

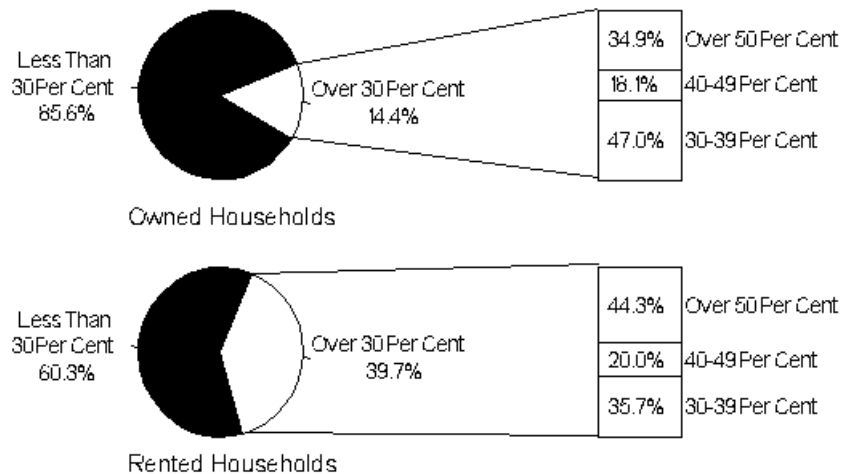
Issue 37: Housing Affordability Part 2

Produced by: Population Statistics Section

Tenure

As a general rule, many money-lending institutions consider households that spend 30% or more of their income on shelter to have a potential affordability problem.¹ In 1990 in British Columbia, 14.4% of owner occupied households spent 30% or more of their income on shelter, with 5.0% spending 50% or more. In the case of renters, 39.7% spent 30% or more of their income on shelter, with 17.6% spending 50% or more.

Household Affordability in B.C. - 1990
Ratio of Major Payments/Gross Rent to Income



Source: Statistics Canada, 1991 Census
Prepared by: BC STATS

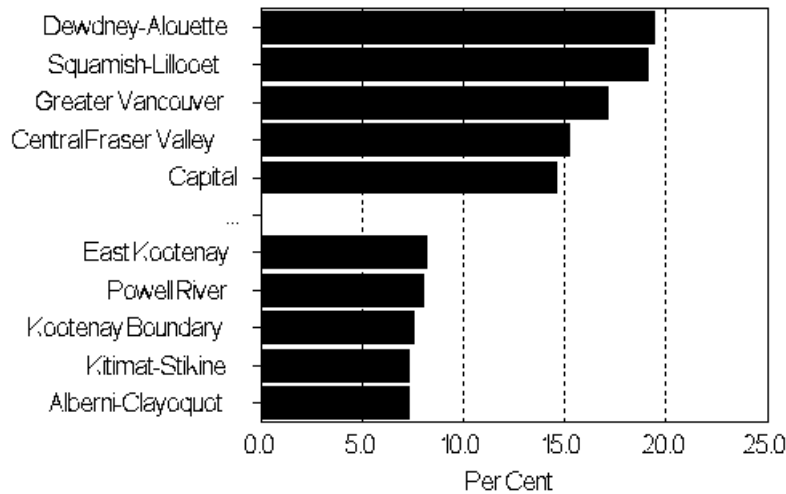
Clearly, renters tend to spend a larger proportion of their income on shelter than do home owners. This would indicate that renters are more likely to encounter affordability problems.

Regional Variation

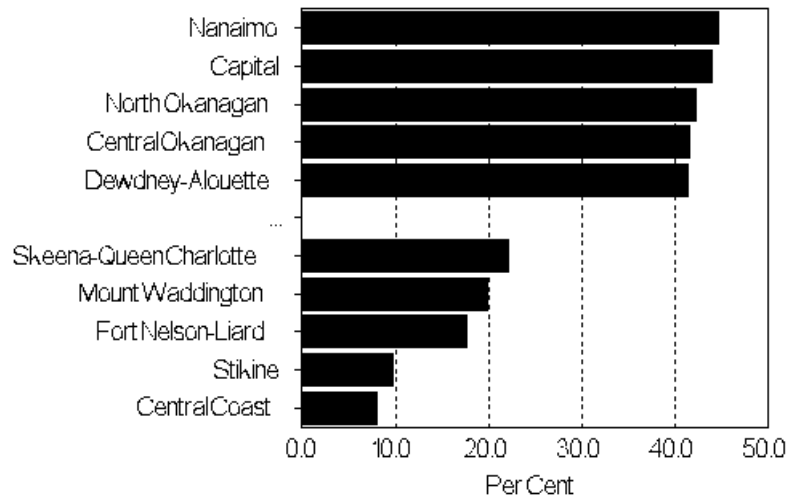
In terms of regional differences, there is considerable variation. For homeowners, the per cent of households paying 30% or more of their income on shelter ranges from a high of 19.4% for the Dewdney-Alouette Region, to a low of 7.3% for the Alberni-Clayoquot Region. Greater Vancouver is third highest in the province at 17.1%, and the Capital Region is fifth at 14.6%. For renters, the range is from a high of 44.8% in Nanaimo, to a low of 8.1% in the Central Coast Region. Greater Vancouver is sixth at 41.1% and the Capital Region is second at 44.0%.

¹ For owner occupied households, major payments on shelter include payments for mortgage, property taxes, municipal services and utilities; for renter occupied households gross rent is composed of payments for rent, municipal services and utilities.

**Per Cent of B.C. Households Paying 30% or More of Their Income on Shelter, By Region
Owners**



**Per Cent of B.C. Households Paying 30% or More of Their Income on Shelter, By Region
Renters**

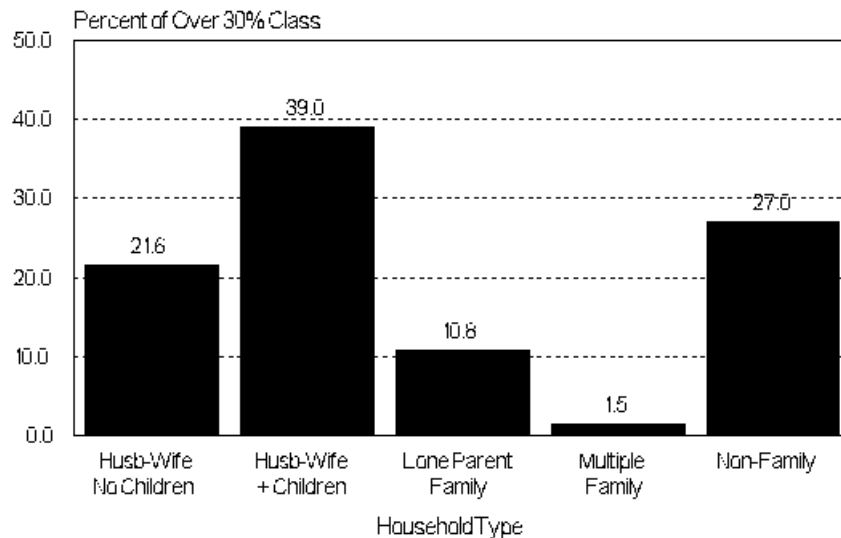


There is a clear tendency toward greater affordability problems in urban areas over rural areas. This is due, for the most part, to the higher cost of living in these urban areas. The high population growth rates for urban areas during the late 1980's and early 1990's resulted in an increased demand for housing, and, as a consequence, higher housing costs. This in turn meant that homebuyers were saddled with higher mortgages, and renters experienced higher rents. The effects of these increases in shelter costs are still in evidence.

Family Type

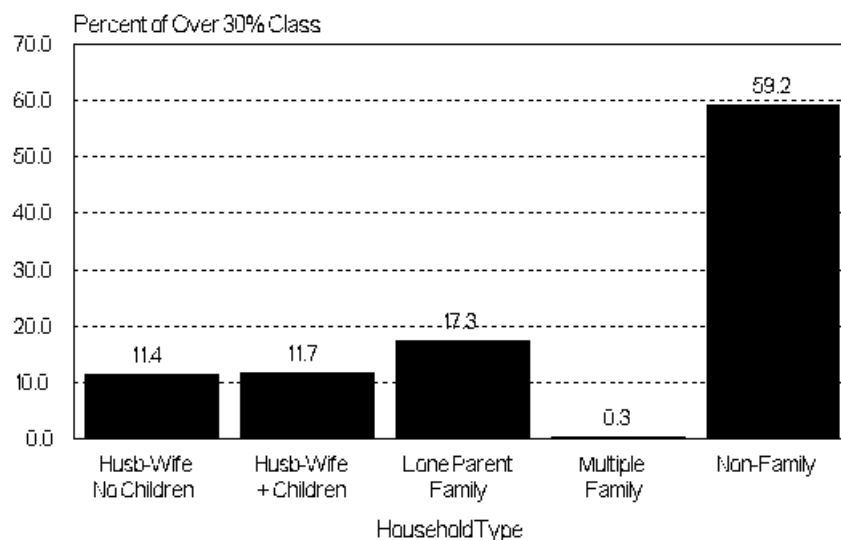
Looking at those whose shelter costs are at or over 30%, for owners, the family type that makes up the greatest proportion of this group are husband-wife families with children, at 39.0%. For renters, non-family households, which generally means single people with no children, form the bulk of this class at 59.2%. These numbers are not altogether surprising. Non-family households are less likely to be homeowners, and therefore, make up a greater portion of renters.

Household Affordability in B.C. by Household Type
(Owners: With Ratio of Owner's Major Payments to Income Over 30%)



Source: Statistics Canada, 1991 Census
Prepared by: BC STATS

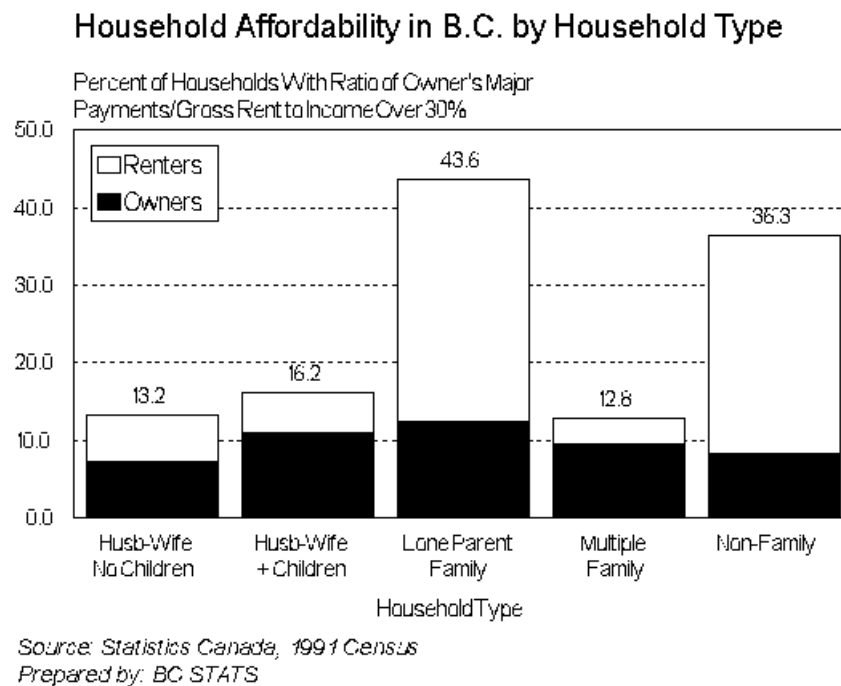
Household Affordability in B.C. by Household Type
(Renters: With Ratio of Gross Rent to Income Over 30%)



Source: Statistics Canada, 1991 Census
Prepared by: BC STATS

Looking at the composition of the proportion of households paying 30% or greater on shelter gives only half of the story. It is important to look at the proportion that these households represent of each category. In other words, what proportion of each household type, and each age category.

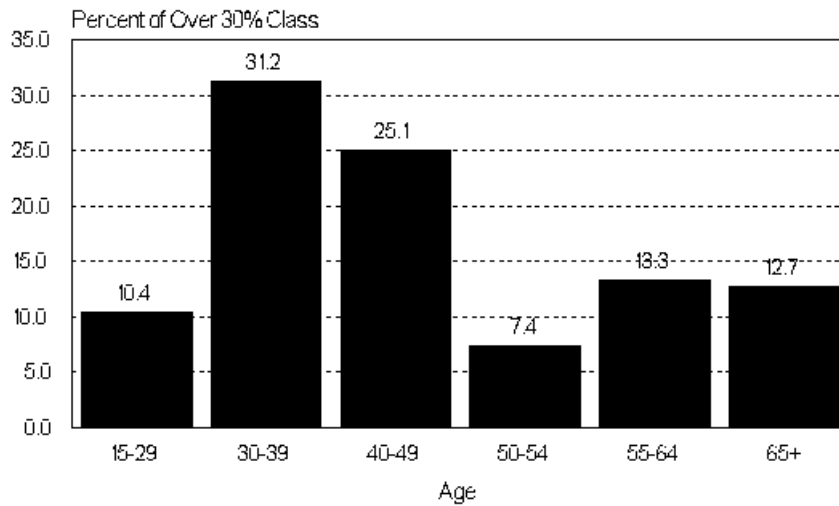
In terms of household type, it is clear that the lone parent family and non-family groups have the most problems with household affordability. Lone parents in the 30% and over category represent 43.6% of all lone parent households, and for non-family households, 36.3% are in the 30% and over category.



Age Structure

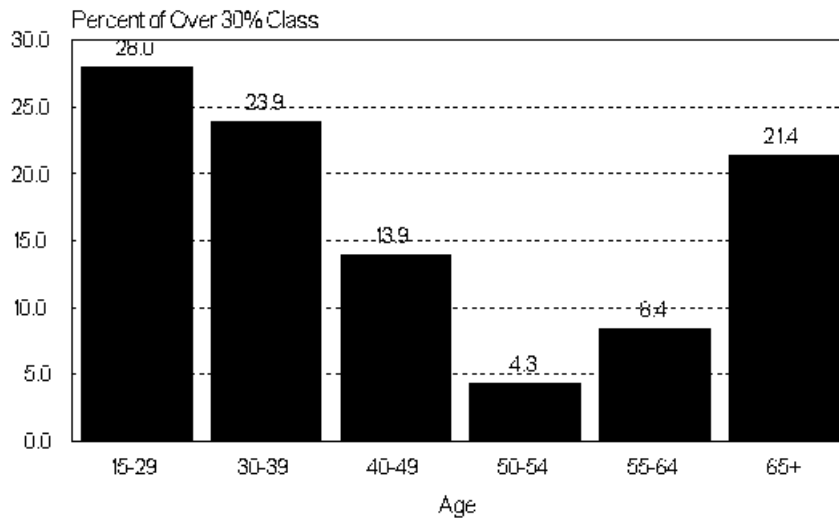
In terms of age groups, the greatest proportion of those homeowners who spend 30% or more of their household income on shelter are in the 30-39 age group, at 31.2%. The 50-54 age group make up the smallest proportion at 7.4%. For renters, the 15-29 age group has the greatest proportion, at 28.0%, and again, the 50-54 age group has the smallest at 4.3%. These numbers are a reflection of the fact that the younger age groups are composed mostly of renters and relatively new homeowners with larger mortgages, while in the older age groups, many homeowners have no more mortgage.

**Household Affordability in B.C. by Age of Household Maintainer
(Owners: With Ratio of Owner's Major Payments to Income Over 30%)**



Source: Statistics Canada, 1991 Census
Prepared by: BC STATS

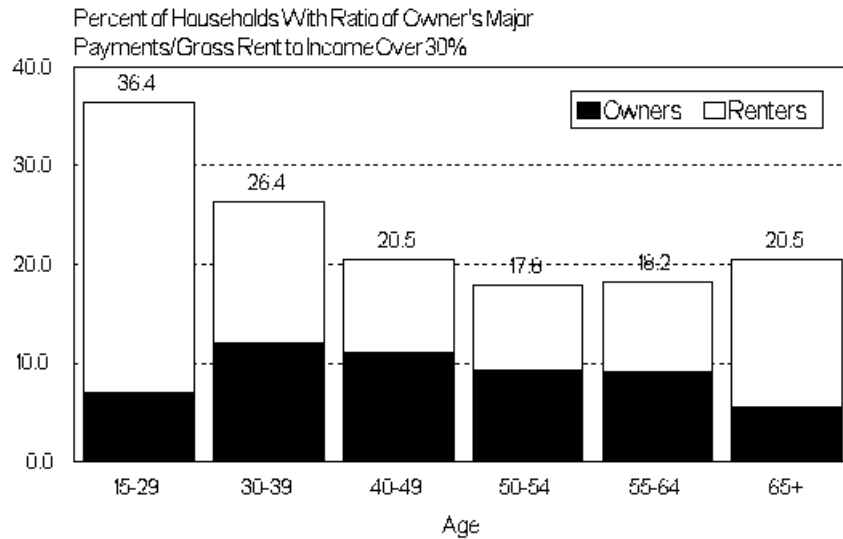
**Household Affordability in B.C. by Age of Household Maintainer
(Renters: With Ratio of Gross Rent to Income Over 30%)**



Source: Statistics Canada, 1991 Census
Prepared by: BC STATS

The 15-29 age group has the greatest potential affordability problems with 36.4% of this group spending 30% or more of their income on shelter. One fifth of the 65 and over age group are in this category. Unless this group has sufficient wealth to draw down on, this may be a cause for concern, because unlike the younger age groups, these people in the 65 and over category are not likely to see an increase in their income flows. This means that their affordability problems are only likely to get worse, not better.

Household Affordability in B.C. by Age of Household Maintainer

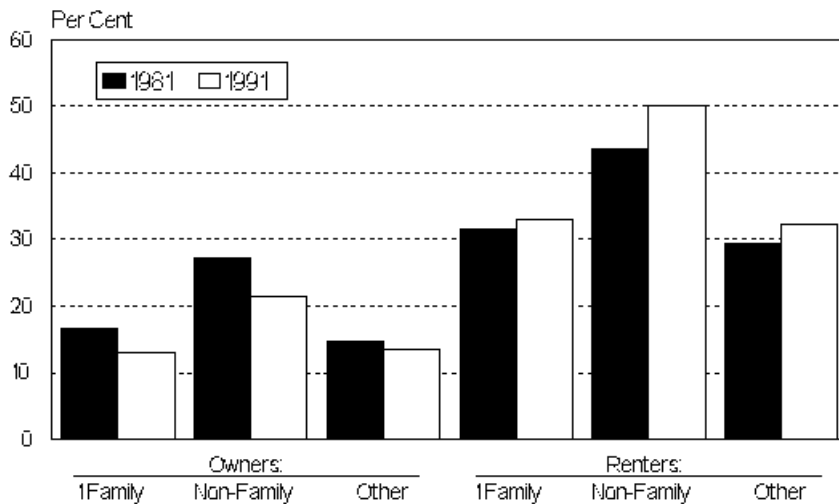


Source: Statistics Canada, 1991 Census
Prepared by: BC STATS

Trends

There appears to be a shift in those with household affordability problems from owners to renters. From 1981 to 1991 the percentage of owners that spent greater than 30 per cent of their income on shelter dropped for each household type. In total, the 1981 proportion was 17.8 per cent, dropping to 14.4 per cent by 1991. By contrast, for renters, the proportion increased from 36.4 per cent in 1981, to 39.7 per cent in 1991. The biggest increase occurred in the Non-Family household category, which went from 43.6 per cent to 50.1 per cent.

Households With Shelter Costs Greater Than 30 Per Cent of Income, British Columbia, by Household Type 1981 Census vs. 1991 Census



Source: Statistics Canada
Prepared by: BC STATS

Since the ratio of owners to renters did not change significantly over the ten-year period, this likely means that renter expenses increased disproportionately to owner expenses. There was a slight decrease in the ratio of renter average annual income to owner average annual income, down to 58.9 per cent from the 1981 value of 60.3 per cent, and this may partially account for the greater relative affordability problems for renters. It seems that the cost of housing did not increase at the same rate as owners' salaries did, whereas for renters, the opposite was true; that is, shelter costs for renters increased at a greater rate than their salaries. This could be a reflection of the age profile of renters who tend to be in the younger age groups, and the difficult job market for the youth of today relative to the youth of 1980.

Private Households in BC by Ratio of Owner's Major Payments to Income - 1991 Percent

	Total	<30%	30-39%	40-49%	50% & Over	30% & Over
Dewdney-Alouette	100.0	80.5	10.3	3.3	5.8	19.4
Squamish-Lillooet	100.0	80.9	7.6	4.6	6.8	19.1
Greater Vancouver	100.0	82.9	8.3	3.1	5.8	17.1
Central Fraser Valley	100.0	84.8	7.1	3.3	4.8	15.2
Capital	100.0	85.4	7.3	2.6	4.7	14.6
Fraser-Cheam	100.0	86.0	6.5	2.6	4.9	14.0
Central Okanagan	100.0	86.9	6.2	2.4	4.4	13.1
Nanaimo	100.0	87.4	5.7	2.2	4.7	12.6
Stikine	100.0	88.8	2.5	2.5	7.5	12.5
Sunshine Coast	100.0	87.9	5.3	2.3	4.4	12.0
Comox-Strathcona	100.0	88.2	5.4	2.0	4.5	11.8
Skeena-Queen Charlotte	100.0	88.5	4.3	2.6	4.6	11.5
North Okanagan	100.0	88.5	5.6	2.3	3.6	11.5
Columbia-Shuswap	100.0	88.5	4.4	2.3	4.7	11.4
Thompson-Nicola	100.0	88.7	4.5	2.1	4.7	11.3
Cowichan Valley	100.0	88.7	5.0	2.1	4.2	11.3
Okanagan-Similkameen	100.0	88.7	5.2	2.4	3.7	11.3
Fort Nelson-Liard	100.0	88.2	6.5	0.0	4.7	11.2
Cariboo	100.0	89.2	4.1	1.8	4.9	10.9
Mount Waddington	100.0	89.3	3.8	1.8	5.2	10.7
Central Kootenay	100.0	89.4	4.0	2.0	4.7	10.7
Fraser-Fort George	100.0	90.0	4.4	1.5	4.1	10.0
Peace River	100.0	90.1	4.0	1.3	4.5	9.8
Bulkley-Nechako	100.0	90.3	4.6	1.6	3.4	9.6
Central Coast	100.0	90.4	3.6	2.4	2.4	8.4
East Kootenay	100.0	91.8	3.6	1.3	3.3	8.2
Powell River	100.0	92.0	2.5	2.1	3.4	8.0
Kootenay Boundary	100.0	92.5	2.7	1.6	3.2	7.5
Kitimat-Stikine	100.0	92.7	3.0	0.9	3.5	7.3
Alberni-Clayoquot	100.0	92.6	2.9	1.8	2.6	7.3
British Columbia	100.0	85.6	6.8	2.6	5.0	14.4

Notes:

Owner's major payments refers to the total average monthly payments made by owner households to secure shelter.

Income is the 1990 total household income, where household income is the sum of the total incomes of all members of that household.

Rows and columns may not sum to totals due to rounding error.

Prepared by BC Stats

Source: Statistics Canada, 1991 Census

Private Households in BC by Ratio of Gross Rent to Income - 1991 Percent

	Total	<30%	30-39%	40-49%	50% & Over	30% & Over
Nanaimo	100.0	55.2	12.6	9.2	23.1	44.8
Capital	100.0	56.0	15.5	9.1	19.4	44.0
North Okanagan	100.0	57.7	12.1	10.4	19.8	42.3
Central Okanagan	100.0	58.4	15.4	8.9	17.3	41.6
Dewdney-Alouette	100.0	58.5	13.6	8.4	19.5	41.5
Greater Vancouver	100.0	58.9	15.2	8.0	17.9	41.1
Fraser-Cheam	100.0	59.6	12.3	9.3	18.7	40.4
Okanagan-Similkameen	100.0	59.7	17.5	7.7	15.0	40.2
Central Fraser Valley	100.0	60.1	13.4	8.0	18.6	40.0
Thompson-Nicola	100.0	61.2	13.0	7.7	18.0	38.7
Cowichan Valley	100.0	61.2	14.8	6.2	17.6	38.6
Powell River	100.0	63.4	10.0	6.6	20.3	36.9
Comox-Strathcona	100.0	63.9	11.2	8.0	16.8	36.1
Alberni-Clayoquot	100.0	64.8	12.7	6.5	16.1	35.2
Squamish-Lillooet	100.0	66.2	12.2	6.8	14.5	33.5
Sunshine Coast	100.0	66.9	11.2	8.9	13.0	33.1
Central Kootenay	100.0	67.4	11.2	7.0	14.2	32.4
Fraser-Fort George	100.0	68.4	9.6	6.5	15.5	31.6
Columbia-Shuswap	100.0	68.5	10.0	6.9	14.5	31.5
East Kootenay	100.0	68.8	10.3	7.5	13.4	31.1
Cariboo	100.0	69.6	8.3	6.6	15.4	30.3
Kootenay Boundary	100.0	69.8	12.3	8.5	9.2	30.0
Kitimat-Stikine	100.0	73.9	7.4	5.7	13.1	26.1
Bulkley-Nechako	100.0	75.6	7.8	3.8	12.8	24.4
Peace River	100.0	76.3	7.7	5.1	10.9	23.7
Skeena-Queen Charlotte	100.0	77.7	7.2	2.2	12.8	22.2
Mount Waddington	100.0	80.4	5.3	5.9	8.7	19.9
Fort Nelson-Liard	100.0	81.6	6.6	2.9	8.1	17.6
Stikine	100.0	90.3	0.0	0.0	9.7	9.7
Central Coast	100.0	86.5	8.1	0.0	0.0	8.1
British Columbia	100.0	60.3	14.2	8.0	17.6	39.7

Notes:

Gross rent refers to the total average monthly payments made by tenant households to secure shelter.

Income is the 1990 total household income, where household income is the sum of the total incomes of all members of that household.

Rows and columns may not sum to totals due to rounding error.

Prepared by BC Stats

Source: Statistics Canada, 1991 Census

Produced by **BC Stats**