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

NORTH OKANAGAN REGIONAL DISTRICT TO 2036
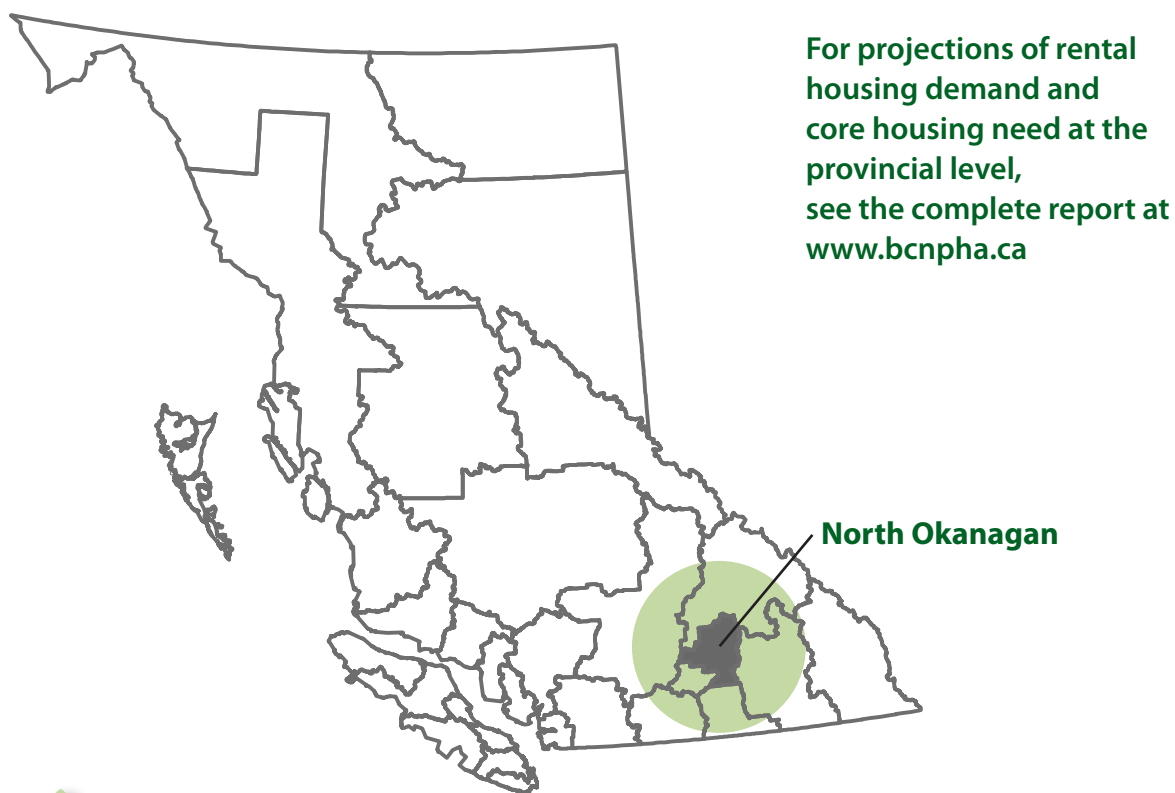
SEPTEMBER 2012

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 North Okanagan Regional District is situated in the south.

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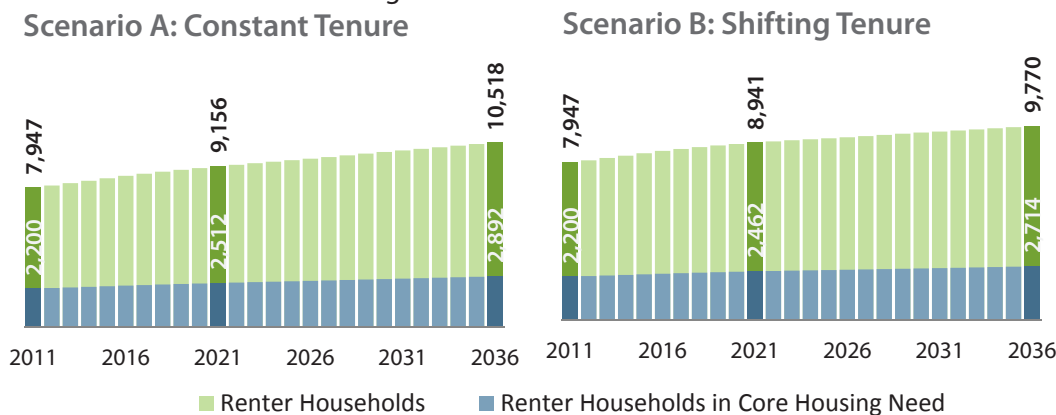
North Okanagan

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 North Okanagan. Rental housing demand is estimated to range between 9,770 and 10,518 households in 2036, an increase of between 1,823 and 2,571 households, as seen in Table 1 below. Core housing need among renters is projected to range from 2,714 to 2,892 renter households in 2036, an increase of between 514 and 691 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 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 charts, 2011 to 2036. Legend: Renter Households; Renter Households in Core Housing Need.

FIGURE 1

Rental Housing Demand and Core Housing Need (North Okanagan, 2011 to 2036)

TABLE 1

Rental Housing Demand and Core Housing Need (North Okanagan, 2011 to 2036)

Year	Scenario A: Constant Tenure		Scenario B: Shifting Tenure	
	Rental Demand	Core Need	Rental Demand	Core Need
2011	7,947	2,200	7,947	2,200
2021	9,156	2,512	8,941	2,462
2036	10,518	2,892	9,770	2,714
Increase 2011-2036	2,571	691	1,823	514

context | **Demographic Drivers**

The projections for rental housing demand and renter households in core housing need in the North Okanagan Regional District partly reflect anticipated demographic change in the District. The population is projected to increase by 27%, from 82,894 in 2011 to 105,324 in 2036.

Between 1986 and 2006 the population grew by 21,992 people, fluctuating between a 0.4% annual decline and a 4.4% annual increase. Recent growth has averaged around 1.0% annually and is projected to slow to 0.7% in 2036.

Based on 2006 Census data (the most recent available), North Okanagan's population is older than the provincial population. In 2006, the median age in North Okanagan was 44.8 versus 40.8 years provincially. Figure 3 shows that by 2036 there will be strong growth across most age cohorts, especially those over 65 and those aged between 25 and 49. The growth in those over 65 will result in an overall older population.

Rental maintainer rates in North Okanagan are highest among those aged 25 to 29. The rates are lower across older age groups. An aging population will account for much of the growth in rental housing demand in North Okanagan.

By 2036 there will be significant growth in the population over 65, while younger age groups will experience decline.

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

Population: 56,885 | 63,282 | 4.4% | 74,196 | 75,185 | 78,877 | 82,894 | 92,461 | 105,324

0.4% | 2.0% | 0.5% | 1.5% | 1.0% | 1.1% | 0.7%

-0.4%

Annual Growth Rate

1986 1991 1996 2001 2006 2011 2016 2021 2026 2031 2036
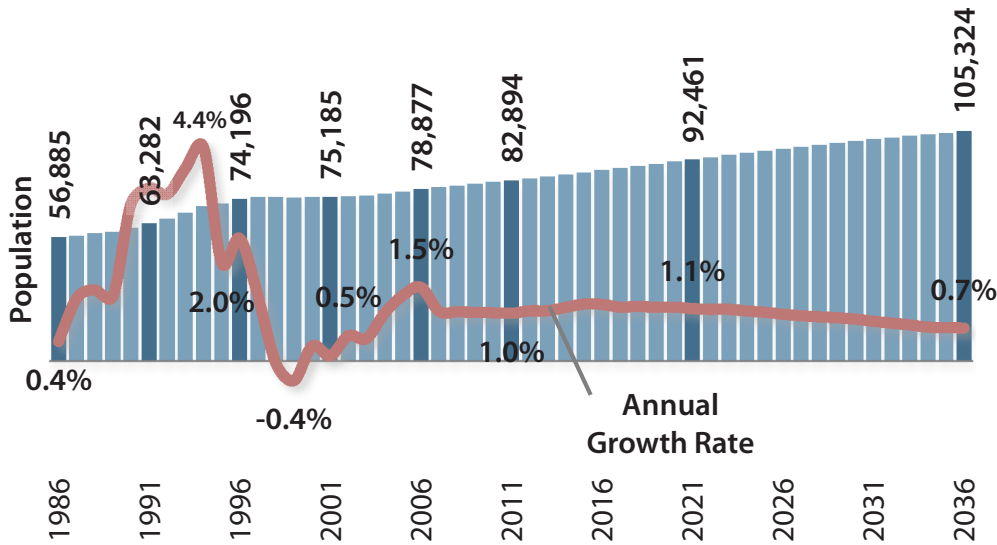
FIGURE 2

Total Population Change (North Okanagan, 1986 to 2036)

Population will grow 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
North Okanagan	82,894	92,461	105,324	1.1%	0.9%	1.0%

TABLE 2

Population Change (North Okanagan, 2011 to 2036)

North Okanagan will experience an average annual growth rate of 1.0% over the next 25 years.

Age: 90+ 80 70 60 50 40 30 20 10 0

2036

2011

Male | Female

6,000 4,000 2,000 0 2,000 4,000 6,000
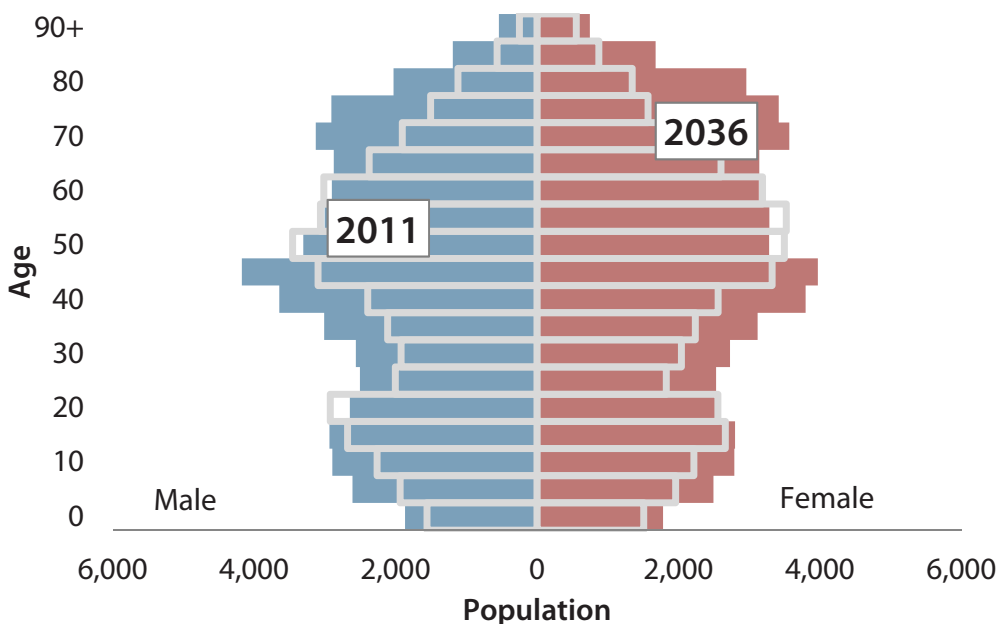
Population

FIGURE 3

Regional Age Profile (North Okanagan, 2011 and 2036)

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

projections | **Rental Housing Demand**

Rental housing demand in North Okanagan is projected to increase by 23% to 32% over the next 25 years through two different scenarios, compared to population growth of 27% over the same period.

Figure 4 shows that rental housing demand declined from 2001 to 2006. Although the population did not decline in this 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 senior households are projected to have the largest growth in rental housing demand.

Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase by 32% from 7,947 households in 2011 to 10,518 households in 2036 if tenure patterns are held constant.[1] This translates to an average annual increase in rental housing demand of 103 households between 2011 and 2036.

Scenario B: Shifting Tenure

Total rental household maintainer rates for BC declined from 16.4% in 1996 to 14.4% in 2006. The shift can be seen in North Okanagan 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 7,947 households in 2011 to 9,770 households by 2036, an increase of 23%. This slower growth translates into an average annual increase of 73 renter households between 2011 and 2036.

Rental housing demand is projected to increase by 994 to 1,209 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	7,947	9,156	10,518	1,209	1,362	2,571	121	91	103
Scenario B: Shifting Tenure	7,947	8,941	9,770	994	829	1,823	99	55	73

TABLE 3

Rental Housing Demand (North Okanagan, 2011 to 2036)

Rental housing demand is projected to increase by 99 to 121 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.
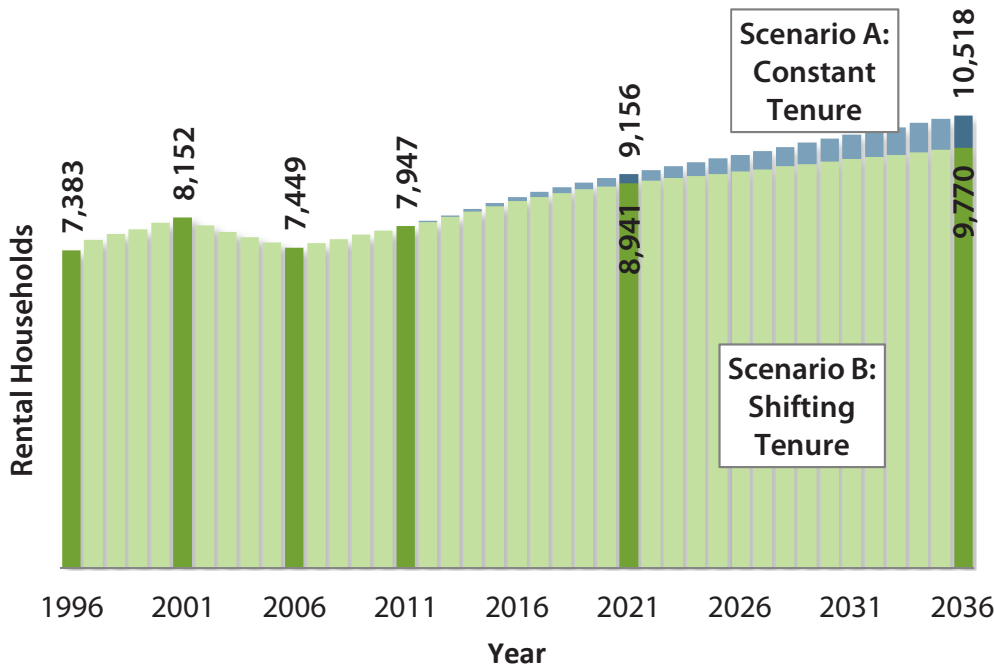
projections | Rental Housing Demand

FIGURE 4

Rental Housing Demand (North Okanagan, 1996 to 2036)

Both scenarios project growth in rental housing demand, with Scenario A envisioning greater growth over the next 25 years.
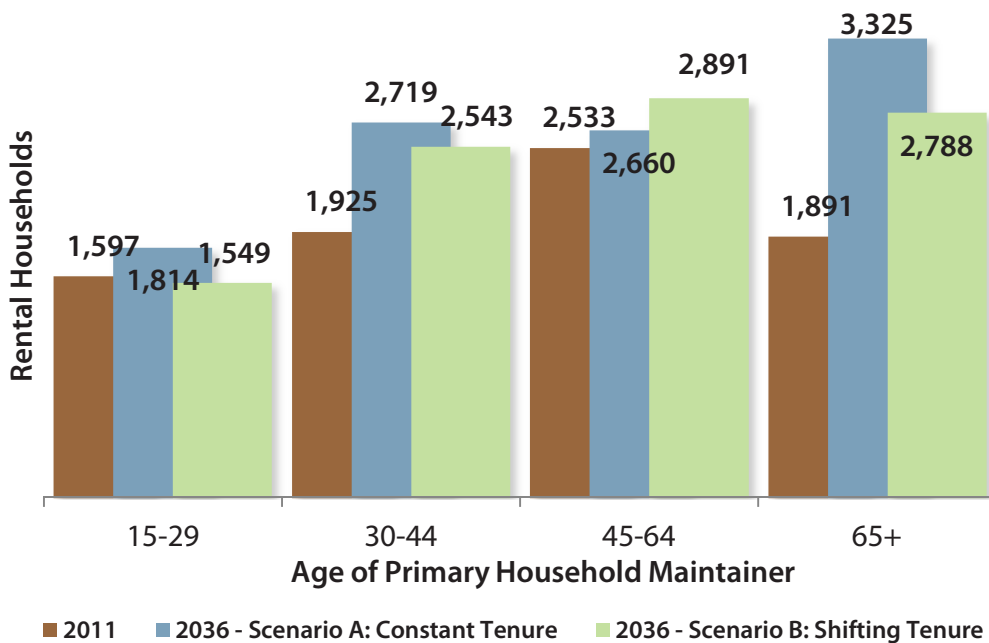
Chart values (Rental Households by Year):
- 1996: 7,383
- 2001: 8,152
- 2006: 7,449
- 2011: 7,947
- 2021: 9,156 (Scenario A: Constant Tenure) / 8,941 (Scenario B: Shifting Tenure)
- 2036: 10,518 (Scenario A: Constant Tenure) / 9,770 (Scenario B: Shifting Tenure)

FIGURE 5

Rental Housing Demand by Age (North Okanagan, 2011, 2036)

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

Chart values (Rental Households by Age of Primary Household Maintainer):

Age	2011	2036 - Scenario A: Constant Tenure	2036 - Scenario B: Shifting Tenure
15-29	1,597	1,814	1,549
30-44	1,925	2,719	2,543
45-64	2,533	2,660	2,891
65+	1,891	3,325	2,788

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

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 North Okanagan is projected to increase by 23% to 31% over the next 25 years.

Figure 6 shows that the number of renter households in core housing need declined in North Okanagan between 1996 and 2006. 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 2,200 renter households in North 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 by 2036 core housing need will increase most significantly for households maintained by 30 to 44 year olds and seniors.

Scenario A: Constant Tenure
Scenario A reveals a total increase of 691 renter households in core housing need, from 2,200 households in 2011 to 2,892 households by 2036, an increase of 31%. This is an average annual increase of 28 households.

Scenario B: Shifting Tenure
Scenario B reveals a smaller overall increase of 514 renter households in core housing need by 2036, an increase of 23%. The annual increase in renter households in core housing need is projected to be 21 households over the next 25 years, for a total of 2,714 renter households in 2036.

Core housing need among renters is projected to increase by 262 to 311 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	2,200	2,512	2,892	311	380	691	31	25	28
Scenario B: Shifting Tenure	2,200	2,462	2,714	262	252	514	26	17	21

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

TABLE 4

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

Core housing need is projected to increase between 26 and 31 renter households annually over the next 10 years.

projections | Core Housing Need

Rental Households in Core Housing Need (y-axis)

Scenario A: Constant Tenure
Scenario B: Shifting Tenure

2,793 2,383 2,066 2,200 2,512 2,892
2,462 2,714

1996 2001 2006 2011 2016 2021 2026 2031 2036
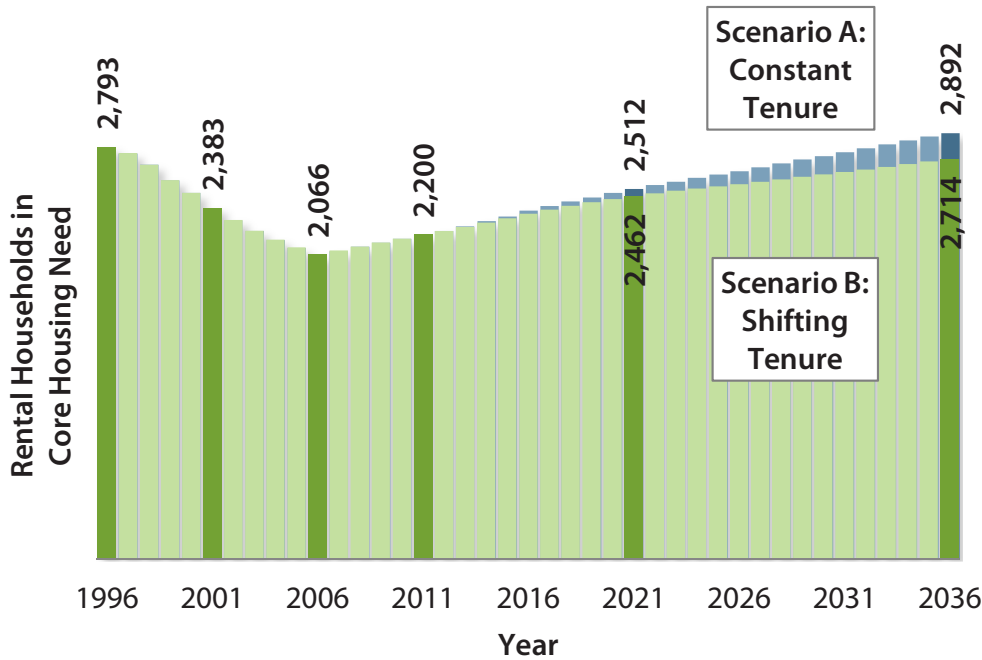
Year

FIGURE 6

Core Housing Need (North Okanagan, 1996 to 2036)

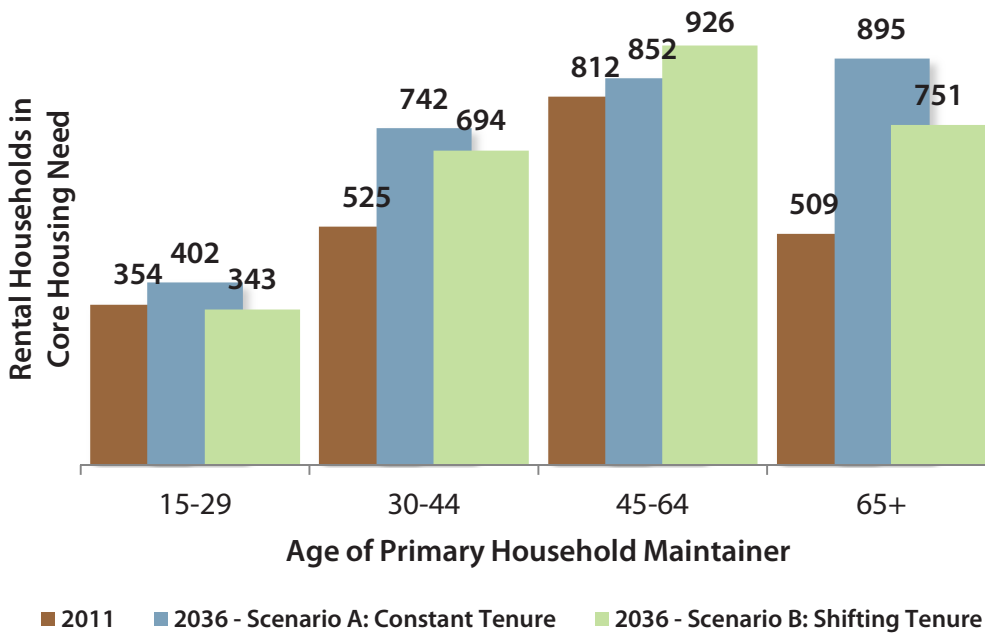Both scenarios project a moderate increase in the number of renter households in core housing need.

Rental Households in Core Housing Need (y-axis)

Age	2011	2036 - Scenario A	2036 - Scenario B
15-29	354	402	343
30-44	525	742	694
45-64	812	852	926
65+	509	895	751

Age of Primary Household Maintainer

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

FIGURE 7

Renter Households in Core Housing Need by Age (North 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 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 North 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.

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**

1996 **2006** **2036 Trended**

Age of Primary Household Maintainer

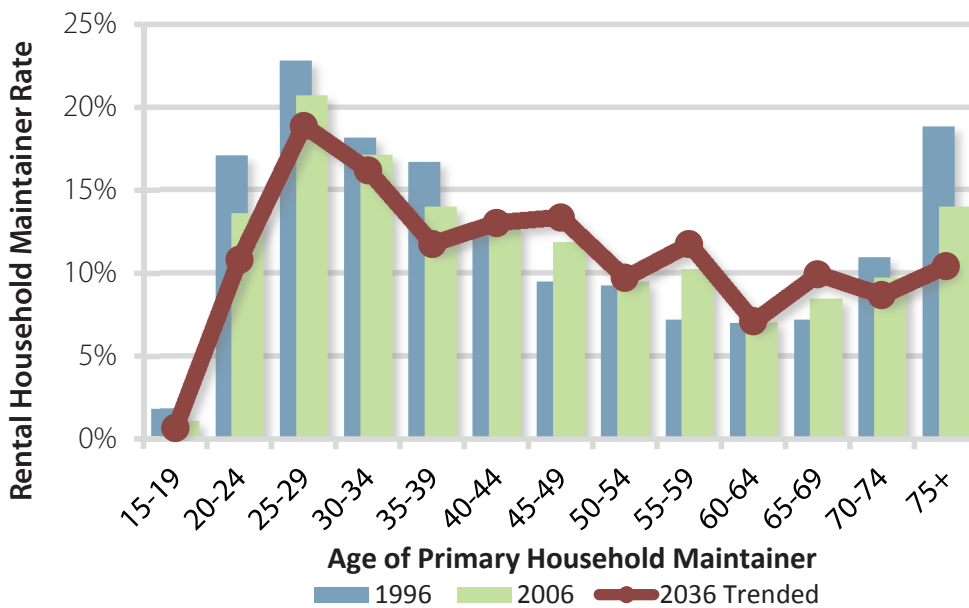**Rental Household Maintainer Rates (North Okanagan, 1996, 2006, 2036)**

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.)

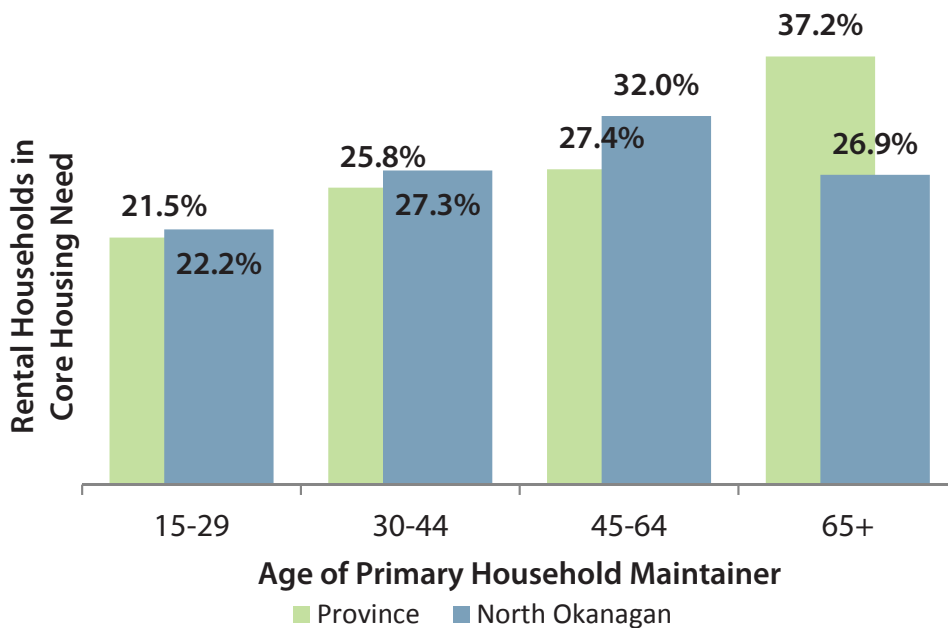**Province** **North Okanagan**

Age of Primary Household Maintainer

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

In North Okanagan proportionally more renter households are in core housing need than the provincial average.

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	12,151	13,697	15,295	1.2%	0.7%	0.9%
15-29	14,647	14,488	15,965	-0.1%	0.6%	0.3%
30-44	13,265	16,589	18,848	2.3%	0.9%	1.4%
45-64	26,156	25,047	27,044	-0.4%	0.5%	0.1%
65+	16,675	22,640	28,172	3.1%	1.5%	2.1%
All Ages	82,894	92,461	105,324	1.1%	0.9%	1.0%

TABLE 6

Population Projections by Age Group (North 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	7,947	9,156	10,518	1,209	1,362	2,571	121	91	103
	Scenario B: Shifting Tenure	7,947	8,941	9,770	994	829	1,823	99	55	73
Ownership	Scenario A: Constant Tenure	26,802	30,789	35,450	3,987	4,661	8,648	399	311	346
	Scenario B: Shifting Tenure	26,802	31,004	36,197	4,202	5,194	9,396	420	346	376
Total	Both Scenarios	34,748	39,945	45,967	5,196	6,023	11,219	520	402	449

TABLE 7

Household Projections (North 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	2,200	2,512	2,892	311	380	691	31	25	28
	Scenario B: Shifting Tenure	2,200	2,462	2,714	262	252	514	26	17	21
Ownership	Scenario A: Constant Tenure	1,680	1,945	2,241	265	296	561	27	20	22
	Scenario B: Shifting Tenure	1,680	1,960	2,293	280	333	613	28	22	25
Total	Scenario A: Constant Tenure	3,880	4,456	5,133	576	677	1,253	58	45	50
	Scenario B: Shifting Tenure	3,880	4,422	5,008	542	586	1,128	54	39	45

TABLE 8

Households in Core Housing Need Projections (North Okanagan, 2011 to 2036)