



# **Our Home, Our Future:**

## Projections of Rental Housing Demand and Core Housing Need

**CAPITAL REGIONAL DISTRICT TO 2036**

**SEPTEMBER 2012**



**BCNPHA**

BC Non-Profit Housing Association

[www.bcnpha.ca](http://www.bcnpha.ca)

LEADING, SUPPORTING AND  
SERVING THE NON-PROFIT  
HOUSING SECTOR

303 - 3680 E. Hastings Street  
Vancouver, BC V5K 2A9

TEL 604.291.2600

TOLL-FREE (BC) 1.800.494.8859

FAX 604.291.2636

# 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 Capital Regional District is situated in the southwest.



**For projections of rental housing demand and core housing need at the provincial level, see the complete report at [www.bcnpha.ca](http://www.bcnpha.ca)**

Capital Regional District



# highlights

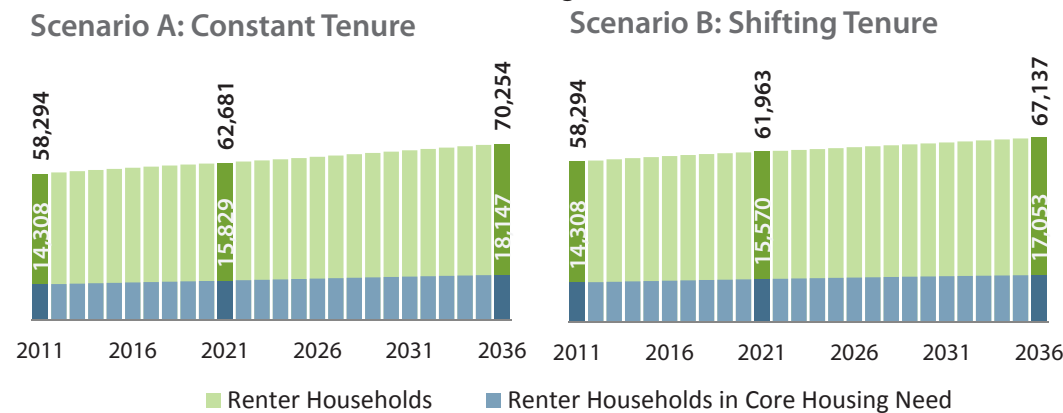
Two demographically driven scenarios were built to project rental housing demand and core housing need among renter households to 2036. These scenarios are illustrations of what might occur under certain conditions.

**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 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 the Capital Regional District. Rental housing demand is estimated to range between 67,137 and 70,254 households in 2036, an increase of between 8,843 and 11,960 households, as seen in Table 1 below. Core housing need is projected to range from 17,053 to 18,147 renter households by 2036, an increase of between 2,745 and 3,839 households.

In both scenarios, rental housing demand grows less than population growth. 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 (Capital, 2011 to 2036)

Year	Scenario A: Constant Tenure		Scenario B: Shifting Tenure	
	Rental Demand	Core Need	Rental Demand	Core Need
2011	58,294	14,308	58,294	14,308
2021	62,681	15,829	61,963	15,570
2036	70,254	18,147	67,137	17,053
Increase 2011-2036	11,960	3,839	8,843	2,745

**TABLE 1**  
Rental Housing Demand and Core Housing Need (Capital, 2011 to 2036)



context

Demographic Drivers

The projections for rental housing demand and renter households in core housing need in the Capital Regional District partly reflect anticipated demographic change in the District. The population is projected to increase by 25%, from 371,157 in 2011 to 465,737 in 2036.

Between 1986 and 2006 the population grew by 80,868 people, fluctuating between a 0.2% and a 2.6% annual increase. Recent growth has averaged around 1.0% annually and is projected to slow to 0.6% in 2036.

Based on 2006 Census data (the most recent available), the Capital Regional District’s population is older than the provincial population. In 2006, the median age in Capital was 43.6 versus 40.8 years provincially. Figure 3 shows that most age groups will experience growth. The number of people aged 65 and over will increase considerably by 2036. The only age group anticipated to experience population decline are 25 to 34 year olds.

Rental maintainer rates in Capital are highest among those aged 25 to 34. The rates then steadily decline before rising again among seniors over 70 years of age. An aging population, in combination with population growth will account for much of the growth in rental housing demand in Capital.

By 2036 there will be growth in all age groups and a significant increase in the population over 65.

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](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](http://www.statcan.gc.ca))



# context

## Demographic Drivers

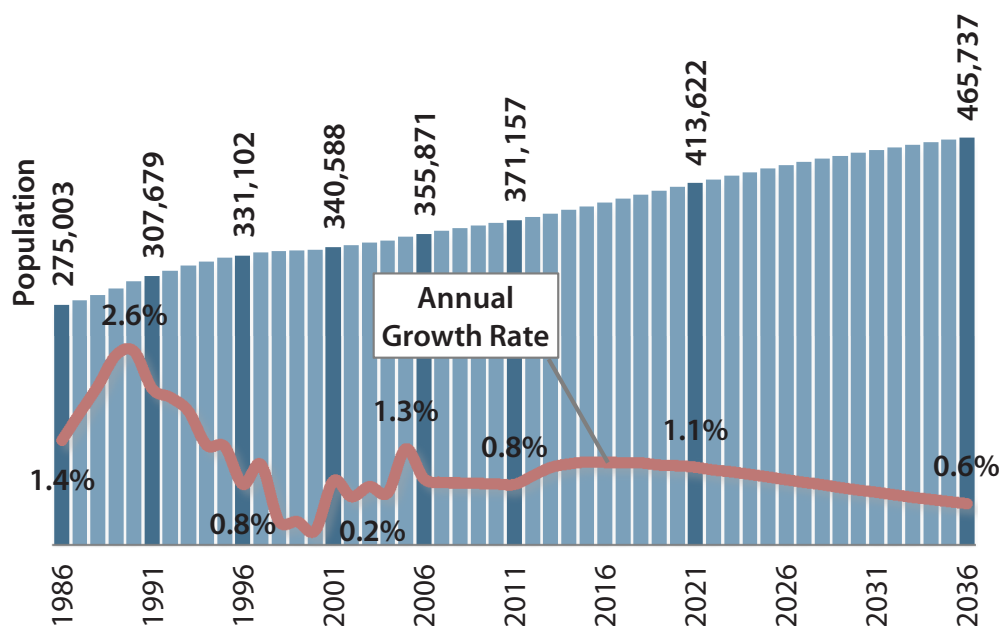


FIGURE 2

### Total Population Change (Capital, 1986 to 2036)

Population will grow slowly over the next 25 years, while the annual growth rate will decline over the same period.

	Total Population			Avg Annual Growth		
	2011	2021	2036	2011-2021	2021-2036	2011-2036
Capital	371,157	413,622	465,737	1.1%	0.8%	0.9%

TABLE 2

### Population Change (Capital, 2011 to 2036)

The CRD will experience an average annual growth rate of 0.9% over the next 25 years.

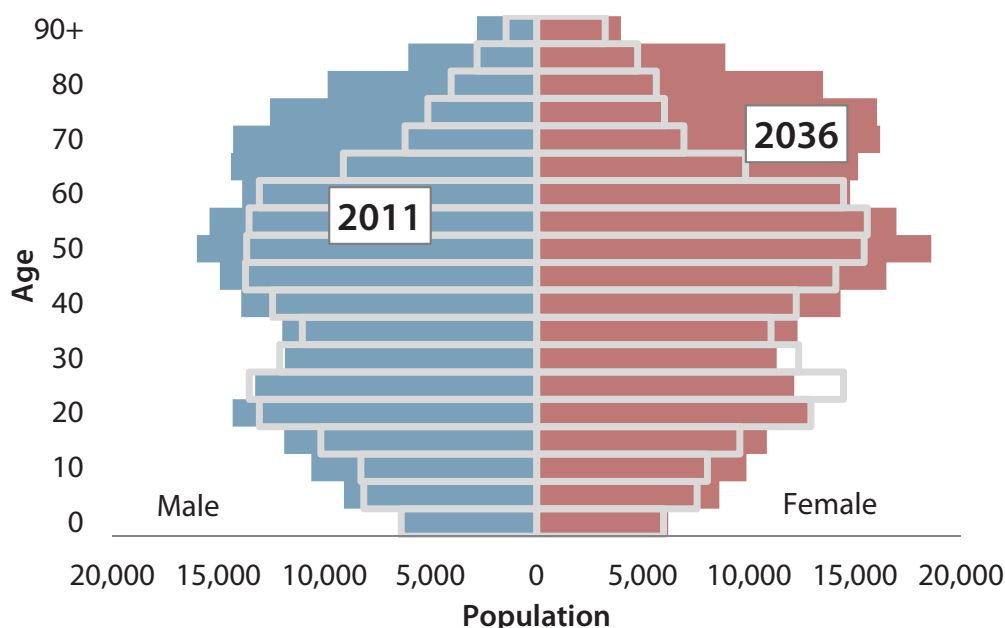


FIGURE 3

### Regional Age Profile (Capital, 2011 and 2036)

Over the next 25 years, the CRD will age considerably, with a large increase in those aged 65 and over.



## projections

## Rental Housing Demand

Rental housing occupancy demand in the Capital Regional District is projected to increase by 15% to 21% over the next 25 years through two different scenarios, compared to population growth of 25% over the same period.

Figure 5 depicts the age breakdown of rental housing demand in 2011 and 2036. Rental housing demand among seniors is projected to grow significantly. Demand growth will be slower for those aged 30 to 64. Demand is projected to decrease slightly for those aged 15 to 29.

### Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase by 21% from 58,294 households in 2011 to 70,254 households in 2036 when tenure patterns are held constant.<sup>1</sup> This translates to an average annual increase in rental housing demand of 478 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 Capital and is consistent across many 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 58,294 households in 2011 to 67,137 households by 2036, an increase of 21%. This slower growth translates into an average annual increase of 354 rental households between 2011 and 2036.

**Rental housing demand is projected to increase by 8,843 to 11,960 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	58,294	62,681	70,254	4,387	7,573	11,960	439	505	478
Scenario B: Shifting Tenure	58,294	61,963	67,137	3,669	5,174	8,843	367	345	354

**TABLE 3**

#### Rental Housing Demand (Capital, 2011 to 2036)

Rental housing demand is projected to increase by 354 to 478 households annually over the next 25 years.

<sup>1</sup> 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

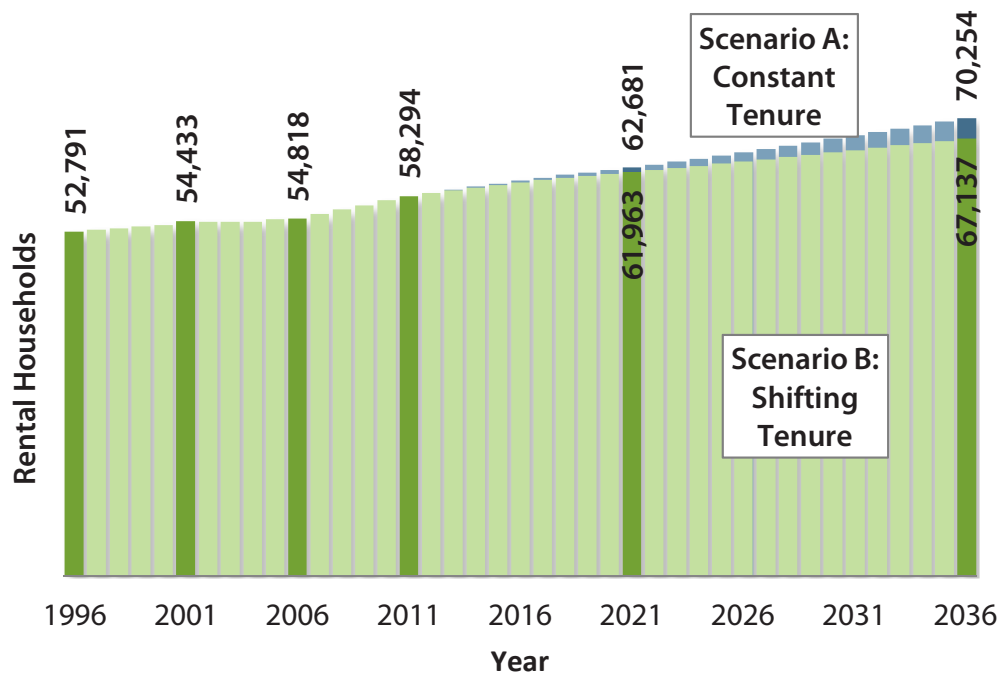


FIGURE 4

**Rental Housing Demand (Capital, 1996 to 2036)**

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

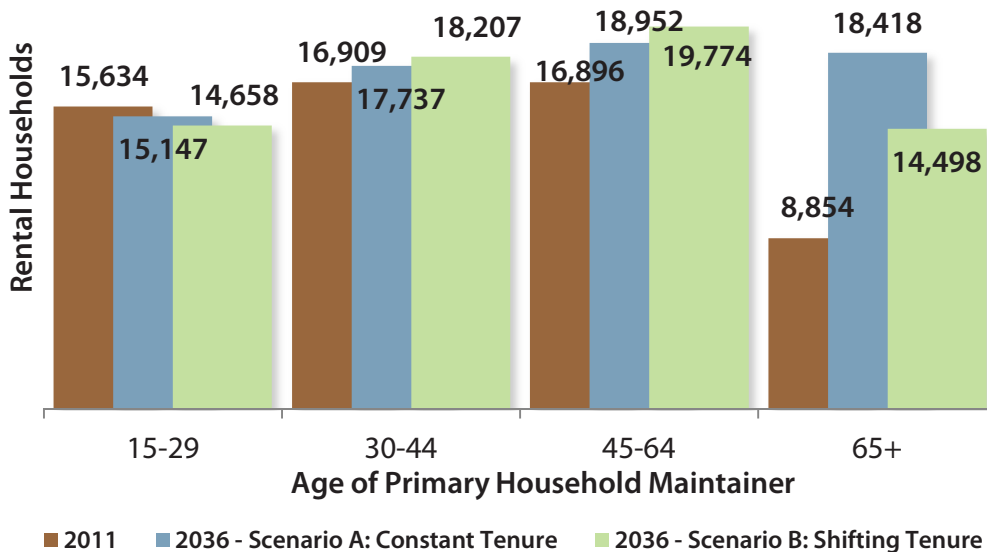


FIGURE 5

**Rental Housing Demand by Age (Capital, 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 Capital is projected to increase by 19% to 27% over the next 25 years.

Figure 6 shows that the number of households in core housing need decreased from 1996 to 2006, despite a slight increase in rental housing demand. This was due to a decline in incidence of core housing need among renters.

Both scenarios hold the age-specific shares of renter households in core need constant at 2006 levels. It is estimated that 14,308 renter households in Capital were in core housing need in 2011.<sup>2</sup>

Figure 7 depicts the age-specific breakdown of renter households in core housing need. Much of the growth in core housing need will be among senior households. This is the fastest growing segment of the population and has the highest incidence of core housing need.

### Scenario A: Constant Tenure

Scenario A reveals a total increase of 3,839 renter households in core need, from 14,308 households in 2011 to 18,147 households by 2036, an increase of 27%. This is an average annual increase of 154 renter households.

### Scenario B: Shifting Tenure

Scenario B trends the maintainer rates toward home ownership and projects that the total number of renter households in core housing need by 2036 will be lower than Scenario A. It projects an annual increase of 110 renter households in core housing need, for a total of 17,053 households by 2036, an increase of 19%.

	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	14,308	15,829	18,147	1,521	2,318	3,839	152	155	154
Scenario B: Shifting Tenure	14,308	15,570	17,053	1,262	1,483	2,745	126	99	110

TABLE 4

### Renter Households in Core Housing Need (Capital, 2011 to 2036)

Core housing need is projected to increase between 110 and 154 renter households annually over the next 25 years.

<sup>2</sup> 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

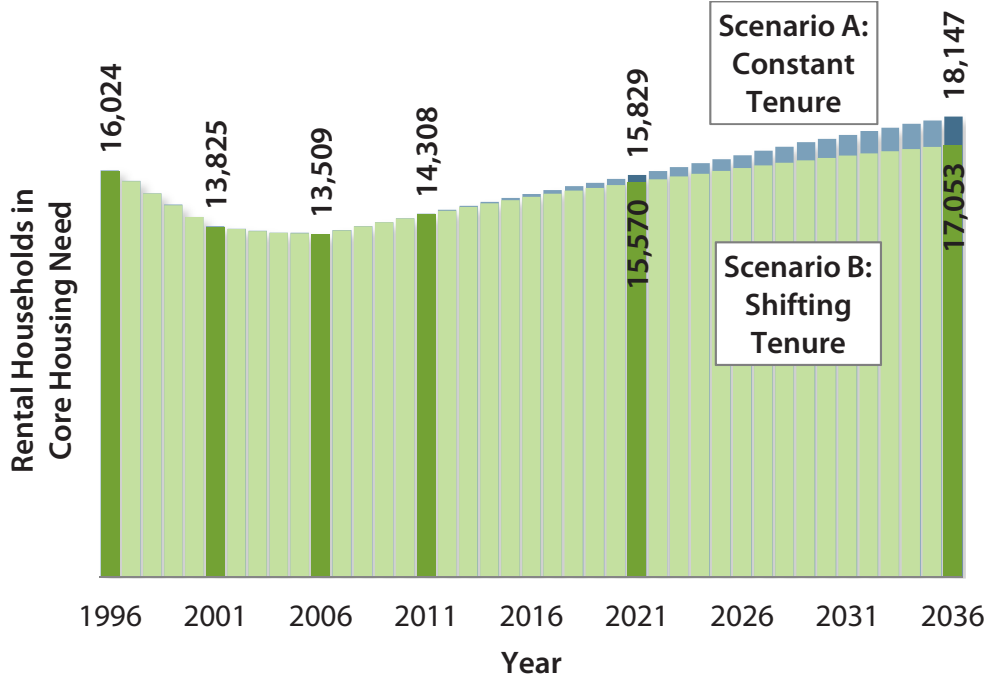


FIGURE 6

### Core Housing Need (Capital, 1996 to 2036)

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

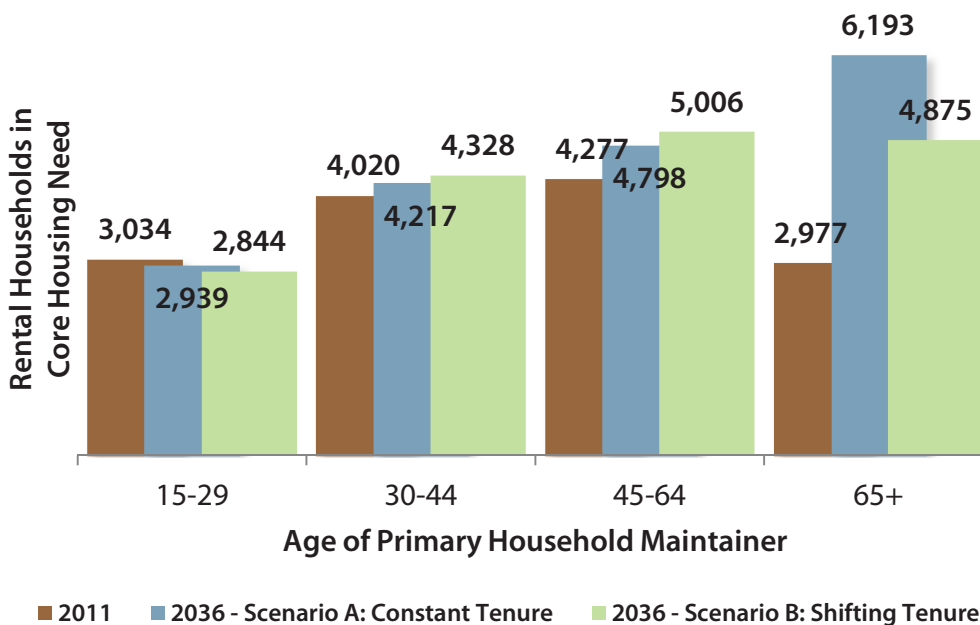


FIGURE 7

### Renter Households in Core Housing Need by Age (Capital, 2011, 2036)

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



# 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 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 the Capital Regional District. 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.<sup>3</sup>

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

<sup>3</sup> 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](http://www.bcpnha.ca).

**Projections created** with technical support from Urban Futures.

**Contact** BCNPHA Research Department for more information: [jill@bcnpha.ca](mailto:jill@bcnpha.ca).

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



## methods

## Our Model

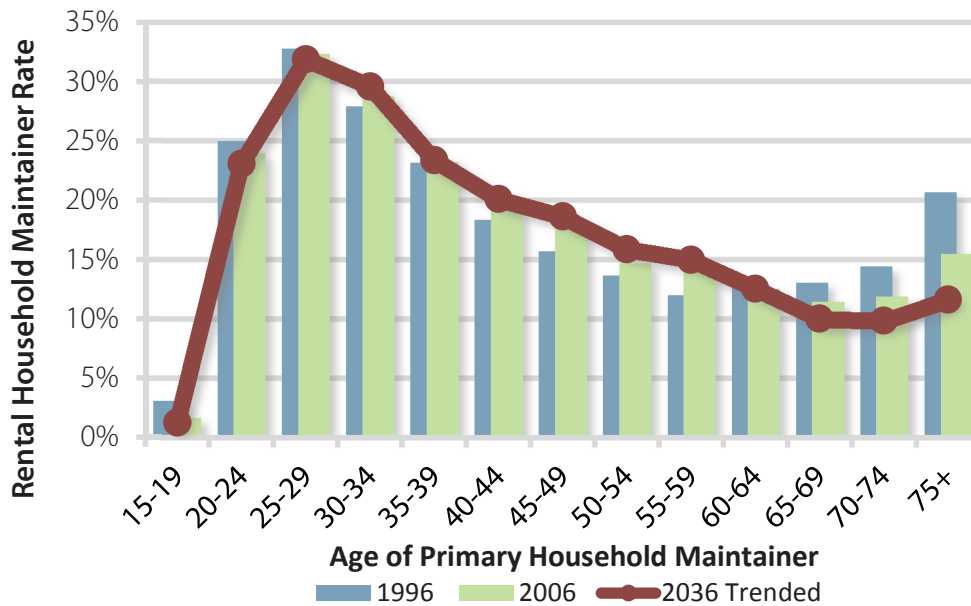


FIGURE 8

### Rental Household Maintainer Rates (Capital, 1996, 2006, 2036)

Rental household maintainer rates are projected to increase among many age groups.

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

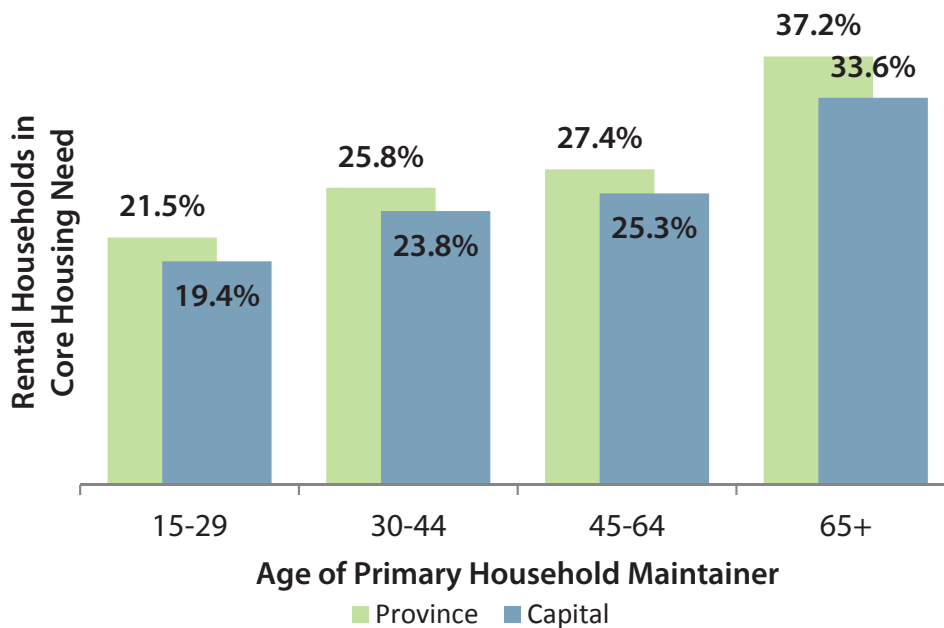


FIGURE 9

### Share of Renter Households in Core Housing Need (BC and Capital, 2011)

In the Capital Regional District, proportionally fewer renter households are in core housing need than in the province as a whole.



# 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](http://www.bcnpha.ca)

TABLE 6

Population Projections  
by Age Group (Capital,  
2011 to 2036)

Age Group	Total Projected Population			Avg Annual Growth		
	2011	2021	2036	2011- 2021	2021- 2036	2011- 2036
0-14	47,506	54,491	53,996	1.4%	-0.1%	0.5%
15-29	73,714	65,873	75,363	-1.1%	0.9%	0.1%
30-44	71,216	83,378	75,696	1.6%	-0.6%	0.2%
45-64	113,562	112,448	127,000	-0.1%	0.8%	0.4%
65+	65,159	97,432	133,682	4.1%	2.1%	2.9%
All Ages	371,157	413,622	465,737	1.1%	0.8%	0.9%

TABLE 7

Household Projections  
(Capital, 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	58,294	62,681	70,254	4,387	7,573	11,960	439	505	478
	Scenario B: Shifting Tenure	58,294	61,963	67,137	3,669	5,174	8,843	367	345	354
Ownership	Scenario A: Constant Tenure	108,165	127,369	149,118	19,203	21,749	40,953	1,920	1,450	1,638
	Scenario B: Shifting Tenure	108,165	128,087	152,235	19,922	24,148	44,070	1,992	1,610	1,763
Total	Both Scenarios	166,459	190,050	219,372	23,591	29,322	52,913	2359	1,955	2,117

TABLE 8

Households in  
Core Housing Need  
Projections (Capital,  
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	14,308	15,829	18,147	1,521	2,318	3,839	152	155	154
	Scenario B: Shifting Tenure	14,308	15,570	17,053	1,262	1,483	2,745	126	99	110
Ownership	Scenario A: Constant Tenure	5,747	6,778	7,881	1,031	1,103	2,134	103	74	85
	Scenario B: Shifting Tenure	5,747	6,814	8,040	1,067	1,226	2,293	107	82	92
Total	Scenario A: Constant Tenure	20,055	22,607	26,028	2,553	3,420	5,973	255	228	239
	Scenario B: Shifting Tenure	20,055	22,384	25,093	2,329	2,709	5,038	233	181	202

