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**The Rental Housing Index: Building the Evidence
We Need to Meet the Housing Needs of Tomorrow**

By: Holly Ervick-Knote



BC Housing

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Speakers

Tony Roy, *Executive Director, BC Non-Profit Housing Association (BC)*

Jill Atkey, *Senior Director, Research and Education, BC Non-Profit Housing Association (BC)*

Brian Clifford, *Policy Analyst, BC Non-Profit Housing Association (BC)*

Moderator

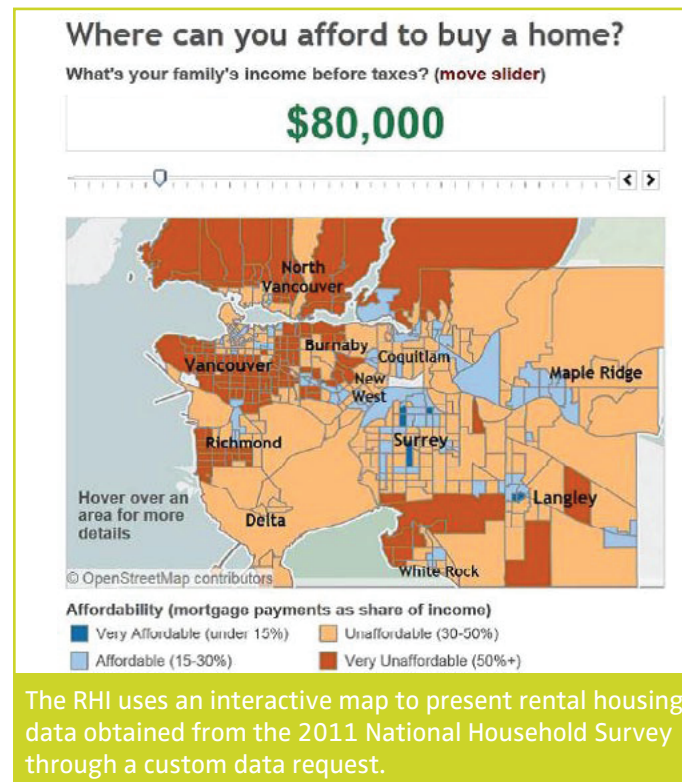
Dave Eddy, *CHRA Director-At-Large & CEO, Vancouver Native Housing Society (BC)*

Date

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Rental housing is an important option for students, newcomers, low-income families, the ageing population, and many others for whom homeownership is not a viable option. Approximately one third of Canadians rent, however only 10 percent of housing starts are for rental housing¹. As well, many non-profit housing providers will face increasing challenges as social housing operating agreements expire if the federal government continues to withdraw from social housing. The estimated impact of federal withdrawal is the loss of up to one third of social housing units². On top of this, the rental housing stock is ageing. As these buildings continue to age, greater investment will be needed for repairs and building maintenance.

Although resources and tools related to homeownership are well developed, information on rental housing is lacking. Tools to measure affordability at the community level are also primarily focused on homeownership, with few such similar tools focused on rental housing.



The Rental Housing Index

The Rental Housing Index (RHI) was designed and developed by the BC Non-Profit Housing Association (BCNPHA), in partnership with Vancity Credit Union. It was created to fill a gap in community level rental market information in British Columbia. The RHI uses an interactive map to present rental housing data for BC communities, and can be accessed through the BCNPHA website.

The data used in the Index was obtained from the 2011 National Household Survey through a custom data request. The Index divides populations into four income groups (or income quartiles) from lowest to highest household incomes. The first income quartile, for example, includes the

¹Federation of Canadian Municipalities, "Crunching Canada's Housing Numbers", April 11, 2014

²Federation of Canadian Municipalities, "Crunching Canada's Housing Numbers", April 11, 2014

bottom 25 percent of households according to household income. These are calculated at the community level, so the actual household incomes that fall under each income quartile will vary by community. These categories were developed to provide more nuanced information about rental housing affordability for people at different levels of the income spectrum. Currently, the Index includes information on more than 100 communities in British Columbia, and contains over 480 million cells of data.

Indicators

The Rental Housing Index uses five indicators to measure housing affordability. These indicators take into account supply side factors of the housing market, and focus primarily on issues related to affordability. Three of the five indicators are used to measure housing affordability, and two are used to measure housing supply. Each indicator can be viewed by total number or by percentage of households in each category. The indicators included in the Index are as follows:

1. **Affordability:** Measures the percentage of household income spent on rent plus utilities. Generally, housing that consumes 30 percent of before-tax income or less is considered affordable.
2. **Overspending:** Measures the proportion of renter households spending greater than 50 percent of their before tax income on rent plus utilities.
3. **Income Gap:** Identifies the additional income a household would need to earn to make their housing affordable (i.e. the amount of additional income required such that rent plus utilities would consume no more than 30 percent of the household's total before-tax income).
4. **Overcrowding:** Measures renter households living in units that are not suitable for the number of people occupying them³.
5. **Bedroom Shortfall:** Measures the number of additional bedrooms that would be required to make the units suitable for occupants of overcrowded households.

Information for particular regions can be viewed by clicking on that region in the interactive map. A table displaying data for each indicator is opened, organized by income quartile. These tables show information clearly and concisely, and can help to bring attention to the lack of housing affordability that exists in many communities.

As well, each community has been ranked according to these indicators and assigned a Community Index Score. This allows for comparison of overall affordability of rental housing between communities, and can help to highlight some of the strengths and challenges in individual municipalities. In order to assign scores, each indicator is weighed on a scale of 1 to 10. The Community Index Score is the sum of each of these scores.

Findings

The Rental Housing Index showed a significant lack of housing affordability in many BC communities. According to the Rental Housing Index, 45 percent of BC renters spend over 30 percent of their income on housing, and 23 percent spend over 50 percent.

In particular, the lowest income quartile bears the greatest burden, paying up to 90 percent of their income on housing costs⁴ in many communities.

Affordability issues are most severe in the City of Vancouver, Richmond, Burnaby, Coquitlam, West Vancouver, and Penticton. These regions are classified as critical on the Index's affordability scale. However, issues exist in many other areas of the province as well, such as Cowichan Valley, Nanaimo, Comox Valley, Powell River, and Squamish-Lillooet, which are classified as severe.

³Based on Canada Mortgage and Housing Corporation's National Occupancy Standard.

⁴BCNPHA, "The Rental Housing Index – British Columbia".

The Index revealed that at least 85,000 more bedrooms would be needed in order to suitably house all renters in BC⁵. These findings show how the Rental Housing Index can be used as a tool to advocate for the need to increase affordable rental housing.

As well, the Index can be used by city planners, non-profits, and rental housing developers in decision making about where to build rental housing, and what type of housing is most needed.

Challenges

Although this tool brings attention to important issues related to housing affordability in BC communities, there are some challenges. First, because the Index uses data from Statistics Canada, it can create a skewed picture for small communities and those with low National Household Survey response rates. As well, it is difficult to estimate true housing costs for communities with high utility rates, as is the case in many northern communities. Third, this data is based on Statistics Canada data for everybody who identifies as a renter, but does not include specific data about secondary suites.

Although these challenges are significant, this tool adds a new dimension to the scope of rental housing data currently available, and can help to bring a greater understanding of local rental housing conditions. BCNPHA is working to address some of these challenges and hopes to improve the tool in the future.

Lessons

Much of the tool's success can be attributed to BCNPHA's decision to hire a consulting firm to conduct focus groups, as well as their showcasing of the tool across BC at regional housing conferences. As a result, the Rental Housing Index has gained significant media attention and has played a role in opening the conversation on housing affordability in BC, having been featured in over 200 print articles, as well as on CBC News, and has received over forty million total media impressions, including on social media. The fact that the Index is data driven and presented in an accessible and easy to understand format likely contributes to its success as well.

The Future

Baseline data has been input for 100 communities in BC, and many opportunities to improve and expand this resource exists. BCNPHA is planning to build on the baseline data, incorporating new data in order to track progress in housing affordability over time. There are many other opportunities and potential future directions for this tool as well. The following were discussed during the Q&A portion of the session.

1. Increase coverage within BC and into other provinces

BCNPHA is seeking to build on its database by including more communities within BC, with the further potential for expansion to other provinces.

2. Develop similar databases for cooperative and social housing

It was suggested that the database could be developed to include information on factors such as land ownership, operating agreement expiry dates, average rents, and building condition. Similar to the data available now, this information would be presented as aggregate data only so as to maintain confidentiality and avoid stigmatizing low-income and social housing buildings.

3. Incorporate workforce data

Incorporating workforce data such as aggregate demographic information about individuals and families living in rental housing and their income sources could help to uncover other important, and yet untold, stories.

⁵Ball, D.P. "Novel Map Targets Hidden Opportunities for Affordable Housing".

4. Individual renter stories

Capturing individual renter and renter family stories through short video clips could help to make the high level data found in the Index more relatable.

5. Inclusion of other sources of data

Including other data, beyond Statistics Canada data, could be a crucial step in helping to present a more nuanced picture of rental housing and its affordability, particularly for small communities and those with low National Household Survey response rates. Locally collected data could make this tool an option for many communities who would not benefit from a Rental Housing Index based on Statistics Canada data alone.



Canadian Rental Housing Index

Following the writing of this case study, BCNPHA and Vancity Credit Union launched a Canada-wide version of the Rental Housing Index in September 2015, marking the first time substantive data regarding the state of rental housing in Canada has been collected and housed for public use on this level.

This pan-Canadian initiative was developed in partnership with the Ontario Non-Profit Housing Association, New Brunswick Non-Profit Housing Association, Alberta Network of Public Housing Agencies, LandlordBC, Atlantic Credit Unions, Yukon Anti-Poverty Coalition, Réseau québécois des OSBL d'habitation and the Canadian Housing and Renewal Association.

The launch of the Canadian Rental Housing Index in September 2015 marks the first time substantive data regarding the state of rental housing in Canada has been collected and housed for public use.

Conclusion

Housing providers, landlords and rental developers, as well as city planners, and renters can use the Rental Housing Index to better understand what strengths and challenges related to housing affordability and supply exist in their communities, and what is lacking. As well, the Rental Housing Index can be an important tool for smaller municipalities who lack the capacity to compile complex and high level data and make custom statistics orders. Finally, the Rental Housing Index has proven to be an effective tool to clearly demonstrate the affordability issues present in many communities in a way that can be easily shared and presented. Improvement and expansion of the Index will help give the tool greater relevance for more communities, and increase its impact in demonstrating the need for affordable housing.

Sources

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Supplemental Reading

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75 Albert Street, Suite 902
Ottawa, ON, K1P 5E7

☎ (613) 594-3007
📠 (613) 594-9596

www.chra-achru.ca
info@chra-achru.ca

