



Our Home, Our Future:

Projections of Rental Housing Demand and Core Housing Need

**CENTRAL OKANAGAN REGIONAL
DISTRICT TO 2036**

SEPTEMBER 2012



BCNPHA

BC Non-Profit Housing Association

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

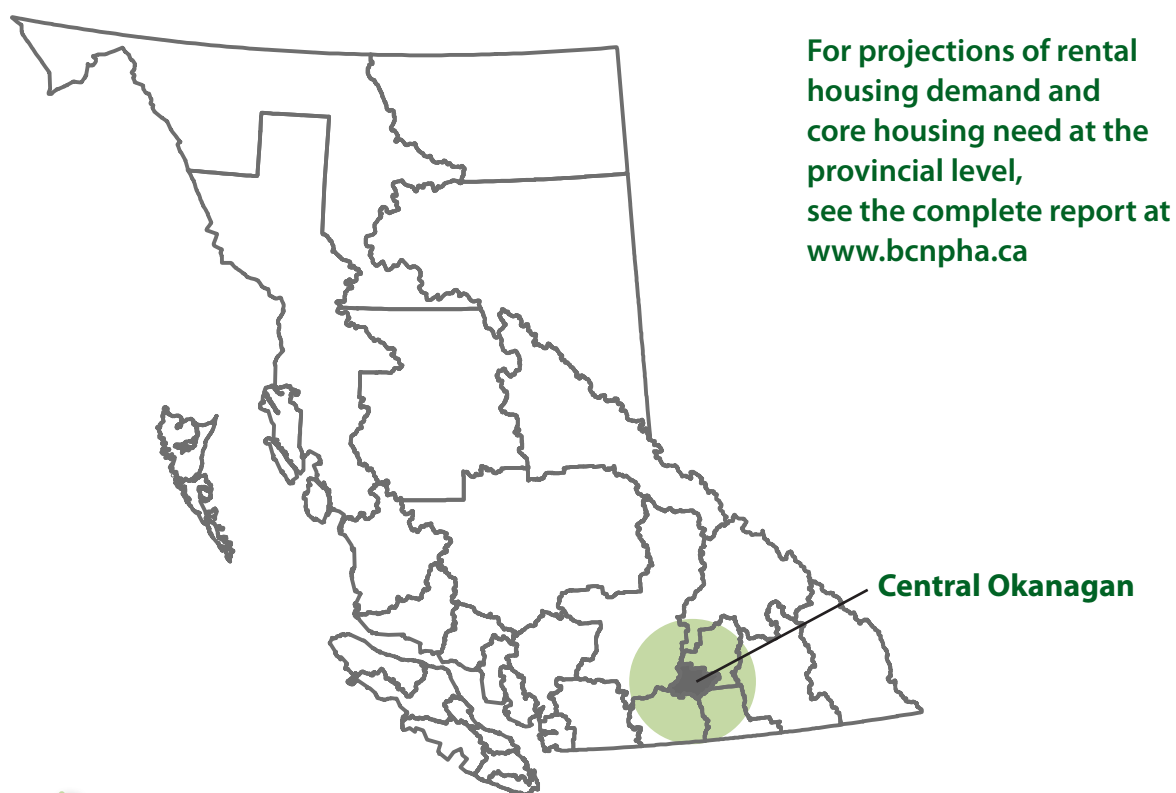
A vision for sustainable housing in communities across British Columbia

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 Central Okanagan Regional District 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 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 Central Okanagan. Rental housing demand is estimated to range between 23,402 and 25,832 households in 2036, an increase of between 5,121 and 7,552 households, as seen in Table 1 below. Core housing need among renters is projected to range from 5,812 to 6,494 renter households by 2036, an increase of between 1,375 and 2,057 households.

In both scenarios, rental housing demand grows less rapidly than population growth. Still, 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.

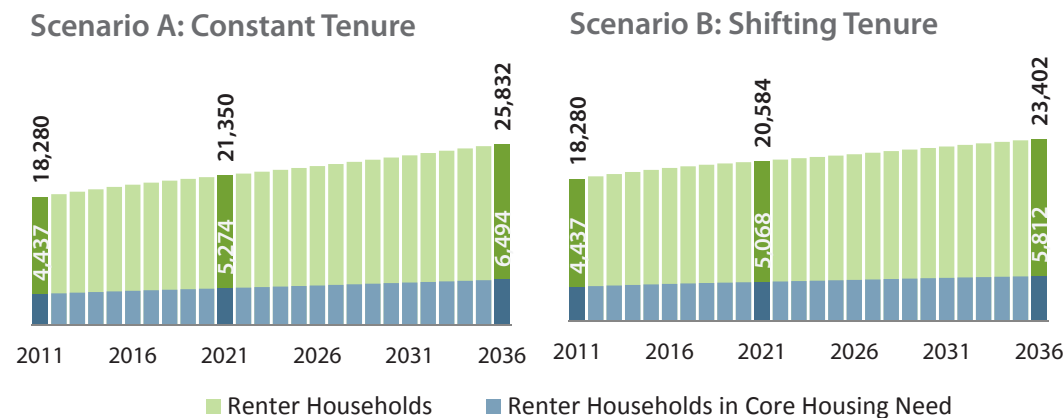


FIGURE 1
Rental Housing Demand and Core Housing Need (Central Okanagan, 2011 to 2036)

Year	Scenario A: Constant Tenure		Scenario B: Shifting Tenure	
	Rental Demand	Core Need	Rental Demand	Core Need
2011	18,280	4,437	18,280	4,437
2021	21,350	5,274	20,584	5,068
2036	25,832	6,494	23,402	5,812
Increase 2011-2036	7,552	2,057	5,121	1,375

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



context

Demographic Drivers

The projections for rental housing demand and renter households in core housing need in the Central Okanagan Regional District partly reflect anticipated demographic change in the District. The population is projected to increase by 44%, from 185,532 in 2011 to 267,283 in 2036.

Between 1986 and 2006 the population grew by 74,591 people, fluctuating between 0.7% and 6.4% annual increase. Recent growth has averaged around 2.0% annually and is projected to slow to 1.0% in 2036.

Based on 2006 Census data (the most recent available), Central Okanagan's population is older than the provincial population. In 2006, the median age in Central Okanagan was 43.4 versus 40.8 years provincially. Figure 3 shows that by 2036 there will be growth among most age groups, most significantly for those aged 30 and older.

Rental maintainer rates in Central Okanagan are highest among those aged 25 to 29. The rates steadily decline before again beginning to rise among those aged 75 and over. Overall population growth will account for much of the growth in rental housing demand in Central Okanagan.

By 2036 there will be significant growth across most age groups in the population.

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

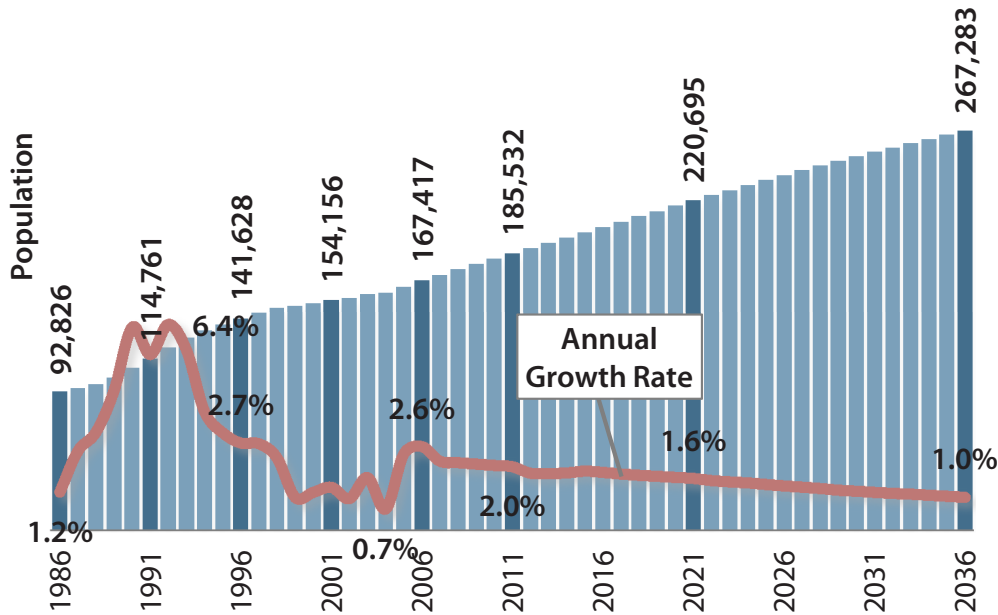


FIGURE 2

Total Population Change (Central Okanagan, 1986 to 2036)

Population will grow strongly 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
Central Okanagan	185,532	220,695	267,283	1.8%	1.3%	1.5%

TABLE 2

Population Change (Central Okanagan, 2011 to 2036)

Central Okanagan will experience an average annual growth rate of 1.5% over the next 25 years.

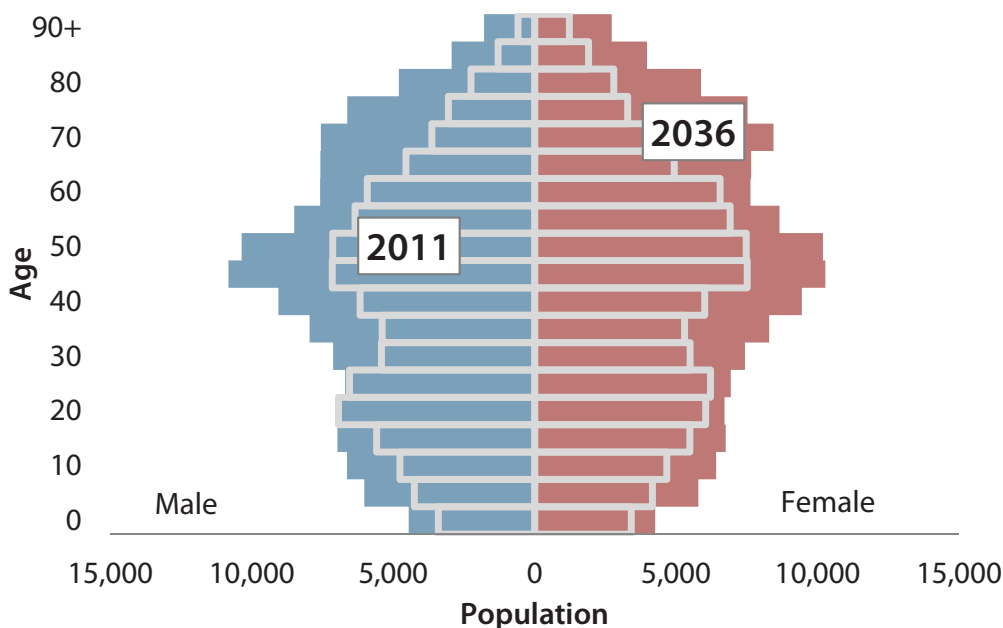


FIGURE 3

Regional Age Profile (Central Okanagan, 2011 and 2036)

Over the next 25 years Central Okanagan will see growth across most age groups.



projections

Rental Housing Demand

Rental housing demand in Central Okanagan is projected to increase by 28% to 41% over the next 25 years through two different scenarios, compared with population growth of 44% over the same period.

Figure 4 shows that rental housing demand declined from 2001 to 2006. Although the population did not decline during that period, rental housing maintainer rates dropped, causing an overall decline in rental housing demand.

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

Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase from 18,280 households in 2011 to 25,832 households in 2036 if tenure patterns are held constant.¹ This translates to an average annual increase in rental housing demand of 302 households between 2011 and 2036, a 41% increase overall.

Scenario B: Shifting Tenure

Total rental household maintainer rates for BC declined from 16.4% in 1996 to 14.4% in 2006. This shift can be seen in Central Okanagan 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 18,280 households in 2011 to 23,402 households in 2036, an increase of 28%. This slower growth translates into an average annual increase of 205 households between 2011 and 2036.

	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	18,280	21,350	25,832	3,070	4,482	7,552	307	299	302
Scenario B: Shifting Tenure	18,280	20,584	23,402	2,303	2,818	5,121	230	188	205

Rental housing demand is projected to increase by 2,303 to 3,070 households over the next 10 years.

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

Rental housing demand is projected to increase by 230 to 307 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

Rental Housing Demand

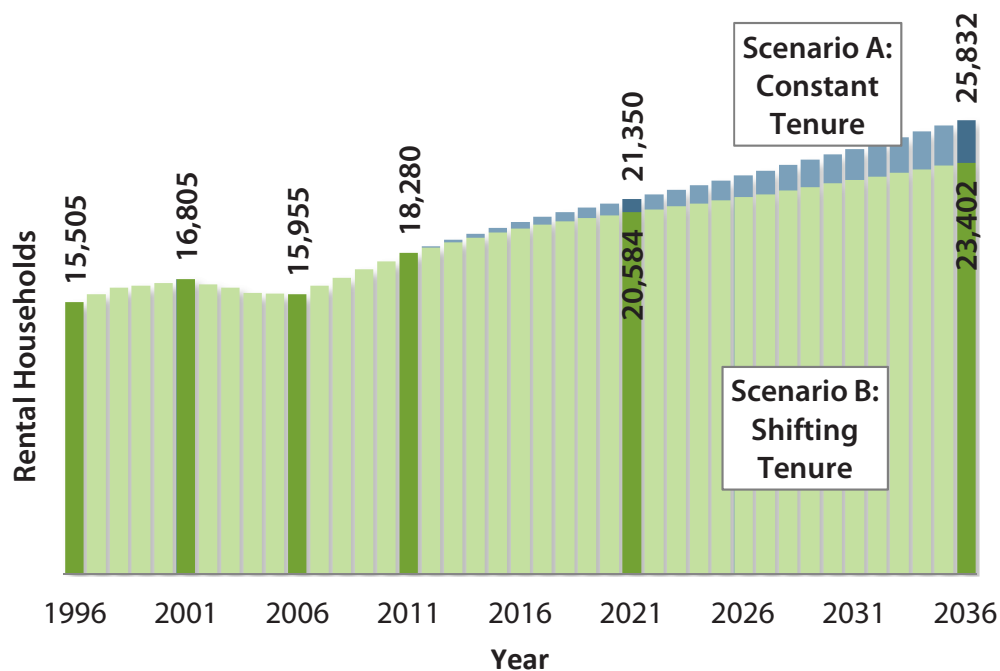


FIGURE 4

Rental Housing Demand
(Central Okanagan,
1996 to 2036)

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

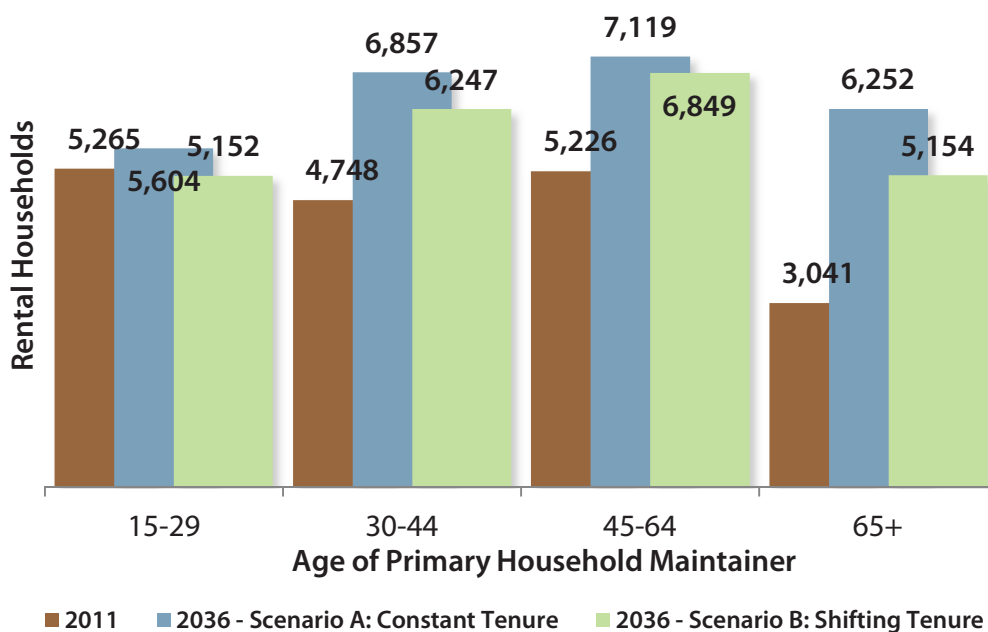


FIGURE 5

Rental Housing
Demand by Age
(Central Okanagan, 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 in Central Okanagan is projected to increase by 31% to 46% over the next 25 years, as seen in Table 4.

Figure 6 shows that from 1996 to 2006 the number of renter households in core housing need declined in Central Okanagan. This was caused by 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 4,437 renter households in Central Okanagan were in core housing need in 2011.²

Figure 7 depicts the age-specific breakdown of renter households in core housing need, showing that the number of households in core housing need will increase across the 30 years and older age groups. Seniors will see the most dramatic increases.

Scenario A: Constant Tenure

Scenario A reveals a total increase of 2,057 renter households in core need, from 4,437 households in 2011 to 6,494 households by 2036, an increase of 46%. This is an average annual increase of 82 renter households in core housing need.

Scenario B: Shifting Tenure

Scenario B reveals a smaller overall increase of 1,375 renter households in core housing need by 2036. The annual increase in renter households in core housing need is projected to be 55 households over the next 25 years, for a total of 5,812 households in 2036, an increase of 31%.

	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	4,437	5,274	6,494	837	1,220	2,057	84	81	82
Scenario B: Shifting Tenure	4,437	5,068	5,812	631	744	1,375	63	50	55

Core housing need among renters is projected to increase by 631 to 837 households over the next 10 years.

TABLE 4

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

Core housing need is projected to increase between 63 and 84 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

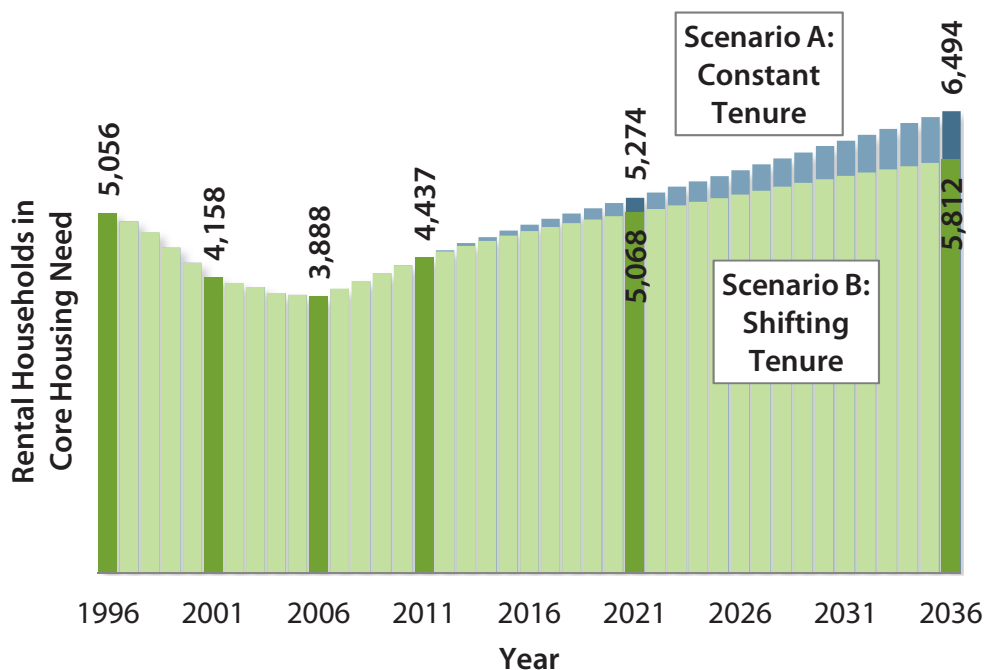


FIGURE 6

Core Housing Need (Central Okanagan, 1996 to 2036)

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

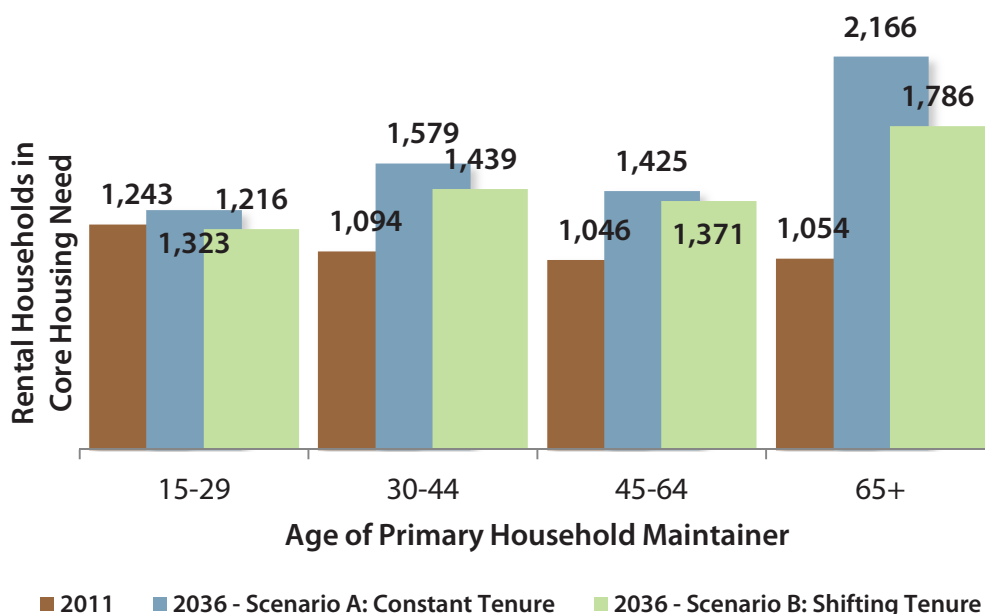


FIGURE 7

Renter Households in Core Housing Need by Age (Central Okanagan, 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 Central Okanagan. 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.bcnpha.ca.

Projections created with technical support from Urban Futures.

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

Reproduction of this report in whole or in part without the permission of BCNPHA is prohibited. Brief extracts for review purposes may be made with due acknowledgment of the source. The information contained in this report has been compiled from sources believed to be reliable but the accuracy of the information is not guaranteed. E&OE

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



methods

Our Model

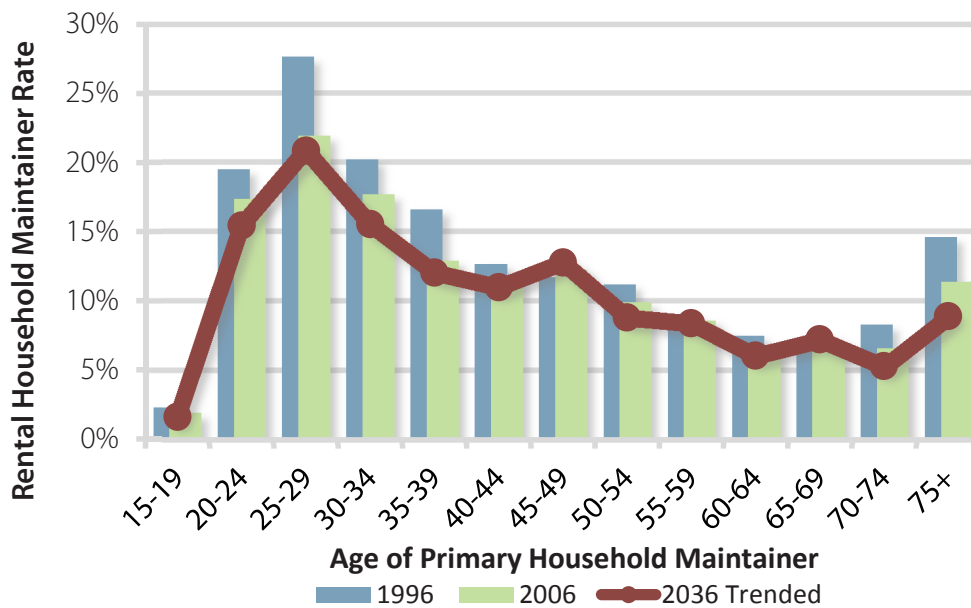


FIGURE 8

Rental Household Maintainer Rates (Central Okanagan, 1996, 2006, 2036)

Rental household maintainer rates are projected to decline among most age groups by 2036.

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

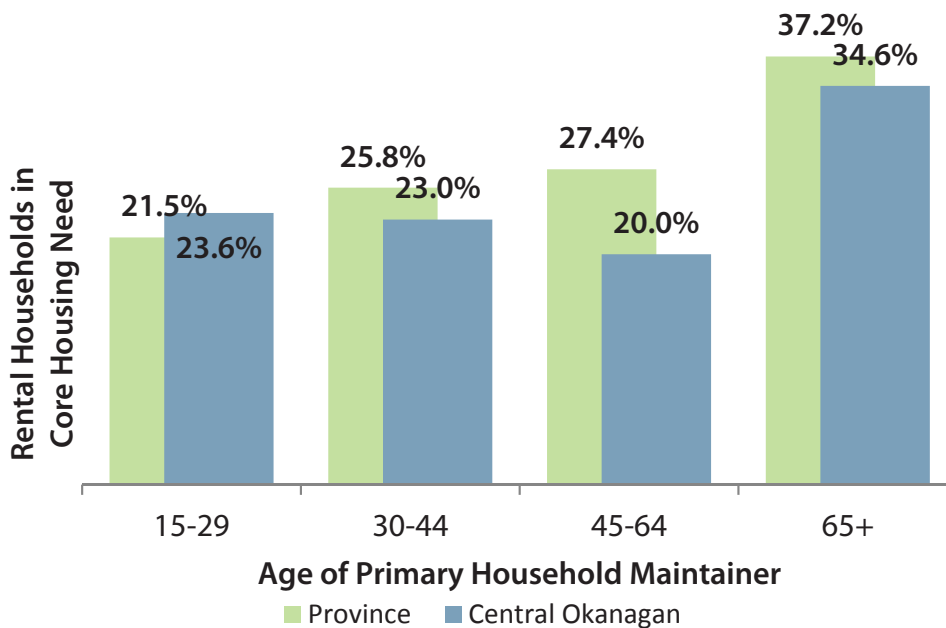


FIGURE 9

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

In Central Okanagan proportionally fewer renter households are in core housing need than the overall province.



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 (Central
Okanagan, 2011 to 2036)

Age Group	Total Projected Population			Avg Annual Growth		
	2011	2021	2036	2011- 2021	2021- 2036	2011- 2036
0-14	26,362	32,240	35,652	2.0%	0.7%	1.2%
15-29	36,798	34,017	40,880	-0.8%	1.2%	0.4%
30-44	33,775	47,664	49,298	3.5%	0.2%	1.5%
45-64	55,007	58,984	73,989	0.7%	1.5%	1.2%
65+	33,590	47,790	67,464	3.6%	2.3%	2.8%
All Ages	185,532	220,695	267,283	1.8%	1.3%	1.5%

TABLE 7

Household Projections
(Central Okanagan,
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	18,280	21,350	25,832	3,070	4,482	7,552	307	299	302
	Scenario B: Shifting Tenure	18,280	20,584	23,402	2,303	2,818	5,121	230	188	205
Ownership	Scenario A: Constant Tenure	59,475	73,783	92,278	14,307	18,495	32,802	1,431	1,233	1,312
	Scenario B: Shifting Tenure	59,475	74,549	94,708	15,074	20,159	35,233	1,507	1,344	1,409
Total	Both Scenarios	77,756	95,132	118,110	17,377	22,977	40,354	1738	1,532	1,614

TABLE 8

Households in
Core Housing Need
Projections (Central
Okanagan, 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	4,437	5,274	6,494	837	1,220	2,057	84	81	82
	Scenario B: Shifting Tenure	4,437	5,068	5,812	631	744	1,375	63	50	55
Ownership	Scenario A: Constant Tenure	3,331	4,143	5,239	812	1,096	1,908	81	73	76
	Scenario B: Shifting Tenure	3,331	4,186	5,377	855	1,191	2,046	86	79	82
Total	Scenario A: Constant Tenure	7,768	9,417	11,733	1,649	2,316	3,965	165	154	159
	Scenario B: Shifting Tenure	7,768	9,253	11,189	1,485	1,936	3,421	149	129	137

