

Housing Affordability



Riley Park/South Cambie RPSC

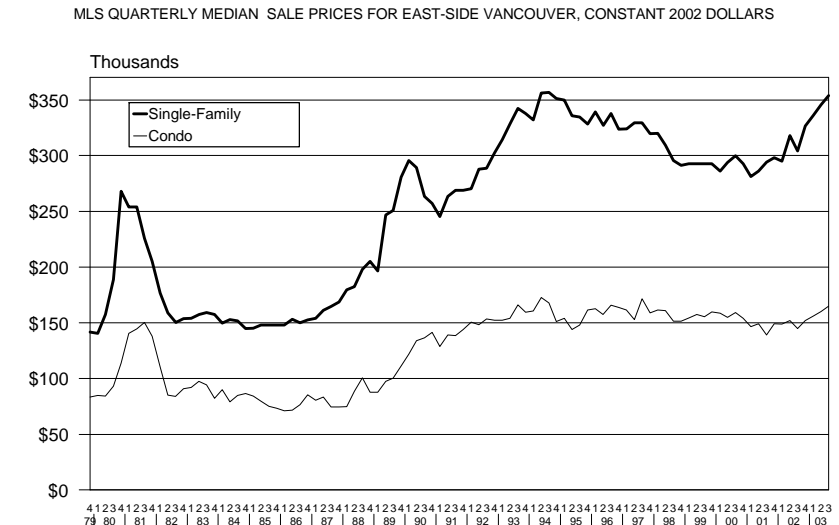
The cost of housing in the Lower Mainland has increased greatly over the last twenty years. Growing demand from baby boomers, migrants, and the increasing proportion of two-income families, together with high inflation rates during the 1980s and expectations of continually increasing prices, have fuelled these increases.

On the east-side, after adjusting for inflation, the median price of a single-family home increased by 150% between the end of 1979 and the third quarter of 2003, with real condo prices almost doubling. However, in constant dollars current single-family sale prices are still slightly below the peak they reached in mid-1994. Median condo prices have also risen close to the previous peak levels of the early 1990s.

Recent Sale Prices

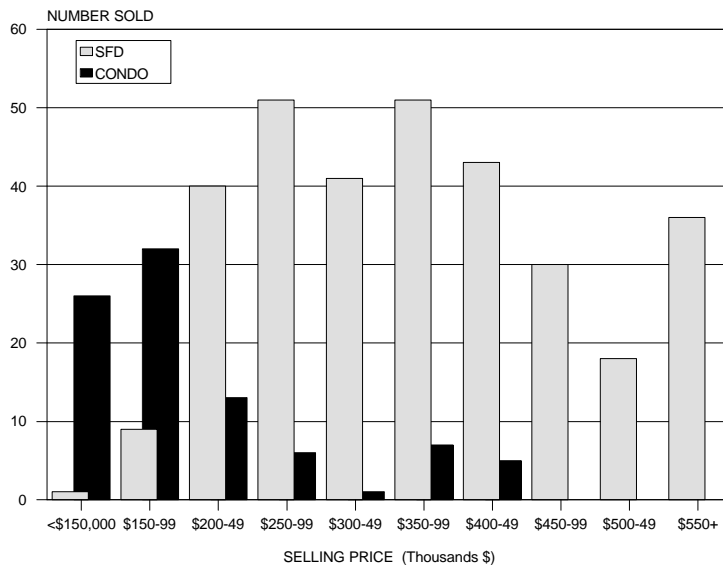
In 2001, 320 single-family houses (including homes with suites) were sold in RPSC, representing just over 5% of the area's single-family stock. The median sale price was \$365,000 - 50% of all sales were above that figure and 50% were below. Just over 6% of those sales were of recently completed houses (built in 2000 or 2001). There were 90 condo units sold - about 7% of the area's condominium stock. About 8% of those sales were of recently completed units. The condo stock is considerably less expensive than single-family houses, with a median sale price of \$180,000.

If we assume down-payments of one-third for single-family homes and 10% for condos (together with a 25-year mortgage and a three-year term at current mortgage rates), in 2001 a household would have needed an income of \$80,000 to buy a median priced single-family home in the area



SOURCES: Multiple Listing Service, GVREB; & Consumer Price Indices, Statistics Canada

RESIDENTIAL SALES IN RPSC, 2001



and \$52,000 for a condo. In 2000, the average household income in the area was \$63,000. In terms of income, 74% of households could not afford to purchase the median-priced single-family house and 51% could not afford the median-priced condo.

A standard measure of housing affordability is that people should pay less than 30% of gross income on shelter. The 2001 Census data shows 24% of owner-occupiers in RPSC paid more than they should for shelter, compared to 25% city-wide.

Rental Housing

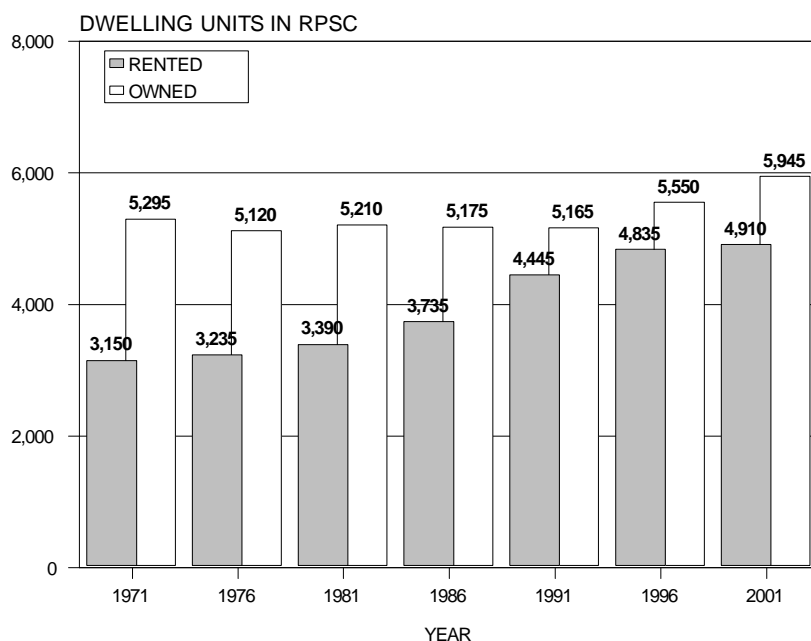
Renters generally pay more of their income on shelter than owners. The RPSC area is no exception. In 2001, 40% of renter households paid 30% or more of their income for shelter compared to 43% of renters city-wide. A major reason for this is that renters' incomes are much lower than those of owners. In 2000, renter households in RPSC had an average income of \$48,000 while that for owner households was \$75,000 (the city-wide averages were \$41,000 and \$80,000 respectively).

Renter incomes are low because these households often consist of one person rather than couples or families with two or more people working; they tend to be either younger or older than owner households (either just starting work or retired); and because those who can afford to buy housing usually do so. As most households with low incomes cannot afford to buy, the stock of rental housing is a major influence on the income and demographic mix of an area.

Between 1971 and 1996, the number of rental units in RPSC increased much faster than the stock of owner-occupied units. The rental stock increased by 50% over the period, and the proportion of rental housing increased from 37% in 1971 to 47% in 1996. Between 1996 and 2001, the owner-occupied stock increased faster than the rental stock, and the proportion of rental housing fell slightly to 45%. The city-wide average fell from 58% to 56%.

In 2001, 58% of all rental units in RPSC were single-family, semi-detached, duplex, or row units. With the exception of secondary suites, these unit types tend to be large and expensive and so they are usually rented by families or groups of non-family persons rather than individual renters. City-wide, these structures account for 25% of rental units.

About 8% of the rental stock in RPSC is non-market housing. Since the early



1950's, the provincial and federal governments have provided funding for non-market housing - subsidised units for those unable to afford housing provided by the private rental market. By the end of October 2003, the city had 21,110 non-market units, accounting for about 9% of all dwellings and 16% of the rental stock. Of the seven non-market projects in RPSC, three are mainly for families and two are for seniors.

Creating Affordable Housing

The main way in which the City has assisted the development of non-market housing has been to buy and hold land, leasing it back to non-market sponsors. Recent cuts in federal funding for this kind of housing have prompted the City to turn to development cost levies and housing agreements to fund affordable housing. The effectiveness of these approaches depends on the cost of land, the density allowed, and the selling price.