 2011 and 2036.

Scenario B: Shifting Tenure

Total rental household maintainer rates for BC declined from 16.4% of households in 1996 to 14.4% in 2006. The shift can be seen in Okanagan-Similkameen and is consistent across most age groups. Scenario B assumes this trend will continue to 2036, thereby slowing the growth in rental housing demand. Since the overall population is projected to grow, however, total rental housing demand will still increase from 8,959 households in 2011 to 9,790 households by 2036, a 9% increase. This slower growth translates into an average annual increase of 33 rental households between 2011 and 2036.

Rental housing demand is projected to increase by 831 to 1,677 households over the next 25 years.

	Total Households			Additional Households			Avg Annual Additional Households		
	2011	2021	2036	2011-2021	2021-2036	2011-2036	2011-2021	2021-2036	2011-2036
Scenario A: Constant Tenure	8,959	9,827	10,636	868	809	1,677	87	54	67
Scenario B: Shifting Tenure	8,959	9,545	9,790	586	245	831	59	16	33

TABLE 3
Rental Housing Demand (Okanagan-Similkameen, 2011 to 2036)

Rental housing demand is projected to increase by 33 to 67 households annually over the next 25 years.

¹ All 2011 figures are projections as the 2011 Census housing tenure and income variables were unavailable at the time the projections were complete.



projections

Rental Housing Demand

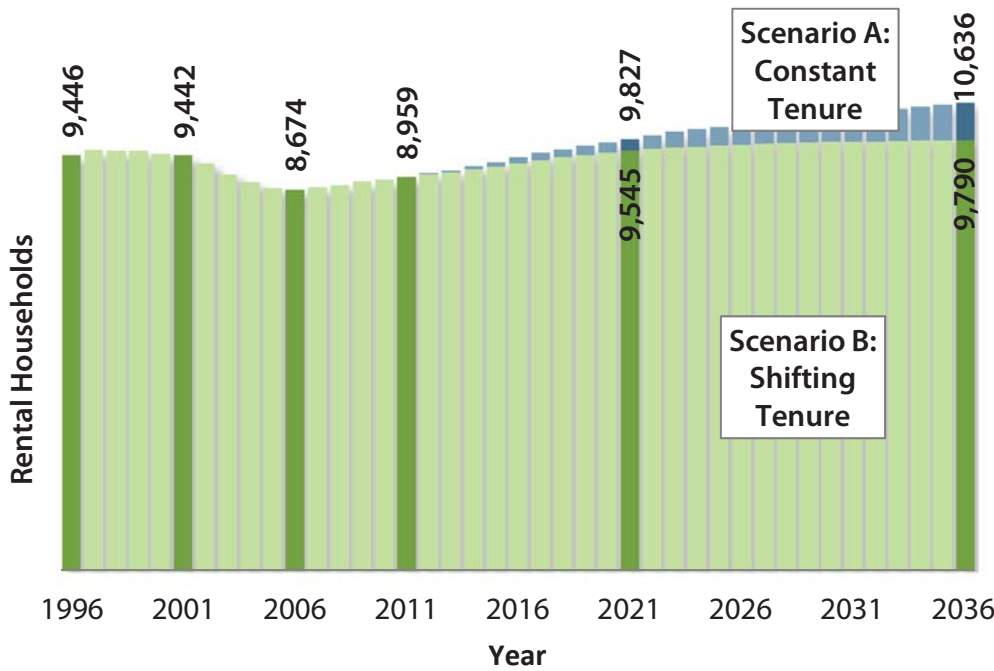


FIGURE 4

Rental Housing Demand (Okanagan-Similkameen, 1996 to 2036)

Both scenarios project growth in rental housing demand, with Scenario A envisioning greater growth over the next 25 years.

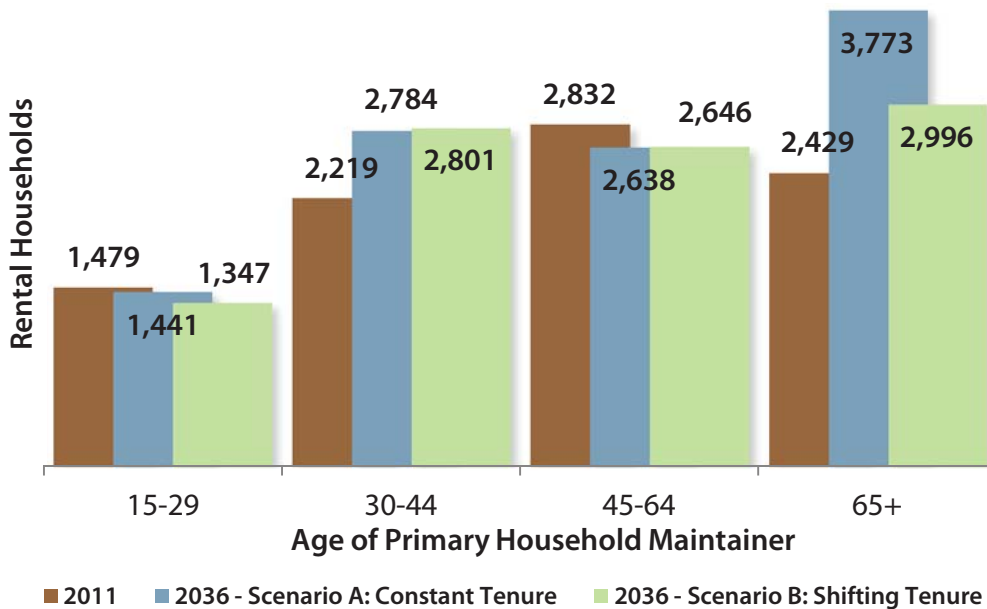


FIGURE 5

Rental Housing Demand by Age (Okanagan-Similkameen, 2011, 2036)

By 2036 both scenarios project a large increase in demand by seniors for rental housing.



projections

Core Housing Need

Some renter households will be in core housing need due to affordability, adequacy or suitability problems. Core housing need among renters in Okanagan-Similkameen is projected to increase 9% to 18% over the next 25 years.

Despite quite steady rental housing demand from 1996 to 2001, the number of renter households in core housing need declined in Okanagan-Similkameen during this period. The decline was due to an overall decrease in the incidence of core housing need among renter households. Core housing need continued to decline from 2001 to 2006, mirroring the decline in rental housing demand and amplified by continued decline in the incidence of core housing need.

Both scenarios hold the age-specific shares of renter households in core need constant at 2006 levels. It is estimated that 2,286 renter households in Okanagan-Similkameen were in core housing need in 2011.²

Figure 7 depicts the age-specific breakdown of renter households in core housing need. Due to the aging of the population, most of the increase in core housing need will be among senior households. The number of renter households in core housing need will decline in some of the younger age groups.

Scenario A: Constant Tenure

Scenario A reveals a total increase of 413 renter households in core need, from 2,286 households in 2011 to 2,699 households by 2036, an 18% increase. This is an average annual increase of 17 renter households.

Scenario B: Shifting Tenure

Scenario B projects an annual increase of 8 renter households in core housing need. This is a total of 2,497 renter households by 2036, a 9% total increase.

	Total Households in Core Need			Additional Households in Core Need			Avg Annual Additional Households in Core Need		
	2011	2021	2036	2011-2021	2021-2036	2011-2036	2011-2021	2021-2036	2011-2036
Scenario A: Constant Tenure	2,286	2,498	2,699	212	201	413	21	13	17
Scenario B: Shifting Tenure	2,286	2,431	2,497	145	66	211	15	4	8

Core housing need among renters is projected to increase by 211 to 413 households over the next 25 years.

TABLE 4
Renter Households in Core Housing Need (Okanagan-Similkameen, 2011 to 2036)
 Core housing need is projected to increase between 8 and 17 renter households annually over the next 25 years.

² 2011 figures are projections as the 2011 Census housing tenure and income variables were unavailable at the time the projections were complete.



projections

Core Housing Need

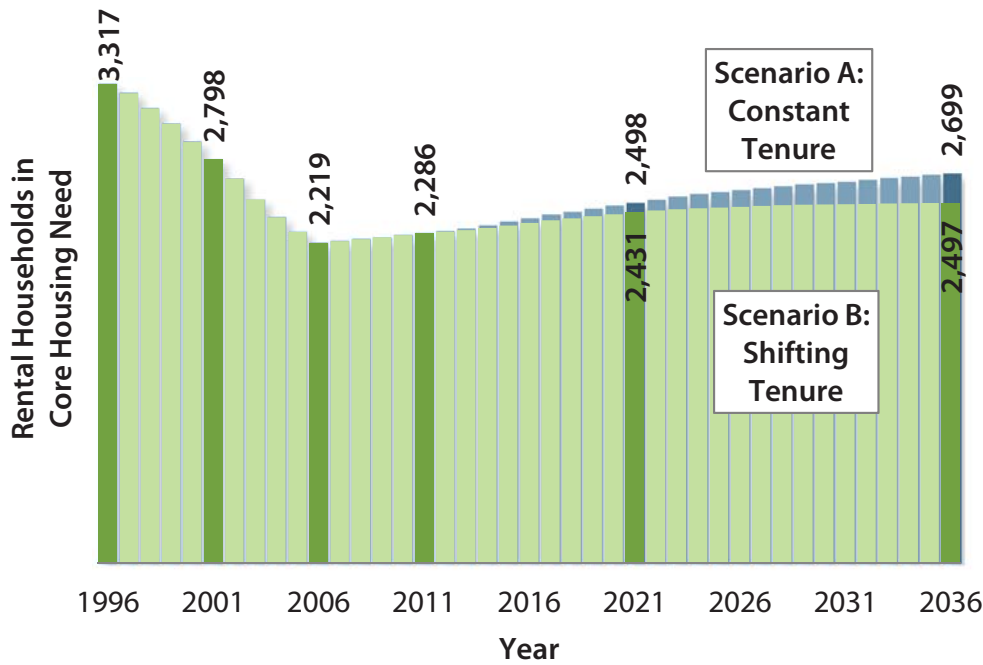


FIGURE 6

Core Housing Need (Okanagan-Similkameen, 1996 to 2036)

Both scenarios project a gradual increase in the number of renter households in core housing need.

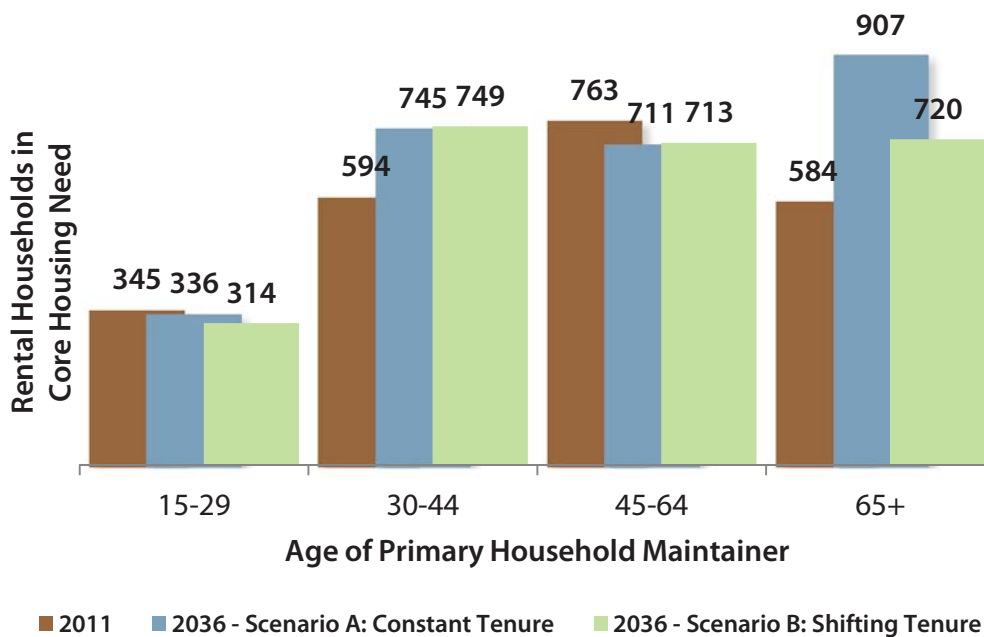


FIGURE 7

Renter Households in Core Housing Need by Age (Okanagan-Similkameen, 2011, 2036)

There will be a large increase in senior households in core housing need by 2036.



The projections for rental housing demand and core housing need are the output of models built with particular assumptions, and are intended as illustrations of what might occur if certain trends continue.

Rental housing demand estimates were built using a demographic approach. Changes in demographics and tenure patterns are the main drivers in this model. The BC Stats PEOPLE 36 model projecting population growth in regional districts was used as a base, and adjusted using total population numbers released in February 2012 from the 2011 Census. The PEOPLE projections incorporate regional migration assumptions that are influenced by historical migration trends as well as information on future developments like resource sector activities, transportation infrastructure investment and planning policies.

Historical age-specific Census household maintainer numbers were used to calculate historical household maintainer rates (the portion of the age group that considers itself a primary household maintainer). Figure 8 illustrates the historical rates in Okanagan-Similkameen. These rates were then applied to the total population to calculate an estimate of future rental household demand. All 2011 figures are projections as the 2011 Census housing tenure and income variable were unavailable at the time the projections were completed.

Scenario A calculated future renter households holding the estimated 2011 rates constant. Scenario B considered what would happen if trends in renter maintainer rates, visible in the different historic rates, continued through to 2036.

Core housing need estimates were calculated by applying the share of renter households in core housing need in 2006, held constant to 2011 and shown in Figure 9, to the two rental housing scenarios, and holding it constant over the projection period. This assumption is a conservative one, as the incidence of core housing need in BC in 2006 was the lowest it has been since the figures have been produced.³

Additional data tables are available in the appendix of this report.

³ CMHC 2011. Canadian Housing Observer. Households in Core Housing Need, Canada, Provinces, Territories and Metropolitan Areas, 1991-2006.

More detail on the methodology behind these projections is available in the full report at www.bcpnha.ca.

Projections created with technical support from Urban Futures.

Contact BCNPHA Research Department for more information: jill@bcnpha.ca.

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Changes in demographics and tenure patterns are the main drivers in this model.



methods

Our Model

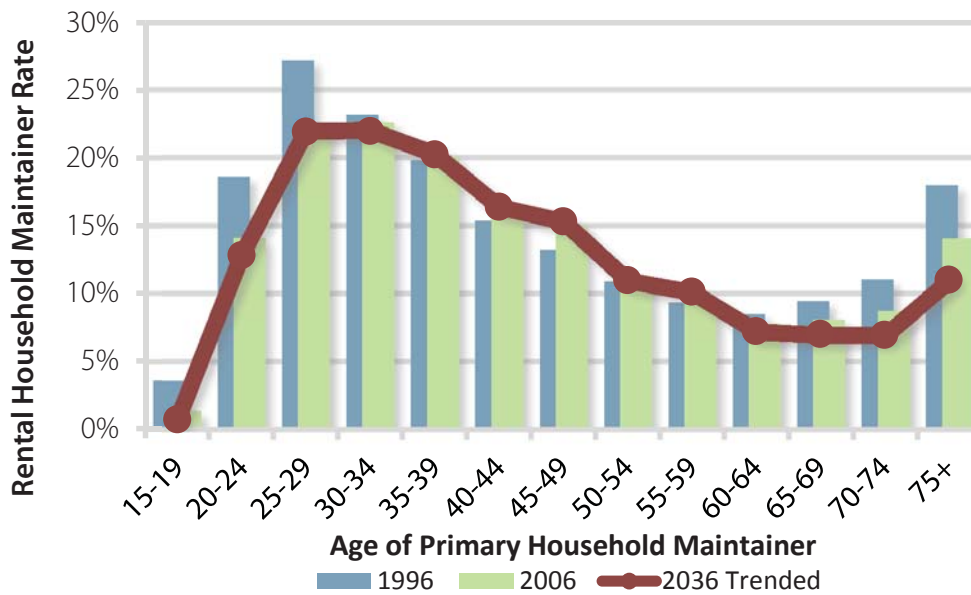


FIGURE 8

Rental Household Maintainer Rates (Okanagan-Similkameen, 1996, 2006, 2036)

Rental household maintainer rates are projected to increase among some age groups and decline among others by 2036.

(For detailed age-specific maintainer rates used to build the projections, see the appendix in the full report at www.bcnpha.ca.)

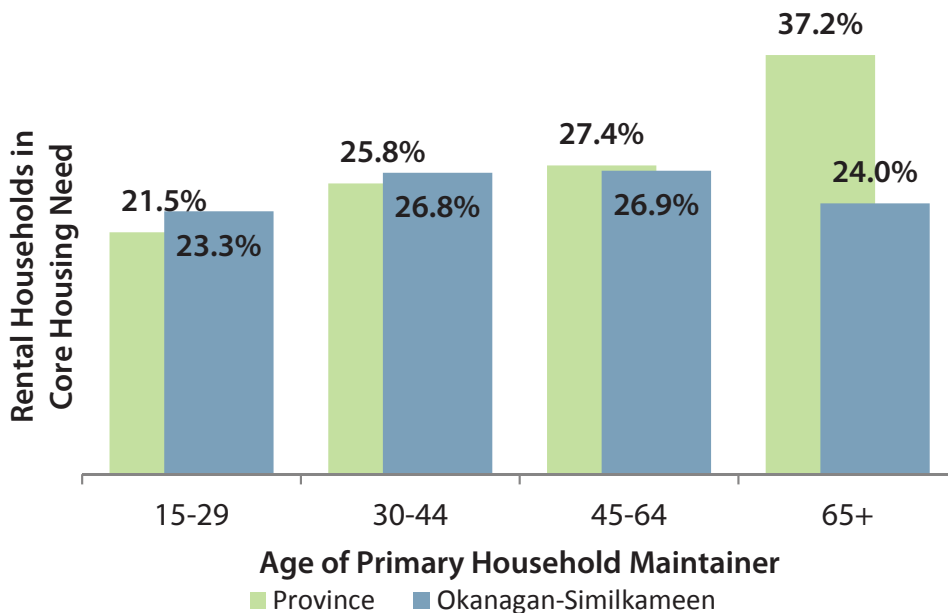


FIGURE 9

Share of Renter Households in Core Housing Need (BC and Okanagan-Similkameen, 2011)

In Okanagan-Similkameen proportionally fewer senior renter households are in core housing need than province-wide.



appendix **Data**

This appendix contains additional detailed projections generated by our model, including population projections by age group, renter and owner household projections, and renter and owner core housing need projections.

For projections of rental housing demand and core housing need at the provincial level, and more detail about the methodology employed, see the complete report at www.bcnpha.ca

Age Group	Total Projected Population			Avg Annual Growth		
	2011	2021	2036	2011-2021	2021-2036	2011-2036
0-14	9,726	10,903	11,609	1.1%	0.4%	0.7%
15-29	12,439	11,364	12,020	-0.9%	0.4%	-0.1%
30-44	11,496	14,306	14,605	2.2%	0.1%	1.0%
45-64	26,430	23,364	23,894	-1.2%	0.1%	-0.4%
65+	21,541	27,638	32,087	2.5%	1.0%	1.6%
All Ages	81,632	87,575	94,215	0.7%	0.5%	0.6%

TABLE 6
Population Projections by Age Group (Okanagan-Similkameen, 2011 to 2036)

Tenure	Year	Total Households			Additional Households			Avg Annual Additional Households		
		2011	2021	2036	2011-2021	2021-2036	2011-2036	2011-2021	2021-2036	2011-2036
Rental	Scenario A: Constant Tenure	8,959	9,827	10,636	868	810	1,678	87	54	67
	Scenario B: Shifting Tenure	8,959	9,545	9,790	586	245	831	59	16	33
Ownership	Scenario A: Constant Tenure	27,665	30,437	32,946	2,772	2,509	5,282	277	167	211
	Scenario B: Shifting Tenure	27,665	30,719	33,793	3,054	3,074	6,128	305	205	245

TABLE 7
Household Projections (Okanagan-Similkameen, 2011 to 2036)

Tenure	Year	Total Households in Core Need			Additional Households in Core Need			Avg Annual Additional Households in Core Need		
		2011	2021	2036	2011-2021	2021-2036	2011-2036	2011-2021	2021-2036	2011-2036
Rental	Scenario A: Constant Tenure	2,286	2,498	2,699	212	201	413	21	13	17
	Scenario B: Shifting Tenure	2,286	2,431	2,497	145	66	211	15	4	8
Ownership	Scenario A: Constant Tenure	1,611	1,740	1,862	129	122	251	13	8	10
	Scenario B: Shifting Tenure	1,611	1,754	1,902	143	148	291	14	10	12
Total	Scenario A: Constant Tenure	3,896	4,238	4,561	342	323	665	34	22	27
	Scenario B: Shifting Tenure	3,896	4,184	4,399	288	214	502	29	14	20

TABLE 8
Households in Core Housing Need Projections (Okanagan-Similkameen, 2011 to 2036)

