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

REGIONAL DISTRICT OF KOOTENAY BOUNDARY TO 2036
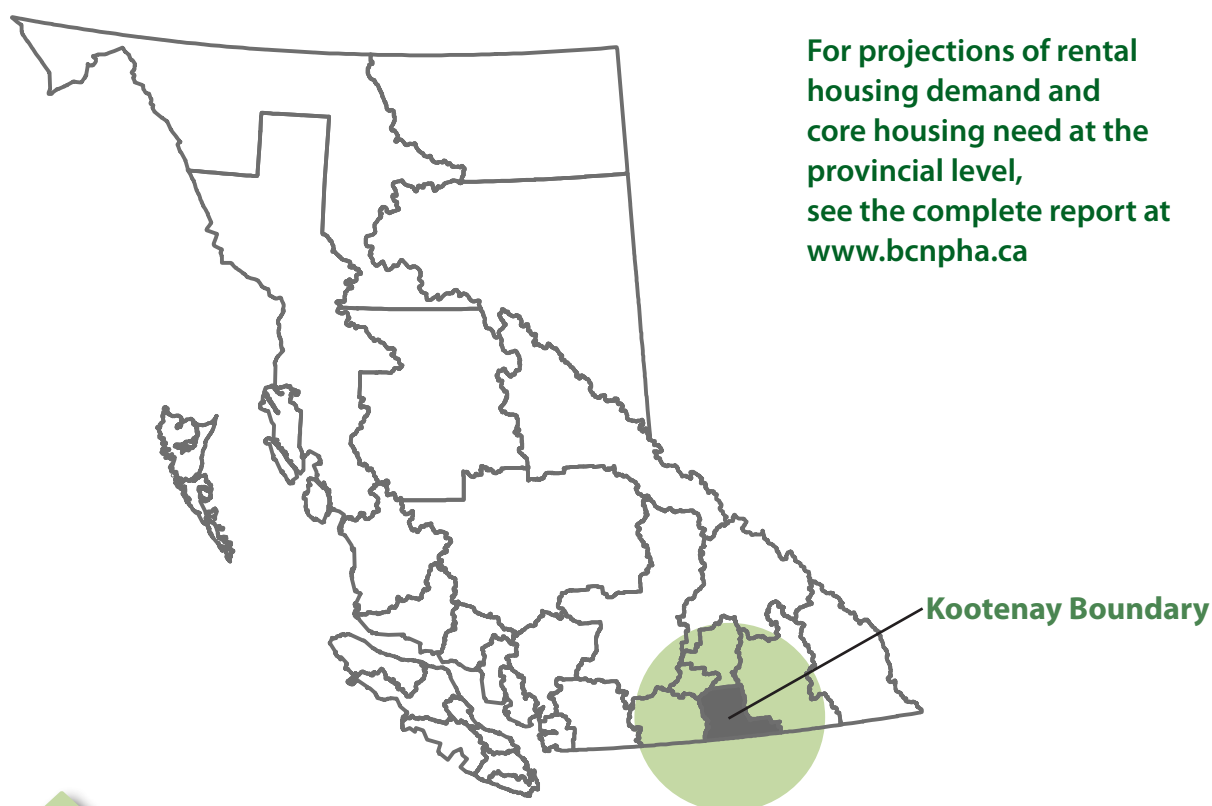
SEPTEMBER 2012

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 Kootenay Boundary is situated in the central south.

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

Kootenay Boundary

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 the trend seem 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 Kootenay-Boundary. Rental housing demand is estimated to range between 2,716 and 2,822 households in 2036, an increase of between 167 and 273 households, as seen in Table 1 below. Core housing need among renters is projected to increase to between 717 and 734 renter households by 2036, an increase of between 45 and 62 households.

In Scenario A: Constant Tenure, rental housing demand grows more rapidly than population growth. In Scenario B: Shifting Tenure the growth in rental housing demand is slightly less than the growth in population. 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.
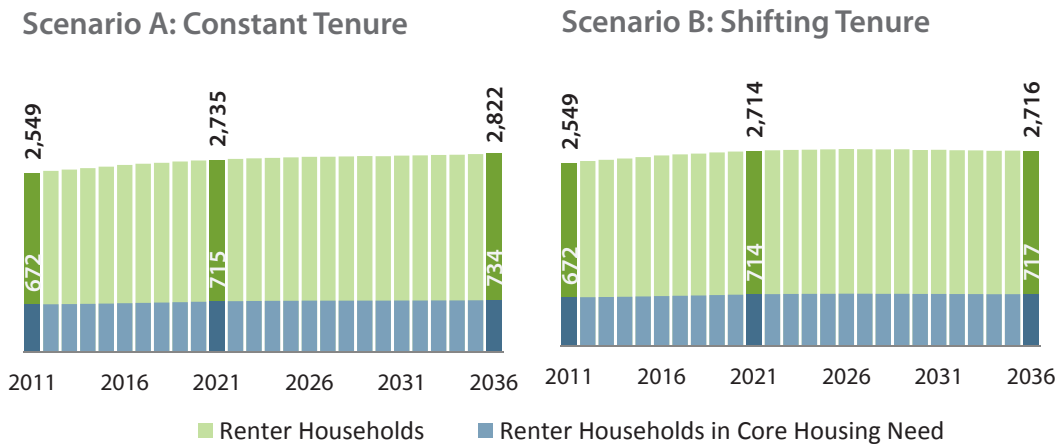

Scenario A: Constant Tenure — Scenario B: Shifting Tenure

Legend: Renter Households / Renter Households in Core Housing Need

FIGURE 1

Rental Housing Demand and Core Housing Need (Kootenay Boundary, 2011 to 2036)

Year	Scenario A: Constant Tenure		Scenario B: Shifting Tenure	
	Rental Demand	Core Need	Rental Demand	Core Need
2011	2,549	672	2,549	672
2021	2,735	715	2,714	714
2036	2,822	734	2,716	717
Increase 2011-2036	273	62	167	45

TABLE 1

Rental Housing Demand and Core Housing Need (Kootenay Boundary, 2011 to 2036)

context | **Demographic Drivers**

The projections for rental housing demand and renter households in core housing need in the Regional District of Kootenay Boundary partly reflect anticipated demographic change in the District. The population is projected to increase by 8%, from 31,220 in 2011 to 33,583 in 2036, as seen in Figure 2.

Between 1996 and 2006 the population declined by 3,241 people, fluctuating between a 1.8% annual decline and a 1.0% annual increase. Recent growth has averaged around 0.3% annually and is projected to slow to 0.2% in 2036.

Based on 2006 Census data (the most recent available), Kootenay Boundary's population is older than the provincial population. In 2006, the median age in Kootenay Boundary was 47.3 versus 40.8 years provincially. Figure 3 shows that by 2036 there will be significant growth in the population of people over 70. The number of people aged 30 to 49 will also grow. There will a decline in the 15 to 29 and 50 to 64 age groups.

Rental maintainer rates in Kootenay Boundary are highest among those aged 30 to 34. The rates steadily decline before again beginning to rise among seniors. An aging population will account for much of the growth in rental housing demand in Kootenay Boundary.

By 2036 there will be significant growth in the population over 70 years old.

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)
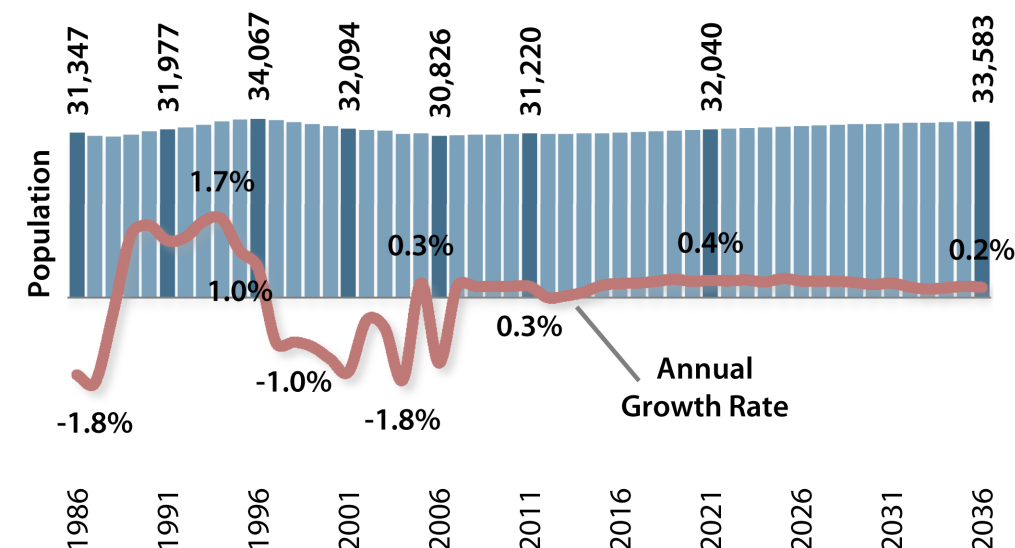
context | Demographic Drivers

FIGURE 2

Total Population Change (Kootenay Boundary, 1986 to 2036)

Population will grow slowly over the next 25 years.

TABLE 2

Population Change (Kootenay Boundary, 2011 to 2036)

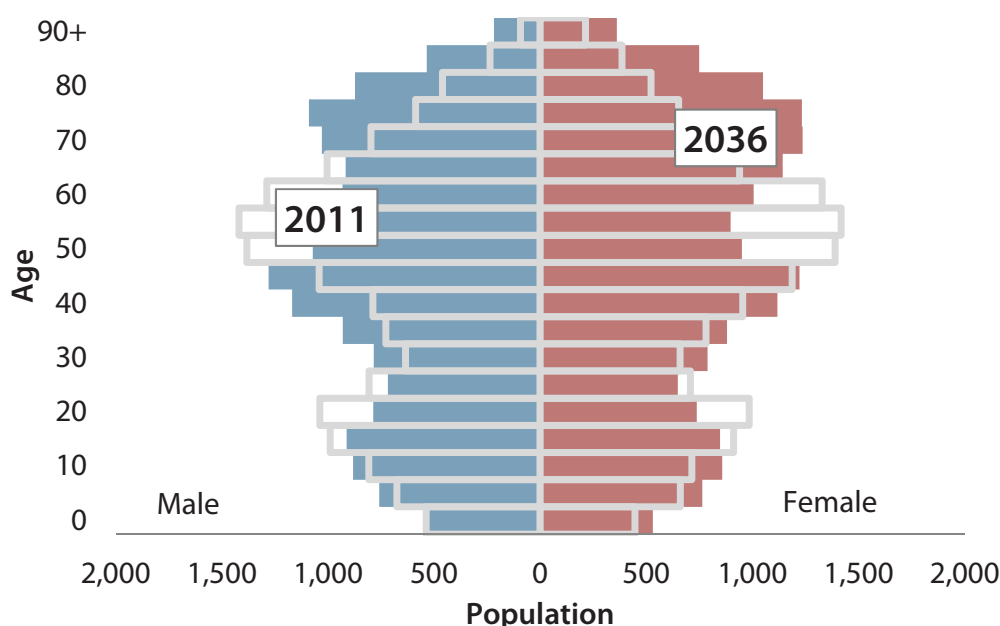Kootenay Boundary will experience an average annual growth rate of 0.3% over the next 25 years.

	Total Population			Avg Annual Growth		
	2011	2021	2036	2011-2021	2021-2036	2011-2036
Kootenay Boundary	31,220	32,040	33,583	0.3%	0.3%	0.3%

FIGURE 3

Regional Age Profile (Kootenay Boundary, 2011 and 2036)

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

projections | Rental Housing Demand

Rental housing demand in Kootenay Boundary is projected to increase by 7% to 11% over the next 25 years through two different scenarios, compared to population growth of 8% over the same period.

Figure 4 shows that rental housing demand declined from 1996 to 2006, which reflects demographic changes. The population declined slightly during this period, predominantly amongst young and middle-aged people. Because households maintained by young people have a greater tendency to rent, the decline in rental housing demand was greater than the decline in overall population.

Figure 5 depicts the age breakdown of rental housing demand in 2011 and 2036, showing that most of the growth in rental demand will occur among senior households. Households with maintainers aged 15 to 29 and 45 to 64 are projected to experience a decline in rental housing demand.

Scenario A: Constant Tenure

As seen in Table 3 below, Scenario A projects that rental housing demand will increase by 11%, from 2,549 households in 2011 to 2,822 households in 2036 when tenure patterns are held constant.[1] The bulk of rental housing demand growth will occur in the next 10 years.

Scenario B: Shifting Tenure

The propensity of households to rent in BC declined from 16.4% of households in 1996 to 14.4% in 2006. The shift can be seen in some age groups in Kootenay Boundary. In other age groups the shift is towards rental, creating a muted overall effect. Scenario B assumes these shifts will continue to 2036. Because the population profile will change over time, rental housing demand in Scenario B increases slightly from 2,549 households in 2011 to 2,714 households in 2021 and then remains flat at 2,716 households by 2036, an overall increase of 7%. This slower growth translates into an average annual increase of 7 rental households between 2011 and 2036.

Rental housing demand is projected to increase by 165 to 186 households over the next 10 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	2,549	2,735	2,822	186	87	273	19	6	11
Scenario B: Shifting Tenure	2,549	2,714	2,716	165	2	167	17	0	7

TABLE 3

Rental Housing Demand (Kootenay Boundary, 2011 to 2036)

Rental housing demand is projected to increase by 17 to 19 households annually over the next 10 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.
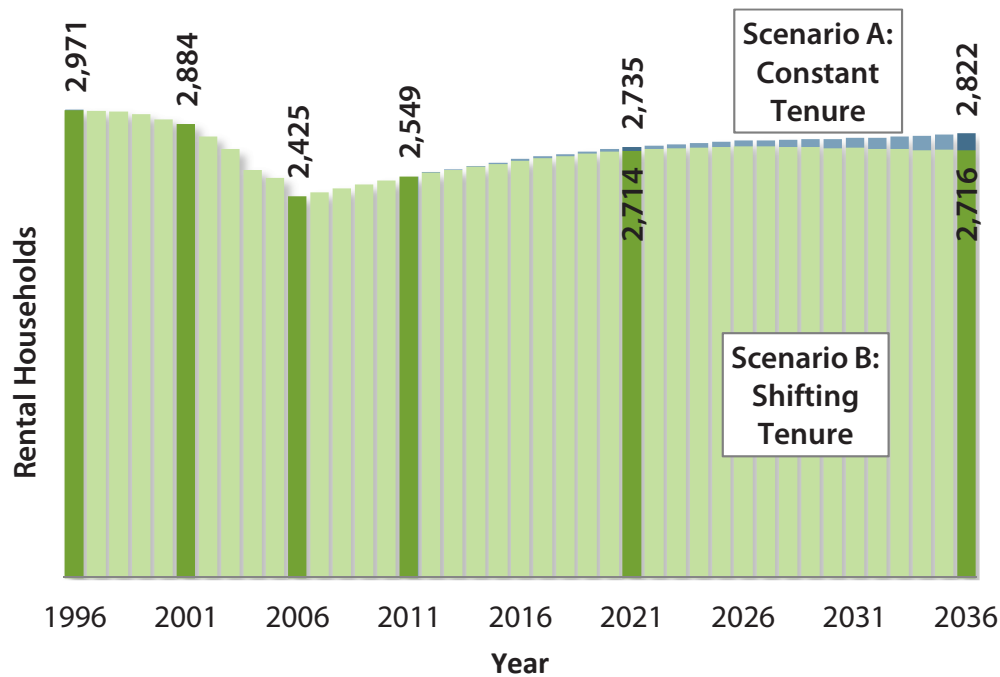
projections | **Rental Housing Demand**

Rental Housing Demand (Kootenay Boundary, 1996 to 2036)

Both scenarios project growth in rental housing demand until 2021, at which point they diverge slightly.
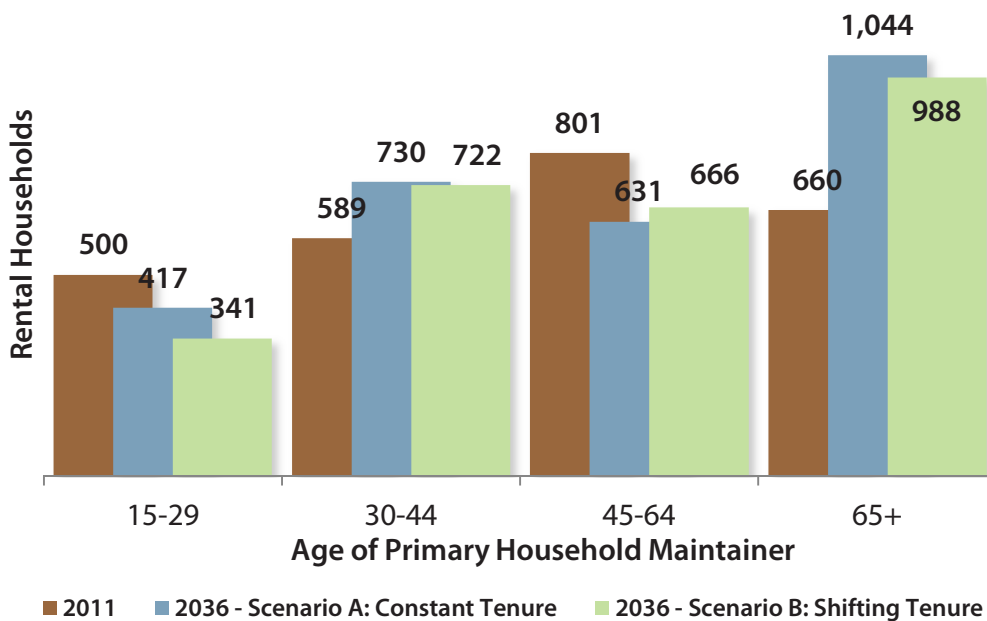
Rental Housing Demand by Age (Kootenay Boundary, 2011, 2036)

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

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 is projected to increase by 7% to 9% over the next 25 years.

Figure 6 shows that the number of renter households in core housing need declined in Kootenay Boundary between 1996 and 2006, mirroring the rental housing demand decline.

Both scenarios hold the age-specific shares of renter households in core need constant at 2006 levels. It is estimated that 672 renter households in Kootenay Boundary were in core housing need in 2011.[2]

Figure 7 depicts the age-specific breakdown of renter households in core housing need. Core housing need is projected to increase among senior households and households maintained by 30 to 44 year olds. Due to the aging of the population, most of the increase in core housing need will be among senior households.

Scenario A: Constant Tenure

Scenario A reveals an increase of 62 renter households in core need, from 672 households in 2011 to 734 households by 2036, a total increase of 9%.

Scenario B: Shifting Tenure

Scenario B reveals a smaller overall increase of 45 renter households in core housing need by 2036, an increase of 7%. The annual increase in renter households in core housing need is projected to be 2 households over the next 25 years, for a total of 717 renter households in 2036.

Core housing need among renters is projected to increase by 42 to 43 households over the next 10 years.

	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	672	715	734	43	19	62	4	1	2
Scenario B: Shifting Tenure	672	714	717	42	3	45	4	0	2

TABLE 4

Renter Households in Core Housing Need (Kootenay Boundary, 2011 to 2036)

Core housing need is projected to increase by 4 renter households annually over the next 10 years.

[2] 2011 figures are projections as the 2011 Census housing tenure and income variables were unavailable at the time the projections were complete.
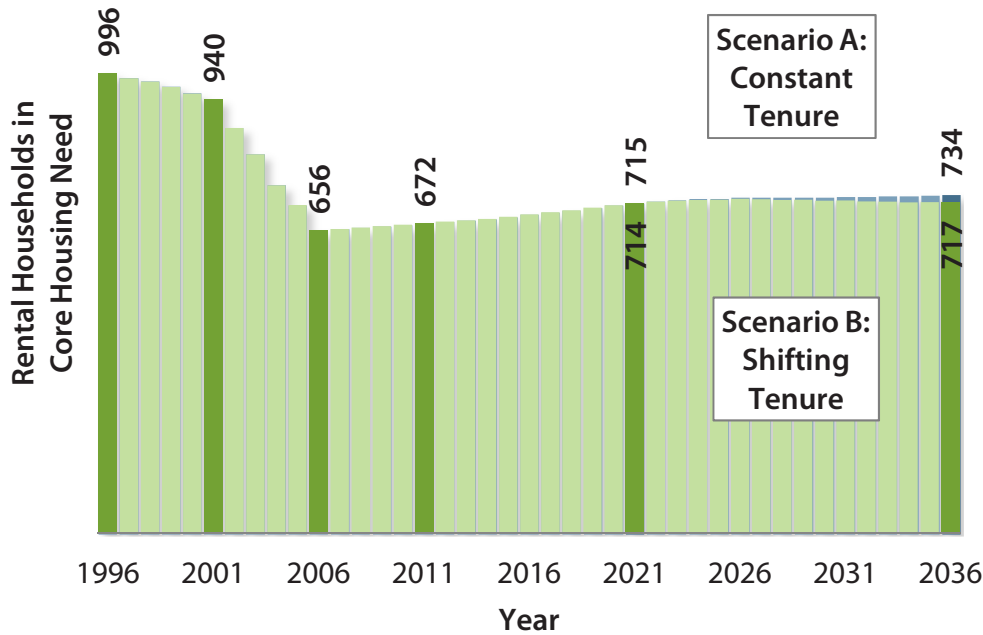
projections | Core Housing Need

FIGURE 6

Core Housing Need (Kootenay Boundary, 1996 to 2036)

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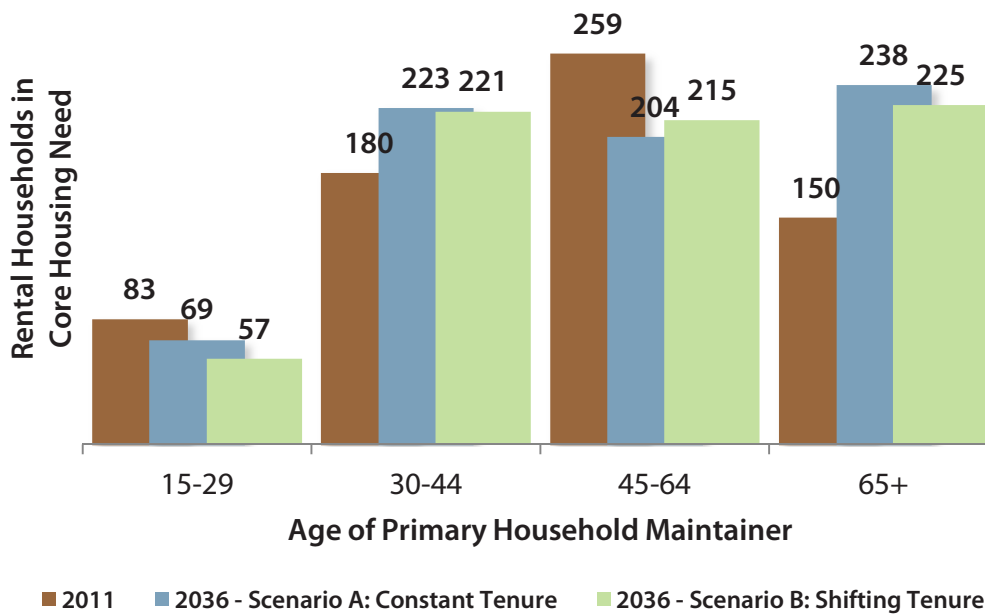

FIGURE 7

Renter Households in Core Housing Need by Age (Kootenay Boundary, 2011, 2036)

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

Legend: ■ 2011 ■ 2036 - Scenario A: Constant Tenure ■ 2036 - Scenario B: Shifting Tenure

methods | **Our Model**

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 asumptions 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 Kootenay Boundary. 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.

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

[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.
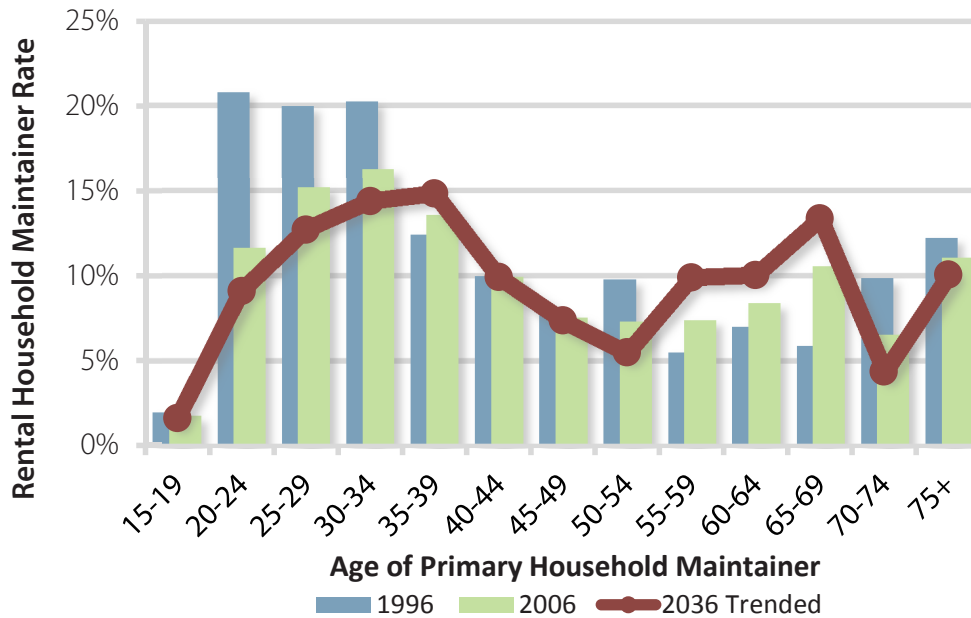
methods | **Our Model**

FIGURE 8

Rental Household Maintainer Rates (Kootenay Boundary, 1996, 2006, 2036)

Rental household maintainer rates are projected to increase among some age groups and decline in 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.)
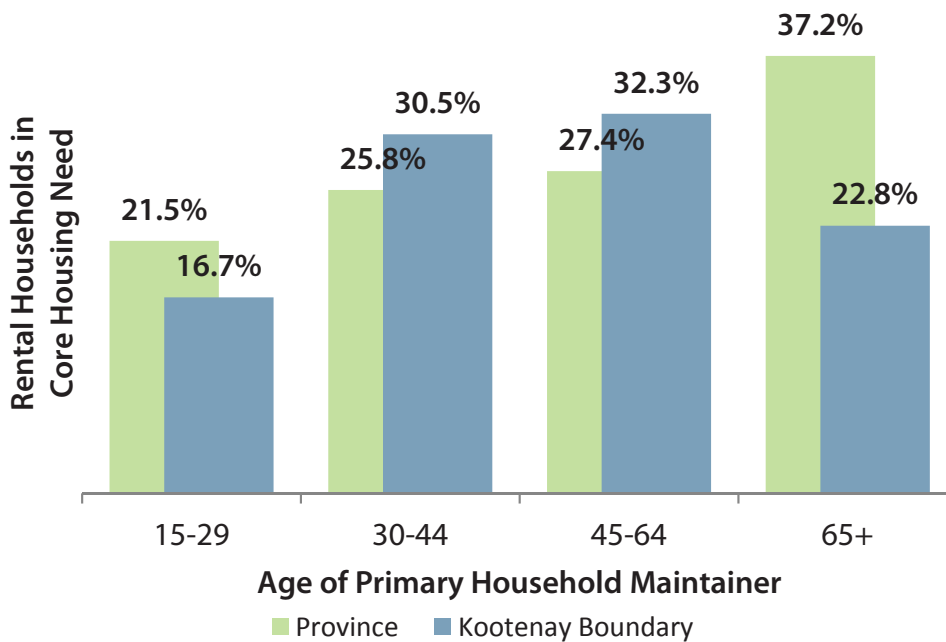

FIGURE 9

Share of Renter Households in Core Housing Need (BC and Kootenay Boundary, 2011)

In Kootenay Boundary proportionally fewer senior renter households are in core housing need than in the province overall.

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	4,105	4,441	4,594	0.8%	0.2%	0.5%
15-29	5,437	4,598	4,649	-1.7%	0.1%	-0.6%
30-44	4,544	5,391	5,671	1.7%	0.3%	0.9%
45-64	10,454	8,620	8,239	-1.9%	-0.3%	-0.9%
65+	6,680	8,990	10,430	3.0%	1.0%	1.8%
All Ages	31,220	32,040	33,583	0.3%	0.3%	0.3%

TABLE 6

Population Projections by Age Group (Kootenay Boundary, 2011 to 2036)

Tenure	Scenario	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	2,549	2,735	2,822	186	87	273	19	6	11
	Scenario B: Shifting Tenure	2,549	2,714	2,716	164	2	167	16	0	7
Ownership	Scenario A: Constant Tenure	11,431	12,165	12,891	734	726	1,460	73	48	58
	Scenario B: Shifting Tenure	11,431	12,186	12,997	755	811	1,566	76	54	63
Total	Both Scenarios	13,980	14,900	15,713	920	813	1,733	92	54	69

TABLE 7

Household Projections (Kootenay Boundary, 2011 to 2036)

Tenure	Scenario	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	672	715	734	43	19	62	4	1	2
	Scenario B: Shifting Tenure	672	714	717	42	3	45	4	0	2
Ownership	Scenario A: Constant Tenure	948	1,003	1,052	56	48	104	6	3	4
	Scenario B: Shifting Tenure	948	1,007	1,064	59	57	116	6	4	5
Total	Scenario A: Constant Tenure	1,620	1,719	1,785	99	67	166	10	4	7
	Scenario B: Shifting Tenure	1,620	1,721	1,781	101	60	161	10	4	6

TABLE 8

Households in Core Housing Need Projections (Kootenay Boundary, 2011 to 2036)