

## Rent Race:

### The growing unaffordability of rent in Metro Vancouver

#### Highlights

- In Metro Vancouver, renting is increasingly viewed as the answer to skyrocketing real estate prices, but renting is proving to be increasingly unaffordable. This has the potential to adversely impact the quality of life for renters, reduce the labour pool for businesses and impact services that British Columbians rely on.
- Renters account for more than one-third of households in Metro Vancouver and a majority of residents in the City of Vancouver (51%). Millennials (born between about 1980 to 2000) are over represented among renter households, constituting 33% of the total.
- Renters have a higher labour participation rate (69.1%) than homeowners (64.9%), and are dispersed throughout the entire economy, despite common perceptions of renters being primarily employed in low-wage service jobs.
- Renters play a critical role in maintaining a dynamic economy by being more likely to move in times of economic change (representing two-thirds of all moves by all households) than their homeowner counterparts, in turn supporting labour fluidity across the region.
- While weekly median wages grew by 6.6% in B.C. between 2011 and 2015, rents increased 11.4% on average in Metro Vancouver.
- High average rents (\$1,144 per month) and low vacancy rates (0.8%) are increasingly limiting the options of where younger and lower-income households can live and work.
- The average millennial renter household (includes all family types) earned an estimated median income of \$40,300 in 2015. Considering today's average rental rates, these households are priced out of much of the City of Vancouver, North Vancouver (city and district municipality), West Vancouver, Richmond and Burnaby.
- Renter workers making a median income in fields as diverse as construction, educational services, health care and social assistance face the very real possibility of being priced out of the communities they call home. This trend has potential to leave Metro Vancouver with a limited pool of labour to draw from.
- By protecting existing rental stock and stimulating creation of new supply, government can help expand and strengthen this critical form of workforce housing. Renters themselves can be mindful of transportation costs when assessing affordability for rentals, and businesses can support workers through advocacy, location efficiency and direct investment in affordable housing.

As highlighted in previous Vancity reports on housing affordability, home-ownership prospects for millennial and working households are increasingly out of reach.<sup>i</sup> As the most recent example of skyrocketing real estate prices in Metro Vancouver, between May 2015 and May 2016, the average residential price in the region increased more than 30% to \$786,500, far outpacing the average household's capacity to afford ownership.<sup>ii</sup> In light of declining affordability in the ownership market, recent media commentary has suggested that rental housing is a viable alternative to buying for millennial households.

Unfortunately, this report shows that there has also been growing unaffordability and problematically low vacancy rates in rental markets across Metro Vancouver, making this option unreliable for younger and poorer households. While these households used to look toward the suburbs to find affordable and available rentals, transportation costs have the potential to erode this affordability, further exacerbating the issue across the region.

The affordability and availability crunch in the rental housing market has implications that not only impact the quality of life for renters, but may also impact the future prosperity and growth of the region. While renters frequently go unnoticed in policy discussions and popular commentary about the economy, they are a key contributor to the economic fabric of Metro Vancouver. Renters account for more than one-third of households across the region and constitute a majority of residents in the City of Vancouver. In Metro, renters also display higher participation rates, being more likely to be engaged in the labour force than their home-owning counterparts. Despite the common perception that renters are involved in only a few forms of labour such as retail and restaurant work, they are employed in all sectors of the economy and are crucial to the shared prosperity of our cities and regions. Businesses depend on them and British Columbians depend on the services they provide.

While renters are tied to a dynamic, productive and prosperous economy, this report highlights how increasingly unaffordable rental housing is restricting where these individuals and families can live and work. In turn, the lack of affordable rental housing options poses a danger to our economic competitiveness, as renters are increasingly forced into the outer suburbs, further and further away from centres of employment. If current trends continue, working renter households will be priced out of the communities that rely on them for economic growth and prosperity.

## Millennials in the rental market

The future of Metro Vancouver rests on young, mobile, and highly educated millennial households. This report begins by examining the ability of the average millennial household to find affordable rental housing. Using a data series based on the 2011 National Household Survey that examines renter household income for millennials in Metro Vancouver, the report estimates their 2015 income using the median weekly wage increase for all industries in British Columbia between 2011 and 2015.<sup>iii</sup>

The report compares these incomes to the average rents and vacancy rates of various geographical zones contained in the CMHC 2015 *Fall Rental Market Survey*.<sup>iv</sup> This analysis provides a geographical look at what areas are affordable and available to typical millennial renter households across Metro Vancouver.<sup>v</sup> The purpose-built, condo, and secondary rental market (e.g., basements suites) are also factored into the analysis where data is available (shown in the tables as Vancouver Census Metropolitan Area (CMA) condo/secondary). The vacancy rate was included in the analysis given that a household can rent a unit only if there is available supply, as well as to highlight how many rental markets across the region fall below a "healthy" vacancy rate of 3%.

The report also estimates an average household's transportation costs using Metro Vancouver's *Housing and Transportation Cost Burden* study.<sup>vi</sup> Other reports have suggested that a household's affordable housing and transit cost should equal no more than 45% of household's gross annual income.<sup>vii</sup>

As a whole, millennial renter households had an estimated adjusted median income of \$40,300 in 2015.<sup>viii</sup> This figure includes all household types such as singles, couples, and couple with children, and is reflective of households aged 15 to 34 years old. Using the standard 30% of gross household income as an affordability benchmark, these households can afford \$1,005 in rent per month.

When compared to average rents, millennials have a difficult time affording an average rental accommodation across the region (Table 1). Millennials are priced out of most neighbourhoods in Vancouver, as well as North Vancouver (district municipality and city), West Vancouver and Richmond. They are also priced out of the condo and secondary market. The general trend is that housing affordability appears in suburban communities across the region in areas like Surrey, Delta and the Tri-Cities.

**Table 1 – Housing affordability and availability for millennial households**

	Average rent	Vacancy rate (%)	Is this neighbourhood/municipality affordable and available?
University Endowment Lands	\$1,712	0.1	No
West Vancouver	\$1,673	0.5	No
Vancouver CMA (Condo)	\$1,421	0.9	No
Westside/Kerrisdale	\$1,390	1.6	No
Downtown	\$1,361	0.6	No
West End/Downtown (Zones 1-3)	\$1,350	0.5	No
English Bay	\$1,341	0.3	No
West End/Stanley Park	\$1,336	0.5	No
Vancouver CMA (Secondary)	\$1,300	No data	No
Kitsilano/Point Grey	\$1,285	0.6	No
South Granville/Oak	\$1,264	0.6	No
North Vancouver District Municipality (DM)	\$1,257	0.5	No
City of Vancouver (Zones 1-10)	\$1,233	0.6	No
North Vancouver City	\$1,158	0.4	No
Richmond	\$1,152	0.9	No
Vancouver CMA	\$1,144	0.8	No
Southeast Vancouver	\$1,118	1	No
North Burnaby	\$1,082	1	No
Mount Pleasant/Renfrew Heights	\$1,076	0.4	No
Central Park/Metrotown	\$1,045	1.3	No
Burnaby (Zones 12-14)	\$1,031	1.2	No
East Hastings	\$1,002	0.6	<b>Yes</b>
Tri-Cities	\$951	1.2	<b>Yes</b>
New Westminster	\$933	0.9	<b>Yes</b>
Marpole	\$928	1	<b>Yes</b>
Delta	\$920	0.6	<b>Yes</b>
White Rock	\$918	0.8	<b>Yes</b>
Southeast Burnaby	\$905	1.2	<b>Yes</b>
Langley City and Langley DM	\$895	1.5	<b>Yes</b>
Surrey	\$874	1.9	<b>Yes</b>
Maple Ridge/Pitt Meadows	\$827	1.6	<b>Yes</b>

Source: CMHC 2015, Vancouver and Abbotsford-Mission CMAs, Fall Market Survey

**Table 2 – Estimated housing and transportation cost for millennial households**

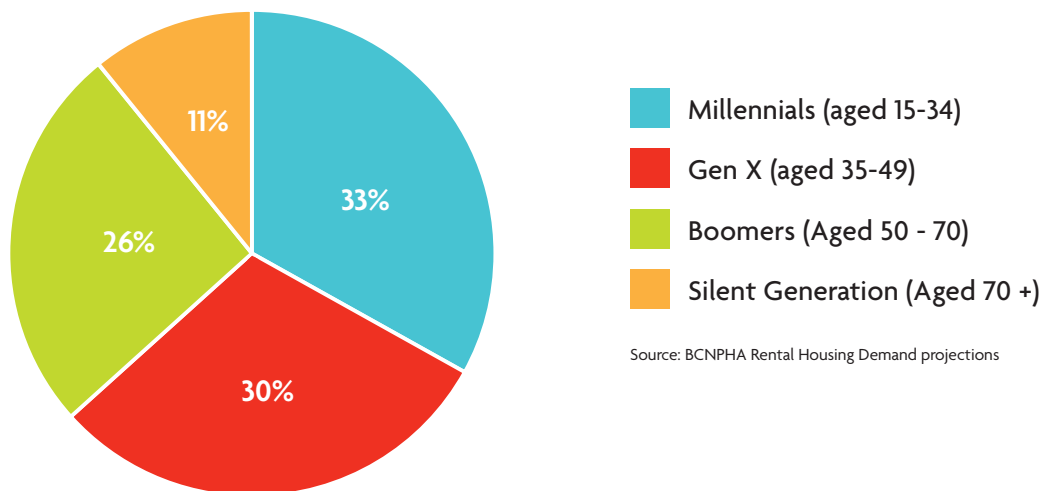
	Average rent	Average transportation cost (estimate)	Sum of housing and transportation cost	Vacancy rate (%)	Is this neighbourhood/ municipality affordable and available?
West Vancouver	\$1,673	\$1,086	\$2,759	0.5	No
North Vancouver DM	\$1,257	\$1,086	\$2,343	0.5	No
Langley City and Langley DM	\$895	\$1,362	\$2,257	1.5	No
North Vancouver City	\$1,158	\$1,086	\$2,244	0.4	No
Delta	\$920	\$1,314	\$2,234	0.6	No
Richmond	\$1,152	\$1,069	\$2,221	0.9	No
Vancouver CMA	\$1,144	\$1,025	\$2,169	0.8	No
Maple Ridge/ Pitt Meadows	\$827	\$1,331	\$2,158	1.6	No
White Rock	\$918	\$1,224	\$2,142	0.8	No
Tri-Cities	\$951	\$1,152	\$2,103	1.2	No
Surrey	\$874	\$1,224	\$2,098	1.9	No
City of Vancouver (Zones 1-10)	\$1,233	\$749	\$1,982	0.6	No
Burnaby (Zones 12-14)	\$1,031	\$928	\$1,959	1.2	No
New Westminster	\$933	\$928	\$1,861	0.9	No

Source: CMHC 2015 Fall Market Survey and Metro Vancouver “Housing and Transportation cost burden study”

If transportation costs are factored in, these households can afford \$1,510 per month (based on 45% of the median millennial income). While some affordability exists in these suburban communities, transportation costs are also typically higher in these areas. If rental housing is not located near transit, these households will have to depend on cars, which are expensive to maintain. As such, when average transportation costs are factored in (including car use), these municipalities lose their affordability (Table 2, above).

Affordable rental housing for younger households is crucial for the future growth and prosperity of the region. Figure 1 below demonstrates how younger households constitute a higher proportion of renter households than their older peers. This is due in large part to these younger households leaving the family home to create new tenant households. Without affordable rental housing to build a life, younger households may delay family formation, live in parents’ homes for longer or move away to more affordable destinations.

**Figure 1 – Age groupings of renter households, 2015**



Source: BCNPHA Rental Housing Demand projections

## Who are renters and where do they work?

This pressure in the rental market extends beyond millennial households, impacting all age groups across the region (Figure 1, p. 4). Rental demand projections show that if current tenure patterns hold, rental demand in Metro Vancouver will grow by 41% by 2036. This means an additional 135,000 units of rental housing will need to be developed over the next 20 years.<sup>ix</sup>

Not only are renter households represented in all age categories, but they are also employed in all sectors of the economy. Comparing the top 10 job sectors for renters and owners demonstrates that both are employed in similar sectors, with only slight variation in the order of the categories (Table 3). While owners earn higher incomes than renters in the same job categories (data not shown), local economies rely on the presence of both renters and owners.

## Renters and the economy

The affordability crunch in the rental housing market may also have an effect on the regional economy, through reshaping the labour force's ability to move and settle for work.

Research has demonstrated how rental housing reinforces and supports dynamic labour markets.<sup>x</sup> Renters have been shown to be more mobile than their homeowner counterparts, which provide them with more flexibility to move as labour market demands shift. One research highlight from Canada Mortgage and Housing Corporation (CMHC) found that more

than two-thirds of households that moved during a six-year period were renters, even though they represented only one-third of all households.<sup>xi</sup> Mobile renters are able to fill critical labour market gaps as they arise, moving to different locations as jobs come up. For instance, if a young family in Halifax finds an employment opportunity in Vancouver's tech industry, the ability to find affordable rental housing will play a critical role in their decision to move here. The decision to purchase will likely occur after settlement, when the family has had time to determine the neighbourhood or municipality best suited to their needs.

Related to this, skilled workers coming to Canada independently are rarely able to purchase homes, and therefore most are found in the rental market.<sup>xii</sup> Most of B.C.'s economic growth moving forward will stem from immigration and inter-provincial migration, and will require an affordable and accessible rental market. While affordable rental housing is needed to attract workers, it also supports resiliency in the economy by allowing people to move in times of unemployment.<sup>xiii</sup> Regions and cities with a robust rental sector are better able to adapt to changing economic circumstances such as job loss or growth in particular sectors.

Beyond its importance to labour markets, building rental housing is good for the economy. Previous studies on rental housing and the economy have shown how crucial the sector is to gross domestic product (GDP). One recent study conducted by KPMG estimated that B.C.'s rental housing industry contributed \$12.25 billion to Canada's GDP, generated 82,851 full-time positions and created \$2.99 billion in government revenues in 2013.<sup>xiv</sup>

**Table 3 – Comparison of top 10 job sectors for owners and renters, Metro Vancouver**

Top 10 job sectors of renters in Metro Vancouver		Top 10 job sectors of owners in Metro Vancouver	
Rank	Industry	Rank	Industry
1	Restaurants and hospitality	1	Health care and social assistance
2	Health care and social assistance	2	Professional, scientific and technical services
3	Professional, scientific and technical services	3	Restaurants and hospitality
4	Retail trade	4	Retail trade
5	Construction	5	Educational services
6	Educational services	6	Construction
7	Administrative and support, waste management and remediation services	7	Manufacturing
8	Manufacturing	8	Transportation and warehousing
9	Other services (except public administration)	9	Finance and insurance
10	Transportation and warehousing	10	Public administration

Source: BCNPHA 2011 NHS Custom Data Request

## Renters are more engaged in the workforce

A crucial fact that further underscores the need for more rental housing is that the labour participation rate for renters in Metro Vancouver is 69.1%, compared to 64.9% for homeowners.<sup>xv</sup> Higher participation rates among renters demonstrates that they are more likely than homeowners to be engaged in the labour market and also provides a compelling reason to focus on maintaining an affordable rental supply to ensure the security of the labour force.

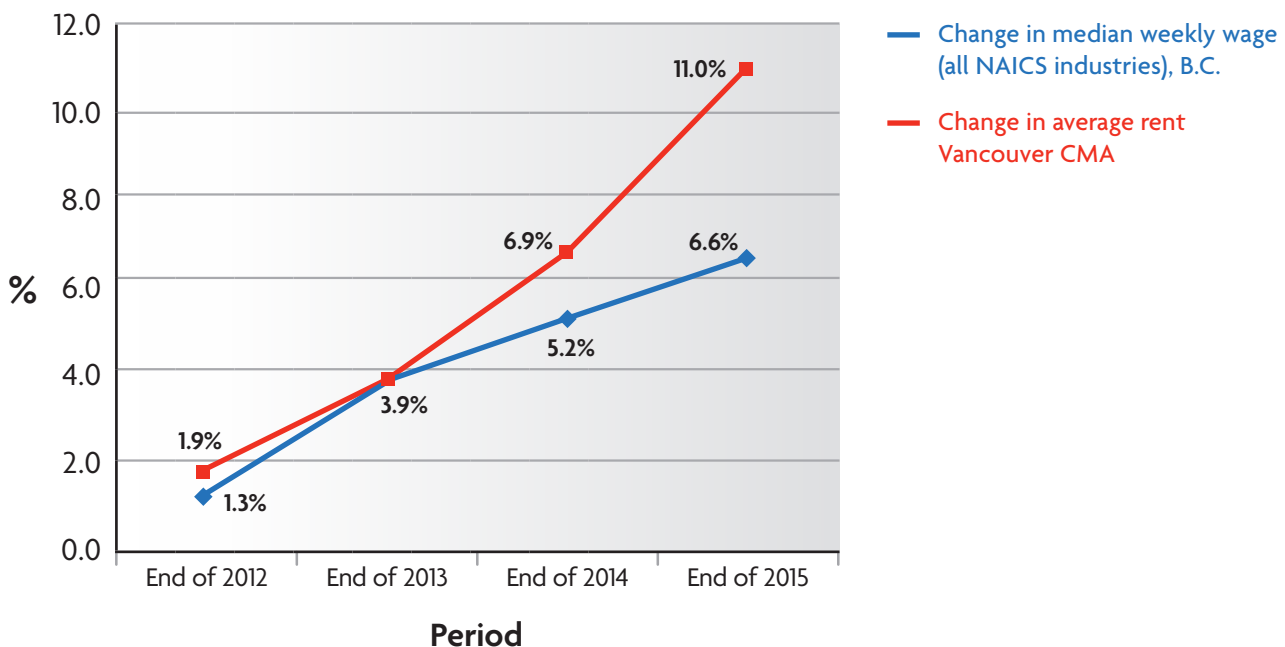
## Where can typical renter households afford to live?

While renters are dispersed throughout Metro Vancouver's economy, they are increasingly unable to find affordable rental accommodation, in turn decreasing their labour mobility. A key reason for unaffordable accommodation is that rents have risen much faster than incomes in recent years. While weekly median wages grew by 6.6% between 2011 and 2015 in B.C., rents increased 11.4% on average in Metro (Figure 2). Wage growth is not keeping up with rising housing costs in the rental market.

To examine the effect of this trend on renters in Metro Vancouver, this report has developed four scenarios of typical renter households searching for accommodation using the income data in Table 4 below. Table 4 updates 2011 National Household Survey income data to 2015 using the Labour Force Survey (LFS) estimates. LFS estimates measure the change in median weekly wage by North American Industrial Classification System (NAICS) sectors in British Columbia for both men and women between 2011 and 2015.<sup>xvi</sup> While there are issues with direct comparison that are discussed further in the methodology, the LFS provides a useful proxy to measure wage growth across labour categories. Median incomes were selected to give a more realistic sense of renter wages across sectors, given there are many job types within each category.<sup>xvii</sup> In addition, the table is reflective of "total income" for individuals over 15 years of age, which includes income from sources such as government transfers, social assistance, child benefits and employment insurance.

The incomes (Table 4) are compared to CHMC's 2015 *Fall Market Survey* which provides up-to-date data on rents and vacancy rates (a "healthy" vacancy rate is considered to be 3%). In addition, the CMHC's National Occupancy Standards were used as a guide for determining housing suitability, which is based on family composition and size.<sup>xviii</sup>

Figure 2 – Cumulative change, median weekly wage (B.C.) and average rent (Metro)



**Table 4 – Median total incomes, individuals, male and female**

	Median total income, individual renters, 2015 (estimate) – Males	Median total income, individual renters, 2015 (estimate) – Females
All industries (custom defined) - North American Industry Classification System (NAICS) 2007	\$37,980	\$31,458
Agriculture	\$20,420	\$20,562
Forestry	\$46,296	\$37,783
Fishing, hunting, trapping and support activities for agriculture and forestry	\$26,512	\$16,967
Mining, quarrying, and oil and gas extraction	\$56,314	\$62,546
Utilities	\$73,873	\$56,390
Construction	\$36,483	\$30,706
Manufacturing	\$41,418	\$32,569
Wholesale trade	\$41,248	\$40,215
Retail trade	\$28,367	\$24,223
Restaurants and hospitality	\$21,164	\$20,369
Transportation and warehousing	\$44,619	\$43,773
Information and cultural industries	\$44,657	\$40,602
Finance and insurance	\$53,025	\$45,456
Real estate and rental and leasing	\$40,908	\$38,064
Professional, scientific and technical services	\$47,526	\$40,056
Management of companies and enterprises	\$52,615	\$34,266
Administrative and support, waste management and remediation services	\$27,634	\$24,147
Educational services	\$38,653	\$40,007
Health care and social assistance	\$44,818	\$38,760
Arts, entertainment and recreation	\$24,863	\$21,694
Other services (except public administration)	\$37,553	\$23,610
Public administration	\$61,691	\$48,615

Source: BCNPHA 2011 NHS Custom Data Request, CANSIM Table 282-0072

## Scenario 1

The first scenario examines Joanna, a single mother who works in the educational services field, has a five-year-old child and has an adjusted income of \$40,000 in 2015. She can afford \$1,000 per month in rent and needs to find a

two-bedroom apartment to house herself and her child suitably. Table 6 below shows where Joanna can afford to live without transportation costs factored in.

**Table 6 – Housing affordability and availability (Scenario 1)**

	2-bedroom	Vacancy rate for 2-bedroom apartments (%)	Is this neighbourhood/municipality affordable and available?
West Vancouver	\$2,171	0.5	No
University Endowment Lands	\$1,986	0	No
West End/Stanley Park	\$1,975	0.4	No
Downtown	\$1,968	0	No
West End/Downtown (Zones 1-3)	\$1,951	0	No
English Bay	\$1,908	0	No
Westside/Kerrisdale	\$1,824	1	No
Kitsilano/Point Grey	\$1,732	1	No
South Granville/Oak	\$1,698	1	No
City of Vancouver (Zones 1-10)	\$1,643	0.7	No
Vancouver CMA (Condo)	\$1,543	0.9	No
North Vancouver DM	\$1,451	0.6	No
Vancouver CMA	\$1,368	0.9	No
Mount Pleasant/Renfrew Heights	\$1,367	0	No
North Vancouver City	\$1,367	0.5	No
Southeast Vancouver	\$1,327	0.5	No
Richmond	\$1,296	0.5	No
Central Park/Metrotown	\$1,272	1.2	No
East Hastings	\$1,268	0.3	No
North Burnaby	\$1,258	1	No
Burnaby (Zones 12-14)	\$1,222	1.3	No
New Westminster	\$1,159	0.8	No
Marpole	\$1,157	1	No
Vancouver CMA (Secondary)	\$1,131	No data	No
White Rock	\$1,087	0.3	No
Tri-Cities	\$1,086	1.3	No
Delta	\$1,051	0.5	No
Southeast Burnaby	\$1,037	1.6	No
Langley City and Langley DM	\$997	1.1	<b>Yes</b>
Surrey	\$954	2	<b>Yes</b>
Maple Ridge/Pitt Meadows	\$940	1.6	<b>Yes</b>

Source: CMHC 2015, Vancouver and Abbotsford-Mission CMAs, Fall Market Survey



As can be seen from the analysis, there is virtually no affordable two-bedroom accommodations for Joanna and her child across Metro Vancouver. While Surrey comes close, the only truly affordable communities are Surrey, the City of Langley, Langley District Municipality, and Maple Ridge and Pitt Meadows.

If transportation costs are factored in, Joanna can afford \$1,500 per month (based on 45% of her income).

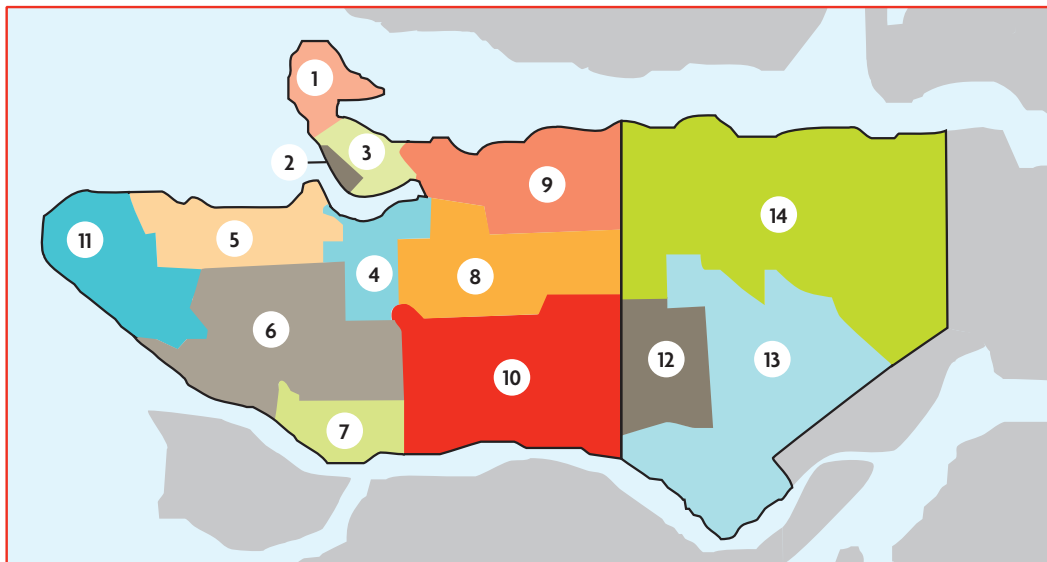
Factoring in transportation costs means all of these communities lose their affordability by a significant margin (Table 7), given that Joanna would likely have to operate a car to get by. The choice for Joanna is to find work in the municipality which is affordable to her (if a job is available), or spend a disproportionate share of her income on housing and transportation.

**Table 7 – Housing and transit costs (Scenario 1)**

	Average rent	Average transportation cost (estimate)	Sum of housing and transportation cost	Vacancy rate (%)	Is this neighbourhood/municipality affordable and available?
West Vancouver	\$2,171	\$1,086	\$3,257	0.5	No
North Vancouver DM	\$1,451	\$1,086	\$2,537	0.6	No
North Vancouver City	\$1,367	\$1,086	\$2,453	0.5	No
Vancouver CMA	\$1,368	\$1,025	\$2,393	0.9	No
City of Vancouver (Zones 1-10)	\$1,643	\$749	\$2,392	0.7	No
Richmond	\$1,296	\$1,069	\$2,365	0.5	No
Delta	\$1,051	\$1,314	\$2,365	0.5	No
Langley City and Langley DM	\$997	\$1,362	\$2,359	1.1	No
White Rock	\$1,087	\$1,224	\$2,311	0.3	No
Maple Ridge/Pitt Meadows	\$940	\$1,331	\$2,271	1.6	No
Tri-Cities	\$1,086	\$1,152	\$2,238	1.3	No
Surrey	\$954	\$1,224	\$2,178	2	No
Burnaby (Zones 12-14)	\$1,222	\$928	\$2,150	1.3	No
New Westminster	\$1,159	\$928	\$2,087	0.8	No

Source: CMHC 2015, Vancouver and Abbotsford-Mission CMAs, Fall Market Survey and Metro Vancouver "Housing and Transportation cost burden study"

**City of Vancouver and Burnaby (Zones 1-14)**



## Scenario 2

The next scenario examines Beth and James, a couple with one boy and one girl aged seven and nine. James works in construction and has an adjusted annual income of \$36,500 (based on median incomes for renters in the sector as a whole), while Beth works in health care earning \$39,400. Their combined income is \$75,900 in 2015 and they can

afford a monthly rent of \$1,900. Their affordable housing and transit cost is \$2,845, based on 45% of their household income. They need to find a three-bedroom apartment to house themselves and their children suitably. Table 8 shows rental availability and affordability without transportation costs factored in.

**Table 8 – Housing affordability and availability (Scenario 2)**

	3+ bedroom	Vacancy rate for 3+ bedroom apartments (%)	Is this neighbourhood/ municipality affordable and available?
Vancouver CMA (Condo)	No Data	0.9	N/A
West Vancouver	\$3,485	No data	No
West End/Stanley Park	\$3,156	0	No
Kitsilano/Point Grey	\$2,978	0	No
West End/Downtown (Zones 1-3)	\$2,904	1	No
English Bay	\$2,854	3.8	No
Downtown	\$2,656	0	No
University Endowment Lands	\$2,510	1.5	No
Westside/Kerrisdale	\$2,470	0	No
South Granville/Oak	\$2,166	0	No
City of Vancouver (Zones 1-10)	\$2,070	0.4	No
Vancouver CMA (Secondary)	\$1,661	No data	Yes
Central Park/Metrotown	\$1,638	1.6	Yes
Mount Pleasant/Renfrew Heights	\$1,619	0	No
Vancouver CMA	\$1,615	1.4	Yes
Richmond	\$1,596	0.7	Yes
White Rock	\$1,592	0	No
North Vancouver City	\$1,567	0	No
North Vancouver DM	\$1,542	0	No
New Westminster	\$1,478	0	No
Burnaby (Zones 12-14)	\$1,431	2.3	Yes
North Burnaby	\$1,427	3.1	Yes
East Hastings	\$1,319	0	No
Southeast Burnaby	\$1,270	1.4	Yes
Marpole	\$1,269	0	No
Southeast Vancouver	\$1,235	1.8	Yes
Tri-Cities	\$1,212	5.6	Yes
Delta	\$1,194	0	No
Langley City and Langley DM	\$1,137	0	No
Surrey	\$1,098	1.9	Yes
Maple Ridge/Pitt Meadows	\$1,070	2	Yes

While there is still some affordability throughout the region for three-bedroom suites, a lack of supply makes it difficult for their family to find accommodation in the City of Vancouver, New Westminster, North Vancouver

(district municipality and city), Delta and White Rock. Beth and James' family will likely reside in Burnaby, Surrey or the Tri-cities in order to find a combination of availability and affordability (Table 9).

**Table 9 – Housing and transportation costs (Scenario 2)**

	3+ bedroom	Average transportation cost (estimate)	Sum of housing and transportation cost	Vacancy rate for 3+ bedroom apartments (%)	Is this neighbourhood/ municipality affordable and available?
West Vancouver	\$3,485	\$1,086	\$4,571	No data	No
City of Vancouver (Zones 1-10)	\$2,070	\$749	\$2,819	0.4	<b>Yes</b>
White Rock	\$1,592	\$1,224	\$2,816	0	No
Richmond	\$1,596	\$1,069	\$2,665	0.7	<b>Yes</b>
North Vancouver City	\$1,567	\$1,086	\$2,653	0	No
Vancouver CMA	\$1,615	\$1,025	\$2,640	1.4	<b>Yes</b>
North Vancouver DM	\$1,542	\$1,086	\$2,628	0	No
Delta	\$1,194	\$1,314	\$2,508	0	No
Langley City and Langley DM	\$1,137	\$1,362	\$2,499	0	No
New Westminster	\$1,478	\$928	\$2,406	0	No
Maple Ridge/ Pitt Meadows	\$1,070	\$1,331	\$2,401	2	<b>Yes</b>
Tri-Cities	\$1,212	\$1,152	\$2,364	5.6	<b>Yes</b>
Burnaby (Zones 12-14)	\$1,431	\$928	\$2,359	2.3	<b>Yes</b>
Surrey	\$1,098	\$1,224	\$2,322	1.9	<b>Yes</b>

Source: CMHC 2015, Vancouver and Abbotsford-Mission CMAs, Fall Market Survey and Metro Vancouver "Housing and Transportation cost burden study"

### Scenario 3

The third scenario involves Rita and Penny, two female roommates living together. Rita works in retail trade and her adjusted annual income for 2015 is \$23,500. Penny works in the restaurant and hospitality industry and her adjusted income was \$20,050 in 2015. Their combined income is

\$43,550 and their affordable rent is \$1,090 per month. Their affordable housing and transportation cost is \$1,630, based on 45% of their household income. They need to find a two-bedroom apartment to be housed suitably.

**Table 10 – Housing affordability and availability (Scenario 3)**

	2-bedroom	Vacancy rate for 2-bedroom apartments (%)	Is this neighbourhood/ municipality affordable and available?
West Vancouver	\$2,171	0.5	No
University Endowment Lands	\$1,986	0	No
West End/Stanley Park	\$1,975	0.4	No
Downtown	\$1,968	0.2	No
West End/Downtown (Zones 1-3)	\$1,951	0.3	No
English Bay	\$1,908	0.3	No
Westside/Kerrisdale	\$1,824	1.1	No
Kitsilano/Point Grey	\$1,732	0.8	No
South Granville/Oak	\$1,698	1.1	No
City of Vancouver (Zones 1-10)	\$1,643	0.7	No
Vancouver CMA (Condo)	\$1,543	0.9	No
North Vancouver DM	\$1,451	0.6	No
Vancouver CMA	\$1,368	0.9	No
Mount Pleasant/Renfrew Heights	\$1,367	0.3	No
North Vancouver City	\$1,367	0.5	No
Southeast Vancouver	\$1,327	0.5	No
Richmond	\$1,296	0.5	No
Central Park/Metrotown	\$1,272	1.2	No
East Hastings	\$1,268	0.3	No
North Burnaby	\$1,258	1	No
Burnaby (Zones 12-14)	\$1,222	1.3	No
New Westminister	\$1,159	0.8	No
Marpole	\$1,157	1.1	No
Vancouver CMA (Secondary)	\$1,131	No data	No
White Rock	\$1,087	0.3	Yes
Tri-Cities	\$1,086	1.3	Yes
Delta	\$1,051	0.5	Yes
Southeast Burnaby	\$1,037	1.6	Yes
Langley City and Langley DM	\$997	1.1	Yes
Surrey	\$954	2	Yes
Maple Ridge/Pitt Meadows	\$940	1.6	Yes

Source: CMHC 2015 Fall Market Survey

Overall, Rita and Penny will have a difficult time finding rental housing in Metro Vancouver, being priced out of the City of Vancouver, most areas of Burnaby, New Westminster and Richmond (Table 10). They could look

for accommodation in the suburbs of Delta, White Rock, the Tri-Cities or Surrey, but when transportation costs are factored in, these suburbs have the potential to lose their affordability (Table 11).

**Table 11 – Housing and transportation costs (Scenario 3)**

	2-bedroom	Average transportation cost (estimate)	Sum of housing and transportation cost	Vacancy rate for 2-bedroom apartments (%)	Is this neighbourhood/ municipality affordable and available?
West Vancouver	\$2,171	\$1,086	\$3,257	0.5	No
North Vancouver DM	\$1,451	\$1,086	\$2,537	0.6	No
North Vancouver City	\$1,367	\$1,086	\$2,453	0.5	No
Vancouver CMA	\$1,368	\$1,025	\$2,393	0.9	No
City of Vancouver (Zones 1-10)	\$1,643	\$749	\$2,392	0.7	No
Richmond	\$1,296	\$1,069	\$2,365	0.5	No
Delta	\$1,051	\$1,314	\$2,365	0.5	No
Langley City and Langley DM	\$997	\$1,362	\$2,359	1.1	No
White Rock	\$1,087	\$1,224	\$2,311	0.3	No
Maple Ridge/ Pitt Meadows	\$940	\$1,331	\$2,271	1.6	No
Tri-Cities	\$1,086	\$1,152	\$2,238	1.3	No
Surrey	\$954	\$1,224	\$2,178	2	No
Burnaby (Zones 12-14)	\$1,222	\$928	\$2,150	1.3	No
New Westminster	\$1,159	\$928	\$2,087	0.8	No

Source: CMHC 2015 Fall Market Survey and Metro Vancouver “Housing and Transportation cost burden study”

## Scenario 4

The next scenario examines Aziz, a single male working in administration. Based on median wages for renters in administration and taking into account wage inflation, he made \$27,850 in 2015. He is trying to find a bachelor suite

where he does not spend more than 30% of his income. His affordable rent is \$696 a month. Table 12 demonstrates the difficulty Aziz will have in finding affordable accommodation in neighbourhoods and municipalities across the region.

**Table 12 – Housing affordability and availability (Scenario 4)**

	Bachelor	Vacancy rate (%)	Is this neighbourhood/municipality affordable and available?
Vancouver CMA (Condo)	No data	No data	No data
University Endowment Lands	\$1,307	No data	No
West Vancouver	\$1,114	1.2	No
Downtown	\$1,084	0.5	No
West End/Downtown (Zones 1-3)	\$1,059	0.4	No
West End/Stanley Park	\$1,028	0.6	No
English Bay	\$1,021	0	No
Kitsilano/Point Grey	\$988	0.7	No
City of Vancouver (Zones 1-10)	\$982	0.5	No
South Granville/Oak	\$977	0.4	No
North Vancouver DM	\$959	0	No
Southeast Vancouver	\$943	2	No
Vancouver CMA	\$937	0.6	No
Westside/Kerrisdale	\$936	0.6	No
North Vancouver City	\$921	0	No
Mount Pleasant/Renfrew Heights	\$902	0.3	No
Central Park/Metrotown	\$858	0.9	No
East Hastings	\$846	0.6	No
Richmond	\$843	0.4	No
Burnaby (Zones 12-14)	\$806	0.7	No
North Burnaby	\$780	0	No
Marpole	\$776	0.8	No
White Rock	\$760	3	No
Southeast Burnaby	\$733	1.9	No
Vancouver CMA (Secondary)	\$726	No data	No
New Westminster	\$716	1.4	No
Tri-Cities	\$712	0.6	No
Langley City and Langley DM	\$685	1.2	<b>Yes</b>
Delta	\$679	1.6	<b>Yes</b>
Surrey	\$671	3.9	<b>Yes</b>
Maple Ridge/Pitt Meadows	\$620	No data	<b>Yes</b>

Source: CMHC 2015 Fall Market Survey

**Table 13 – Housing and transportation costs (Scenario 4)**

	Bachelor	Average Transportation cost (estimate)	Sum of housing and transportation Cost	Vacancy rate (%)	Is this neighbourhood/ municipality affordable and available?
City of Vancouver (Zones 1-10)	\$982	\$749	\$1,731	0.5	No
Burnaby (Zones 12-14)	\$806	\$928	\$1,734	0.7	No
New Westminster	\$716	\$928	\$1,644	1.4	No
North Vancouver City	\$921	\$1,086	\$2,007	0	No
North Vancouver DM	\$959	\$1,086	\$2,045	0	No
West Vancouver	\$1,114	\$1,086	\$2,200	1.2	No
Richmond	\$843	\$1,069	\$1,912	0.4	No
Delta	\$679	\$1,314	\$1,993	1.6	No
Surrey	\$671	\$1,224	\$1,895	3.9	No
White Rock	\$760	\$1,224	\$1,984	3	No
Langley City and Langley DM	\$685	\$1,362	\$2,047	1.2	No
Tri-Cities	\$712	\$1,152	\$1,864	0.6	No
Maple Ridge/ Pitt Meadows	\$620	\$1,331	\$1,951	No data	No
Vancouver CMA	\$937	\$1,025	\$1,962	0.6	No

Source: CMHC 2015 Fall Market Survey and Metro Vancouver “Housing and Transportation cost burden study”

Aziz will not be able to find affordable accommodation in most areas of Metro Vancouver, such as Vancouver, Burnaby, New West and Richmond. While some affordability still exists in Surrey, Delta, Langley, Maple Ridge and Pitt Meadows, when transportation costs are added in these areas become unaffordable (Table 13), given his affordable housing and transportation cost is \$1,045 per month. In order to get by, Aziz will have to spend a large portion of his income on housing and/or transportation or look for work in the municipalities that are affordable to him.

## Discussion

The analysis contained in this report demonstrates the difficulty typical younger and working renter households have in finding affordable accommodation across Metro Vancouver. This lack of affordable housing can delay family formation for younger households, as well as impact the ability of older households to move on to rental accommodation.<sup>xix</sup> While there is more affordability and vacancy in the purpose-built stock in suburban communities, this affordability has the potential to be eroded if the dwelling is located far away from public transit.

A lack of affordable housing limits the labour mobility of these renter households. Without affordable accommodation, working renter households will likely feel compelled to find work in municipalities that are affordable to them, thereby limiting the pool of labour available in municipalities like Vancouver, West Vancouver, Burnaby, and New West. Alternatively, they will continue to spend an unsustainable share of their income on housing and transit and/or overcrowd into rental suites, reducing their quality of life in order to live in the communities they call home. An affordable supply of rental housing provides choice for renter households, thereby supporting livability and a dynamic labour market to support local businesses and provide the services British Columbians rely on.

The analysis contained in this report also reinforces findings in the wider literature about poverty increasingly being pushed toward suburban areas of metropolitan regions,<sup>xx</sup> as affordable housing is increasingly found there.<sup>xxi</sup>

## Recommendations

If unaffordability across Metro Vancouver continues to remain unchecked, workers relying on the rental market will continue to be pushed further out of centres of employment. Evidence in this report shows that turning to renting as the “affordable” option is simply not viable for all households with the market in its current state. To maintain a dynamic regional economy, all levels of government, stakeholders and residents will need to work together to address the unaffordability that renters are facing.

### Municipal Government

- Increase incentives that encourage developers to build affordable rental housing.
- Protect and encourage rental housing in growth centres and along transit corridors. Research growth in transit ridership when affordable housing is tied to transit-oriented development.
- Transfer ownership of municipal/regional lands into community-based land ownership models and support their redevelopment into mixed-income rental housing projects (building from the land trust example).
- Create a more streamlined approvals process to de-risk community-owned rental development projects.

### Provincial Government

- Target new housing infrastructure funding by need, rather than population. This means that communities in B.C. experiencing critical levels of overspending on housing should be prioritized for new developments.
- Negotiate with the federal government to match contributions for all new housing infrastructure funding with cash, land or in-kind support in order to maximize impact.
- Support the creation of a \$250 million social Finance Infrastructure Fund that will leverage a regional network of impact investment funds to provide financing for housing development and other durable social infrastructure.
- Provide tax incentives (credits or deferrals) for privately owned rental housing development.
- Support the new direction taken by community living organizations around integrated housing options and community building through design, tenure, supports (i.e. integrate rental housing into developments owned/operated by societies providing supports for people with developmental disabilities).
- Repair deteriorating rental housing units in B.C. to prevent further loss of existing stock.

- Align housing policy: Economic development, transportation, health care, immigration, refugee services, aboriginal affairs and other areas of social policy are all intimately linked to housing. The province should work collaboratively across these portfolios.
- Establish a provincial housing registry (not just for BC Housing clients, but for all rental housing).
- Provide grants to help stimulate private purpose-built rental production.
- Along transit corridors, allow cautious re-development of rental buildings to protect and increase the supply of affordable rental housing.
- Use a portion of the property transfer tax to fund provincial affordable housing initiatives.
- Provide capital grants to support new social housing construction and operating dollars to run it long-term.

### Federal Government

- Increase funding for the Investment in Affordable Housing (IAH).
- Provide tax incentives to owners of purpose-built rental housing that make rental properties as competitive on the market as condominiums.
- Allow roll-over of Capital Gains upon the sale of rental housing when proceeds are re-invested in new rental housing properties.
- Deliver low interest loans through the CMHC's Direct Lending Facility to support new rental housing construction.
- Prioritize surplus federal land for affordable housing.
- Increase funding for long-term affordable social housing.
- Provide GST rebates on new rental development and investigate other tax incentives to stimulate the development of private rental housing.
- Consider matching contributions for all new housing infrastructure funding with cash, land or in-kind support in order to maximize impact.
- Support the creation of a \$250 million social Finance Infrastructure Fund that will leverage a regional network of impact investment funds to provide financing for housing development and other durable social infrastructure.
- Work with the province to repair deteriorating rental housing units in B.C. to prevent further loss of existing stock.



## Businesses

- In the medium term, consider moving offices to higher density business cores well serviced by public transit.
- Advocate for affordable housing. The ability of workers to find and secure affordable rental units will affect the pool of labour to draw from.
- Businesses, either alone or together, could explore options for investing in affordable housing for their workforce. This could generate an investment or revenue stream at the same time as providing reduced costs for workers.
- If economically feasible for your business, pay a living wage.
- Real estate developers should bring their development expertise to community-owned land assets to deliver rental projects (in return for development fees and construction contracts).
- Financial institutions should allocate part their lending portfolio to the delivery of affordable rental housing, with favourable terms that help to de-risk the project.

## Individuals

- Determine your affordable rent and take the cost of transportation into consideration when looking for affordable and available rentals.
- Consider advocating to local and senior governments about the need for affordable housing.

## Methodology

The data for this report was compiled from a variety of sources. The primary source is a custom data request owned by the BC Non-Profit Housing Association (BCNPHA) based on the 2011 National Household Survey which provides income data for individuals over the age of 15 by tenure for the North American Industrial Classification System (NAICS) employment categories, by sex. NAICS provides common definitions and statistical framework for industry structure in Canada, the United States and Mexico. Income analysis for millennial households was obtained from Statistics Canada tabulation 99-014-X2011028, using data on primary household maintainer for both census family and non-census family types.

To update the analysis to 2015, median wage growth (using median weekly wages) for the particular NAICS categories was calculated and applied to the particular job sector in the custom data set using CANSIM Table 282-0072. While Table 282-0072 does not provide a breakdown of wages by tenure type (renters versus owners) or by the Vancouver Census Metropolitan Area, it provides break down by sex for the province of British Columbia. Although it is not a perfect comparison, the table provides a useful proxy to measure median wage growth across different sectors. The median weekly wage growth between 2011 and 2015 of each respective sector was applied to the labour categories in BCNPHA's custom data request, providing adjusted income figures. Where a direct fit between BCNPHA's custom NAICS categories and the categories in Table 282-0072 were not possible, the closest category was selected.

It should also be noted that median wages were used to provide a more realistic picture of incomes of renters across job categories, given that higher earning individuals can push the average income up. The report uses "total income", which includes factors like government transfers, social assistance, and child benefits, but excludes factors like capital gains.

Once 2015 median wage estimates were calculated, the scenarios were developed by creating hypothetical households. These were based on various family and life-cycle scenarios that are common for renter households. The "affordable rents" for these households were calculated based on household income using the 30% gross-income benchmark and then compared to the rental zones in CMHC's 2015 Fall Market Survey. The Fall Market Survey provides up-to-date figures on rents and vacancy rates by bedroom size for various geographies in Metro Vancouver. As such, it provides a nuanced picture of affordability in the rental market for renter households.

To calculate transit costs, Metro Vancouver's Housing and Transportation Cost Burden Study was used. Monthly costs were calculated from the annual figures provided in the report and then applied to the various scenarios. While the study provides average transportation costs for owners and renters combined and has slightly different geographical boundaries from the CMHC Fall Market Report, it still provides a useful proxy for measuring average transportation costs for working households.

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- iii. CANSIM Table 282-0072. Median incomes were used in the analysis because averages can be skewed by high-income earners within the particular sector. The methodology section provides more detail on the analysis.
- iv. The Fall Market Survey provides up-to-date numbers on rents and vacancy rates for the purpose-built rental stock for various housing markets across Canada.
- v. Affordability is taken to be 30% of the household's gross monthly income.
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- vii. Other studies suggest 45% of gross household income as an affordability metric: [www.smartgrowthamerica.org/smartgrowthusa/wp-content/uploads/2010/12/pennywise.pdf](http://www.smartgrowthamerica.org/smartgrowthusa/wp-content/uploads/2010/12/pennywise.pdf)
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- xv. The participation rate measures the total labour force (employed and unemployed) expressed as a percentage of the total population.
- xvi. CANSIM Table 282-0072. Median incomes were used in the analysis because averages can be skewed by high-income earners within the particular sector. The methodology section provides more detail on the analysis.
- xvii. For more information on job categories contained in the North American Industrial Classification System, see here: [www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=118464](http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=118464)
- xviii. More information on the National Occupancy Standard can be found here: [http://cmhc.beyond2020.com/HiCOCDefinitions\\_EN.html#\\_Suitable\\_dwelling](http://cmhc.beyond2020.com/HiCOCDefinitions_EN.html#_Suitable_dwelling)
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