



Our Home, Our Future:

Projections of Rental Housing Demand and Core Housing Need

**REGIONAL DISTRICT OF NANAIMO TO
2036**

SEPTEMBER 2012



BCNPHA

BC Non-Profit Housing Association

www.bcnpha.ca

LEADING, SUPPORTING AND
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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 Nanaimo is situated in the southwest, on Vancouver Island.



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



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 Regional District of Nanaimo. Rental housing demand is estimated to range between 21,451 and 22,378 households in 2036, an increase of between 5,410 and 6,337 households, as seen in Table 1 below. Core housing need is projected to range from 6,254 to 6,490 renter households by 2036, an increase of between 1,651 and 1,887 households.

In Scenario A rental housing demand grows consistent with population growth, but growth is slower in Scenario B. To the extent that vacancies cannot accommodate additional demand, new stock will needed. Additional renter households in core housing need will require some form of assistance to ensure that housing is affordable.

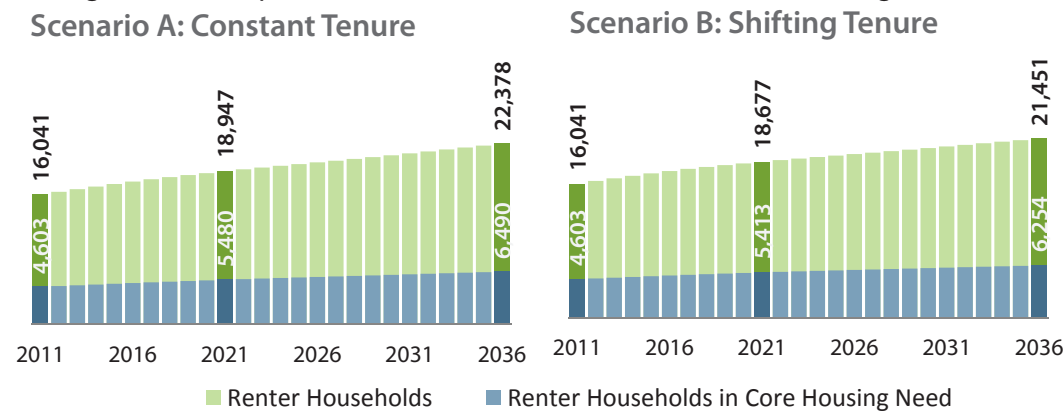


FIGURE 1
Rental Housing Demand and Core Housing Need (Nanaimo, 2011 to 2036)

| Year | Scenario A: Constant Tenure | | Scenario B: Shifting Tenure | |
|--------------------|-----------------------------|-----------|-----------------------------|-----------|
| | Rental Demand | Core Need | Rental Demand | Core Need |
| 2011 | 16,041 | 4,603 | 16,041 | 4,603 |
| 2021 | 18,947 | 5,480 | 18,677 | 5,413 |
| 2036 | 22,378 | 6,490 | 21,451 | 6,254 |
| Increase 2011-2036 | 6,337 | 1,887 | 5,410 | 1,651 |

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



context

Demographic Drivers

The projections for rental housing demand and renter households in core housing need in the Regional District of Nanaimo partly reflect anticipated demographic change in the District. The population is projected to increase by 41%, from 149,340 in 2011 to 209,936 in 2036.

Between 1986 and 2006 the population grew by 56,253 people, fluctuating between a 0.0% and a 6.2% annual increase. Recent growth has averaged around 1.0% annually and is projected to increase to 1.5% in 2021 and then slow to 1.0% in 2036.

Based on the 2006 Census data (the most recent available), Nanaimo's population is older than the provincial population. In 2006, the median age in Nanaimo was 46.6 versus 40.8 years provincially. Figure 3 shows that by 2036 there will be significant growth in most age groups.

Rental maintainer rates in Nanaimo are highest among those aged 25 to 29. The rates then steadily decline before rising slightly among those aged 75 and over. Growth in rental housing demand in Nanaimo is driven by growth in seniors, and in those aged 30 to 44.

By 2036 there will be significant growth in most age groups. The population is not aging as quickly as in other regions.

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

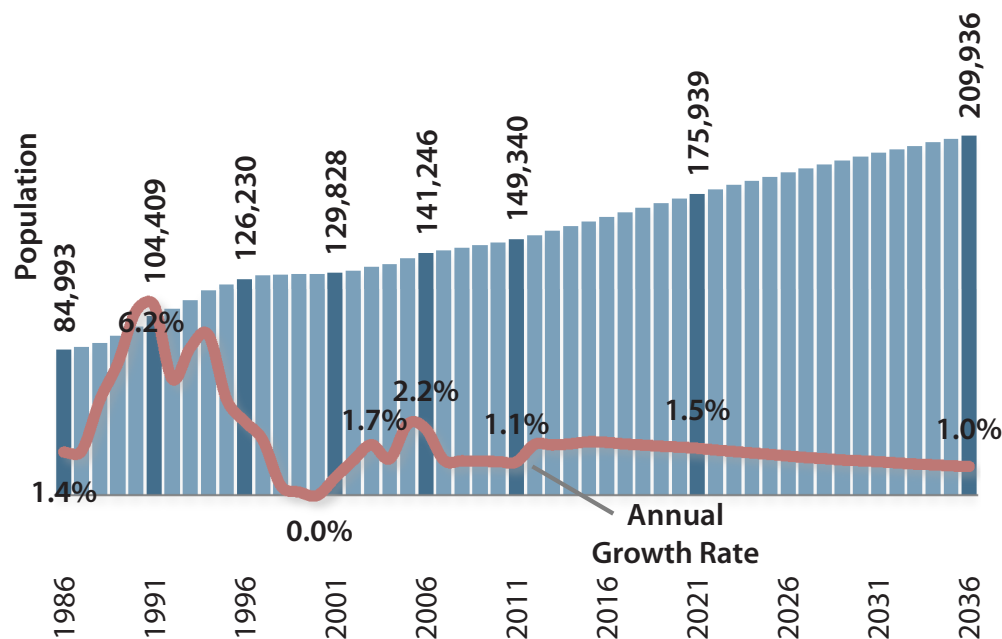


FIGURE 2

Total Population Change
(Nanaimo, 1986 to 2036)

Population will grow quickly 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 |
| Nanaimo | 149,340 | 175,939 | 209,936 | 1.7% | 1.2% | 1.4% |

TABLE 2

Population Change
(Nanaimo, 2011 to 2036)

Nanaimo will experience an average annual growth rate of 1.4% over the next 25 years.

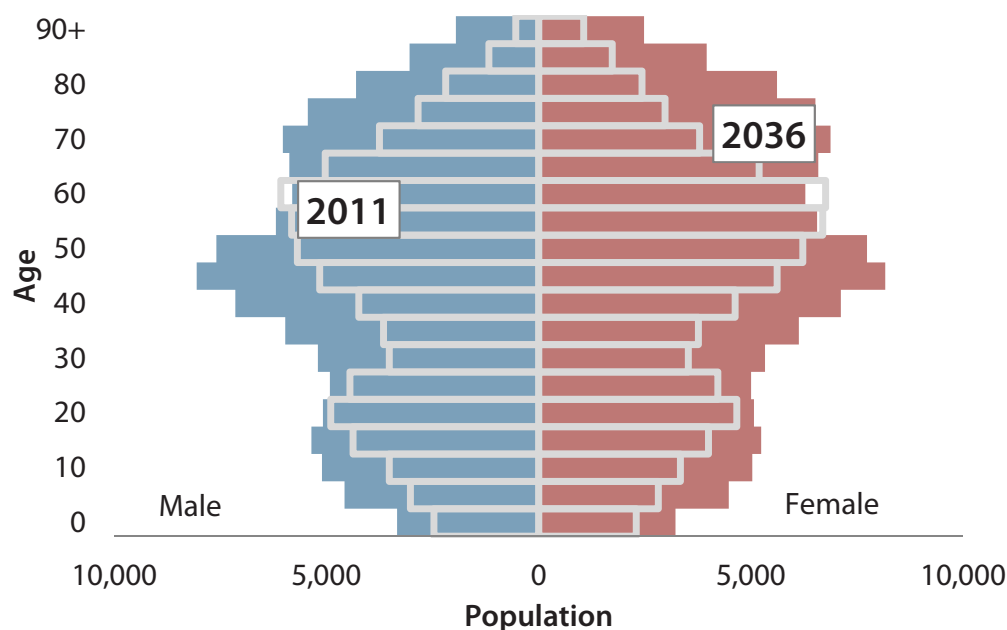


FIGURE 3

Regional Age Profile
(Nanaimo, 2011
and 2036)

Over the next 25 years, almost all age groups will grow in Nanaimo.



projections

Rental Housing Demand

Rental housing demand in Nanaimo is projected to increase by 34% to 40% over the next 25 years through two different scenarios, compared with population growth of 41% over the same period.

Figure 5 depicts the age breakdown of rental housing demand in 2011 and 2036, showing significant growth in rental housing demand across households headed by those aged 30 and over.

Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase by 40%, from 16,041 households in 2011 to 22,378 households in 2036 when tenure patterns are held constant.¹ This translates to an average annual increase in rental housing demand of 253 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 Nanaimo 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 by 34%, from 16,041 households in 2011 to 21,451 households by 2036. This translates into an average annual increase of 216 rental households between 2011 and 2036.

Rental household demand is projected to increase by 2,636 to 2,906 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 | 16,041 | 18,947 | 22,378 | 2,906 | 3,431 | 6,337 | 291 | 229 | 253 |
| Scenario B: Shifting Tenure | 16,041 | 18,677 | 21,451 | 2,636 | 2,774 | 5,410 | 264 | 185 | 216 |

TABLE 3

Rental Housing Demand (Nanaimo, 2011 to 2036)

Rental housing demand is projected to increase by 264 to 291 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

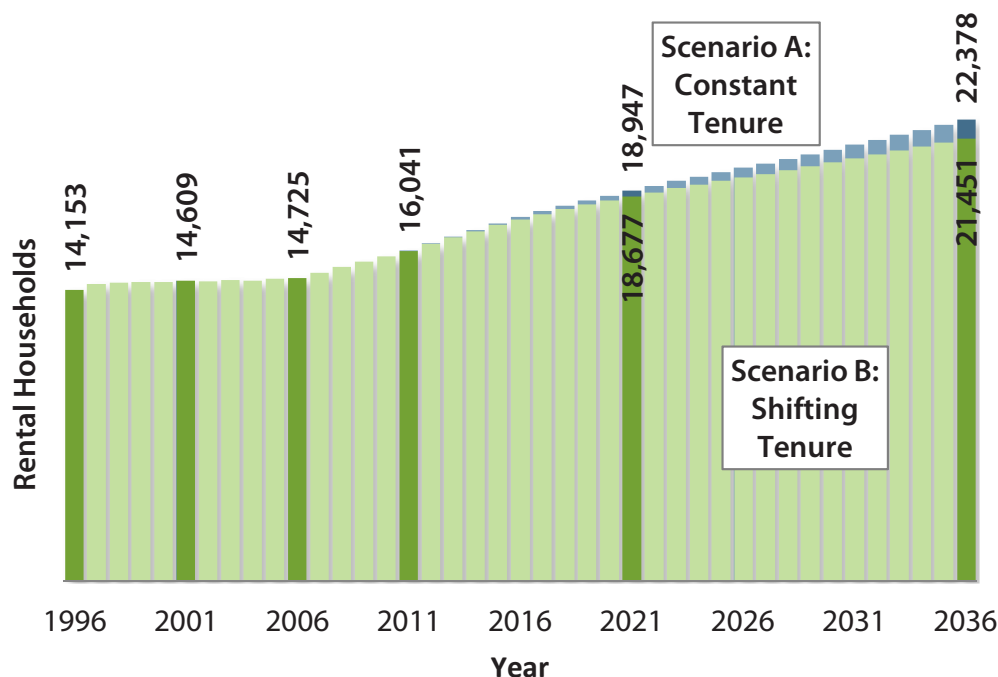


FIGURE 4

Rental Housing Demand (Nanaimo, 1996 to 2036)

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

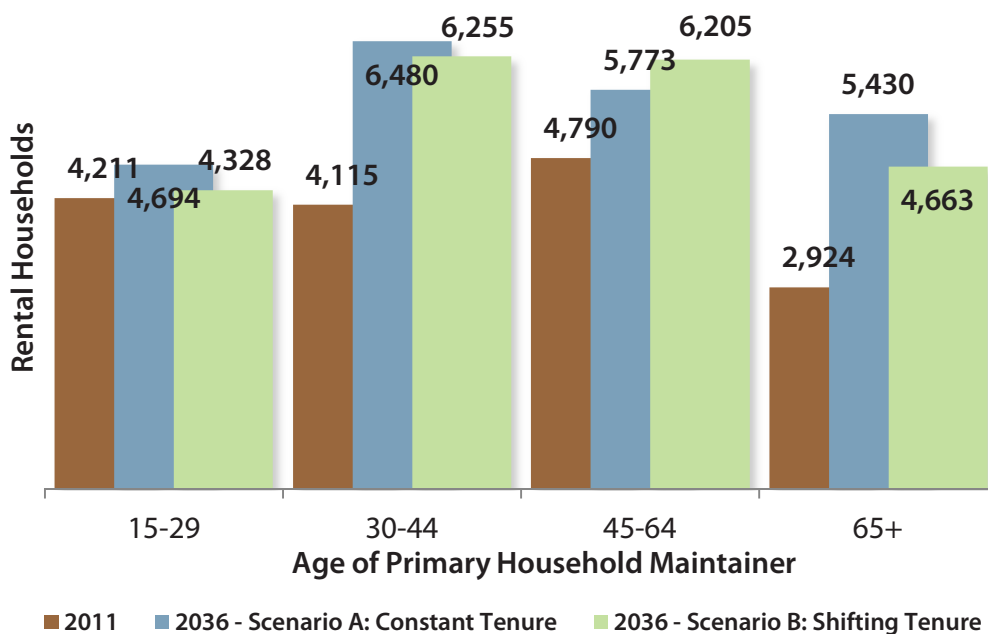


FIGURE 5

Rental Housing Demand by Age (Nanaimo, 2011, 2036)

Rental housing demand is projected to increase among all age groups over the next 25 years.



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 36% to 41% over the next 25 years.

Figure 6 shows that the number of renter households in core housing need decreased from 1996 to 2006, despite rental housing demand being steady. This was caused by a decline in the 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 4,603 renter households in Nanaimo were in core housing need in 2011.²

Figure 7 depicts the age-specific breakdown of maintainers in core housing need, showing that the households in core housing need will increase across all age groups by 2036. Increases will be particularly significant for those renter households headed by 30 to 44 year olds and those 65 and over.

Scenario A: Constant Tenure

Scenario A reveals a total increase of 1,887 renter households in core need, from 4,603 households in 2011 to 6,490 households by 2036. This is a 41% increase, and an average annual increase of 75 renter households.

Scenario B: Shifting Tenure

Scenario B projects that the total number of renter households by 2036 is lower than in Scenario A. It projects an annual increase of 66 renter households in core housing need, for a total of 6,254 households by 2036. This represents a 36% increase in core housing need among renters.

Core housing need among renters is projected to increase by 810 to 877 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 | 4,603 | 5,480 | 6,490 | 877 | 1,010 | 1,887 | 88 | 67 | 75 |
| Scenario B: Shifting Tenure | 4,603 | 5,413 | 6,254 | 810 | 841 | 1,651 | 81 | 56 | 66 |

TABLE 4

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

Core housing need is projected to increase between 81 and 88 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

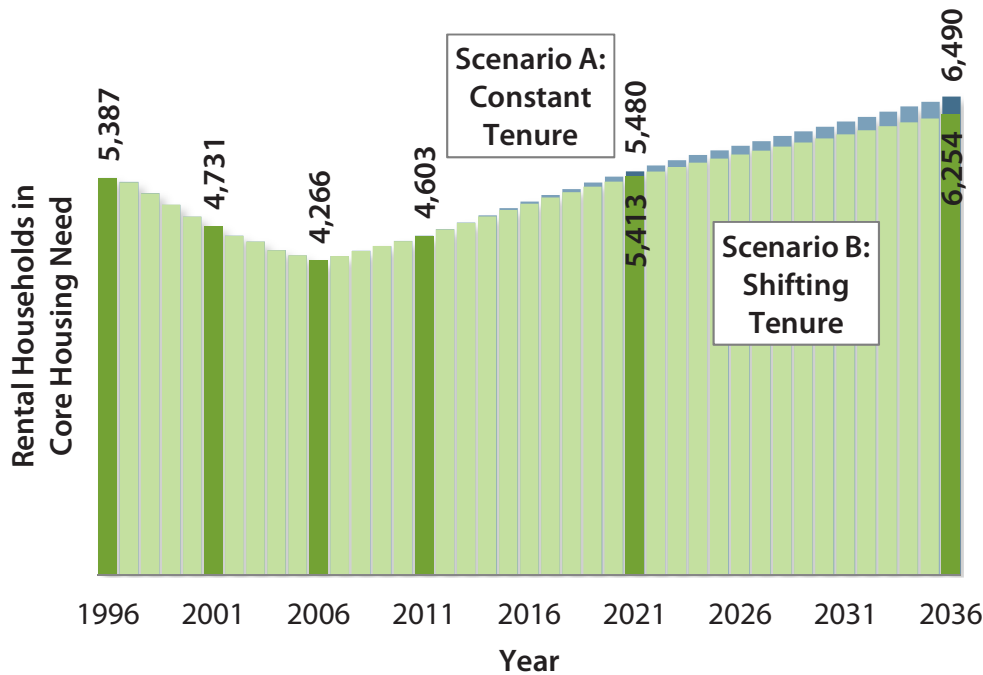


FIGURE 6

Core Housing Need (Nanaimo, 1996 to 2036)

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

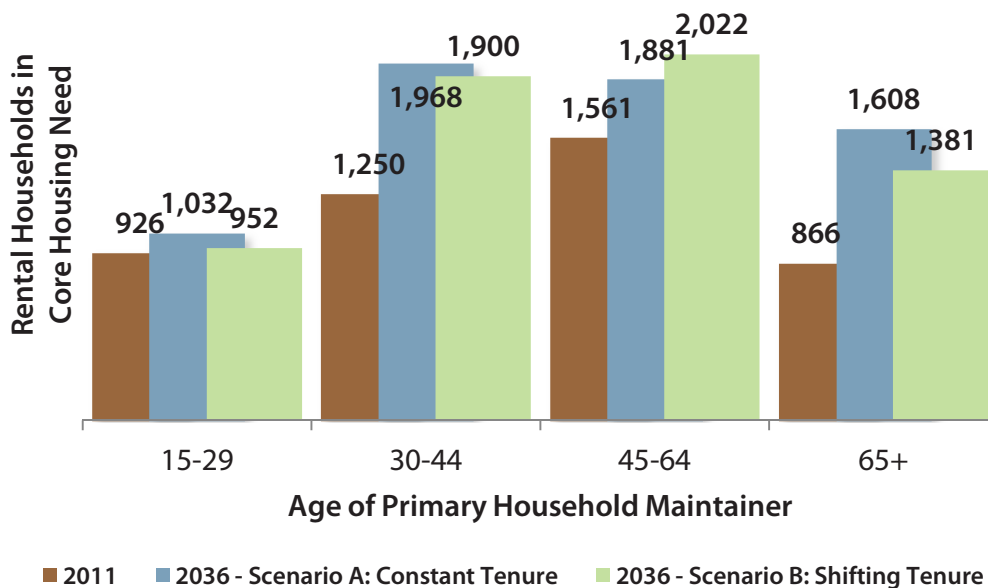


FIGURE 7

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

There will be a large increase in households with maintainers aged 30 to 44 and senior renter 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 Regional District of Nanaimo. 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

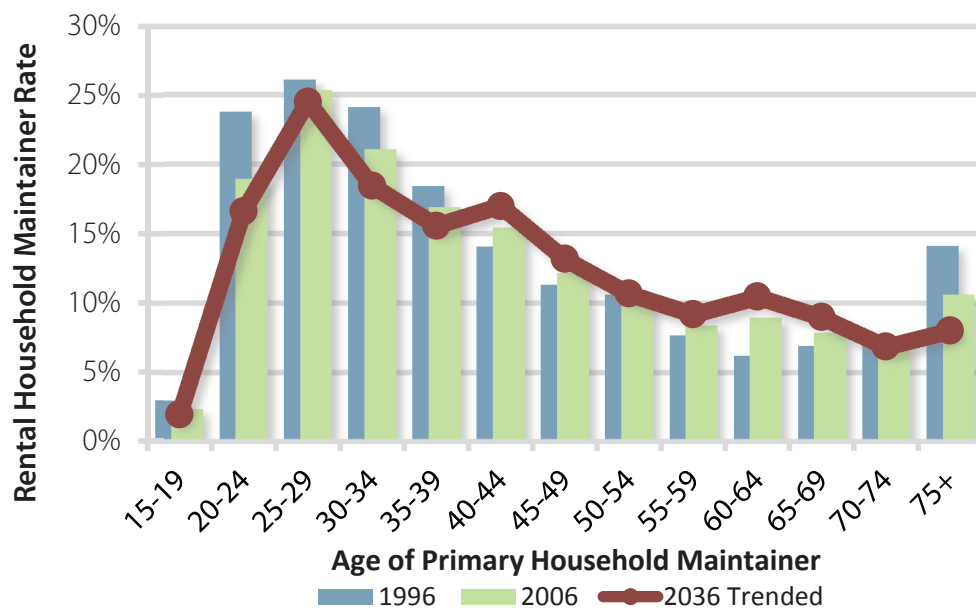


FIGURE 8

Rental Household Maintainer Rates (Nanaimo, 1996, 2006, 2036)

Rental household maintainer rates are projected to decline among younger age groups and increase among many older age groups

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

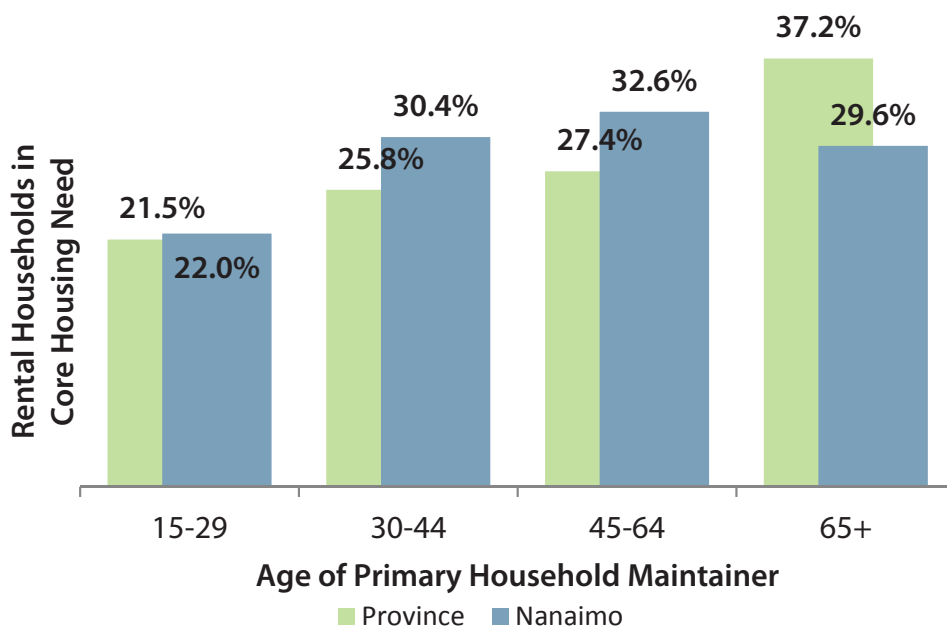


FIGURE 9

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

Incidence of core housing need is higher in Nanaimo than the province as a whole, except among seniors.



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

TABLE 6

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

| Age Group | Total Projected Population | | | Avg Annual Growth | | |
|-----------|----------------------------|---------|---------|-------------------|---------------|---------------|
| | 2011 | 2021 | 2036 | 2011- 2021 | 2021- 2036 | 2011- 2036 |
| 0-14 | 18,672 | 23,970 | 27,302 | 2.5% | 0.9% | 1.5% |
| 15-29 | 26,606 | 24,865 | 30,674 | -0.7% | 1.4% | 0.6% |
| 30-44 | 23,326 | 33,885 | 36,897 | 3.8% | 0.6% | 1.9% |
| 45-64 | 48,030 | 45,989 | 56,391 | -0.4% | 1.4% | 0.6% |
| 65+ | 32,706 | 47,230 | 58,672 | 3.7% | 1.5% | 2.4% |
| All Ages | 149,340 | 175,939 | 209,936 | 1.7% | 1.2% | 1.4% |

TABLE 7

Household Projections
(Nanaimo, 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 | 16,041 | 18,947 | 22,378 | 2,906 | 3,431 | 6,337 | 291 | 229 | 253 |
| | Scenario B: Shifting Tenure | 16,041 | 18,677 | 21,451 | 2,636 | 2,774 | 5,410 | 264 | 185 | 216 |
| Ownership | Scenario A: Constant Tenure | 49,944 | 60,351 | 72,582 | 10,407 | 12,231 | 22,638 | 1,041 | 815 | 906 |
| | Scenario B: Shifting Tenure | 49,944 | 60,622 | 73,509 | 10,678 | 12,887 | 23,565 | 1,068 | 859 | 943 |
| Total | Both Scenarios | 65,985 | 79,298 | 94,960 | 13,313 | 15,662 | 28,975 | 1,331 | 1,044 | 1,159 |

TABLE 8

Households in
Core Housing Need
Projections (Nanaimo,
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 | 4,603 | 5,480 | 6,490 | 877 | 1,010 | 1,887 | 88 | 67 | 75 |
| | Scenario B: Shifting Tenure | 4,603 | 5,413 | 6,254 | 810 | 842 | 1,652 | 81 | 56 | 66 |
| Ownership | Scenario A: Constant Tenure | 3,484 | 4,075 | 4,861 | 591 | 785 | 1,376 | 59 | 52 | 55 |
| | Scenario B: Shifting Tenure | 3,484 | 4,097 | 4,928 | 613 | 831 | 1,444 | 61 | 55 | 58 |
| Total | Scenario A: Constant Tenure | 8,087 | 9,555 | 11,351 | 1,468 | 1,795 | 3,263 | 147 | 120 | 131 |
| | Scenario B: Shifting Tenure | 8,087 | 9,509 | 11,183 | 1,423 | 1,673 | 3,096 | 142 | 112 | 124 |

