Our Home, Our Future:

Projections of Rental Housing Demand and Core Housing Need

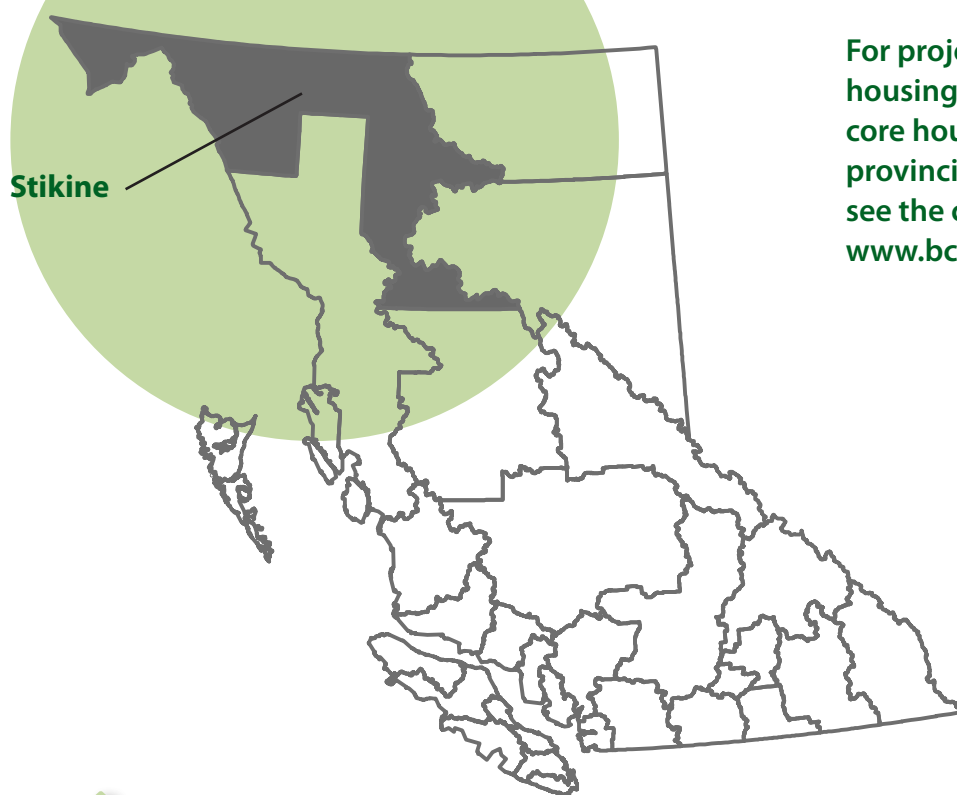### STIKINE REGION TO 2036

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 Stikine Region is situated in the northwest.

Stikine

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 among renter households to 2036. These scenarios are illustrations of what might occur under certain conditions. Because data reliability is compromised with small population numbers, projections of core housing need among renters were not built for the Stikine Region.

Scenario A: Constant Tenure considers how rental housing demand will change if tenure patterns stay constant and age-specific rental 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 remain largely unchanged in Stikine in 2036, while population will decline significantly. Rental housing demand is estimated to range between 113 and 118 households in 2036, as seen in Table 1 below. However, both scenarios seen strong growth until 2021 and then a decline in the subsequent 15 years.

To the extent that vacancies cannot accommodate the additional demand in the next decade, new stock will need to be developed.
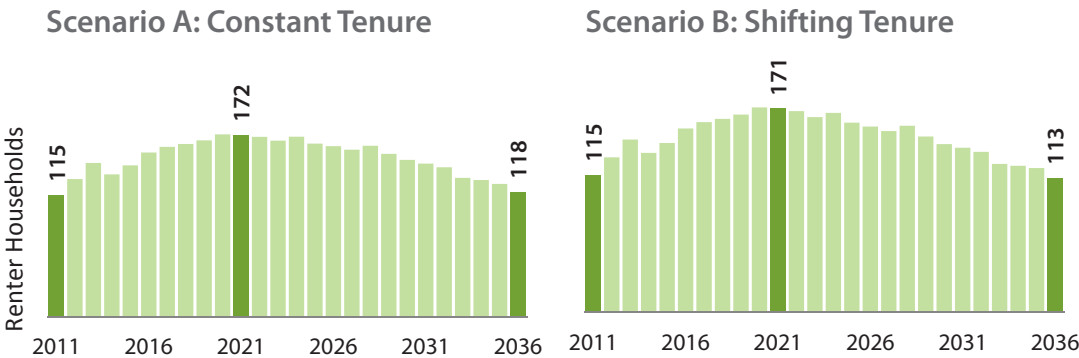
Scenario A: Constant Tenure

Scenario B: Shifting Tenure

FIGURE 1

Rental Housing Demand (Stikine, 2011 to 2036)

Year	Scenario A: Constant Tenure	Scenario B: Shifting Tenure
	Rental Demand	Rental Demand
2011	115	115
2021	172	171
2036	118	113
Increase 2011-2036	3	-2

TABLE 1

Rental Housing Demand (Stikine, 2011 to 2036)

context | **Demographic Drivers**

The projections for rental housing demand in the Stikine Region partly reflect anticipated demographic change in the Region. The population is projected to decrease by 19%, from 674 in 2011 to 546 in 2036, as seen in Figure 2.

Between 1986 and 2006 the population decreased by 1,513 people, fluctuating between a 23.0% annual decline and a 4.9% annual increase. Recent population change has averaged around -10.0%, and is projected to grow briefly and then decline to -4.5% by 2036.

A small population makes the population profile in the Stikine region less reliable for predicting trends. Based on 2006 Census data (the most recent available) Stikine has a population slightly younger than the provincial average, with a median age of 39.6 compared to 40.8 provincially. Figure 3 shows that by 2036 the overall population will have aged, with strong growth in people over the age of 65 and a strong decline in people aged 35-49 and under 25 years.

By 2036 there will be significant growth in the population of people over 65, while some 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)
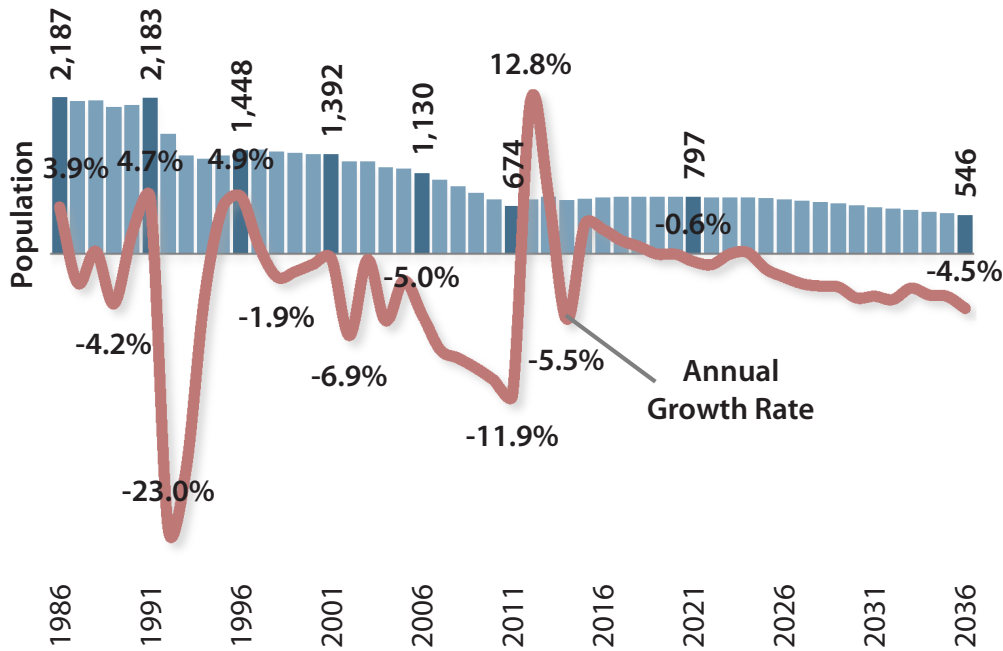
context | Demographic Drivers

FIGURE 2

Total Population Change (Stikine, 1986 to 2036)

Population will decline over the next 25 years, while the annual growth rate will decrease over the same period, increasing the rate of decline

TABLE 2

Population Change (Stikine, 2011 to 2036)

Stikine will experience an average annual growth rate of -0.8% over the next 25 years.

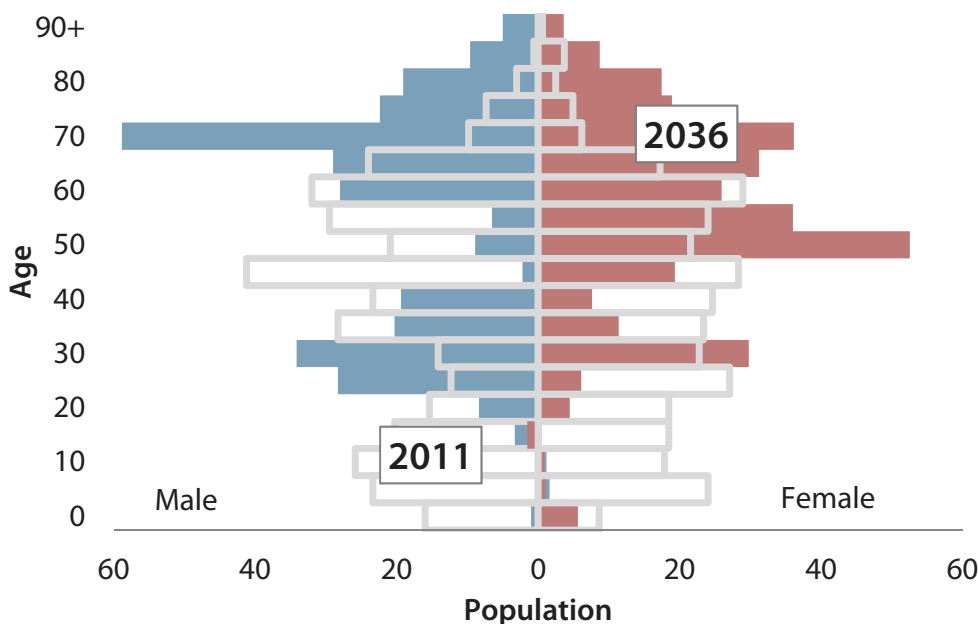|	Total Population			Avg Annual Growth		
	2011	2021	2036	2011-2021	2021-2036	2011-2036
Stikine	674	797	546	1.7%	-2.5%	-0.8%

FIGURE 3

Regional Age Profile (Stikine, 2011 and 2036)

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

projections | **Rental Housing Demand**

Rental housing demand in Stikine is projected to increase slowly until 2025, then decline to 2036 through two different scenarios. By 2036 it is projected to increase by 3% or decrease by 2%, compared to an overall population decrease of 19% over the same period.

Figure 4 shows that rental housing demand has historically fluctuated rapidly, which reflects demographic changes. Population increases and decreases, combined with shifts in rental household maintainer rates, has meant that changes in the rental housing demand curve have historically been more pronounced than changes in the overall population.

Figure 5 depicts the age breakdown of household maintainers in 2011 and 2036, showing that all of the growth in rental demand will occur among senior households, while other age groups face declining demand.

Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase from 115 households in 2011 to 172 households in 2021. The subsequent 15 years will see a decline to 118 households by 2036. Between 2011 and 2036 rental housing demand is projected to increase by 3% in Scenario A.

Scenario B: Shifting Tenure

The propensity of households to rent in BC has declined from 16.4% of households in 1996 to 14.4% in 2006. The shift can also be seen in Stikine, and is consistent across many age groups. Scenario B assumes these trends will continue to 2036, thereby further slowing growth rental housing demand. Total rental housing demand is projected to decrease by 2%, from 115 households in 2011 to 113 households by 2036.

Rental housing demand is projected to remain constant 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	115	172	118	57	-54	3	6	-4	0
Scenario B: Shifting Tenure	115	171	113	56	-58	-2	6	-4	0

TABLE 3

Rental Housing Demand (Stikine, 2011 to 2036)

Rental housing demand is projected to remain constant over the next 25 years.

[1] 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 Households

261 200 201 115 171 172 113 118

Scenario A: Constant Tenure

Scenario B: Shifting Tenure

1996 2001 2006 2011 2016 2021 2026 2031 2036
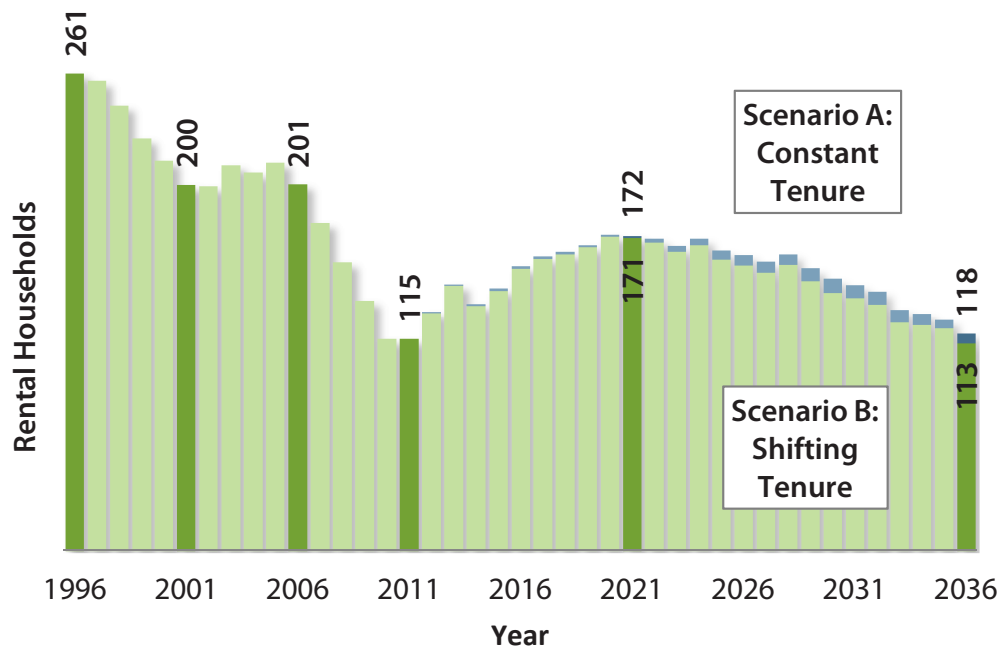
Year

FIGURE 4

Rental Housing Demand (Stikine, 1996 to 2036)

Both scenarios project growth in rental housing demand to 2021, and then decline to 2036.

Rental Households

| Age | 32 | 11 | 11 | 33 | 29 | 24 | 34 | 27 | 25 | 17 | 51 | 53 |

15-29   30-44   45-64   65+

Age of Primary Household Maintainer

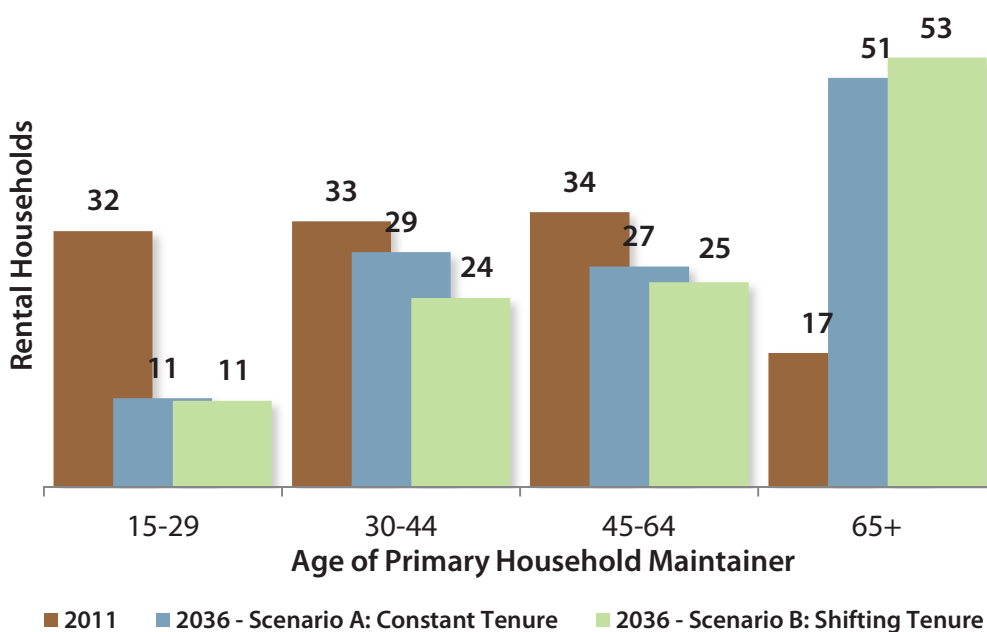■ 2011   ■ 2036 - Scenario A: Constant Tenure   ■ 2036 - Scenario B: Shifting Tenure

FIGURE 5

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

By 2036 both scenarios project a large increase in demand for rental housing by seniors, and decline among younger age groups.

methods | **Our Model**

The projections for rental housing demand are the output of models built with particular assumptions, and are intended as illustrations of what might occur if certain trends continue. The results suggest the degree of growth to occur.

The Stikine boundary was changed in 2008 to remove an area that had previously been in the Stikine Region into Kitimat-Stikine Regional District. The total populations for these two areas taken from the 2011 Census show a shift of population from Stikine to Kitimat-Stikine, however the previous years' populations was not adjusted retro-actively.

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 infrastrucutre and planning policies.

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

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 6 illustrates the historical rates in Stikine. 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 housing tenure and income variable were unavailable at the time the projections were completed.

Scenario A calculated future rental housing demand holding the estimated 2011 rates constant over the projection period. Scenario B considered what would happen if trends in renter maintainer rates, visible in the different historic rates, continued through to 2036.

Due to the small numbers involved, and the automatic rounding of data released by CMHC, reliable data was not available to create projections of core housing need for the Stikine Region.
Additional data tables are available in the appendix of this report.

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.
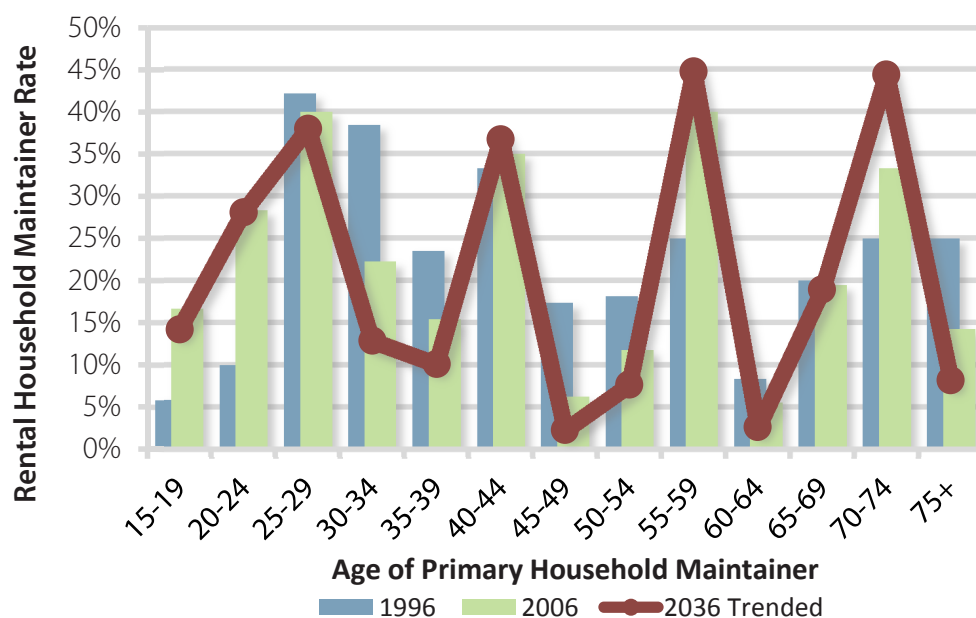
methods | **Our Model**

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

Rental household maintainer rates vary widely with age.

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

appendix | Data

This appendix containts additional detailed projections generated by our model including population projections by age group, and renter and owner household 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	119	51	7	-8.1%	-12.1%	-10.5%
15-29	112	153	30	3.2%	-10.3%	-5.1%
30-44	137	132	120	-0.4%	-0.6%	-0.5%
45-64	226	225	159	0.0%	-2.3%	-1.4%
65+	80	236	230	11.4%	-0.2%	4.3%
All Ages	674	797	546	1.7%	-2.5%	-0.8%

TABLE 4

Population Projections by Age Group (Stikine, 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	115	172	118	57	-54	3	6	-4	0
	Scenario B: Shifting Tenure	115	171	113	56	-58	-2	6	-4	0
Ownership	Scenario A: Constant Tenure	152	236	204	85	-33	52	8	-2	2
	Scenario B: Shifting Tenure	152	238	209	86	-28	57	9	-2	2
Total	Both Scenarios	267	409	322	141	-87	55	14	-6	2

TABLE 5

Household Projections (Stikine, 2011 to 2036)