Exploring Housing-Induced Poverty among Middle-Income Canadian Households

Submitted to Canada Mortgage and Housing Corporation by:
The Institute of Urban Studies in Partnership with
SHS Inc. and
The Rural and Small Town Programme, Mount Allison University

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Executive Summary

This report began by exploring the concept of working poverty. It was determined at the outset that while much work had been done on the traditional working poor – that is those low earning "working households" – little had been done to examine more moderate and upper-middle income earning households and their shelter cost issues. To explore this in more detail, the international literature was reviewed with five Canadian cities selected as case studies (Winnipeg, Toronto, Calgary, Ottawa and Halifax). The intent was to explore these five diverse cities using a mixed methods approach that combined both statistical data with more qualitative techniques to ensure a comprehensive analysis was undertaken. This included examining the historical and present context of shelter cost issues among a group not traditionally associated with having affordability pressures.

The results, summarized below, point to an emerging trend that suggests more middle-income earning households are facing shelter affordability challenges. The following outlines the key findings observed in the literature, the data and the focus groups conducted in the five cites noted above:

According to the Literature

- Traditional assumptions that the "working poor" are comprised largely of low wage earners are giving way to the recognition that an increasing number of middle-income earning households are also struggling with shelter costs.

- Recent conceptualizations of what is now being called "housing-induced poverty" are recognizing that both housing and non-housing expenses, along with income are integral components of a more accurate poverty assessment tool.

- Growth in shelter and shelter related costs coupled with the stagnation of personal income in many North American cities has contributed to growing affordability concerns among middle-income households.

- While much of the early literature examining shelter cost issues among middle-income groups focused on high growth centres such as Silicon Valley or Toronto, increasingly the effects of rising housing costs are being felt across many jurisdictions including fast-growth centres like Calgary as well as slower growth cities including Winnipeg and Halifax.

- The international literature is also recognizing the emergent concern related to energy poverty (or the inability of households to absorb rising energy prices). This trend is also creeping up into middle-income households.

According to the Data:

- The housing market in each of the case study cities experienced escalating rental and ownership costs from 1991 to 2001, resulting in a dramatic shift in the overall affordability environment.

- Between 1991 and 2001, household incomes did not keep pace with the increases observed in the rental and ownership markets, this has added to the challenge of housing affordability.

- Between 1991 and 2001, the proportion of middle-income households experiencing affordability issues (based on shelter-to-income-ratios of 30 percent or more) improved slightly, except for Toronto. However since 2001 many Canadian cities have experienced a takeoff in housing prices.

- Middle-income households who exhibited shelter cost issues had a number of common characteristics, including overall household composition, and were more likely to be a one family household with children, (this household type represented between 35 and 44 percent of this group, depending on city).

- A detailed assessment of households in the middle-income group who spent 30 percent or more of their incomes on shelter in 2001 revealed that this group represents, in most cases, a relatively small fraction of the total households displaying affordability issues. However, middle-income households accounted for between 35 and 50 percent of the owners with affordability issues, and approximately one third of all family households with and without children spending 30 percent or more on shelter.

- While the shelter-to-income ratios of working households did not reveal an increase of affordability problems between 1991 and 2001, a shift in the affordability situation for this group may become apparent from the 2006 Census.

- Since 2001, there has been a substantial rise in housing and shelter prices, and many new owners have also taken advantage of low down payments and low interest rates, and likely have high debt loads.

According to the focus groups:

- Across all markets participants noted there have been widespread increases in housing prices and this rise has had an impact on their shelter costs.

- In particular, the Calgary market was described as “the hottest” among the five, given the booming oil and gas sector and all of the spin-offs attached to that economic activity.

- The current pace of housing activity in Toronto and Ottawa is not as torrid as in Calgary, but Toronto nonetheless remains one of the most expensive cities in Canada, and as such consumer coping strategies have been long-established.

- In Winnipeg and Halifax, while generally less expensive, sharp rises in prices were observed with focus group participants expressing concerns about getting into homeownership to the point that some now describe these markets as no longer being “affordable.”

- While each focus group session produced unique and local attributes, five important themes dominated the discussions across all of the sessions and are broadly categorized as follows:

  - There is a growing gap between income growth and rising housing prices.
  - There is a need to make unwanted and unexpected tradeoffs to better afford shelter and related costs.
  - The hidden costs of homeownership have an impact on overall affordability, especially for first time buyers unaware of all the costs involved in the transaction.
  - Overall the rise in energy and utility costs is becoming more of a concern, especially in cold climate cities such as Winnipeg.
  - Rising prices have contributed to the inability of renters to save for a down payment.

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1.0 Introduction

The Canadian housing market has experienced tremendous growth over the last six years, resulting in increased house prices and sales activity across the country. According to a 2006 Canada Mortgage and Housing Corporation (CMHC) report, Canada's new housing market saw starts hit their second highest point in the last 18 years while the resale market registered record setting activity for the fifth consecutive year (p.19). As housing prices pushed upwards, the growth of household income lagged behind, resulting in a heightened risk of declining housing affordability. This situation has become even more acute for perspective homebuyers in hot markets like Calgary where house prices have risen in dramatic fashion over a very relatively short period of time. This overall trend has also raised a number of broader public policy concerns related to increasing debt loads, the marginalization of lower- and, potentially, middle-income households from home ownership opportunities, and labour force mobility and attraction strategies in cities whose housing markets are becoming less affordable.

There is little doubt that the shelter circumstances of low wage earning households have been disproportionately impacted during this recent boom. Many in this group are often referred to as the "working poor" or those low wage earning households who struggle to meet basic shelter needs despite earning employment income. However, there is an emerging body of evidence to suggest that a larger number of households earning "middle class" salaries are also experiencing problems obtaining affordable housing and home ownership. Generally speaking, limited research has been carried out that specifically focuses on middle-income households. Of the existing literature undertaken, the notion of "workforce housing" (i.e., ensuring there is a corresponding supply of affordable housing options for the labour force, especially in rapidly expanding urban markets) particularly in the United States and Britain, has begun to build momentum.

This literature is also beginning to acknowledge that an increasingly diverse set of occupations are under stress with respect to affordable housing and includes teachers, healthcare workers and other professionals, especially those in high demand sectors. In

Silicon Valley which is often cited as being severely unaffordable, local authorities moved affordable housing high up on its list of needed actions to stem the loss of professionals. To this point, Stanford University estimated that it was losing nearly $70 million dollars per year on staff turnover and housing along with the cost of living generally were singled out as key contributors to the problem. The high turnover rate at Stanford and in the Silicon Valley was estimated to be nearly 25 percent, almost double the national average.

It is of further importance to note that 70 percent of the staff turnover occurred at the administrative and entry level professional pay ranges[1]. In a follow-up study by the Silicon Valley Leadership Group, the same results were echoed in a major survey of area businesses. The report, based on the responses of Chief Executive Officers, placed affordable housing as the number one priority across the Valley's key sectors (Gerston, 2005). While the "Silicon Valley Syndrome" is place-specific, the outcome of high housing costs and recruitment and turnover of key personnel is becoming a more wide spread issue and one that requires significantly more attention.

To begin the process of adding to this understudied area, this report concentrates on an examination of the shelter cost circumstances of middle- to upper-middle wage earning households to explore whether recent changes in the housing market have impacted overall affordability. The objective is to quantify the number and type of such households and to explore their spatial distribution within select urban markets. In addition, the report assesses and explains the range of contributing factors to this circumstance, and the coping mechanisms employed by affected households.

[1] See http://www.stanford.edu/dept/facultysenate/2000_2001/reports/SenD5158_slides.pdf

1.1 Methodology

Three distinct but related methods were employed to investigate this issue of housing affordability and middle-income households and include:

- Conducting an international literature review;
- Reviewing and analysing secondary data; and
- Conducting focus groups in five Canadian cities

It is important to note that this research was based on a mixed methods approach that combined quantitative measures with more qualitative techniques. The outcome of this dual approach was that researchers were able to gain broader insight into this emerging area of interest that would not have been possible if the focus had been solely on either a review of statistical data or on the analysis of the focus group outcomes.

The scan of the relevant literature included exploration of the traditional working poor in order to set the context and tone for understanding how the characteristics of this group might inform those shelter issues which are thought to have crept in the higher wage brackets. We also sought to document prior research on the concepts of housing induced poverty, energy poverty, and workforce housing. Nested within the literature review was an examination of various analytical approaches and definitions of housing affordability.

To facilitate secondary data analysis and the focus group sessions, five urban housing markets were selected to represent a range of geographic and economic conditions, and recent changes in markets. These housing markets include Calgary, Winnipeg, Toronto, Ottawa and Halifax. The diversity of these cities is apparent as Calgary is undoubtedly emerging as a high cost centre with significant market activity. Winnipeg and Halifax provide examples of two traditionally affordable cities that have also seen dramatic rises in their respective housing markets while Toronto provides an example historically of Canada’s most expensive housing market. Ottawa represents an example of a medium sized city experiencing dramatic change in housing values and activity.

The secondary data for each of the case studies was focused primarily on custom tabulations from the 1991 and 2001 census data. Households with at least one individual working a minimum of 900 hours (the equivalent of working half-time) in the year prior to the census were selected and their households were grouped as follows for analytical purposes:

- **The moderate-income group** represents those working households with salaries in the lowest two income deciles[2] including those earning minimum wage;
- **The lower middle-income group** includes higher wage earners whose incomes fall in the third to fifth income deciles;
- **The upper middle-income group** consists of high-wage earners in high income households with salaries in the sixth to eighth income deciles;
- **The high-income group** is represented by the highest salary earners in the workforce and falls in the ninth and tenth income deciles (see Section 3.0 for a more detailed methodological overview).

The socio-economic characteristics of each of these groups were compared with a particular focus on those households spending 30 percent or more of their income on housing. In addition, the spatial distribution of those spending 30 percent or more of their income on housing was examined through the development of maps for each of the five urban markets. This included mapping the location of the lower- and middle-income groups by CMHC market zone in each of the five cities. Other secondary data included housing market data (MLS activity, rental market activity, etc.,), energy prices in local markets, and other aspects of the census data (such as changes to income patterns and occupations between 1991 and 2001).

Based on insights developed in the literature review and the secondary data analysis, focus groups were conducted in each of the five markets to get a sense of the day-to-day issues and concerns of housing consumers. The intent was to examine more current

[2] Statistics Canada data were used to aggregate income data into ten deciles in order to compare each of the five cities by the four reference groups. See also section three for a more detailed explanation.

trends and issues facing middle- and upper middle-income households. One focus group was held in each housing market centre with each consisting of 10 to 15 participants. Focus group participants were drawn from lower- and upper middle-income households, and included both homeowners and renters. The focus groups also provided a more current snapshot of housing issues and concerns to supplement the information garnered from the secondary data provided by the 2001 Census.

1.2 Methodological Limitations

Three distinct and important limitations have been identified in relation to this research that focuses on shelter cost circumstances of middle-to upper middle-income wage earning households. The first limitation relates to the availability of recent statistical data. For this study, the most recent Census of Canada data available was for the census year of 2001. The use of this data should be treated with caution as the shelter circumstances are likely to have changed (with more such households experiencing affordability problems) between 2001 and 2006.

The second limitation is related to the lack of meaningful research on this group as reported in the literature. While there is no shortage of information and prior research on the traditional working poor, there remains a substantive gap in the literature that specifically explores the shelter circumstances of higher wage earners. Therefore, it is important that this research be considered exploratory and that further research will be required as new data and conceptualizations become available of what it means to be working and unable to meet basic shelter needs.

The third limitation relates to the selection of focus group participants. The group of interest in this investigation is broad, diverse, and somewhat hidden. It includes recent graduates of post-secondary institutions who may or may not be experiencing affordability difficulties. It also includes single adults living at home with parents because they cannot afford their own housing. It includes many others – none of whom are served by “public agencies” or another entity through which they might be easily identified and invited to participate in the research. In addition, with only sufficient time and human resources to conduct one focus group per housing market, the views expressed must be considered experiential rather than representative.

Despite these limitations, the primary data collected from the focus groups has begun to document the pressures being faced by higher wage earning households. Furthermore, the supplemental data captured though customized Census data and from other relevant databases has documented the numbers of households potentially facing affordability issues. It is expected that these data, drawn primarily from the 2001 Census, will be treated as a benchmark from which future work can document the changes that took place between 2001 and 2006, arguably a period which can only be described as torrid with respect to price appreciation and activity in the Canadian housing market.

1.3 Organization of the Report

The report begins with a critical assessment of the literature that is international in scope and sets the tone by first examining the traditional working poor. This part of the report also considers the development of the concept of housing-induced poverty and the growing awareness that because housing is the single largest monthly expenditure for most households it has become a major concern not only for low-income groups, but also for moderate- and middle-income households. Again the relevance of this part of the report is to largely draw out characteristics that might help inform us about the attributes that are emerging among middle-income households.

In the second part of the report, an analysis of the secondary data, organized by each of the five urban markets is undertaken. The purpose is largely to benchmark some of the statistical data that can be used to further assess this group as more recent information is released. An attempt to provide a spatial analysis of the custom data is then undertaken in the third part of the report. The objective is to determine whether any spatial attributes exist that might show concentrations of middle-income households within a specific geographic area. The key findings from the focus group sessions are then examined in the fourth part of the report, with an emphasis on understanding the similarities and differences among the experiences, conditions, and coping strategies of the participants from the five housing markets.

The report concludes with a summary of the key findings, their policy implications, and suggestions for future research. A significant amount of data are appended to this report and include more details on the traditional working poor along with detailing the specific data from each of the five case studies. A separate appendix entry also contains a more detailed account of the focus group results in each market.

2.0 Review of the Literature

In a 2004 issue of *Horizons* (Voyer, 2004), a definition of poverty was proposed that was no longer confined to a narrow conceptualization related to point-in-time income. Instead, new perspectives and approaches to poverty identify the intersection of inadequate income with other dimensions of social exclusion, including access to essential goods and services, adequate and affordable housing, good health and well-being, and participation in social networks. Moreover, new approaches are more encompassing and recognize that problems such as social exclusion, food insecurity, and often precarious and inadequate shelter circumstances no longer affect only the very poor – more recently, working households, and increasingly households in middle-income categories, have faced economic challenges particularly in relation to housing affordability.

Recent literature on poverty has demonstrated an increased interest among politicians, researchers and academics to understand the causes and effects of what is being called shelter-induced or housing-induced poverty. Although the shelter circumstances of low-income households are well-documented in the literature, housing affordability is seldom the focus of investigation. Additionally, the circumstances of higher income groups facing housing-induced poverty have often been ignored in the literature. The objective of this literature review is to consider the concept of housing-induced poverty, and to trace the evolution from a confined, traditional definition of poverty, to one that includes the present dynamics of escalating housing prices and tightening vacancy rates coupled with the stagnation of income that have made housing affordability a growing concern for an increasing proportion of the population.

The dual processes of escalating growth of housing prices in Canada, along with the stagnation of growth in household incomes, have led to the erosion of housing affordability and the increased incidence of housing-induced poverty. As income is a primary determinant of defining poverty, it is important to note that the Canadian Council on Social Development (CCSD) found that the richest 10 percent of the Canadian population saw its income grow by 14 percent, while the bottom 10 percent experienced only a slight increase of less than one percent between 1996 and 2001. Moreover, the Canadian Council on Social Development (2003) contends that the income of many working families has actually declined during this period. As a result of this situation, there has been increased pressure for additional affordable housing for low-income earners, many whom remain precariously housed, and in some situations, painfully and continually close to becoming homeless. The shortfall in families' income growth is not limited to simply those earning wages below the poverty line. As will be shown in this document, the phenomenon of housing-induced poverty has begun to affect middle-income households as income has not kept pace with the rising value of housing.

To formulate a better understanding of the dynamics of housing-induced poverty, a review of the existing literature is presented to evaluate the conceptualization of poverty in relation to both the labour and housing markets. The first section of this review focuses specifically on the issues of income and defining poverty. This is followed by a comprehensive examination of the concept of working poverty with an emphasis placed on the varying measurements used to define the working poor. This section also documents the main characteristics of the working poor and examines the economic challenges that this group faces particularly in relation to housing expenditures.

In addition to inadequate income, housing-induced poverty is the result of escalating housing prices. Therefore, the third section of the literature review considers poverty from the perspective of the housing market. Measurements of housing affordability are evaluated to determine their effectiveness in identifying households struggling as a result of the high cost of housing. In particular, the section considers the development of the concept of housing-induced poverty and the growing awareness that because housing is the single largest monthly expenditure for most households it has become a major concern not only for low-income groups, but also for moderate- and middle-income households. The section also examines the mechanisms that have created issues for groups once immune from problems of housing affordability.

In the fourth section of the review, the concept of fuel poverty is presented to demonstrate the broadening dimensions of hardship that both low- and middle-income households are facing. Overall, the literature review brings into focus the impact of increasing shelter costs even for those households in higher income brackets, thereby dispelling the perception that only low-income earners face challenges.

2.1. Defining Poverty

A prevailing issue within the realm of poverty research has been the conceptualization and measurement of poverty. As Shipler (2004) has pointed out, poverty does not lend itself to an easy definition. The difficulties in defining poverty are reflected in the inability to accurately identify who is in poverty. As this literature review will demonstrate, an approach that incorporates the broader dynamics of the labour and housing markets will afford a greater understanding of those who experience poverty.

Traditionally, poverty has been considered from two perspectives: absolute and relative. Absolute poverty refers to the inability to buy basic necessities. According to the United Nations (2004), absolute poverty exists when resources are so limited that acute deprivation, hunger, premature death and suffering occur. Relative poverty is a more commonly used descriptor in developed countries as it refers to the economic, social, political, and cultural resources that are required to maintain an acceptable way of life (United Nations, 1999). The inability to buy the lifestyle that prevails at a certain time and place is referred to as relative poverty (Shipler, 2004). In general, an unacceptable way of life means that a person cannot fully participate in society because of the inability to access healthcare, adequate housing, sufficient food or telecommunications (essential when attempting to access the labour market). The United Nations (2004) suggests that relative poverty should be conceptualized as existing when the economic resources of the household are insufficient to afford the things that those around them consider to be essential to an adequate standard of living.

A variety of poverty definitions have been applied to both research and policy development. For example, poverty indices represent an approach which measures poverty by aggregating shortfalls of incomes from a pre-determined poverty-line income. Overall, the choice of one specific definition of poverty has major consequences when identifying the extent of poverty and the composition of the poverty population.

In Canada, low-income cut-offs were first introduced in 1968 as a means of examining the low-income population because there was no official statistical concept of poverty (Poduluk, 1968). These low-income cut-offs were based on census income data and family expenditure patterns that indicated that the average household spent approximately one half of their income on food, shelter and clothing. It was estimated that families were in "strained" circumstances if expenditures represented 70 percent or more of total household income. The cut-offs have been revised subsequently and differentiate by family size and degree of urbanization.[3]

In the United States, the first poverty parameters were established in 1965 according to benchmarks developed using the cost of basic food items as the primary component. At this time, reliable data was only available for household expenditures on food and no other definitive standards of minimum need for major consumption items existed (Kutty, 2005). The poverty threshold metric was based on the finding that about one-third of the after-tax income of a family of three was spent on food. These same poverty thresholds are still used by the U.S. federal government and are only updated for inflation. The poverty measure is not based on average income, nor does it vary by location. Shipler (2004) contends that the cut-offs are no longer valid and are far below the amount needed for an adequate standard of living. The poverty threshold in the United States underestimates the number of persons who can reasonably be considered impoverished. A normative expectation when conceptualizing poverty has been that a household that spends one-third of its income on food will spend about one-third on clothing, education, medical services, transportation, and other goods (Kutty, 2005). However, the "thrifty

[3] Appendix A provides a further discussion of relative poverty from the perspective of North America and the poverty rates established in Canada and the United States.

food basket" overlooks a half century of dramatically changing lifestyles, as today the average family spends only about one-sixth of its budget for food (Shipler, 2004). The amount a household spends on food is not fixed and may succumb to housing costs that far exceed other expenses for most families today. As housing accounts for the largest share of living expenses, Kutty (2005) and Stone (1993) have both advocated for a housing based measure of poverty that would more accurately identify those who lack the socially acceptable amount of money, and hence are living in poverty.

Poverty rates are blunt instruments that divide the population into poor and non-poor and ignore the dynamic aspects of poverty. This literature review examines the linkage between economic and social hardship and the labour and housing markets. An overview of the concept of working poverty in the following section demonstrates a broadening recognition that even those active in the labour force can be living in poverty. Typically, the literature on the working poor has focused on low-income and family size as indicators of working poverty. While housing comprises a large proportion of the expenses of the work poor, consideration of the relationship between high housing costs and the experience of poverty has only been recent. The concepts of housing-induced poverty and fuel poverty are presented in the fourth and fifth sections of the review. It is possible that the current circumstances in North America of escalating housing prices combined with the relative stagnation of income have created new forms of poverty that are affecting a broader range of persons who, traditionally, have not been considered to be "in poverty".

2.2 Poverty and the Labour Market: The Working Poor

The concepts of working poverty and active poverty are multidimensional. Although non-working poverty is still a bigger problem than working poverty, working families with incomes below the poverty line are a small but increasing group. The concept of working poverty represents recognition that holding a job is not always sufficient to escape poverty. However, the working poor are often overlooked although many are low wage earners who are struggling to meet basic needs (Fortin & Fleury, 2004). Working poverty is a paradox: while employment is considered the best antidote for poverty, a significant and possibly growing number of workers live below the poverty threshold. According to the European Foundation for the Improvement of Living and Working Conditions (2004), working poor was originally an American concept developed in the 1970s, but more recently the phenomenon has become increasingly evident in both Canada and Europe.

Policymakers and researchers have both been interested in the link between the labour market problems of workers and the economic status of their families (UNICEF, 2005). Working poor is a hybrid concept that straddles two established, distinct areas of research and policy: labour market and employment, and poverty and social exclusion. This approach is particularly difficult because poverty is generally measured at the household level, while employment relates to individuals.

A standard definition of what comprises working poverty does not exist and consequently it has been difficult to identify who comprises the working poor population. In the following sub-section, the diversity of working poor definitions is reviewed from a global perspective. In addition, a discussion on the factors that contribute to working poverty is presented to outline common characteristics of households that experience hardship despite the presence of individuals in the family who participate in the labour market. The section concludes with an overview of the expenses of the working poor to demonstrate that housing costs are a key contributor to this type of poverty.

2.2.1 Defining the Working Poor

The literature demonstrates that there is enormous diversity in defining who comprises the working poor (see Tables 2.2 and 2.3). There has also been a shift in the language used to describe the situation of those who work, yet live in poverty, including terms such as “in-work poverty”. There is evidence in the literature to suggest that any definition of work should include those who are actively looking for work, as they are participating in the labour market, as well as those who may have worked only part-time, or for only part of the year. Therefore, definitions of "working" range from anyone who has done, on average, more than one hour of paid work per week during a one-year period, to those who have engaged in a minimum of 35-40 hours paid work per week during the year. The latter definition excludes seasonal or contract workers, and those who have been unsuccessful in their attempts to find work despite putting in many hours searching for employment. Both definitions exclude those who engage in unpaid work, such as mothers of young children, or full-time university students who work during the summer months.

To address the problems of defining the working poor, it is essential to apply as inclusive a definition of a worker as possible in order to ensure that certain marginalized groups are not excluded from recognition, and, therefore, necessary assistance. As Table 2.1 illustrates, both full and part time workers can be living in poverty. However, what is more difficult to illustrate from these data are the reasons that people may have for working less than full-time; reasons which might include poor health, lack of job opportunities, family or personal circumstances, or engaging in part or full time studies at the same time as work (Chilman, 1991).

Table 2.1. Working-Age Population by Annual Employment Activity and Poverty Status

	Working-Age Population		**Population in Poverty**		**Poverty Rate**
	n	**%**	**n**	**%**	**%**
Full-year**, full-time job	3,382,100	40.2	253,900	13.2	7.5
Full-year**, part-time job	482,200	5.7	90,400	4.7	18.7
Part-year, full- or part-time job	2,504,500	29.7	635,700	33.0	25.4
No annual employment	2,050,700	24.4	948,100	49.2	46.2
Total	8,419,900	100	1,928,500	100	22.9

* Source: Canadian Council on Social Development (CCSD), using 1996 census data from Statistics Canada.
** Full-year job refers to the equivalent of 49 to 52 annual weeks of employment. Part-year job refers to one to 49 annual weeks of employment. No annual employment refers to no annual weeks of paid work (Lee, 2000).

This discussion demonstrates that there are a variety of definitions regarding who is identified to be among the working poor. Official definitions of the working poor also vary from country to country, with many jurisdictions unable to reach consensus on a universally accepted definition. For example, a commonly accepted definition of the working poor does not exist in Canada. A critical shortfall in the literature is that the majority of definitions fail to account for those persons earning in excess of locally set poverty rates. These middle-income households still (and in increasing numbers) face significant challenges in affording shelter.

Meanwhile, many research institutes and non-governmental organizations have created their own definitions of the working poor (see Tables 2.2 and 2.3)[4]. As an example, a report by Social Development Canada (SDC), defined the working poor as "individuals who work the equivalent of full-time for at least half the year, but whose family income is below a low-income threshold" (Weldon, 2004). Fleury and Fortin (2004: 52) defined the working poor as those "whose work effort is high throughout the year, but whose family income is below the low-income cut-off." This report does not explain what a "high work effort" might be, although it does find that low-income workers often worked as many or more hours as their more highly paid counterparts, but for much lower hourly wages. Authors Fleury and Fortin (2004) point out that "in Canada there is no shared definition of the working poor" and add that "very little is known about this group." UNICEF (2005) has sharply criticized the Canadian government for this apparent lack of consensus, and observed that nothing constructive has been accomplished to help those living in poverty because of the emphasis placed on arguments about definitions and measurements of poverty.

Charles Warren (2002) also notes that there is much disagreement over who constitutes the working poor in the United States. The U.S. Department of Labor (2001) defines the working poor as those who were in the labour force for a minimum of 27 weeks in the year, yet lived at or below the official poverty level. According to this definition, the working poor represented 4.9 percent of the total labour force in 2001. The U.S. Census Bureau, on the other hand, only considers a household as "working" if at least one person in the family unit has engaged in paid employment for a minimum of 35 hours per week for 50 weeks. Despite these incongruities, in both definitions of the working poor, the

[4] References to working poor definitions in both tables are contained in the bibliography.

Table 2.2. Definitions of the Working Poor By Country			
Country	**Definition of Working Poor**	**Statistical base**	**Key Indicators**
Canada	Non-elderly households whose adult members have between them at least 49 weeks of either full-time or part-time work during the year, or who worked for pay for at least 910 hours (equivalent to 26 weeks full-time) in the reference year, and whose income falls below LICO. Full-time students are specifically excluded.	Statistics Canada Survey on Labour and Income Dynamics.	Work level: 49 weeks, f/t or p/t Poverty threshold: below LICO
United States	Individuals who either worked or were looking for work for 27 weeks in a year, and whose total income for the year falls below LICO	U.S. Labour Bureau	Work level: 27 weeks in referent year. Poverty threshold: below LICO
United States	At least one person in the family unit has engaged in paid employment for a minimum of 35 hours per week for 50 weeks and whose income falls below the official poverty threshold (for families, total family income is used as determinant).	U.S. Census Bureau based on data gathered by the Current Population Survey	Work level: minimum of 50 weeks in the reference year Poverty threshold: below LICO (36 percent of median income)
U.K.	There is no specific, nationally used definition. Commonly used indicators are households with at least one income from full or part-time employment, whose incomes are less than 50 percent or 60 percent of the median income.	Office for National Statistics	Work level: part time or full time. Based more on income than hours worked. Poverty threshold: 50- 60 percent of median income
Germany	For individuals in full-time employment; those whose income is below the poverty line; any worker (full or part time) with wages below 75 percent of the national average.	Institute for Economic and Social Research, Federal Employment Service, and Federal Statistical Office	Work level: all workers Poverty threshold: 75 percent or less of median national income
France	Workers who: have spent at least six months of the year engaged with the labour market; have had a job for at least one month during the year; and live in a household with income below 50 percent of the median income.	National Institute for Statistics and Economic Research (INSEE)	Work level: those who have spent at least six months of the year engaged with the labour market Poverty threshold: 50 percent median income.
Ireland	There is no specific, nationally used definition of the working poor in Ireland, but the commonly accepted definition is any worker with an income below half average earnings.	Economic and Social Research Institute (ESRI) and Central Statistics Office	Work level: full, time, part-time and temporary Poverty threshold: 50 percent of average national earnings
Australia	Those whose main source of income is wages and who live on a gross income, including government subsidies, of less than $29,600 a year (LICO).	Australian Bureau of Statistics	Work level: all workers Poverty threshold: LICO

Table 2.3. Definitions of the Working Poor by NGOs (international organizations. pressure groups, research organizations			
Organization	**Definition of Working Poor**	**Statistical base**	**Key Indicators**
National Council of Welfare (Canada)	Any economic family whose income is below LICO and who earned more that half that from wages and salaries or self-employment.	Statistics Canada	Work level: all workers Poverty threshold: below LICO
Center for Housing Policy (Washington)	Those who earn at least 25 percent of the annual minimum wage, up to the poverty rate, and worked the equivalent of ¼ full-time.	U.S. Census Bureau	Work level: at least 25 percent full time equivalent Poverty level: 25 percent of annual minimum wage.
The Urban Institute (U.S.)	Those who have, on average, worked at least half time, but whose income is less than 200 percent of the federal (official) poverty line.	U.S. Census Bureau	Work level: half time equivalent or more Poverty threshold: less than 200 percent of LICO.
National Academy of Sciences Panel on Poverty and Family Assistance (U.S.)	Defines poverty by using a measure of “discretionary income”: that is, the amount of money left after all necessary household, health and work-related expenses have been met. The discretionary income is then compared against a basket of other essential goods and services.	Comprehensive monthly questionnaire sent to participating households.	Work level: all workers Poverty threshold: varies
Low Pay Unit (U.K.)	Those who earn 68 percent or less of male median earnings.	Office of National Statistics	Work level: all workers Poverty threshold: 50 percent of male median earnings
Eurostat	Also uses the term “in-work poverty”, meaning a household with at least one person actively engaged in the labour force for at least six months out of the year and whose equivalised income is situated below the national poverty line in the country of residence.	Eurostat collection of national statistical data	Work level: more than half of the number of months for which information is available Poverty threshold: varies by country
Basic Income European Network (Bien)	All workers living in a poor household. All full-time workers living in a poor household. All people living in a poor household with at least one working household member (working poor household). All people living in a poor household with at least one full-time working household member (full-time working poor household).	Eurostat and European Community Household Panel data set	Work level: full or part time Poverty threshold: 50 percent of mean equivalent income for the country
Organization for Economic Cooperation and Development (OECD)	Defines low pay as less than two-thirds of median earnings for all full-time workers.	Statistical data from the countries involved.	Work level: full-time workers only Poverty threshold: less than 66 percent of median earnings.
United Nations	Poor households are those with an income below 50 percent of the national median income. Working poor are not differentiated from poor households generally.	Statistical data from the countries involved.	Work level: not specified Poverty threshold: 50 percent of national median income

total household income for the year must fall below the official, pre-set poverty level of the United States.

The Urban Institute and Partners for Hoosier Communities defines the working poor as those who have, on average, worked at least half time, but whose income is less than 200 percent of the federal (official) poverty line. The rationale behind setting the income level for poverty at twice the official rate is, as Warren (2002) argues, that the poverty line is inadequate, and does not represent the true cost of living and working. Furthermore, Warren (2002) asserts that poverty should be defined as relative to median or average wages for the country as a whole, rather than as a measure of income spent on necessities.

Similarly, among European countries there is little consensus about how to define the working poor. The European Industrial Relations Observatory (EIRO) has collected information from several European countries about the working poor, what measurements are used to delineate them, and whether there is an official, or commonly accepted definition. Interestingly, in contrast to Canada and the U.S., most of the European countries use a relative-wage approach, as opposed to a poverty-line approach, when addressing working poor issues. While noting that no specific definition of the working poor exists, the U.K. suggested that the group includes households with at least one income from full or part-time employment and whose incomes are less than half or 60 percent of the [national] median income (Lloyd, 2002). According to EIRO, Germany defines low pay as wages below 75 percent of the national average, while in Norway, the definition most often used by trade unions and Statistics Norway is hourly pay below 85 percent of average hourly pay in the manufacturing industry (Ioakimoglou & Soumeli, 2002). EIRO further reports that:

> In many countries there is no specific definition of ‘working poor’ and the point of departure for assessing poverty is household income, not each individual’s income. Commonly used definitions include households with at least one income from full or part-time employment, whose incomes are less than half or 60 percent of the median income (UK), or households with a disposable income after tax below 40 percent, 50 percent or 60 percent of the median or average income, or households with a low-income and insufficient ‘social chances’ (Ioakimoglou & Soumeli, 2002).

A report from the Basic Income European Network (BIEN), notes that most international comparative investigations use direct measures on the basis of income when discussing poverty (Strengmann-Kuhn, 2002). The BIEN report discusses various ways of measuring poverty – for example, what percentage of average national income ought to be used, how family composition affects income (i.e. does each individual, whether adult or child merit the same "weight"), and whether the median or arithmetic mean of national income should be used as a measure. BIEN adopted the measure of 50 percent of the mean as a poverty threshold because Eurostat uses this measure.

In defining the working poor, Strengmann-Kuhn (2002: 4) notes that it is a term "which remains rather ambiguous both in political discussions and in the academic literature," and concludes that, in general, "a person is poor if she or he lives in a household with a monthly net income below 50 percent of the mean equivalent income (MEI)." However, he points out that there are many possible ways of measuring and defining individual and household poverty within an employment based context. In providing a broader definition of the working poor than most, Strengmann-Kuhn (2002) contends that a worker is anyone who has worked at least one hour in the week before the interview.

Ultimately, BIEN offers four different definitions of the working poor: 1) all workers living in a poor household, 2) all full-time workers living in a poor household, 3) all people living in a poor household with at least one working household member (working poor household), and 4) all people living in a poor household with at least one full-time working household member (full-time working poor household).

Overall it appears that non-North American countries take a more liberal view of who should be considered among the working poor. Reporting on the proceedings of the Fourth Meeting of the Expert Group on Poverty Statistics, Fall (2001) stated that the usual definition of a working person is one who has been active in the labour market (working or actively looking for work) for six months out of the year is subjective, and does not take into account the differing situations and needs of those living in long-term compared to short-term poverty. For example, it might be argued that many university students are among the working poor, but only for a relatively short period of time. Whereas unskilled labourers with no opportunity for additional skills training or education may well be among the working poor for most of their adult lives.

In France, even long-term and intermittently unemployed persons may be considered among the working poor if they have received income from work during the reference year – regardless of how many hours of work were done. In this, France concurs with the work of BIEN: any person who works, and has a low-income, is among the working poor.

Recent work in the U.S., however, has begun to broaden the traditional definitions of poverty and of the working poor, by including the costs of working versus not working – for example, the added costs of child care and transportation for working parents, increases in income tax paid, and decreases in benefits received (both in cash and in kind, such as transfer payments and food stamps) (Iceland, 2000). Other researchers have come up with different ways to measure the depth of poverty among the working poor, by, for example, looking at the market cost of a basket of essential goods and services in a given area, and measuring that against average incomes in that same area, or against what a person working full-time for minimum wage would earn. Fleury and Fortin (2004a) also mention this data in their report, but add that because this type of data has only recently been collected, it is difficult to use to measure whether the working poor are better or worse off than they have been historically.

From the review of literature, it is clear that a universally accepted definition of the working poor has been elusive. The debate on definitions is further clouded in North America by the limited attention given to those earning in excess of poverty rates but still struggling with shelter problems. This problem could conceivably be lessened by addressing poverty as a percentage of average wages, such as is common in Europe. It is increasingly those earning higher incomes who cannot afford the average cost of a home. Furthermore, limited attention is given to the significant role of regional differentiation and local market conditions.

2.2.2 Indictors of Working Poverty: Who are the Working Poor?

It is important to understand why the earnings of workers may not be sufficient to raise them and their families above the poverty threshold. In trying to explain working poverty specific attention has been placed on a range of labour market problems including recurring unemployment, the inability to find full-time work, self-employment and low wage rates. Earlier research has supported the contention that low pay is the primary cause of poverty among workers (Klein & Rones, 1989). However, there has been a great deal of confusion regarding the relationship of working poverty and low wages. A low rate of pay is just one of the many factors contributing to working poverty.

There are several factors that may result in working poverty and explanatory variables include both personal components (age, gender, education, job characteristics) and household characteristics (presence of other adults in employment, the size and composition of the household, number of dependent children). According to the European Foundation for the Improvement of Living and Working Conditions (2004), a worker's vulnerability to poverty relates more to family income and composition than to individual earnings. Moreover, Fleury and Fortin (2004) have emphasized that household context and family circumstances are more significant in determining low-income and contributing to working poverty than low wages.

Family plays the greatest role in determining the probability of a worker experiencing a period of low income. Family structure largely determines the number of potential wage earners and working poor families are more likely to have only one full-time worker (Fleury, Fortin & Luong, 2005). Workers who are the only earners in the family are much more likely to have a low income than other workers. Individuals who are single, lone parents and workers whose spouse does not work are most likely to be low-income workers (Fleury & Fortin, 2004). A worker is particularly vulnerable to low income if he or she is the only person meeting the family's financial needs, and the presence of children in a household significantly increases the at-risk of working poverty rate. There is a significant increased risk in households with dependents and the greater the number of children that workers have, the greater the risk of belonging to the working poor. The increased risk of income poverty is directly related to the greater expenditures that are incurred by larger families with several children because of the need for larger living space, as well as increased non-housing costs (Fleury, Fortin & Luong, 2005).

Fleury, Fortin and Luong (2005) found that among families with children, working poor families were more likely to be lone-parent families than working non-poor families. With the overwhelming proportion of female single-parent households, it is women who maintain families that are at greatest risk of working poverty (Klein & Rones, 1989). Gender is a particularly important indictor of working poverty because a higher percentage of low wage earners are female (European Foundation, 2004). Employment rates for women are much lower than for men and are particularly wide for older age groups. There is also a predominance of women in part-time work and fixed contract work which are two forms of work with a high level of working poverty risk.

In two-parent households the addition of a second income has a significant positive impact in countering working poverty. Without that option for female-headed lone-parent families, the polarization continues to increase between these work-poor households and work-rich double-earner households. However, the European Foundation for the Improvement of Living and Working Conditions (2004) points out that the high proportion of low-quality employment that has been taken up by female workers may make sense in relation to improving poverty statistics, but there are also negative consequences for social and family stability.

Given the wide variety of definitions of the working poor, it is not surprising to find that the estimates of the number of working poor in any given area also vary widely. However, what does not vary much either geographically or over time, is who accounts for the majority of the working poor; that is; non-whites, particularly aboriginal populations and recent immigrants; lone parents (especially female); and young workers living alone, especially those who work in service industries (i.e. retail, food service, call centres) as the working poor increasingly service the needs of those referred to as the “time poor”, that is, persons whose time is restricted due to the demands of work and family. In reviewing the historical progression of literature on the working poor, one finds that these same groups of people are regularly and disproportionately represented among the working poor. The literature from the 1970s, such as that of Harvey Stevens and Barry Fogg (1979), emphasized the housing problems of “high-need groups”, all of whom are the same groups as in recent literature. In the 1980s, Klein and Rones (1989) also list these groups as being disproportionately represented among the working poor.

It is also vital to remember that, while certain sectors of the population are often grouped together as part of the working poor, there is a huge amount of variety within that group. For example, a single parent may well be a young, single teenager, but could also be a middle aged widowed parent, or someone who has divorced when a long-term relationship has failed. It could include a parent (of any age) unable to work full-time because of the cost or unavailability of quality childcare, or who has chosen to go back for educational training in order to improve their long term job and earnings prospect. Similarly, a recent immigrant might have few marketable skills, or have difficulty learning the language, but it could also be someone who is highly educated and well-spoken, but has faced (unwritten) discriminatory hiring practices, such as lack of recognition of skills and experiences gained abroad. It may be someone who is traumatized from the events they witnessed or experienced in their home country, and is more in need of counselling than the added stress of full-time work in a strange environment (Chilman, 1991).

Fleury and Fortin (2004) estimate that 38 percent of working age individuals living in low income in Canada had a strong attachment to the labour market. Using a definition of a low-income worker as a person whose work effort is high throughout the year and whose family income is below the low-income cut-off, Fortin and Fleury (2005) have also estimated that over 635,000 Canadians could be identified as the working poor in 2001. In addition, they surmised that an additional 1.5 million persons living in the same households as poor workers were affected by low income, more than one third of whom were children under the age of 18. As the following sub-section discusses, the low income of these working poor households creates increasing difficulties to afford an acceptable standard of living and participate fully in society.

2.2.3 Household Expenditures of the Working Poor

A discussion of the working poor must include an examination of their struggles with household and work-related expenses. Housing, food, and clothing satisfy basic needs, while other goods and services; though not vital to subsistence, play an important role in allowing participation in the labour market and society (Fleury, Fortin & Luong, 2005). Previous investigations of the spending patterns of the working poor have revealed large disparities in total expenditures and the allocation of expenditures compared to both the non-working poor and the working non-poor (Pasero, 1996). Overall, working poor families have a much lower standard of living than other working families, and have differing spending patterns and living conditions compared to other poor families.

In a study on the spending patterns of the working poor in Canada, Fleury, Fortin and Luong (2005) found that approximately half the expenditures of this group in 2002 went toward housing, food and clothing. This proportion was similar to that observed among non-working poor families, but much higher than among other non-poor working families whose expenditures on essential needs represented less than one third of their total expenditures. In terms of actual monetary amounts, working non-poor families spent an average $24,300 for housing, food and clothing, whereas working poor families spent only $14,600 despite the generally larger size of these families. The level of household expenditures creates excessive burdens for all households and it was found that 75 percent of working poor families exceeded their income in 2002 compared to 64 percent of other poor families and 40 percent of other working families (Fleury, Fortin & Luong, 2005). In these circumstances, working poor families were more likely than other poor families to increase their debt load or sell their assets to make ends meet.

While working poor families spent similar proportions of their income on food, clothing and shelter as the non-working poor, the burden of working created additional expenses including transportation, clothing and child care, as well as work-related expenses such as income tax, union dues and pension contributions (Edin & Lein, 1997). The need to travel to work, car ownership and the unavailability of public transportation can have significant implications for the living conditions of the working poor. For example, it was found that the average level of spending allocated to transportation was considerably lower among working poor families in 2002 ($4,200) compared to working non-poor families ($10,500), but was significantly higher than for other poor families ($2,700). Child care is a further expenditure that can be vital for work, however, working poor families spent less on child care than other working families even though on average there were more children in working poor families. This may indicate that the working poor rely on family for child care or utilize less expensive, lower quality daycare services.

Given the struggles with household and work-related expenses, the main concerns of the working poor have been identified to be both non-housing expenses such as food and the threat of housing insecurity. The Canadian Association of Food Banks (2003) found that, aside from those on social assistance, the working poor were the most likely segment of the population to experience food insecurity[5] – meaning that they did not always have enough money to purchase food sufficient for the needs of themselves or their families. In very practical terms, this means that often the working poor go to work hungry, and/or their children go to school hungry. Many reports note that the high cost of housing is one of the major contributing factors to food insecurity: going hungry for one or two days is preferable to being made homeless because once the rent is paid, there is literally no money left to buy food or for other expenditures.

Fleury, Fortin and Luong (2005) found that like other poor families, working poor families spent the highest share of their income on housing. Unlike other poor families, however, working poor families had less access to subsidized housing because of greater

[5] According to the Public Health Agency of Canada, food insecurity is defined as “the inability to acquire or consume an adequate diet quality or sufficient quantity of food in socially acceptable ways, or the uncertainty that one will be able to do so”. (http://www.phac-aspc.gc.ca/ph-sp/phdd/overview_ implications/08_food.html). This is consistent with the definition of other organizations concerned with food security / insecurity and hunger issues.

household income (Edin & Lein, 1997). And while working poor families spent significantly less on housing than working non-poor families, more than half of the working poor families lived in housing that was not affordable (according to the Canada and Mortgage Corporation definition of affordability, housing is considered affordable if it does not exceed 30 percent of household income) compared to only 8 percent of working non-poor families.

Fleury and his colleagues (2005) suggest that it is quite possible that working poor families have to make do with crowded conditions and lower quality dwellings. Many of the working poor are often housed inadequately, either in terms of overcrowding, or in housing that is not physically up to standard – examples include poor heating, damp and mould associated with inadequate ventilation, crumbling structure and other deficiencies that might reduce the quality of life within the household.

In general, it can be seen that people who are among the working poor, or who live in working poor households, are often in a situation of being precariously housed, or of having core housing need, that is, the accommodations in which they live fail to suffice on conditions of adequacy, suitability, and/or affordability. According to the CMHC, adequate dwellings are those reported by their occupants as not requiring major repairs; suitable dwellings have enough bedrooms for the size and make-up of resident households; while affordable housing costs less than 30 percent of before-tax household income (Engeland & Lewis, 2004). When a household cannot afford such accommodations because of the high cost of housing, that household is considered to be in core housing need. Engeland and Lewis (2004) make the case that exclusion from suitable, affordable housing creates other forms of social exclusion and prevents full participation in society and the general economy.

Working poor families are much less likely to be homeowners (39 percent) than other working families (75 percent) (Fleury, Fortin & Luong, 2005). Shipler (2004) asserts that with rising wealth driving up housing costs and rents, the working poor have been left practically helpless, unable to get into the housing market and not served by under-funded housing programs. The term “workforce housing” is used to describe the chronic shortage of affordable housing for persons engaged in low paying jobs including janitors, teachers, police officers, nurses and retail salespersons. It is also used to describe employer-assisted housing initiatives (Stegman, Quercia & McCarthy, 2000), or situations where companies have either built or subsidized the building of affordable housing units. Nevertheless, the emphasis is that persons engaged in low and mid level paying jobs struggle to find affordable rental units and are more likely to be excluded from homeownership, especially in fast growing metropolitan areas where prices have risen dramatically (Bell, 2005).

The excessive burdens of household expenditures for the working poor suggest that these dynamics must be included in a definition of poverty. A cost of housing oriented definition of the working poor would seem to be a key in addressing the poverty, especially when one considers that housing-induced poverty is a concern for both low- and middle-income groups.

2.3 Poverty and the Housing Market: Housing-Induced Poverty

In the past twenty years changing economic and social circumstances have given rise to a phenomenon that is referred to as the “new poverty”. Factors related to this emerging concept of poverty are multifaceted, however, Bunting, Walks, and Filion (2004) emphasize that “new poverty” can be directly linked to increased problems of housing affordability. While historically housing policy has emphasized issues of quantity, quality, and eligibility, more recently affordability has become the central concern (Thalmann, 2003). In the United Kingdom, for example, booming housing markets have brought into sharper focus the issues of housing need and affordability (Bramley, 2004). Linneman and Megbolugbe (1992) have suggested that concern over housing affordability gained substantial momentum once middle-income households began to experience difficulty obtaining the “American Dream” of home ownership or were spending a large proportion of their income on housing.

Housing affordability problems are widespread and may have a range of secondary impacts including health problems and family stresses. The problem of housing affordability appears to be growing as housing consumes the greatest proportion of income to the point that severe stresses are placed on the household's ability to afford other necessities such as food, clothing, medicine, and transportation (Moore & Skaburskis, 2004). Food is one of the few flexible parts of a tight budget and it succumbs to the costs of other essentials, particularly housing. A common misconception of those who experience problems of housing affordability is that this segment of the population earns low wages through menial employment, struggles with shelter costs, and lives in marginal rental housing. However, this narrow definition fails to capture other segments of the population who also face acute shelter cost problems, including renters and owners who come from a range of incomes and professions. Moreover, it is those earning middle, and to a lesser extent high incomes, who are increasingly finding the escalating costs associated with shelter to be worrisome and financially challenging.

How one conceives of and measures housing affordability matters to policy making as well as public perceptions of the scope and nature of the problem (Belsky, Goodman & Drew, 2005). The overall standard of living of a household is not determined by income alone, but rather, by housing costs together with incomes. Therefore, the concept of shelter or housing-induced poverty represents a form of poverty that results from the burden of housing costs rather than just limited incomes (Stone, 1993). One of the main causes of housing-induced poverty is the high cost of suitable, adequate, and affordable housing in many markets, relative to income. Both housing and income policy deal with issues of housing affordability; however, there is little integrated work. The challenge is to conceptualize and measure affordability for the purposes of formulating policy. This section reviews the development of housing affordability measurements and the inclusion of a housing perspective in relation to the concept of poverty. The mechanisms of housing-induced poverty are also discussed, while the geographical distribution in North America of the phenomenon of shelter poverty is outlined. The specific objective of this section is to evaluate recent conceptualizations of housing affordability and the broader focus that recognizes that both low- and middle-income households experience affordability problems.

2.3.1. Measuring Housing Affordability

There is a large literature on housing affordability. Affordability is generally viewed as the relationship between household income and household expenditures (Kutty, 2005). Affordability represents a way of measuring the linkage between the well-being of individual families and the mechanisms of the social and economic systems in terms of housing provision and income determination (Stone, 1993). A precise definition of housing affordability is difficult to determine and entails subjective judgements. The very concept of affordability includes the application of socially construed normative standards that mediate public policy. Overall, greater clarity is needed about the meaning of housing affordability because a comprehensive definition of affordability is paramount as a foundation for the discussion and formulation of adequate and appropriate policies to address the problem (Stone, 2006).

This sub-section reviews measurements of housing affordability to illustrate the inadequacies of the conventional standard shelter-to-income ratio, and to follow the development of alternative affordability measurements. The shelter poverty concept reveals more clearly the dual bases of the affordability problem: in both the mal-distribution of income and the private housing market. It challenges the conventional standard that every household can afford up to a certain fixed percentage of income for housing. Such definitions make it possible to arrive at more accurate conclusions about the overall extent of affordability problems and their distribution socially and geographically (Stone, 2006).

The established view of affordability is based upon a certain standard of how much people can reasonably be expected to pay (Stone, 1993). Affordability is conventionally measured by the ratio of housing costs to income and it is widely used because of the lack of alternatives (Thalmann, 2003). An affordability problem is deemed to be present if the housing costs of a household exceed some predetermined portion of their income (Thalmann, 1999). Historically, housing expenditures that exceed 30 percent of household income have been viewed as an indicator of a housing affordability problem (Linneman & Megbolugbe, 1992). Overtime, other thresholds for the shelter-to-income ratio have been recognized including 25, 40, and 50 percent. Those exceeding the prescribed threshold are identified as having an affordability problem (Kutty, 2005).

Based on this conventional percentage-of-income measure, Skaburskis (2004) and others have found that socio-demographic factors that affect the incidence of affordability problems include family status, marriage, age, gender, and education. Problems of housing affordability fall disproportionately on youth in non-family households because of less secure employment. In addition, household type, size, and age reflect a household's needs and the ability of the maintainer to work. The gender of the primary maintainer in the household affects income prospects and housing burdens, while the number of adults in a household determines the number of potential income recipients. Another aspect of housing affordability is the issue of household size because the amount of money needed for other necessities in a household depends on the number of dependent children. Given the factors related to housing affordability, those households with dual incomes have less risk of affordability problems and increased opportunities to purchase a home.

The shelter-to-income ratio measurement has an intuitive appeal because it is simple to understand and readily computed. However, this conventional housing affordability approach has several drawbacks. No absolute standard exists and the conventional measure underscores the necessity of making subjective judgements of what constitutes "too much" to spend on housing, what is a minimally accepted housing bundle, how much is too much to spend on housing and transportation combined, and how much each of these varies with income. In addition, the shelter-to-income ratio fails to consider when spending a large share of income on housing is more a choice rather than a necessity. As a measurement of housing affordability, the shelter-to-income ratio approach does not distinguish those who have high cost burdens but can still pay for minimal non-housing consumption from those households who cannot pay for non-housing needs after they pay for housing. A high ratio might simply be an indication of a household's preference for a large quantity or higher quality housing, while low ratios may conceal situations of residential deprivation (Kutty, 2005; Thalmann, 2003).

The drawbacks of the shelter-to-income ratio are further clouded by the lack of agreement amongst various organizations and agencies as to what constitutes unaffordable housing as a percentage of income. Most side with either 30 percent or 50 percent, however, these thresholds have little meaning if households can afford to pay a higher percentage of income on housing and still have enough disposable income to meet other needs. In contrast, if a household is poor to begin with and spends 50 percent or more of income on housing, the possibility of not being able to afford the rent in any given month often looms large. If an emergency arises – for example, unexpected medical bills – then finding rent money suddenly becomes challenging.

While the shelter-to-income ratio has remained the standard for measuring housing affordability, there has been growing recognition that an affordability measurement should not be based upon housing costs only, but also in relation to household type, income adequacy, and living standards to better reflect the residual income that households need for other necessities. Thalmann (1999) proposed a set of indicators of housing consumption that distinguish between apparent affordability problems (where a household's consumption is above a standard housing bundle) and actual affordability problems (the household either pays above-average costs for the housing it consumes or has too little income to afford the standard bundle) (Thalmann, 2003). Although this measure improved on the standard percentage-of-income (cost burden) affordability measure, the actual financial constraints faced by households were not considered. The introduction of the concepts of shelter poverty and housing-induced poverty were particularly significant because of their advancement in the development of indicators of housing affordability (Kutty, 2005). The measurements of both shelter poverty and housing-induced poverty reflect a sliding scale of housing cost burdens, which vary by level of income, household size, and household type.

The precursor of housing-induced poverty was Stone's (1993) introduction of the term "shelter poverty". According to Stone (1993), it was logical that a housing affordability standard should be based on a sliding scale, rather than a fixed percentage of income, because of the interaction among income, shelter costs, and the costs of other basic necessities. He challenged the standard that every household can afford a fixed percentage of income for housing and pointed out that the conventional affordability measure understates the problem for families with children and other dependents versus one- and two-person households. Stone (1993) defined shelter poverty as occurring when housing costs are so high that households cannot afford non-housing necessities. The shelter poverty measure offers a sliding scale of affordability that takes into account differences in household composition and income. This scale establishes the maximum amount available to spend on housing based on the disposable income of the household minus the cost of a minimum level of non-shelter needs defined to be the "Lower Budgets" developed by the U.S. Bureau of Labor Statistics Lower Budgets (Stone, 2006).

According to Kutty (2005), the weakness of Stone's shelter poverty measure lies in his definition of the minimum adequate basket of non-housing goods as the BLS Lower Budget standard because it does not adjust the basket of goods to reflect changes over time. Kutty's (2005) housing-induced poverty measure improves upon this weakness in defining whether housing is affordable by using the better known measure of official poverty thresholds for the United States. Kutty defines housing-induced poverty as the situation that arises when a household cannot afford the federally-defined poverty basket of non-housing goods after paying for its housing. Although weaknesses of this poverty basket were discussed earlier in this review, the inclusion of a minimum subsistence level of housing and non-housing consumption allows the measure to determine the extent to which housing costs have led households that are not below the official poverty thresholds to have a poverty standard of living in terms of the non-housing goods they can afford (Kutty, 2005). Conversely, under this new measure, the households that choose to maintain housing cost burdens in excess of 30 percent, but can still afford basic necessities, are not identified as having an affordability problem.

According to Stone (1993) and Kutty (2005), the shelter or housing-induced poverty approach suggests a significantly different distribution of the problem of housing affordability. The shelter-to-income ratio measurement understates the affordability problem for families with children in comparison to smaller households, while overstating the burden of higher income households. In contrast, the housing-induced poverty measure shows the problem to be more concentrated among low-income and large households and relatively less severe among middle-income and small households. While the development of these new measures of housing affordability provides a more substantive context in which to understand the problem, these findings make it unclear whether these measurements are sufficiently robust to capture the emerging problems of housing affordability for higher income groups.

Overall the issue of housing affordability has been evaluated from the perspective of lower income groups. More recently, there has been growing recognition that housing affordability extends to population segments that were once considered to be immune from shelter problems. The idea of different levels of a housing affordability problem finds some support in past literature. Linneman and Megbolugbe (1992), for example, distinguish the problems facing low-income renters from problems facing middle-income aspiring home-owners.

It is important to consider Bramley's (2004) perspective as he suggests that different levels of the housing affordability problem should be part of the scope of any affordability index. He defines three types of housing affordability problems. Primary poverty refers to those households experiencing the more basic level of the affordability problem. These households have low incomes and limited housing options and are likely dependent on basic safety nets of income support and social housing. A second type of affordability problem relates to those households that are at significant risk of experiencing problems in their current housing situation. A different level of the affordability problem relates to existing or potential households that are facing problems accessing mainstream market housing at affordable levels. Overall, housing prices in their locality are beyond the level at which they are likely to be able to afford.

According to Bramley (2004), affordability problems can be viewed as operating at different levels, ranging from narrower direct experience of severe problems of poverty and homelessness, through an intermediate level of risk, to a broader problem of access to the market. This extends the range of concern up the income scale to the "intermediate market", and recognizes that in certain market conditions a wider range of households (including many working households) may experience problems of access or of risk of affordability problems. While these households are experiencing a less direct and intense problem of affordability in comparison to those in primary poverty, nonetheless, the second and third types of the housing affordability problem are clearly relevant to significant policy interventions. Appropriate policy development requires understanding of the demographic, social, and economic mechanisms that have broadened the housing affordability problem.

2.3.2. The Foundation of Housing Affordability Problems

As the prevalence of housing affordability problems continues to increase in many Western countries, the need to understand the causes of housing-induced poverty becomes more crucial. The problem is complex and linked to demographic, employment, and global restructuring. Its consequences are broad, extending into education and, most importantly, health and well-being (Moore & Skaburskis, 2004). Beyond responding to particular aspects of poverty and deprivation, a greater understanding of the issue of housing affordability requires a consideration of the integration of the broader functioning of demographic processes, regional economies, and housing markets (Bramley, 2004; Masnick, 2002).

At the beginning of the twenty-first century, housing consumption in North America has clearly been shaped by simultaneous changes occurring in population composition, economic structuring, and housing provision. Masnick (2002) identified these complex dynamics:

> … geographic redistribution, shifting family and household composition, job and labor force restructuring, population aging, and racial reconfiguration are inextricably linked to each other and to housing trends for the new century. (p. 275).

In particular, Masnick (2002) outlined the changing demographic context in which the housing market operates in the United States. For example, in the 1990s, the rapid increase of minorities fuelled by international migration and natural increase is having a significant impact on housing consumption. In addition, housing trends have been affected by the changing composition of households as a result of the aging of the baby boom generation, as well as the declining share of married-couple households and households with children. Severe affordability problems are exaggerated by demographic trends toward smaller households and more non-family households (Moore & Skaburskis, 2004). Masnick (2002) also identifies the continuing redistribution of the American population, from the Northeast and Midwest to the South and West, and from central cities to suburbs, to be important factors in housing consumption.

Other authors have considered the deepening and broadening problem of shelter poverty in relation to the dual processes of the mal-distribution of income and the increasing costs of housing (Stone, 1993). According to Linneman and Megbolugbe (1992), increasing inequality in income distribution in the 1980s created growing and continued affordability problems for first-time buyers and low- and moderate-income renters. It is significant that although writing in the early 1990s, Linneman and Megbolugbe (1992) were also able to identify that sluggish income growth, coupled with rising housing prices were creating a housing affordability problem for middle-income families. They suggested that a growing sector of American society was experiencing difficulties in purchasing housing because the private market was providing new housing at ever increasing prices supported by inflationary expectations and changing tastes for housing amenities rather than by real income gains.

Within Canada, the prevalence and growth of housing poverty must be considered in relation to changing employment levels and the increasing inequality in income distribution. There have been broadly based changes to Canadian society that have accompanied globalisation and economic restructuring. The income distribution in Canada has been getting progressively less equal over the last 20 years, particularly in larger cities. Of most concern to issues associated with housing affordability is the process that is referred to as “social polarization”. If upper-income households engaged in the corporate, managerial, professional, and advanced service sectors have been beneficiaries of global restructuring, many others have been losers as formerly well-paid, stable manufacturing jobs have been replaced by low-waged and insecure employment in the unskilled and semi-skilled services sector (Moore & Skaburskis, 2004).

Changes in both the average level of income and the distribution of income will affect the demand for housing which brings about a supply response. Housing prices are affected by many factors including the cost of land, labour, materials, financing, and marketing. As a result, housing prices may bear little relationship to household incomes (Stone, 1993). According to Masnick (2002), with the continued rise in women’s employment and earnings over the past several decades, married couples in two-income households have been critical in setting market prices for housing with the demand for much higher quality than in previous generations. However, one-income households must compete in this same housing market and the trend of escalating housing prices has created ever-increasing cost burdens.

Recently released data in the United States shows that the burden of housing costs grew sharply in nearly all areas of the country between 2000 and 2005. This growth is attributed to the impact of the crushing combination of escalating real estate prices and largely stagnant incomes. In recent decades, median incomes have not risen at the rate that they did in the booming 1950s and 1960s, yet real estate prices have escalated sharply in recent years partly because of a more limited housing supply (Scott & Archibald, 2006). The largest jumps in the U.S. were found in the Midwest and in suburbs nationwide. Scott and Archibald (2006) emphasize that this is clear evidence that problems of housing affordability have reached into the middle-income groups.

Similarly, Belsky, Goodman, and Drew (2005) suggest that while cost burdens are heavily concentrated at the bottom of the income distribution, they appear as well in moderate- and middle-income ranges. For example, high levels of cost burdens among working families, especially in the higher cost housing markets where incomes for some essential service occupations (including teachers, nurses, and police officers) are not adequately adjusted for the local cost of living. As a result, there are geographical differences in the prevalence of the housing affordability problem as it is the larger cities that housing affordability problems are most apparent (Skaburskis, 2004).

2.3.3 The Geographical Distribution of Housing Affordability Problems

Although the increase in affordability problems is evident, little is known about the geographic dimensions of housing affordability stress. Nonetheless, evidence of the large disparities in housing prices and rents across geographic regions and neighbourhood types imply that the well-being of households facing the same degree of affordability differ geographically. The variability across regions and metropolitan centres requires policy development that recognizes and understands the spatial dimensions of housing affordability (Bunting, Walks, & Filion, 2004; Moore & Skaburskis, 2004).

According to Kutty (2005), regional and locational variables are significant determinants of the probability of housing-induced poverty. The cost of an appropriate amount of housing varies greatly across submarkets and locations because of market imperfections and complex regulatory regimes. Skaburski (2004) specified that the factors affecting the supply of housing include the size of the city. There are geographic differences in the prevalence of the housing affordability problem as it is larger cities that have higher land prices and it is in the growing regions that land rents are driven up the most. In Canada, the largest cities have the greatest number of households with severe housing affordability concerns as proportionately there are more single households and lone parents in the larger cities. Skaburskis (2004) also found that there was a general shift in the problem westward which he attributes to the increase in housing prices and income polarisation in western Canadian cities.

In many high cost urban markets in both Canada and the United States, those in the middle-income brackets, engaging in such professions as teaching, nursing, or law enforcement are finding that their wages cannot secure adequate and affordable housing. For example, an article in the *Vancouver Sun* noted that firms in British Columbia find it increasingly difficult to attract young professional workers because of high housing costs, and related carrying costs such as property taxes (Hallsor, 2005). Similarly, a recent article in the *National Post* reported that as house prices rise, more people are incurring high housing debts, and the amount of money put into savings as a percentage of income is falling dramatically, among high wage earners as much as among those earning low wages. A representative of one national real estate firm noted that much of the money that would have gone into the bank at two or three percent is being spent on housing instead (Marr, 2005).

As discussed in the previous sub-section, rents and real estate prices are rising faster than wages, and in areas such as California's Silicon Valley, Vancouver or Toronto, this has caused serious problems for middle-income households. Given that housing affordability problems are increasingly affecting middle- as well as low-income segments of society, the concept of housing-induced poverty is relevant as Kutty (2005) noted that an estimated 3.8 million households that were above the official (poverty) thresholds could not afford the poverty basket of household goods after paying for accommodations. Stegman and colleagues (2000) also indicated that many of the households who are experiencing critical housing need are in the middle- and even high-income groups. In fact, their research illustrates that 22 percent of those American families who work and still find themselves with a critical housing need are moderate-income workers. A report for the Joint Center for Housing Studies of Harvard University (2005) specified that ratios of house prices to median household incomes are at the highest level in 25 years, thus creating affordability problems for many households well above the poverty line.

Meanwhile, the rental market is also causing housing affordability problems for the middle-income households. As the Harvard report finds, many moderate-income workers throughout the country are no longer able to afford to rent even a modest two-bedroom apartment.

The reasons for middle-income families living in housing need do show some regional variation across the United States. For example, in high-cost centres such as San Jose or Washington D.C., the problem is generally high rents. In New York City, however, the main problem is that many of the affordable units are in severely dilapidated condition (Stegman et al., 2000). Overall, though, it is the hyper-inflationary cost of housing that causes the bulk of shelter cost problems. According to Stegman and colleagues (2000: 11), “the dramatic increase in housing needs primarily reflects the escalation in housing prices… between 1995 and 1997, average monthly rents rose at about twice the overall inflation rate… [while] average sales prices also increased at a rate significantly greater than inflation”.

The high cost of rent combined with the rising cost of home ownership means that many younger working, middle-income families find it challenging to save up enough to enter the home ownership market. Meanwhile, the lack of American federal programs to assist moderate-income home owners means that as real estate prices continue to climb faster than wages, many of those who do own their homes struggle to keep up with such things as concomitantly rising property taxes. To some extent, the more recent and limited introduction of the “zero down mortgage” must be seen as a mechanism to reduce the burden of saving for a down-payment, but it does not address the increasing affordability problems associated with rising housing costs in many jurisdictions.

The situation is similar in Canada, especially in those areas known for high housing costs. According to one newspaper report, British Columbia residents are currently spending an average of 54 percent of pre-tax income on housing (Hallsor, 2005), with the result that many graduates from BC universities are choosing to move out of province for jobs in areas with less exorbitant housing costs. The Regional Housing Affordability Partnership

(2003) in Victoria states that a family unit or individual is generally considered to be precariously housed (that is, in jeopardy of homelessness in the near future due to an inability to meet rental payments) if they are spending more than 30 percent of their total income on housing. Given that there are certain basic requirements in housing – that it be in reasonable condition and have sufficient space, for example – it is easy to see that working and middle-income households are more likely to be spending a higher proportion of their income for acceptable housing and therefore represent a high percentage of those who are precariously housed. Currently, 41.6 percent of all Victoria renters pay more than 30 percent of their income for housing – a situation more attributable in this case to the high cost of housing than to low wages.

In the Canadian context, the Canada Mortgage and Housing Corporation (CMHC) has a range of programs to lower down-payments, thereby providing significant support for households struggling to save down-payments that in a conventional mortgage would be 25 percent. To put this in perspective, as of July 2005, the average cost of a resale house in Canada was just over $250,000. With a conventional mortgage, the down-payment would be $62,500, while with a CMHC insured mortgage using five percent down, the amount required drops to $12,500.[6] Although the lower down-payment makes housing more affordable, it does not alleviate the significant carrying costs of such a mortgage nor does it provide a cushion against a sudden spike in interest rates.

An American example of the social costs resulting from a lack of housing can be found in Silicon Valley. According to a *New York Times* report in 2000, 34 percent of those seeking the services of homeless shelters in Santa Clara County had full-time jobs – including teachers, police officers and middle-management sales executives who make more than $50,000 a year (Stegman et al., 2000). As a result, it is increasingly difficult for such places to recruit essential service workers – not only those who would earn substantially less (such as sanitation workers), but also those who, in less costly areas of the country, would be able to afford a higher quality accommodation. Moreover, the

[6] Canadian Average Resale Housing Prices: http://crea.ca/public/news_stats/statistics.htm

problem of affordability is worsening: at the national level the incidence of middle-income service workers spending 50 percent or more of their income on housing more than doubled between 1993 and 1996 (Stegman, et al., 2000).

An important source to consider the geographical distribution of housing-induced poverty in Canada is the Housing Affordability Index compiled by the Royal Bank of Canada (RBC) since 1985. In their June 2005 report they describe regional divergence in affordability across Canada. The report states that while affordability has improved in areas such as Calgary and Edmonton, affordability of all housing types deteriorated in Toronto, Vancouver, and Montreal. RBC's Affordability Index is based on the costs (mortgage, utilities and property taxes) of owning a detached bungalow.

Examples for the first quarter of 2005 include Vancouver which registered an affordability index of 56.2 percent, Toronto with an index of 42.8 percent, Calgary had an index of 32.5 percent, and Ottawa recorded an affordability index of 32.1 percent (RBC, 2005). The higher the index the more costly it is to afford a home. For example, in Vancouver an affordability index of 56.2 percent means that ownership costs take up 56.2 percent of a household's monthly pre-tax income. The report describes British Columbia as the least affordable region to own a home in Canada, with a 61.3 percent affordability index for a standard two-storey home. Alberta, on the other hand, remains, according to the RBC Affordability Index, one of the most affordable regions in Canada relative to income.

Homeownership affordability is determined largely by interest rates. Overall, mortgage rates have been in decline since the last economic decline in 1990. Even with this trend, a recent article on RBC's Housing Affordability Index outlines that despite lower borrowing costs, higher housing prices, increasing utility costs and slow income growth are making it more difficult for first time homebuyers. The report states that Canadian incomes are rising by one to five percent annually while housing prices in Canada are increasing at two to 12 percent. Moreover, the report states that through 2005-2006 mortgage rates are expected to rise slightly making it less affordable for individuals and families to become homeowners.

In summary, housing prices across the county have increased significantly over the years making it increasingly difficult for renters to enter into the homeownership market. Households earning less than $60,000 are likely spending more than 30 percent of their income on housing costs. In the rental market, households earning less than $30,000 are likely experiencing affordability concerns and may even be at risk of homelessness. Based on MLS figures and the RBC Affordability Index, Vancouver and Toronto are among the least affordable cities, while Ottawa and Calgary remain more affordable to Canadians because income rates in these cities is more comparable to housing prices. Further, even for those with moderate to higher paying jobs affordability is increasingly becoming a challenge in Canadian cities. RBC analysts fear that this will get worse as mortgage rates are expected to increase.

2.3.4 A Broader Vision of Housing Affordability

Despite the drawbacks of the approach, the shelter-to-income ratio used to measure housing affordability has come to shape the collective view of how serious, how widespread, and for whom housing affordability is a problem. As a result, the shelter-to-income ratio approach dominates the public discourse over housing affordability. According to Belsky, Goodman, and Drew (2005), the uncritical acceptance of the shelter-to-income ratio thresholds as the standard for measuring housing affordability problems has substituted for a debate over what ought to be viewed as an unacceptably high housing cost for households of different incomes.

While it is generally accepted that those households with little leftover to meet basic needs after paying for shelter have housing problems worthy of government action, it is far less clear if households who have too little leftover to save for retirement, education, and security should be viewed as having a housing affordability problem (Belsky, Goodman, & Drew, 2005).

Even if a family can afford a decent house, it is questionable whether it can afford the non-financial costs of neglected children and family stress resulting from the struggle to pay for it (Stone, 1993). Kutty (2005) pointed out that it is important to understand why households cannot pay for non-housing needs after they pay for housing. Those with high incomes who are living in high cost housing and find themselves unable to afford non-housing costs may be able to trade down to a less expensive, albeit less desirable, housing unit; those who are already in the cheapest possible (as opposed to cheapest desirable) housing do not have that option. Consequently, it is still those households with the lowest incomes, who are more likely to face precarious housing situations, as they do not have any downward choices in the housing continuum (Kutty, 2005).

A low-income household spending 50 percent of income on housing may already live in a poor neighbourhood, in dilapidated accommodations. The only way to spend less is to move into temporary shelter or into overcrowded conditions with another family or with relatives. In contrast, a middle-income family may also be spending 50 percent of their income on housing, but might live in a higher income neighbourhood, or in a well-maintained unit. This family can reduce their housing cost burden by changing neighbourhoods or by accepting a unit in poorer condition; they do have options that, for a low-income household, simply do not exist.

The shelter-to-income ratio approach fails to take into account not just how much people spend on housing, but what they get in return for it in terms of neighbourhood and housing quality as well as in terms of proximity to jobs and shopping. Focusing exclusively on housing costs as a share of income fails to take into account tradeoffs households make to lower housing costs but add to other costs such as taking longer commutes, living in poor quality housing, distressed neighbourhoods or crowded conditions (Belsky, Goodman, & Drew, 2005). However, it is difficult to distinguish those households that spend a small fraction of their income on housing but that live in a substandard home or in an unsafe neighbourhood or at great distances from their jobs.

As this discussion illustrates, an absolute housing affordability standard fails to capture socially constructed notions of what constitutes a hardship for moderate- and middle-income households. Indeed, with housing affordability problems clearly creeping up the income scale, the middle-income group is an important potential constituency for housing programs. Belsky and colleagues (2005) have indicated that more engaged policy debate is needed over what constitutes an affordability problem and minimally acceptable housing (including housing quality, size, and neighbourhood condition) by income level. As part of this debate, a broader vision of the meaning of housing affordability must be adopted that incorporates related processes such as the growing issue of fuel poverty.

2.4. Fuel Poverty: A Further Dimension of Shelter Poverty

One of the key challenges facing people of both low- and moderate-income levels is that of keeping their home warm during winter months. While that challenge may be greater in Winnipeg than, for example Texas, the cost of fuel can still create problems, especially for those who are already precariously housed, or those who live in fuel-inefficient housing and already expend a significant amount of money to shelter costs.

The term fuel poverty was coined to describe the steep rise in energy costs that began during the 1980s and 1990s. According to the U.K. Department of Environment, Food and Rural Affairs[7], fuel poverty occurs when a household cannot afford to keep warm to the extent that the low temperature damages the health of those living in cold homes and affects their quality of life. The report further points out those households with older adults, children and those with disabilities or long-term illness are especially vulnerable. A dwelling in which the temperature is below 21°C in the living room and 18°C in other rooms (such as the kitchen or bedrooms) is considered to be inadequately heated. The report notes that the main cause of fuel poverty is a combination of poor energy efficiency in homes and low incomes. A household is considered to be living in fuel poverty if they are spending more than 10 percent of their total income on electricity,

[7] See http://www.defra.gov.uk for materials and resources related to energy poverty.

natural gas, or other energy bills. It is estimated that of the 4.4 million households living in poverty in the U.K., approximately 2 million are also living in fuel poverty.[8]

A similar definition has been adopted in Canada. A recent CHRA report, for example, adopted the U.K's definition for the purposes of its discussion of fuel (or energy) poverty in Canada (Canadian Housing and Renewal Association, 2005). However, the use of the term 'energy poverty" to be synonymous with "fuel poverty" is somewhat problematic, given that the former term is often used in reference to developing countries (or even in rural areas of some developed countries) to describe a situation where energy is generally not available.[9] Therefore, this review utilizes the term fuel poverty.

2.4.1. Fuel Poverty in the U.K.

In the winter of 2004-2005, 28,700 older people in England and Wales died of preventable, cold-related illnesses. This sobering fact comes from Help The Aged organization in the United Kingdom.[10] A report by the BBC estimates that 24,000 older people [in the U.K.] would perish in the winter because they often could not afford to heat their homes.[11] The issues of housing and heating are very different in the U.K. than in Canada. While it may be difficult to understand why heating costs are such a big issue in a country where average temperatures are considerably higher than in most parts of Canada, British houses are commonly less suitable for their environment. In the U.K., differential rates are charged for fuel sources depending on the time of day with peak hours during the morning and early evening incurring higher costs than heating during the daytime. In addition, the lack of a central heating system and poor insulation result in extremely high heating costs.

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[8] http://www.bitc.org.uk/resources/case_studies/britishgasplc.html.

[9] See, for example, "Rural Energy and Development: A Study of Canadian Rural Electrification" (1999) on the Canadian International Development Agency website, for this use of the term energy poverty. Also, the International Institute for Sustainable Development (IISD), uses the term "energy poverty" to describe area where energy is unavailable (http://www.iisd.org).

[10] "Help Us End Needless Deaths This Winter." News release, http: //www.helptheaged.org.uk

[11] Allan Asher, "Fuel poverty is 'new social evil.'" BBC News website: http://news.bbc.co.uk/1/hi/business/ 4656517.stm (Accessed February 26,2007).

According to one U.K. study from 1996, those groups who are likely to be among the working poor are also those who are most likely to be living in fuel poverty as well – the elderly, lone parents, as well as those living in older, rented accommodations. In part, it may be that these groups are spending more on fuel because their houses are poorly constructed or maintained. In fact, 44 percent of privately rented houses rely on gas fires rather than on central heating for their main source of heat.[12] Additionally, housing built prior to 1965, which has not been upgraded, does not have adequate insulation to meets present standards, and once again it is privately rented accommodation that is most likely to fall into this category. The report points out that higher income households living in better housing have benefited more from the reduction in fuel prices than those on low incomes and in poorer homes, emphasizing the connection between low income, poor housing, and fuel poverty. It is worth considering that if a household is living in poverty to begin with, then the additional burden of fuel poverty is likely to be a factor in creating even more precarious housing circumstances. If that household is paying 30 or 40 percent of their income on rent, and 10 percent on heating, it becomes clear that there will likely be a shortfall in the budget for other essentials.

There are however, a number of government and corporate programmes designed to help vulnerable groups with fuel costs. The government has for many years had a programme in place to assist the elderly on pensions to pay for heating costs, and this group were also exempted from the Value Added Tax (VAT) on fuel for a number of years. In 2001, the British government instituted the fuel poverty strategy "Affordable Warmth", which aims to eradicate fuel poverty by 2010. According to the Affordable Warmth website, Siberia experiences fewer cold-related deaths per year than does the U.K., which seems to indicate a problem with both housing construction and heating costs.[13]

British Gas, the main provider of domestic natural gas in the U.K. has now instituted a program called "Here to HELP", designed to help vulnerable groups with heating costs. According to the British Gas website, this program is a coalition of organisations in the

[12] "120: English House Condition Survey 1996: Energy Report." 2000: Office of the Deputy Prime Minister (U.K.). Available online: http://www.odpm.gov.uk/index.asp?id=1155800
[13] http://www.affordablewarmth.co.uk/.

public and private sector, charity partners and social housing providers and its aim is to address the root causes of fuel poverty – low incomes, poor housing and or a low quality of life.[14] The type of help offered in this program is very real: a household identified by social housing providers as in need[15] is visited by representatives of the "Here to HELP" programme. Any improvements to the home that could help to reduce heating costs are assessed and undertaken completely free of charge.

Of course, it is important to note that while British Gas is doing some good work, it is also this company that sets fuel prices to begin with. According to the U.K. fuel-poverty action group, National Energy Action (NEA), natural gas price increases (14.2 percent) announced in September of this year, "are hitting vulnerable households hardest, forcing up to one million into fuel poverty."[16] However, the charity acknowledges that rebates and other programmes offered in conjunction with this increase will help to some extent.

2.4.2. Fuel Poverty in Canada

While Canadians have not seen the high number of cold-related deaths that occur in the U.K., the issue of fuel poverty is nevertheless an important one. The CHRA (2005) report observes that poor families may be faced with painful choices between food and heating costs. The National Anti-Poverty Association (NAPO) notes that, much as in the U.K., those groups suffering from fuel poverty are most often those in low-income brackets with low-income households (lowest quintile) spending over 14 percent of their income on fuel and electricity - three times as much as all households in Canada.[17] NAPO suggests a number of options for relieving the burden on low-income households facing fuel poverty, starting with temporary increases in both federal and provincial transfer payments to meet rising fuel costs, and extending over the long term with incentives and cost-sharing to increase energy efficiency of older housing stock, whether rented or

[14] British Gas Plc. "Here to HELP".
[15] To be eligible, a household has to be receiving one of a number of government income supplement programmes. For a full list, see the RNIB website. Available: http://www.rnib.org.uk
[16] "Energy Price Hikes Hit Vulnerable Customers Hardest." News release, September 9, 2005. Available on NEA website: http://www.nea.org.uk
[17] "Relieve energy cost squeeze on the poor." News release, September 30 2005. Available: http://www.napo-onap.ca

owner-occupied, and raising minimum wages to a level where a person working full-time for minimum wage would be living above the poverty line.

Similar statistics come from the Low Income Energy Network, whose research shows that in Ontario those in the lowest income group spend 12 percent of total income on heating fuel costs on average, compared to the national average of four percent. The CHRA (2005) points out that while fuel poverty primarily reflects an income problem, the poor quality of housing and heating systems often inhabited by low-income and working poor households contribute to higher energy costs. In cases where tenants pay their own heating costs, but rent from a private landlord, there is often little incentive for the property owner to upgrade the house – in such cases, incentive programs by the government to upgrade for higher energy efficiency are of little value.

The CHRA report (2005) catalogues a number of programs that have been designed to help reduce energy costs: for example, price caps (which reduce costs across the board, and don't specifically target low-income groups), energy bill rebates and energy assistance programs (which are mainly short term solutions), and energy efficiency programs (which require uptake, initiative and investment among property owners). While this is likely the best approach for both households and the environment over the long term, the report notes that energy efficiency programs cannot provide immediate relief to those households currently living in fuel poverty, but that such programs are an important part of a comprehensive approach to energy poverty (CHRA, 2005).

The CHRA (2005) notes that since the 1970s the U.S. has had a program, The Weatherization Assistance Program, which assists with retrofitting inefficient housing, as well as the Low Income Home Energy Assistance Program (LIHEAP), which gives cash assistance to low income households to pay for heating (and in some cases cooling) energy costs. Most Canadian programs, however, are targeted at homeowners, and require an investment on the part of that individual or household. As such, they do little to alleviate energy poverty per se, although they do increase energy efficiency for higher income groups who do not commonly own their dwellings. Although a variety of proposals for helping reduce fuel poverty have been put forth since 2001, there is as yet no national program aimed at the long-term reduction of energy costs for households living in fuel poverty.

2.5 Responses to Shelter Poverty

In the United States, employer-assisted housing (EAH) is a term that is utilized to describe a variety of strategies used by both the private and public sectors to address workforce housing solutions (Jennings, 200l). The concept of EAH has an extensive history beginning with the “company town” movements that were created in the late 19th and early 20th century in industrial areas experiencing rapid population growth. Most historical examples of employer-based housing were for affordable rental housing with much of this being in the form of worker tenements and of questionable quality.

More recently key sectors such as oil and gas industry are also providing workforce housing. In places such as Fort McMurray, Alberta, employee camps have been established to provide a highly skilled and paid workforce with housing. Overall, during the 20th century, employer involvement in housing remained limited to executive-compensation and corporate-relocation-assistance perks (Pill, 2000). In the 1990s, the concept of EAH has been broadened as a means of facilitating homeownership for low- to moderate-income employees who were ineligible for public assistance targeted to the lowest-income groups.

According to Marcus (2004), EAH programs typically take the form of either financial assistance or education to help the employee become better prepared for homeownership. The financial benefits include loans (forgivable, deferred or repayable) or grants (upfront or deferred matching savings) and these funds are typically used for down-payment and closing costs or as rental subsidies. Non-financial benefits include homebuyer education and financial literacy education.

Employer motivations to undertake employer-assisted housing initiatives relate primarily to recognition that recruitment and long-term retention of employees depends on the availability of quality affordable housing (Jennings, 2000). EAH has proven an effective tool to promote affordability in areas experiencing abundant job opportunities and escalating housing costs (Snyderman, 2005). An EAH program benefits a full range of stakeholders. Employers benefit from a more stable workforce with reduced turnover and recruitment. Employees gain access to homeownership education and down-payment assistance to purchase a home. And the community benefits from new investment and property taxes, as well as less traffic and air pollution as workers live closer to work (DeKoven, 2005; Snyderman, 2005). Despite the benefits of employer-assisted housing, however, Jennings (2000) emphasizes that these programs do nothing to address the underlying shortage of housing or the policies and development practices that have created this shortage.

EAH programs are most prevalent in anchor institutions such as hospitals and universities. Partnerships between the non-profit and public sectors also recruit multiple employers of varying size in a geographic area to deliver initiatives. Despite a variety of initiatives in the United States to address housing affordability, the provision of housing assistance remains uncommon and is an unfamiliar concept in the corporate world (Pill, 2000).

2.6 Summary

The overall objective of the literature review was to evaluate emerging concepts of poverty that are inclusive of labour and housing markets dynamics. This discussion has demonstrated the complexities of poverty and the need to understand factors that can create economic and social hardship for households that are not officially defined to be living in poverty. The issues of poverty, housing-induced poverty, and the working poor are all undoubtedly interconnected, and it will require a variety of responses among government and non-governmental organizations to address the issue. It is no longer enough for a person in Canada to simply have a job in order to earn a living wage; the stagnation of income growth, as well as a variety of household compositions and family types have all combined to create a situation where many of those working are unable to earn sufficient wages to pay for suitable accommodation in the private rental market or to enter into homeownership. The burden of housing problems is not limited to unskilled workers but more frequently is now an issue for emerging professionals.

This literature review has demonstrated that further conceptualization of the dynamics of housing-induced poverty is essential to better understand those whose experience of poverty is related to housing costs. There are indications in the literature that those in housing-induced poverty are increasingly from middle-income groups that were once thought to be immune from housing affordability problems. As Bramley (2004) has proposed, a housing affordability index is required that incorporates degrees of the problem ranging from severe primary poverty and homelessness, through an intermediate level of risk, to a broader problem of access to the market. Moreover, he emphasizes that policy intervention is clearly relevant for these varying degrees of shelter poverty.

The solutions to the housing cost problems faced by middle-income households are not substantially different from those proposed for lower-income groups. Stegman and colleagues (2000) recommended that housing policies should strive to meet the housing needs of moderate- and middle-income [families], and not just the very poor. They went on to recommend that to remedy this situation, an increase in the income limit for government transfer payments is needed, in addition to the extension of such payments, which are often limited to renters, to home owners experiencing difficulties as well. Additionally, they advocated meaningful coalitions between the business community, all levels of governments, and labour organizations, to find ways to decrease costs of both existing and new housing. Duncan Maclennan (2005), in a report for Canadian Policy Research Networks, noted that a continuum of action is needed from the homeless to the middle-income market.

In a related work, John Atlas (1994) called for a coalition of the poor and middle-income groups to advocate for increased government involvement in the housing market, or at least an increase in the kinds and amounts of transfer payments that could be made available. Atlas (1994) noted that housing programs that isolate and target the poor (whether working or not) are counter-productive in that they can seem to create pockets of high-poverty neighbourhoods. However, he also pointed out the reality that government dollars are always limited, and therefore have, by necessity, been allocated to the least well off. Atlas (1994) suggested that housing policy be reconceived along the lines of universal health care; that is, that affordable housing also be universal - or at least, that it ought to be the goal of housing policies, as it is with health policies. Atlas (1994) stresses that resources for the poor must be targeted by a national housing agenda that is broad enough to provide benefits to all those affected by the housing crisis including middle-income groups.

Such policy responses require a better understanding of the unique characteristics and concerns of middle-income groups experiencing the phenomenon of housing-induced poverty. However, from the literature it is certainly the case that more households are beginning to feel the effects of a rising housing market.

3.0. Households Experiencing Housing-Induced Poverty

A lack of affordable housing is evident in many communities across Canada. At the same time, housing remains the single largest monthly expenditure for most households; therefore accessing affordable, adequate, and suitable housing continues to be a pressing concern for many individuals and families. Prior research has shown that housing affordability is a problem disproportionately faced by lower income households, such as those defined as being part of the working poor[18]. However, emerging evidence suggests that increasingly, workers who might have traditionally been categorized as belonging to the "middle-income" may also find that due to high rents and an inflationary real estate market, they too are unable to find adequate housing for themselves and their families. The focus of this part of the report is to determine if there has been movement or "creep" of housing affordability problems into middle-income households by examining data derived from the Census of Canada and the housing markets of five major urban centres in Canada (Calgary, Winnipeg, Toronto, Ottawa, and Halifax).

In this part of the report, the analysis commences with an overview of the housing affordability environment, followed by an examination of the change over time in the number of middle-income households (and the relative share of those households among all households) that have housing affordability issues. The discussion then shifts to the patterns and trends among middle-income households, and specifically, characteristics of those households with affordability issues. For comparative purposes, figures throughout the report describing middle-income households are contrasted with households with modest and upper incomes. For a broader examination of each of the five cities, please refer to Appendix E which contains a more comprehensive case study analysis of each city.

[18] The working poor sector is classified as all people living in a poor household with at least one household member working in excess of part time hours. As was documented in the literature review, the traditional definition of the working poor also notes that households earn low wages.

3.1. Sources of Information and Critical Definitions

The present investigation on issues of housing affordability is based on case studies containing tabular data that are presented in Appendix E and a spatial analysis found in Appendix F. The case studies and maps are used to outline the housing market and affordability conditions in five major Canadian cities including Calgary, Winnipeg, Toronto, Ottawa, and Halifax. These metropolitan centres were selected to represent a broad cross-section of Canadian cities to ensure that a range of incomes, as well as a range of growth in the housing market were included. It is important to note that this analysis does not include data based on characteristics of the individual, but rather, data on housing affordability relates specifically to the household.

The sources for this section are derived primarily from Statistics Canada and relate specifically to the entire Census Metropolitan Area (CMA) of each city. The data sources include the 1991 and 2001 Census of Canada, the Survey of Household Spending from 1997 to 2004, and Consumer Price Indices for shelter and utilities from 1979 to 2005. In addition, housing and rental market data were accessed from CMHC publications between 1991 and 2005.

The analysis of the affordability situation for households of varying income levels is also supported by customized cross-tabular data from the Census of Canada for 1991 and 2001. The customized cross-tabular data is unique because it is not representative of the entire Canadian population. Instead, the customized cross-tabular data includes only households in which the identified head of the household worked in excess of part-time hours for the reference year.

For the customized cross-tabular data, households were sorted by income levels which were aggregated into ten income deciles. The deciles are representative of the income distribution of all working households in Canada in 2001. The first income decile represents the bottom 10 percent of working households, while the tenth decile is comprised of the top 10 percent of working households in relation to income level. One limitation of this data set that is important to document, however, is that the actual income ranges that correspond to these income deciles are not included. The rationale is that comparison among the five cities is more effective when comparing households by percentiles instead of real income. To effectively compare the five centres a categorization system was necessary to collapse the data for analysis. The categorization allowed the data to be examined within the context of four groups that were then assigned to the four representative categories below. The middle two categories represent the focus for this research and thus the discussion emphasizes the characteristics of households represented between the 3^{rd} and 8^{th} deciles.

- **The moderate-income group** represents those working households with salaries in the lowest two income deciles including those earning minimum wage and higher;
- **The lower middle-income group** includes higher wage earners whose incomes fall in the third to fifth income deciles;
- **The upper middle-income group** consists of high-wage earners in high income households with salaries in the sixth to eighth income deciles;
- **The high-income group** is represented by the highest salary earners in the workforce whose incomes fall in the ninth and tenth income deciles.

The customized cross-tabular data also provides information on tenure, household type, dwelling conditions, in addition to shelter-to-income ratios (STIR). This analysis utilizes Statistics Canada's definition of housing affordability which defines households registering a shelter-to-income ratio (STIR) of 30 percent or more to be experiencing housing affordability problems.

The customized cross-tabular data was also used to develop maps that portray the spatial attributes of housing affordability for the lower middle- and upper middle-income groups in the cities of the five case studies. The data was geo-coded and mapped using standard geographic information systems (GIS) techniques. As the customized data was representative of only those households with an identified head who worked more than part-time hours, the small number of cases required that census tracts be combined into

CMHC market zones to ensure confidentiality. As a result of this data suppression, it was not possible to portray all available data. Nonetheless, the data analyzed for spatial differences using CMHC market zones does determine, at a broad level, that spatial differentiation can be observed.

Overall, the following analysis will demonstrate that the low-income groups are no longer the only households to experience problems affording adequate housing. The analysis also suggests that a shift began to occur between 1991 and 2001 as a greater number of middle-income households could be defined as having housing affordability issues. However, it is quite likely that the magnitude of this shift has increased since 2001 as the boom in the housing market gained momentum. However, without data from the 2006 Census of Canada, it was not possible to extend our understanding of the effect of housing-induced poverty on middle-income households in Canada during this period. It must also be acknowledged that a further limitation of the analysis is that while a focus on middle-income households illustrates that housing affordability has become an issue for a wider range of the population, this approach overlooks low-income households who are likely experiencing even greater stress in relation to housing affordability.

3.2. Trends in the Housing Market and Housing Affordability

This section reviews some of the key trends in Canada’s housing market, and in particular, trends in the five major cities being studied, and their impacts on housing affordability among households of all incomes. As is evident in Table 3.1, average market rents grew significantly from 1991 to 2001 in each of the five cities being studied. Over the four year period to 2005, there was only marginal growth in rental costs, with the exception of Winnipeg and Halifax, where rent continued to increase by approximately 3 percent per year. This overall stabilization of rents in the other four cities may be reflective of both demographic changes such as the tail end of the baby boom market having matured and economic conditions including interest rates beginning to drop. Accordingly, many renters have also continued to enter the ownership market.

Table 3.1. Average Market Rent, Selected Canadian Cities, 1991-2005

	% Change 1991 - 2001	% Change 2001-2005	Average Annual % Change 1991-2001	Average Annual % Change 2001-2005
Calgary	31.4	1.1	3.1	0.3
Winnipeg	12.0	12.3	1.2	3.1
Toronto	43.6	1.8	4.4	0.5
Ottawa	38.3	1.0	3.8	0.3
Halifax	n/a	11.9	1.4**	3.0

n/a = not available
* Figures for Toronto, Ottawa and Halifax are based on average change for each unit type.
** Based on 1994-2001 data.
Source: CMHC Rental Market Reports, 1991, 2001, and 2005.

The average value of dwellings, which is a self reported figure that estimates what price the dwelling could currently be sold at, also increased in the majority of the cities studied during the period of 1991 to 2001 (Table 3.2). The exception was Toronto which experienced a downward correction in the real estate market, and the value of residential dwellings has only recently (2005) recovered to 1991 levels.

Table 3.2. Average Value of Dwellings, Selected Canadian Cities, 1991-2001

	1991 Average Value	2001 Average Value	% Change 1991 - 2001	Average Annual % Change 1991-2001
Calgary [19]	$135,004	$196,628	45.6	4.6
Winnipeg	$96,241	$100,525	4.5	0.4
Toronto	$287,045	$282,715	-1.5	-0.2
Ottawa	$181,468	$196,698	8.4	0.8
Halifax	$109,383	$134,286	22.8	2.3

Source: Statistics Canada, 1991 and 2001 Census of Canada

In examining income and housing expenditures (Tables 3.3 and 3.4) key observations can be drawn. The median household incomes in each of the cities rose between 1.4 percent and 3.3 percent, comparable to the overall rate of inflation, but lower than the increase in housing costs in many of the cities (Table 3.3). Between 1991 and 2001, the number of

[19] 1991figures for Calgary and Winnipeg from *Housing Ownership Patterns of Immigrants in Canada* by Samuel A. Laryea, figures based on author's calculations from the 1991 Canadian Census Public Use Sample Tapes using sample sizes of 4,222 in Calgary and 3,671 in Winnipeg.

households spending at least 30 percent of their income on shelter increased significantly, and in fact, more than doubled in Calgary, Toronto and Halifax (Table 3.4).

Table 3.3. Median Household Incomes, Selected Canadian Cities, 1991-2001

	1991 Median Income	2001 Median Income	% Change 1991 - 2001	Average Annual % Change 1991-2001
Calgary	$43,974	$58,591	33.2	3.3
Winnipeg	$36,007	$43,385	20.5	2.0
Toronto	$43,212	$49,345	14.2	1.4
Ottawa	$49,407	$62,130	25.8	2.6
Halifax	$41,397	$46,946	13.4	1.3

Source: Statistics Canada, 1991 and 2001 Census of Canada,

Table 3.4. Households Spending 30% or More of Income on Housing, Selected Canadian Cities, 1991-2001

	1991 #	2001 #	% Change 1991-2001
Calgary	30,915	85,420	176.3
Winnipeg	24,685	44,875	81.8
Toronto	105,790	304,690	188.0
Ottawa	57,260	65,620	14.6
Halifax	13,470	28,965	115.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Escalating rental and ownership costs from 1991 to 2001 resulted in the dramatic shift in the affordability environment. For the most part, household incomes did not keep pace with the increases in rent and ownership expenses. Generally speaking, however, ownership household incomes fared better than their rental counterparts in terms of keeping pace with housing cost increases over this period.

3.3. Housing Affordability Challenges for Lower Middle-Income Households

The following section presents an analysis of the change over time in the number of working middle-income households that have housing affordability issues as well as their relative share of all households with affordability problems. Again, this section focuses on the use of customized Statistics Canada information that has been aggregated for those households with the primary income earner working at least part-time hours and presented in Table 3.5.

In 1991, the lower middle-income group represented between 23.1 percent and 34.9 percent (depending on the city) of all working households with affordability issues (based on shelter-to-income-ratios of 30 percent or more). This group represented a higher proportion of households with affordability issues in Calgary and Toronto, than in the other three cities studied. Comparatively, the upper middle-income group accounted for between 6.8 percent of households in Halifax and 18.4 percent of households in Toronto with affordability issues. Few, (less than 3.6 percent of) high-income households exhibited affordability issues. The remaining 43.9 percent to 68.4 percent of households with affordability issues were from the moderate-income group.

Table 3.5. Households Spending 30% or More on Housing by Income Group, Selected Canadian Cities, 1991-2001

	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total
	1991								
	#	%	#	%	#	%	#	%	#
Calgary	17,175	56.7	10,555	34.9	2,195	7.3	345	1.1	30,270
Winnipeg	11,260	62.4	4,820	26.7	1,595	8.8	365	2.0	18,040
Toronto	77,650	43.9	60,445	34.1	32,600	18.4	6,330	3.6	177,025
Ottawa	16,755	58.0	8,510	29.5	2,910	10.1	720	2.5	28,895
Halifax	6,465	68.4	2,180	23.1	645	6.8	165	1.7	9,455
	2001								
Calgary	24,830	71.4	8,490	24.4	1,295	3.7	150	0.4	34,765
Winnipeg	10,760	74.4	2,780	19.2	730	5.0	200	1.4	14,470
Toronto	112,605	58.0	66,735	34.4	13,125	6.8	1,530	0.8	193,995
Ottawa	20,175	74.9	5,755	21.4	840	3.1	160	0.6	26,930
Halifax	7,350	74.9	1,985	20.2	395	4.0	85	0.9	9,815
	Change 1991-2001								
Calgary	7,655	44.6	-2,065	-19.6	-900	-41.0	-195	-56.5	-
Winnipeg	-500	-4.4	-2,040	-42.3	-865	-54.2	-165	-45.2	-
Toronto	34,955	45.0	6,290	10.4	-19,475	-59.7	-4,800	-75.8	-
Ottawa	3,420	20.4	-2,755	-32.4	-2,070	-71.1	-560	-77.8	-
Halifax	885	13.7	-195	-8.9	-250	-38.8	-80	-48.5	-

Source: Statistics Canada, 1991 and 2001 Census of Canada

By 2001, the lower middle-income group represented a smaller proportion of all households with affordability issues is each of the five cities studied, with the exception of Toronto. Likewise in each of the five cities, the upper middle-income group fell in the proportion it represents of all households with affordability issues. Moderate-income households now accounted for almost 75 percent of households with affordability issues in Winnipeg, Ottawa, and Halifax. This group represented 71.4 percent and 58.0 percent of households with affordability issues, in Calgary and Toronto, respectively.

In absolute terms, the number of lower middle-income households with affordability issues decreased between 8.9 percent in Halifax and 42.3 percent in Winnipeg. The change was even more pronounced for upper middle- and high-income households, where the number of households with affordability issues in these groups decreased by greater than 38 percent in each of the cities studied. However, the number of low-income households experiencing affordability issues increased between 13.7 percent in Halifax and 45.0 percent in Toronto. Winnipeg was the only city studied with fewer moderate-income households experiencing affordability issues in 2001 compared to 1991.

Overall, these findings indicate that in general there was not a creep of affordability issues into the lower middle-income group. Although, in Toronto while the lower middle-income group represented the same proportion of households with affordability issues in 1991 and 2001, the absolute number of households in this group experiencing affordability issues increased by 10.4 percent.

3.4. Characteristics of Lower Middle-Income Households with Affordability Challenges

The following section discusses patterns and trends in the characteristics of lower middle-income households, and compares them with households in other income groups in all five cities. This analysis relates specifically to the customized tabular data, and therefore, relates only to households with the primary earner working at least part-time hours. The discussion is based on the case study tabular data presented in Appendix E.

In 1991, the largest proportion of lower middle-income households was comprised of one-family households with children, (this household type represented between 35 percent and 44 percent of this group, depending on city). The lower middle-income group was also comprised of a high proportion of one-family households without children (between 21 and 24 percent) and one-person households (between 18 and 25 percent). In contrast, almost half of moderate-income households were comprised of just one person, while higher income households were largely one-family households with and without children, representing approximately 60 percent and 25 percent of such households respectively. Not surprisingly, lone-parent families were more heavily concentrated in the moderate-income group, with only between 8 percent and 12 percent of these households in the lower middle-income group.

By 2001 the lower middle-income group was made up of a higher proportion of one-person households in comparison to 1991, and a lower proportion of one-family households with children. In the moderate-income group the most significant change in composition was an increase in the proportion of lone-parent households. The composition of the higher income groups remained relatively stable between 1991 and 2001.

Overall, the majority of lower middle-income households own their home rather than rent. This is particularly the case in both Calgary and Winnipeg where in 2001 approximately 68 percent of lower middle-income households were homeowners, followed by 61 percent in Halifax, 60 percent in Ottawa, and 53 percent in Toronto. The high rate of home ownership amongst the lower middle-income groups in the five case study cities may help to explain why this income group of working households did not experience the same shift in affordability problems that working moderate-income households did. During the period between 1991 and 2001, rental rates increased considerably more than the price of private dwellings, and the proportion of renters in the moderate-income group in 2001 ranged between 57 percent and 69 percent in the five cities. In comparison to the lower middle-income group an even greater concentration of households in the upper middle-income and high-income groups owned their own home, with at least 80 percent of these groups being designated as homeowners in the five cities. In general, more households in all income groups became owners between 1991 and 2001.

An overview of housing conditions reveals that between 1991 and 2001 there was an increase in the proportion of moderate-income households that were residing in dwellings that required either minor repairs (includes repairs such as replacing floor tiles, bricks or shingles) or major repairs (includes repairs for defective plumbing or electrical wiring) in all five cities. Similarly, lower middle-income households in all cities except Calgary experienced a decline in the condition of its housing. In particular, Winnipeg experienced the greatest declines as 35 percent of lower middle-income households resided in housing requiring either minor or major repair in 1991 compared to 44 percent in 2001. Only in Calgary did the lower middle-income group actually experience a slight improvement in the condition of its housing. It is also notable that Calgary also exhibited the largest difference in condition of housing between the moderate-income and lower middle-income groups in 2001, with 35 percent of housing of the moderate-income group requiring either minor or major repairs compared to only 31 percent of the lower middle-income group. Only very minor differences in the condition of dwellings between these two income groups were registered for the four remaining case study cities. Overall, these same patterns were apparent for the upper middle- and high-income groups all experiencing a decline in the condition of housing between 1991 and 2001 with the exception of Calgary.

A more detailed assessment of households spending 30 percent or more of their income on shelter in 2001 reveals that there is variability in the representation of the lower middle-income group in relation to the five case study cities. In both Calgary and Toronto, more than half of the moderate-income group was experiencing housing affordability problems compared to a smaller proportion in Winnipeg (35.2 percent), Ottawa (39.9 percent), and Halifax (44.5 percent). Similarly, relatively high proportions of the lower middle-income group in both Calgary (15 percent) and Toronto (22 percent) were paying 30 percent or more of their income on housing in 2001 compared to significantly smaller distributions in Winnipeg (6.1 percent), Ottawa (7.6 percent), and Halifax (8 percent). In all of the cities only small proportions of the upper middle- and high-income groups were experiencing housing affordability problems.

When tenure is considered, households with affordability problems who rented accommodation were predominantly (over 90 percent in most cases) in the moderate-income group. In contrast, issues of affordability were more predominant for those households in the lower middle-income group who owned their home. In Toronto, for example, almost one-half (49.5 percent) of owners with affordability problems were found in the lower middle-income group. The representation of lower middle-income owners with affordability problems was somewhat less in the remaining cities: 40.8 percent in Calgary, 36.5 percent in Ottawa, and 35.2 percent in Halifax. Moderate-income households made up over 50 percent of ownership households with affordability issues in all cities except Toronto, where they accounted for 38.5 percent of such households. Few ownership households spending at least 30 percent of their income on shelter were in the upper middle- and high-income groups, with the exception again of Toronto which registered almost 12 percent of ownership households with affordability issues in the two upper income groups.

When dwelling conditions are considered, the lower middle-income group represented varying proportions of households with affordability issues that resided in dwellings requiring only regular maintenance, with 35 percent of such households in Toronto, 32 percent in Calgary, 23 percent in Ottawa, 21 percent in Winnipeg, and 19 percent in

Halifax. In four of the five cities studied, over 75 percent of households with high shelter expenditures residing in housing requiring major repairs were from the moderate-income group, while approximately 20 percent were from the lower middle-income group. In Toronto, a higher proportion (27 percent) of households with affordability issues residing in housing needing major repairs were from the lower middle-income group, while 67 percent were from the moderate-income group. Households spending 30 percent or more of income on shelter that resided in housing requiring minor repairs had a similar distribution between income groups in Calgary, Winnipeg, Ottawa, and Halifax. In contrast, in Toronto such households were more evenly distributed between income groups, with 59 percent in the moderate-income group, 34 percent in the lower middle-income group, and the remaining 7 percent in the upper two income groups.

In relation to household type, 39 percent of family households without children in Toronto who were spending at least 30 percent of their income on housing were in the lower middle-income group, while there was a slightly lower proportion (34 percent) in Calgary of this group. Halifax and Ottawa each registered 27 percent, while Winnipeg had an even lower proportion of childless family households in the lower middle-income group (23 percent). The proportion of lower middle-income family households with children who were experiencing affordability issues ranged between 34 percent and 45 percent among the cities. In all cities except Toronto, the lower middle-income group represented less than 20 percent of lone-parent families with affordability problems, while in Toronto the middle-income group represented 28 percent of such households. One-person households spending at least 30 percent of their income on shelter represented over 80 percent in the moderate-income group. This was also the case with households of two or more unrelated persons.

3.5 Summary

There was a general decline in housing affordability in Canada between 1991 and 2001. While the price for housing and rental rates escalated rapidly over the period, incomes in general did not keep pace. This put low-income households, in particular, under increased strain. In terms of working middle-income households, between 10 percent and 23 percent of such households were experiencing affordability issues in 2001. These accounted for between 35 percent and 50 percent of the owners with affordability issues, and approximately one-third of all family households with and without children spending 30 percent or more on shelter.

An analysis of the shelter-to-income ratios for 1991 to 2001 of working households did, in general, not reveal a creep of affordability problems in middle-income groups. Although, in Toronto, there is some potential indication of creep, as the absolute number of households in the lower middle-income group who were experiencing affordability issues increased by 10.4 percent. Further, this group accounted for a similar proportion of households with affordability issues in 1991 and 2001.

While a creep of affordability problems was not found by and large, in the majority of the markets, most of the rise in housing and shelter prices has occurred since 2001, and many new owners have taken advantage of low down-payments and low interest rates, and likely have high debt loads. It is likely, therefore, that the number and share of middle-income households with shelter-to-income ratios of 30 percent or more may have risen since 2001.

4.0. A Spatial Analysis of Housing Affordability Challenges

In order to provide a general assessment of the spatial attributes of housing affordability for the lower- and upper middle-income groups, select variables from the customized cross-tabular data were mapped.[20] In total, five maps were produced for each of the case study cities and included mapping the distribution of lower- and upper middle-income households and the location of both total and owner occupied households spending in excess of 30 percent on shelter (See Appendix F for colour maps).

It is important to reiterate that the spatial analysis had distinct limitations. For example, as the customized data is representative of only those lower- and upper middle-income households with an identified head working more than part-time hours, the number of cases were relatively low when trying to map results at the census tract level. As a result, data were rolled up into the much larger CMHC Rental Market Zones so as to obtain a sample large enough for visual representation and to avoid data suppression issues at the census tract level. Furthermore, the larger market areas also limited the ability to separate out key spatial differentiations such as older inner city neighbourhoods and new suburban areas. For reference, the number of market zones for each of the selected cities is as follows: Halifax – 9, Ottawa – 11, Toronto – 31, Winnipeg – 13, and Calgary – 10.

A second limitation is that significant suppression was encountered when attempting to include multiple variables into the analysis such as mapping the location of upper middle-income households headed by single parents that spend in excess of 30 percent of their income on shelter. Therefore, only basic information was included in the maps. The following sections review the results of the spatial mapping for each of the five cities. The results reveal some general patterns to be evident but in order to obtain a more meaningful analysis these results will need to be re-examined against 2006 Census data and where possible, smaller geographic units (such as the census tract) should also be used.

[20] Using geographic information systems (GIS) techniques, shape files that correspond to the CMHC rental market zones for Calgary, Winnipeg, Toronto, Ottawa and Halifax were obtained from CMHC and imported into ArcGIS 9 for analysis.

4.1 Calgary

The CMHC defined zones in Calgary all have diversity in housing stock and age with the exception of the Downtown, Beltline/Lower Mount Royal, North Hill, and Chinook. These four areas define the older, established neighbourhoods with the exception of some small infill and neighbourhood revitalization projects. All of these areas have housing that ranges from high end and “trendy” to high density low-income apartment complexes. Downtown may be the exception to this, where there is primarily high density apartment/condominium complexes with limited single family housing units, which are located at the west end of the zone.

The maps displaying information for Calgary contain a slight variation when examining both the lower middle- and upper middle-income groups. The lower middle-income households in Calgary have a high concentration in one market zone in the northwest corner of the city. The remainder outer market zones of the city have a relatively even distribution. The inner market zones show only a small percentage of lower middle-income households.

The map in the series that examines the lower middle-income households paying 30 percent or more to shelter shows five different market zones that are slightly higher than the eastern market zones. The lower distribution areas on the east may be a result from fewer suburban developments, larger industrial and manufacturing operations on the east side of the city, and the airport and related centres in the north east quadrant.

The same two market zones in Calgary show lower middle-income households spending 30 percent or more on STIR. This again can possibly be attributed to the economic boom that Calgary is currently undergoing. It is interesting to note that outside the CMA of Calgary, that there is a greater distribution of lower middle-income households spending 30 percent or more on STIR than within the CMA boundary. This may also be related to the rising prices of housing within the city and the movement of middle-income households further away to find affordable housing.

The upper middle-income group distribution shows higher concentrations in the Northwest and Fish Creek market zones with a relatively small distribution in the inner city zones. With the increase in the economic development and high amount of housing construction in the Northwest and Fish Creek market zones, the draw of immigrants to Calgary may concentrate relocating to these two zones.

The percentage of upper middle-income homeowners paying more than 30 percent is concentrated in the inner city market zones, and outside of the CMA of Calgary. For upper middle-income households spending 30 percent or toward shelter there is limited data except one market zone in which less than one percent pay in excess of 30 percent. Two market zones within the CMA of Calgary and the surrounding markets show 3 to 5 percent distribution of upper middle-income households spending 30 percent or greater STIR. This may be explained by the number of recent inner city redevelopment and infill projects with higher end condominium and housing units in the central market zone and high levels of suburban development on the western edge of the Southwest market zone.

Overall, Calgary does not show a significant difference between the lower- and upper middle-income groups. The distribution of these two groups in the Northwest market zone is not overly surprising with much of the market zone being older, established neighbourhoods with a range of housing types. It is also not surprising to see the distribution of the upper middle-income group in the Fish Creek area with the boom of suburban neighbourhoods with the majority of houses built being “starter homes” in the last 10 years in the area.

4.2. Winnipeg

The City of Winnipeg contains 13 CMHC market zones. The three central zones represent older neighbourhoods with the remainder encompassing both newer suburban areas as well as those communities located outside of the city that form part of the Census Metropolitan Agglomeration. Generally speaking, the results for Winnipeg do show an increased number of middle-income households expending more income to shelter being located in newer suburban concentrations. This finding may be indicative of the fact that younger households are purchasing more expensive suburban homes and as a result are having to expend more income on shelter. The maps displaying information for Winnipeg contain modest variation when examining both the middle- and upper middle-income groups. With respect to the distribution of lower middle-income households, slight differences can be observed within two suburban market zones that contain a slightly higher concentration. Incidentally, these two zones are located on the fringe of the city and in emerging subdivisions.

When looking at the distribution of lower middle-income households expending more than 30 percent of income to shelter, those paying the highest levels are found in the suburban market zones that form part of the Winnipeg CMA. Within city boundaries, there is a fairly uniform distribution of households with the exception of one zone in the southwest corner of the city. This exception might be explained by the fact that this zone consists of new and affluent households that are commanding higher prices.

The final map in this series looks at lower middle income “owner” households paying 30 percent or more to shelter. The findings show variation within two zones in the southwest quadrant of the city that exceed 10 percent. These two zones contain newer housing developments and potentially younger owners are facing an increased challenge. It is also important to note that market zones in areas surrounding CMA also contain higher percentages of households paying more than 30 percent. Again, many of these “bedroom communities” are attracting an increasing number of younger families into mid- to high-priced developments.

When looking at the upper middle-income group, the distribution shows slightly higher levels in four zones within the city of Winnipeg boundaries. In each of these zones, higher value housing developments exist. For upper middle-income households paying 30 percent or more to shelter, higher percentages are found in areas surrounding the city of Winnipeg. These market zones tend to contain newer developments but as was shown in the previous map, also contain few upper middle-income households.

The final map in this series displays upper middle-income owners who have a STIR rate exceeding 30 percent. As is shown few zones contain high numbers of households paying in excess of 30 percent with only one zone having between 4-5 percent of households in this category.

Overall, Winnipeg does not show significant variation when examining both lower- and middle-income households. However, it did seem to show a larger concentration of upper middle-income households in wealthier market zones but this is certainly expected. For both groups having a STIR rate in excess of 30 percent, an interesting finding was that both had higher numbers in emerging areas outside of Winnipeg. Lastly, for owners paying STIR in excess of 30 percent, the lower middle-income group did record some higher counts in two market zones that exceeded 10 percent. Furthermore, the remainder of marker zones outside of the city boundaries also had higher rates. For owners in the upper middle-income group, very few paid in excess of 30 percent to shelter.

4.3. Toronto

Based on 2001 Census data there was a slightly higher percentage of lower middle-income households than total households in the former Cities of Toronto and York, as well as the outlying areas of the CMA to the north and west, including Brampton, Caledon, York Region and Pickering. The inner suburban areas, now part of the amalgamated City of Toronto (including the former Cities of North York and Etobicoke and the Former Borough of East York) all show a slightly lesser proportion of lower middle-income households compared to total households in the area.

The map displaying lower middle-income households spending 30 percent or more of their income on shelter shows a fairly significant difference between parts of the city core area and the surrounding regions. In most outlying areas of the CMA at least 23 percent of households in the lower middle-income group were spending at least 30 percent of their income on shelter. Whereas, between 10 percent and 20 percent lower middle-income households in the inner areas of the metropolitan area were spending 30 percent or more of their income on shelter.

When looking at lower middle-income households spending 30 percent or more of their income on shelter who are home owners, a similar pattern to the second map is shown, where there is a larger share of such households spending at least 30 percent of their income on shelter in the outer areas of the CMA.

In terms of distribution of upper middle-income households, the proportion of such households is marginally higher in areas outside the City of Toronto itself.

There is some variability across the CMA in the fraction of upper middle-income households spending 30 percent or more of income on shelter, but does not seem to be overly related to proximity to the centre of the metropolitan area. The overall proportion of upper middle-income households spending 30 percent or more of their income on shelter is fairly insignificant throughout the metropolitan area.

The highest percentages of upper middle-income home owners with shelter-to-income ratios of 30 percent or more can be found just north of the downtown core, while quite low proportions of this income group are spending high proportions of their income on housing in a number of the inner and outer suburbs, including areas of Etobicoke and Scarborough and the northwest parts of York Region.

4.4. Ottawa

A greater proportion of lower middle-income households can be found as you move out of the city core area of Ottawa. The overall share of lower middle-income households who were spending 30 percent or more of their income on shelter is largely insignificant throughout the CMA. However, this characteristic does vary by location, with greater than 5 percent of households in the income group in the inner areas of the City having shelter-to-income ratios of 30 percent or more, while less than 1 percent of lower middle-income households in Nepean, Kanata, Gloucester and Cumberland were spending at least 30 percent of their income on shelter.

A larger proportion of lower middle-income home owners were paying 30 percent or more of their income on housing in Nepean and Kanata, and most areas in the inner city (Downtown, Sandy Hill, Lowertown, Glebe, Old Ottawa South, New Edinburgh, Manor Oak and Overbrook). In contrast, Gloucester, Cumberland, Carlington and Iris have lower percentages of this income group spending 30 percent or more on shelter.

When looking at upper middle-income households, they make up less than 1 percent of total households in the inner areas of the City, 1-2 percent in the surrounding areas, and 7 percent or more of the outer areas of the City.

Similar to the case of lower middle-income households, the percent of upper middle-income households spending 30 percent or more of their income on shelter is relatively insignificant. In terms of distribution throughout the City, the inner core, (Downtown, Sandy Hill, Lowertown, Glebe, and Old Ottawa South) has the highest proportion of such households, while the surrounding areas have very few such households and the outlying areas have a slightly higher percentage of upper middle-income households with shelter-to-income ratios of at least 30 percent, compared to the inner suburbs.

When we consider home owners in this income group specifically, we see very few areas with more than 2 percent of home owners with upper middle-incomes spending 30 percent or more on housing. The market zones that have 2 percent or more upper middle-income home owners with shelter-to-income ratios of 30 percent or more are all within the inner city, (Downtown, Sandy Hill, Lowertown, Glebe, Old Ottawa South, Westboro South, Hampton Park, and Britannia).

4.5. Halifax

The maps produced for Halifax display some variability within the CMHC market zones. The six maps are divided by the lower- and upper middle-income groups with the first three focussing on the results of the lower group and the final three looking at the upper group. In the first series, there is a greater share of lower middle-income households as you move out of the city core area (Halifax Peninsula) and into rural areas of the Halifax Regional Municipality (HRM) that includes Dartmouth East, Halifax Mainland North (Clayton Park area), and Bedford-Sackville, each of which has a marginally higher proportion of these households.

The map displaying lower middle-income households paying 30 percent or more for shelter shows no geographic difference and is only slightly higher in Dartmouth North, Dartmouth South, and Halifax Mainland South (Spryfield area) where rents and housing prices are generally lower compared to the rest of HRM. These areas generally have lower average incomes and explain why a slightly higher percentage of the lower middle-income households are experiencing affordability problems, especially among those who are renting.

When looking specifically at lower middle-income home owners paying 30 percent or more for shelter there are slightly higher in Halifax Peninsula (North and South) and Halifax Mainland North; these areas generally tend of have the highest house prices. In addition, Halifax Peninsula South is an area of new condo development in recent years, adding to the rising cost of ownership.

In the second set of maps, the geographic distribution of the upper middle-income group and their affordability problems is reviewed. When examining the distribution of upper middle-income group, there is a higher percentage of households in rural parts of HRM as compared to the rest of the HRM. A likely explanation is that more social housing and social services for people in need are found in the central core areas of the HRM as opposed to the periphery, which in turn increases the proportion of households at the lower ends of the income scale. For upper middle-income group households paying 30 percent or more toward shelter, the Halifax Peninsula South has the highest share (where rents are highest in the HRM), but overall percentages remains largely insignificant throughout the HRM.

In the final map that focuses on upper middle-income home owners paying 30 percent or more for housing there are almost no data to examine. Of those zones with data, the highest values can be found in the Halifax Peninsula South for the reasons noted above. Secondly higher rates are also found in Mainland North area (Clayton Park) where much of the newest housing in the HRM has been built.

The general finding from this analysis is that there are relatively few lower middle-income households with at least one member employed full-time experiencing affordability problems, and even fewer in the upper middle-income bracket. In addition, there is very little spatial variation. Most of the affordability problems among homeowners, where they do exist, are found in Halifax Peninsula (North and South and Halifax Mainland North, where home prices (and condo prices) are the highest in HRM. When the analysis is expanded to look at both owners and renters among those employed full time, there are modestly larger numbers of lower middle-income households with affordability problems in other parts of HRM as well.

4.6. Summary

This section highlighted the spatial distribution of lower- and upper middle-income households in the five reference cities. When the overall distribution of these households was examined, a consistent distribution emerged throughout the five cities. There were some expected exceptions such as the pockets of upper middle-income households concentrating into traditional affluent zones outside of central areas and to some degree evidence of higher numbers outside of the city and into emerging bedroom communities (such as the case in Winnipeg).

When the lower- and upper middle-income households spending 30 percent or more of their income on shelter were mapped some interesting difference emerged among the five cities. For example, the total percentage of lower middle-income households in Toronto and Calgary that spent 30 percent or greater STIR far exceeded that of the other 3 cities and pointed to higher levels of affordability issues. In fact, Toronto had multiple zones in which the percentage of household spending 30 percent or more on shelter exceeded 35%.

When homeowners spending 30 percent or more of their income on shelter were examined, Toronto and Calgary again revealed higher concentrations than the other three cities and ranged from 15 to 20 percent respectively. Home owners spending 30 percent or greater STIR can be found in isolated pockets throughout Winnipeg, Halifax and Ottawa while Toronto and Calgary had greater distributions. Interestingly it was also upper middle-income households in Toronto and Calgary that a high number spending 30 percent or greater STIR were also found in the centre of each city. This finding is very interesting and points to an important emerging class of wealthy households concentrating in central areas, most likely in the burgeoning downtown condominium markets.

Overall, the spatial mapping produced general findings indicative of some concentrations of activities. However, without the ability to examine the smaller neighbourhood level data, it is difficult to state whether lower- or middle-income households who spend more than 30 percent or more on shelter have a unique pattern of concentration. More importantly, without having the ability to drill down and determine if a pattern existed among household types is also a limitation.

5.0. Perspectives on Affordability Challenges

To obtain insight into the changing nature of the homeownership market and the impacts of rising housing costs on the middle-income households, five focus group sessions were held over the summer of 2006. The first three sessions took place in June (Ottawa, Toronto and Calgary) with the final two in September (Halifax, Winnipeg). Collectively, a total of 52 people participated. They included a mix of current / recent homeowners and renters from middle- and upper middle-income households with at least one working professional. Most of the participants were "young professionals"[21] under the age of 35, and were largely new homeowners or those intending to purchase their first home in the not too distant future. A range of household types and sizes were represented – including single, unattached persons (with and without children) and married persons (with and without children).

Members of the research team used a variety of their personal and professional networks in each city to make initial contact with persons known to fit the profile of households of interest in this study or to make contact with individuals and organizations who in turn had the capacity to provide information about the focus group sessions. Examples of these "intermediary contacts" included planning professionals, private sector housing and research consultants, university based researchers and faculty members, realtors, people working in the community development field, and many others. In all cases individuals were asked to contact others about the focus group session invitation.

Potential workshop participants were required to confirm their participation with the research team, and were "screened" to ensure they met the middle and upper middle-income threshold and household and employment requirement (at least one member of the household working 900 or more hours in the year). Both homeowners and renters intending to buy in the near future were included. Once confirmed, participants were provided with the discussion questions in advance to stimulate their thinking before the event. At each focus group session participants completed a "profile" sheet, where

[21] We define "young professionals" as those people working in occupations requiring one or more post-secondary education degrees, and working for a salary rather than an hourly wage.

information about their age, household, employment, income, current housing, and current neighbourhood were collected for the purpose of further verifying that they met the criteria to participate, and to provide “contextual” information for interpreting their comments and observations. All of this information was treated in confidence and not revealed to the other participants.

Each focus group sessions lasted 1.5 to 2 hours. A series of questions designed to facilitate dialogue and input was posed (see Appendix C). The questions were used to guide the discussion and were not used for the purpose of formulating any statistical information about the number or percent of participants affected or concerned about specific issues. The questions focused on the nature of and extent of change in the local housing market; perceptions about the costs of housing; strategies employed to save for a home purchase or to manage the current costs of housing; impacts of rising housing costs; and outlook for the future. Participants were invited to share their own personal observations and experiences as well as highlighting those from peers and from their social / professional networks.

Across all five markets participants noted there have been widespread increases in housing prices. This finding was confirmed in the previous section of this report which examined the changes in the housing market using available data. To briefly summarize:

- the Calgary market could be described as “the hottest” among the five, given the booming oil and gas sector and all of the spin-offs attached to that economic activity;
- the pace in Toronto and Ottawa is not as torrid as is the case in Calgary, but Toronto in particular has been one of the most expensive cities in Canada, and as such consumer coping strategies have been long-established there; and
- Winnipeg and Halifax, while less expensive, have seen sharp rises in prices with participants expressing concerns about getting into homeownership to the point that some now describe these markets as no longer being “affordable.”

This section summarizes the main issues and concerns identified across all of the focus group sessions combined. A detailed summary of each focus group session is provided in Appendix D. It begins with a summary of the main themes that emerged from the five sessions. These are grouped into "primary" and "secondary" themes. Primary themes are those which were discussed in all five focus group sessions and which were recurrent in their nature as participants discussed their challenges and issues. Secondary themes are those which were felt to be important but were not necessarily discussed in all five sessions or were less recurrent.

This is followed by an analysis of the common issues / problems of entering into or maintaining affordable homeownership as identified by participants, including an analysis of similarities and differences across the five case study markets. The types of strategies and coping mechanisms employed to deal with the affordability problems are then discussed. It is useful to note that the original questions developed for the focus group guide (Appendix C) were intended only as starting points for stimulating thinking and discussion about the issues. We do not report on question by question responses because of the organic and overlapping nature of the conversations and dialogues which occurred, and because of our interest in developing a synthesis of the key issues, challenges, and coping strategies.

5.1. Primary Themes

While each focus group session produced unique and local attributes, five important themes dominated the discussions across all of the sessions and are broadly categorized as follows:

- the hidden costs of homeownership and their impact on overall affordability, especially for first time buyers unaware of the many costs involved in the transaction
- the need to make unwanted and unexpected tradeoffs to better afford shelter and related costs;

- the gap between income growth and rising housing prices;
- the rise in energy and utility costs; and
- the inability of renters to save for a down-payment

5.1.1. The Hidden Costs of Homeownership

In each session much of the discussion focused on a variety of hidden and "non-shelter" costs associated with owning a home. These included property taxes, water/sewer rates, a variety of transaction and user fees, house insurance, energy, utilities, internet, telephone, transportation, ongoing maintenance, needed repairs, and desired renovations. These items did not appear in our literature review as they relate to affordability concerns among middle-income households. However, it was widely identified and accepted by focus group participants that all of these costs are rising, some faster than others. It was also noted that many people considering buying homes do not fully take into account these costs and are caught off-guard or shocked by the enormous range of "hidden costs" of being a "middle-income" homeowner. In fact, in the Calgary session, it was acknowledged that credit cards are commonly used to pay for many such costs.

This discussion extended to comments about how we measure affordability. Many people were more than willing to admit that the real cost of their housing - both among owners and renters - was much more than 30 percent of their net income and certainly close to, if not above, 50 percent of their gross income. This begs the question: Is the 30 percent threshold of shelter-to-income ratio a realistic and true measure of affordability? The hidden costs of homeownership are often ignored by people when they calculate their ability to pay, and certainly they do not factor prominently into the assessments of mortgage lenders and others when making decisions about mortgage approvals.

5.1.2 Unwanted Tradeoffs

Without exception each focus group session provided a range of examples of the tradeoffs people were making to achieve some measure of overall affordability in their total budgets - housing and beyond. Some of these examples included:

- Despite wanting to get into homeownership as soon as possible, more people reported having to rent for longer periods of time because it takes them longer to save for a down-payment.

- Buying a first home usually means living further away from work. Obtaining some measure of housing affordability is traded for longer and more expensive commuting and an erosion of overall quality of life.

- Some participants stated that they or others they knew take extra jobs to help cover costs and to accelerate their potential for saving or reducing debt, but this is contributed to a poorer quality of life in the shorter to medium term.

- A few participants identified that more young adults are tending to stay at home with their parents longer than previously, delaying household formation and independence.

- Among the focus group participants who were currently childless, most noted that the idea of having children or even considering starting a family was being pushed to the back burner in the interests of reducing their personal debt now. They also noted that if and when they might have children, they would have to consider a number of trade-offs related to housing affordability. For example, choosing to be a stay-at-home parent would reduce total income and likely put pressure on their affordability thresholds; but opting for a dual income household with children to reduce affordability problems would add to non-shelter costs in areas such as daycare.

- Some homeowners are renting out part of their home to help meet costs. Others are buying or willing to buy a first home in partnership with another individual or household in order to "get in." These choices are traded off against independence and privacy.

Many participants were frustrated by the need to make these tradeoffs. They felt there should be more affordable housing and ownership choices that do not force people into long commuting times and costs, which further contribute to urban sprawl. The frustration extended to comments about having a sense of never being able to get ahead or that they will never be able to achieve some measure of independence.

Each of these tradeoffs were mentioned in each of the focus group sessions. It is difficult to assess which tradeoffs, if any, are more prominent or frequent within this specific demographic of the middle-income range. Additional research, such as through surveys, would be required to quantify the breadth and depth of these tradeoffs.

5.1.3 Income / House Gap

In most sessions participants were of the opinion that incomes have stagnated relative to the rise in house prices. Even in growth centres like Calgary where incomes have been expanding rapidly in response to economic growth, the increase in house prices has accelerated much more quickly. Participants saw this reality as widening the affordability gap and lengthening the time it would take for people to get into their first homes, especially when compared to five ago. A related set of comments focused on the challenges faced by single wage/income households (both with and without children) which were thought to limit household income growth. Another related issue to depressed income growth was lack of employment security. Many examples were shared by individuals who noted they were working at well-paying but short term professional contracts, including those in positions within municipal, provincial, and federal government departments and agencies, and within universities. The level of uncertainty over obtaining longer term employment income and the shorter term nature of "guaranteed" incomes was seen as a problem for many.

5.1.4 Rising Energy / Utility Costs

Energy and utility costs could be viewed as part of the bundle of "hidden costs" of homeownership. However, given the recent rise in such costs these were singled out in the focus group sessions by the participants as being especially problematic. Without over-dramatizing the issue, there was a great deal of concern and fear in most of the focus group sessions about rapidly rising costs of energy and utilities. Most of the discussion related to home heating costs, but extended to the costs of fuel for transportation. This was seen as a problem for renters - leading to increases in their operating costs, and thereby reducing overall disposable income and the ability to save for a down-payment. It was also a problem for existing owners on the margins of "affordability" because rising costs of home heating would be eating into the overall household budget. Potential and emerging homeowners were very concerned that if they were to buy an affordable home, it might end up being one that required additional renovations, repairs, and upgrades beyond the purchase cost to address the need for energy efficiency and keeping energy and utility costs down - and that these additional "move in" costs would add to the affordability burden. The uncertainty over rising energy costs and the erosion of affordability were strongest in Winnipeg, where cold weather during winter can and does present a challenge for both renters and owners.

5.1.5 Inability to Save

The inability of participants to save for the future (outside of building home equity) was evident in each of the focus group sessions identified. A residual impact of this was that there was little or no ability to save for a down-payment or to put money into other forms of savings and investments (RRSPs, pensions, etc). Many young adults also expressed concern about paying off large student debts which easily match or exceed monthly rent or mortgage payments. Many felt that long term student debt was becoming the norm for people coming out of post-secondary education with one or more degrees. While they acknowledge that accumulating student debt is a necessity for obtaining a good paying job, they also lamented that it would result in a delay in getting into homeownership or balancing monthly payments. There were also many examples shared where participants saw others in their peer groups and social networks racking up large amounts of consumer debt as homeowners and renters alike purchase a variety of essential and non-essential items -- from expensive furniture and decor elements to high speed internet and entertainment gadgets. While this was not a universal sentiment, it was clearly an indication of the impact of debt (of all types) on the ability to save for a down-payment on a house, or to save for desired renovations and upgrades to a home. It was these types of shelter related expenses that chipped away at monthly budgets already tight from high mortgage costs and rising property taxes.

5.2. Secondary Themes

A variety of other themes emerged from the focus groups. These "themes" were not as prominent and not necessarily universally identified across each of the discussions, but are important nonetheless:

- People currently renting or who are not homeowners (living in other types of arrangements) are resigning themselves to the reality of high prices and changing their expectations. They know they will have to wait longer to get into homeownership or remain renters for an indefinite period.

- A lack of consensus about "is it easier to get into homeownership today?" For those who can afford it, there is a sense that it is easier because there are more tools and incentives such as lower/zero down-payment requirements and longer amortization periods available. For those who cannot afford it, there is a sense that it is more difficult because no amount of incentives and "deals" will help them achieve their first home anytime soon.

- Participants noted that property taxes are generally rising at faster rates than are incomes. This is creating financial problems for homeowners (both new and longer term owners) and it also becomes a factor in pushing up the costs of getting into homeownership when one considers the overall cost of becoming a homeowner[22].

- A number of people in some of the focus group sessions advocated for some type of income tax relief for their mortgage payments, similar to what is available in the United States.

5.3 Summary of Issues and Problems Identified in Each Housing Market

In this section we briefly compare and contrast the major issues and problems identified in each of the five focus group sessions. These are summarized in Table 5.1, where each market is identified. While the summary presented in the table is not exhaustive it does illustrate the types and range of issues identified in the focus groups while also allowing for a general comparison among the participants in the five centres.

One of the items of concern in all sessions except Ottawa was the perception (and possibly reality) that most of the affordable housing and ownership options were found in less desirable neighbourhoods. These were defined as areas which were broadly characterized as having a lack of local services and amenities, higher rates of crime, depressed property values, and so on. In the case of Winnipeg, the reference was to the inner city, a large central area that comprises a concentration of older neighbourhoods and higher than average poverty levels.

[22] Other research about rising property taxes could be assessed to provide an analysis of the degree to which the rate of increase may be outstripping income growth. It could also show variation it property tax rate increase across various urban markets. Our review of the literature on housing affordability issues did not identify this issue in the context of challenges for the middle income group – but the focus group discussions suggest this is an area for further research.

In the three most expensive markets - Calgary, Toronto and Ottawa - there was a sense that housing was being treated as an investment vehicle first and as a home and place for shelter second. This notion of investment revolved around how people were “buying in” with a view to earning a profit when they sell, usually in the short to medium term, and then moving on to another property. Participants related stories of people who felt an urgent need to undertake a variety of generally cosmetic and non-essential renovations and modifications to their new homes (purchased in the resale market) with the hope of turning a profit upon further resale. This created some financial hardships for some of the people identified in these stories. The broader outcome of this approach to purchasing a home (for primarily investment purposes) was to “bid up” the selling price in the market more than people felt it should be - putting affordability beyond the reach of more and more people. In fact, in Calgary’s hot market, the sense of invincibility was so strong it appeared that most felt this upward trend would never end.

This point is related to another concern expressed in the Calgary, Winnipeg, and Halifax sessions. Some of the participants felt that the media and the advertising efforts of developers, builders, and others was creating a sense of anxiety in the marketplace, whereby potential buyers felt compelled to buy based on stories of rising prices, marketing campaigns encouraging people to buy more housing than they really needed or could afford, and so on. The combined effect of naturally rising market prices, media hype, and advertising was seen to create some distortions and panic in the marketplace, and was further encouraging people to run into affordability problems.

Gentrification of existing neighbourhoods with some measure of affordability was identified in Halifax and Winnipeg as an emerging problem. In some older character neighbourhoods there has been significant new investment in housing (major rehabilitation, teardown and building of condos, etc) which has pushed housing costs up significantly and displaced some of the affordable rental stock.

Table5.1. Summary of Issues and Concerns Identified in Each Focus Group Session

Issues	Calgary	Winnipeg	Toronto	Ottawa	Halifax
Energy costs are rising	Y	Y	Y	Y	Y
Costly repairs, renovations, poor quality of new construction	Y	Y	Y	Y	Y
Property taxes are rising	Y	Y	Y	Y	
Affordable housing only in less desirable neighbourhoods	Y	Y	Y		Y
Affordable housing means longer commutes	Y		Y	Y	Y
Cannot save for down-payment		Y	Y	Y	Y
30 percent is unrealistic measure / not reality for affordability		Y	Y	Y	Y
Hot market / media hype	Y	Y			Y
Housing treated as an investment "first"	Y		Y	Y	
People are living beyond their means	Y		Y		Y
Incomes are depressed		Y	Y		Y
Lack of employment security			Y	Y	Y
Student / consumer debt			Y	Y	Y
Single income households can't afford to buy		Y	Y		
Gentrification		Y			Y
Household separation makes affordability difficult		Y			
Home insurance costs are rising			Y		
Lack of market or ownership knowledge					Y

(Note: Issues and concerns rank ordered by the number of cities in which the issues or concern was discussed.)

5.4. Summary of Coping Strategies

In this section we briefly compare and contrast a number of the strategies and coping mechanisms for achieving affordability and for getting into homeownership as identified in the five focus group sessions. These are summarized in Table 5.2, which is intended to provide a sense of the range of issues. Again, while the list is not exhaustive it should be treated as illustrative of the types of strategies identified among participants.

A common strategy raised in all sessions was to cut back in non shelter related expenditures. Participants cited examples of people unable to put money into savings, choosing to forego vacations, doing without a second car or buying a less expensive used vehicle, and enjoying fewer “luxuries” such as eating out or going to the movies. The specific types of trade-offs identified in each focus group session varied somewhat. They were seen as necessary to cope with rising shelter costs.

Although some focus group participants noted that they refinanced their mortgage (to undertake repairs or renovations, to pay down other debt, or to reduce mortgage payments but extend them over a longer period) or knew of others who did so, there were mixed feelings about this strategy. Some felt that it was perfectly well and good to take advantage of built up equity in one’s home for a variety of legitimate reasons. Others felt that this was a last resort leading to a vicious circle of continuously borrowing against one’s home rather than paying off the mortgage debt.

There were many examples of people borrowing funds from parents and relatives to make the down-payment on a first house. Others were doubling up (there were even a few examples of unrelated persons and households going into ownership together as a means to get started) or renting out a basement suite to generate an income stream to cover some of the mortgage costs. Taking on a part time, second job, was identified by some participants in most of the sessions (except in Winnipeg) as a means to cover expenses and accelerate one’s savings towards a down-payment on a home.

Somewhat less common were specific actions taken to invest in energy efficiency upgrades. It was felt by many participants that there was a need to reduce monthly operating expenses (especially for energy and utility bills) in order to achieve a greater measure of overall affordability. One way to achieve this is to incur on-time costs for energy efficiency upgrades (such as better windows and doors; more insulation; more energy efficient appliances and heating equipment; and so on). Some participants had used this strategy, others referenced friends who were doing this, and others lamented that they simply could not afford to invest much in energy efficiency at this time - which further compounded their affordability problems.

Others who had recently bought their first home noted that they were only able to do so by buying in an area that was not their first or second choice, and it translated into other costs for them related to commuting. Less common strategies for coping with rising costs are the use of credit cards and borrowing against investments. Credit card use was clearly in evidence in Calgary as people were gambling on short turnarounds with purchases and resale for profit. Very few participants had any RRSPs or other investments against which to borrow for their down-payment, and were reluctant to do so.

Table 5.2. Summary of Strategies to Cope with Affordability Challenges Identified in Each Focus Group Session

Strategy	Calgary	Winnipeg	Toronto	Ottawa	Halifax
Cut other costs / do without	Y	Y	Y	Y	Y
Refinance mortgage / tap equity	Y	Y	Y		Y
Borrow from parents for purchase	Y	Y	Y		Y
Live with others / rent out to others	Y		Y	Y	Y
Get a second job	Y		Y	Y	Y
Choose a non-preferred location	Y		Y		Y
Upgrade for energy efficiency		Y		Y	Y
Use credit cards for housing payments	Y			Y	
Borrow from RRSP or investments		Y	Y		
Live with extended family		Y		Y	
Car pool to reduce transportation costs			Y	Y	

(Note: Coping strategies rank ordered by the number of cities in which the issues or concern was discussed.)

5.5. Summary

In relation to the focus groups that were conducted in the five housing market centres, five important themes dominated the discussion across all groups:

- the hidden costs of homeownership and their impact on overall affordability, especially for first time buyers unaware of the many costs involved in the transaction;
- the need to make unwanted and unexpected tradeoffs to better afford shelter and related costs;
- the gap between income growth and rising housing prices;
- the rise in energy and utility costs; and
- the inability of renters to save for a down-payment

Taken together, these issues and concerns represent serious affordability challenges for more and more households at higher income levels. In Calgary the specific issues which emerged related to the problem of a very hot market resulting in housing being treated more as a short term investment rather than being treated as a home. As such the focus group participants were divided into those who had recently entered the market and those who were not able to buy their first home. Those who were “in” were financially strapped but intending to cash in on the market. Those on the outside looking in felt some sense of despair and were concerned they would not be able to buy a home for some time.

In Winnipeg the participants felt that the market was formerly undervalued and undergoing rapid and upward adjustment. Appreciating market conditions were also cited for contributing to a more unaffordable situation for middle-income earners who now face increased house prices, along with other shelter related expenses (utilities, maintenance and property taxes). Tied strongly to this issue was the fact that fewer persons have the ability to invest in the future through savings and other measures. While investments were seen as a long-term goal, at present, the house is the only investment. In addition there were significant concerns around rapidly rising energy costs.

The Toronto participants felt that housing costs had doubled over the previous five to ten year period and that the rising costs of utilities, insurance, and property taxes were an important and large contributor to this increase. Achieving some measure of affordability requires longer commuting distances.

The lack of job security, rising housing costs, and poor quality of new construction were each seen to contribute to affordable housing problems in Ottawa. As in other cities, the focus group participants felt that to achieve real affordability one had to give up being located near the city centre and endure longer commuting times.

In the Halifax market the participants noted that lack of employment security coupled with high student debt loads, which together prevent people from saving for a first home. There was also a sense that there was a lack of affordable homeownership options closer to downtown. Many participants cited concerns about rising energy costs (home, transportation etc) and feeling the need for energy efficiency solutions to address their affordability issues.

More information and further research is required to understand the depth and breadth of these issues. In addition, more information is required to understand the specifics of student loan debt, income growth or lack thereof (in which sectors of the economy, in which regions of the country), and employment security or lack thereof (in which sectors of the economy, in which regions of the country), to test focus group impressions compared to the actual statistics and findings.

Equally if not more important, the findings from the focus group sessions suggest that there is much more work required to develop a deeper and broader understanding of housing affordability (how it is measured, what should be measured, and so on), and the role of “hidden” costs of homeownership with respect to their impact on affordability.

6.0 Report Conclusion and Recommendations

This report explored the changing shelter circumstances of middle-income households. The research was guided by undertaking a comprehensive scan of the international literature, analyzing relevant statistical and spatial data, and assessing the results of five focus groups. The research combined both qualitative and quantitative approaches so as to present a comprehensive review of this emerging issue and more importantly to document an emerging trend in the housing market; namely that middle-income households are coming under increasing pressure with respect to housing affordability.

A key conclusion of the report is that the shelter cost circumstances of some middle-income households is becoming a more acute problem as affordability levels erode. However, the results are mixed at best. While the focus groups provided conclusive evidence to mark this shift, the data collected from the 1991 and 2001 Census remained largely inconclusive. To this point, it was acknowledged that the last five years (2001-2006) have been particularly active with respect to rising housing costs and that further analyses would be needed once the 2006 data are released to confirm whether substantive change can be observed. With respect to the availability of supporting research, little published or scholarly work exists that focuses specifically on the shelter cost issues facing middle-income households. There is certainly emerging grey literature and institutional reports documenting this issue but more detailed analyses are needed to more accurately document this trend.

6.1 A Review of the Key Findings

This report began with an exploration of the international literature with the objective to trace the definition of poverty from one that is narrowly based on income inadequacy, to one that encompasses the dimensions of the labour and housing markets and the effects of high housing costs on the experience of social and economic hardship. A primary component of the review was to examine the measures developed to identify those working households experiencing shelter poverty to illustrate the complexities in defining the scope and nature of the problem. It was shown that recent conceptualizations of housing-induced poverty have established that both housing and non-housing expenses along with income are integral to establishing an accurate poverty measurement tool. However, the concept of shelter poverty does not take into account the current dynamics of globalisation and the restructuring of demographic processes, regional economies, and housing markets. Escalating growth in housing costs coupled with the stagnation of income levels in North America have created growing and continued affordability problems for not only low- and moderate-income groups, but also increasingly middle-income households. As Bramley (2004) has proposed, a housing affordability index is required that incorporates degrees of the problem ranging from severe primary poverty and homelessness, through an intermediate level of risk, to a broader problem of access to the market. Moreover, he emphasizes that policy intervention is clearly relevant for these varying degrees of shelter poverty.

The data review and spatial analysis demonstrated that the problem was not widespread in 1991 and by 2001 the number of middle-income household expending high amounts of income on shelter improved. In terms of working middle-income households, between 10 percent and 23 percent of such households were found to be experiencing affordability issues in 2001. These households accounted for between 35 percent and 50 percent of the owners with affordability issues, and approximately one-third of all family households with and without children spending 30 percent or more on shelter.

In general, the analysis of the shelter-to-income ratios for 1991 to 2001 of working households did not reveal a creep of affordability problems into middle-income groups. The exception to this was Toronto where there remains a heightened potential of creep, as the absolute number of households in the lower middle-income group who were experiencing affordability issues increased by 10.4 percent.

While a creep of affordability problems was not found by and large in the majority of the markets, most of the rise in housing and shelter prices occurred since 2001, and many new owners have taken advantage of low down-payments and low interest rates and are likely to have high debt loads. It is possible, therefore, that the number and share of middle-income households with shelter-to-income ratios of 30 percent or more may have risen since 2001, especially is fast growing markets like Calgary.

A key piece of this report was based on drawing a more contemporary portrait of the housing circumstances of middle-income households. In the absence of current statistical data, focus groups were used as a strategic way to gather insight into this population. The focus groups were held in five centres and included Calgary, Winnipeg, Toronto, Ottawa and Halifax. The results pointed to a number of emergent themes that were characterized by:

- the gap between income growth and rising housing prices;
- the need to make unwanted and unexpected tradeoffs to better afford shelter and related costs;
- the hidden costs of homeownership and their impact on overall affordability, especially for first time buyers unaware of the many costs involved in the transaction
- the rise in energy and utility costs; and
- the inability of renters to save for a down-payment.

The issues and concerns raised by focus group participants represent serious affordability challenges for households earning higher incomes. While it became obvious that more information and research is required to better understand the depth and breadth of these issues, it was clear that middle-income households are facing challenges. The results of the focus group sessions also suggested that there is much more work required to develop a deeper and broader understanding of housing affordability (how it is measured, what should be measured, and so on), and the role of "hidden" costs of homeownership with respect to their impact on affordability.

6.2 Recommendations for Further Research

Given the fertile nature of this emerging area of study, the following recommendations draw attention to what research can further our understanding of this situation:

- Explore the linkage among labour force recruitment and retention strategies in key sectors such as public, post-secondary, high tech and education to overall housing affordability to assess what impact this is having in mitigating the effects of high housing costs.

- Research the hidden costs of homeownership and their impact on affordability - energy, property taxes, water/sewer rates, etc.

- Examine the very measure of housing affordability to explore factors such as the age of the household maintainer as well as the number of years as a homeowner. This approach might confirm some of the findings from the focus groups which pointed to younger and first time homeowners as facing the most significant challenges.

- Review coping strategies for dealing with housing in high cost centres such as Toronto and Vancouver. This might be complementary to work being done on secondary suites to see if there is a link between this expansion and middle-income households.

- Examine the role of income tax relief programs on mortgage payment affordability to reduce the burden.

- Conduct a more detailed assessment of migration patterns to explore the connection between job availability, labour force attraction and retention with income and housing prices.

- Research rising property taxes to assess the degree to which the rate of increase may be outstripping income growth and overall affordability. This could be examined across various urban markets to demonstrate variation in property tax rate increases.

- Examine the extent to which such factors as rising energy costs will begin to play a contributing factor to the erosion of housing affordability.

6.3 Conclusion

In closing, this report surmised that the challenges facing middle-income households are complex and warrant closer investigation. Furthermore, it is also an area that, given the recent rise in housing prices, may become more of a challenge, especially for those considering entering the market. As was noted repeatedly, the period between 2001 and 2006 was marked by considerable change. While this report has documented this change to some degree in looking at housing prices and in the focus groups, a more detailed follow-up will be needed once the 2006 Census data are released.

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Appendix A: Income Cut-off Rates for Canada and the United States

Measuring Low-Income in Canada

Measures of low income known as low-income cut-offs (LICOs) were first introduced in Canada in 1968 based on 1961 Census income data and 1959 family expenditure patterns. At that time, expenditure patterns indicated that Canadian families spent about 50 percent of their total income on food, shelter and clothing. It was arbitrarily estimated that families spending 70 percent or more of their income (20 percentage points more than the average) on these basic necessities would be in "strained" circumstances. With this assumption, low-income cut-off points were set for five different sizes of families.

Subsequent to these initial cut-offs, revised low-income cut-offs were established based on national family expenditure data from 1969, 1978, 1986 and 1992. These data indicated that Canadian families spent, on average, 42 percent in 1969, 38.5 percent in 1978, 36.2 percent in 1986 and 34.7 percent in 1992 of their total income on basic necessities. Since 1992, data from the expenditure survey have indicated that this proportion has remained fairly stable. By adding the original difference of 20 percentage points to the basic level of expenditure on necessities, new low-income cut-offs were set at income levels differentiated by family size and degree of urbanization. Since 1992, these cut-offs have been updated yearly by changes in the consumer price index. The following is the 2000 matrix of low-income cut-offs:

Low-Income Cut-Offs for 2000

Family size	Size of Area of Residence				
	500,000 or more	100,000 to 499,999	30,000 to 99,999	Small urban regions	Rural (farm and non-farm)
1	18,371	15,757	15,648	14,561	12,696
2	22,964	19,697	19,561	18,201	15,870
3	28,560	24,497	24,326	22,635	19,738
4	34,572	29,653	29,448	27,401	23,892
5	38,646	33,148	32,917	30,629	26,708
6	42,719	36,642	36,387	33,857	29,524
7+	46,793	40,137	39,857	37,085	32,340

Source: Statistics Canada. 2003. **2001 Census Dictionary**. Ottawa. Cat. No. 92-378-XIE. Pages 164-65

Measuring Low-Income in the U.S.

The U.S. official poverty lines were initially set up in 1963 as a measure of a family's expenditure on food purchases. If the amount needed to meet the food and nutritional requirements of the family would consist of more than 30 percent of the family's total pre-tax income, then that family was considered to be living in poverty.

That standard is still used today, although the actual cost of the food is adjusted annually to account for inflation. The poverty measure in the U.S. is not based on average or median national incomes, nor is it adjusted to take account of the size of the area of residence.

The US Census Bureau's Poverty Thresholds - 2003	
Size of Family Unit	**Poverty Threshold (weighted average)**
One person (unrelated individual)	$ 9,393
Under 65 years	9,573
65 years and over	8,825
Two people	12,015
Householder under 65 years	12,384
Householder 65 years and over	11,133
Three people	14,680
Four people	18,810
Five people	22,245
Six people	25,122
Seven people	28,544
Eight people	31,589
Nine people or more	37,656

Source: The U.S. Census Bureau website. http://www.census.gov/hhes/www/poverty/povdef.html#2

Appendix B: Low-Income Induced Poverty and Housing

Engeland and Lewis concluded that in 2001, 45.6 percent of households with "weak ties to the labour force" and with average incomes of $14,432 lived in accommodations that were either inadequate, unsuitable, or cost more than 30 percent of household income, and in most cases, the percentage of income paid was just over 50 percent (Engeland & Lewis, 2004). In a joint report by Johns Hopkins University and the Washington-based Centre for Housing Policy, a household in "critical housing need" was defined as one which pays 50 percent or more of their income for housing, and/or live in accommodation in need of major repairs ("dilapidated housing") (Harkness & Newman, 2004). Stegman and colleagues (2000) noted that one in every seven American families has a critical housing need and they define a family as having a critical housing need if the household pays more than half of their income for adequate housing, and/or lives in very dilapidated units. Also in common with other research, the authors observe that having a job does not guarantee sufficient income to afford decent housing, and that the main cause of this is the excessive cost of housing, noting that rents are rising faster than inflation and much more rapidly than the incomes of many families. The Johns Hopkins report showed that 17.6 percent of those living in critical housing need were among the working poor; 20 percent were of working age and not working, while the remainder were elderly retired (Harkness & Newman, 2004). Of the working poor, the researchers found that 57.4 percent were in critical housing need (dilapidated or otherwise unsuitable housing), and 96 percent paid more than 50 percent of their total household income towards shelter costs. While employing a slightly more restrictive definition of the working poor, Stegman and colleagues (2004) nevertheless found that 67 percent of all working households spent 50 percent or more of their income on housing, while 21 percent lived in seriously dilapidated housing.

It is not only renters who face core housing need, although the numbers of homeowners in need are significantly lower than those of renters. Engeland and Lewis's (2004) research shows that of all working age households in Canada, 7.6 percent of home owners are in housing need, while 27.5 percent of renters are in the same situation. In low-income households the numbers are 14.2

percent and 45.6 percent respectively. This report also shows that the same groups who are generally included among the working poor are also the groups who are most likely to be in core housing need: aboriginal populations (in this case, both on and off reserve); recent immigrants; lone parents (especially mothers); and young workers (especially those working in service industries and living on their own). Given that each of these groups has different needs, and that even within these groups there is little homogeneity, creating and implementing programs that would substantially decrease the incidence of core housing need in any group will be very difficult and will require collaboration between various government departments in consultation with advocacy groups and research organizations.

It is also worth noting that while certain groups are always evident among the working poor, the overall increases in the numbers of the working poor in Canada may in part be attributable to changing demographics. For example, the number of lone parent households has increased from 13.2 percent of families with children in 1971, to 24.7 percent of families with children by 2000 (Beaujot & Kerr, 2004).

Appendix C: Focus Group Discussion Guide

Section One: Housing Affordability

- Has your housing situation become less affordable over the last five years?
- Do prices today represent more of a challenge to buyers thinking about entering into homeownership (if so what do they face in buying a home today)?
- What strategies are people using to ensure that their housing is affordable?
- Are you considering changing (or have you changed) your place of residence recently due to affordability pressures or in reverse to trade up in the market?

Section Two: Disposable Income

- Does anyone feel they have had to cut back on household expenditures because of higher housing costs (probe for examples)?
- Does anyone have concerns about possible increases in mortgage interest rates?
- Have your housing costs affected your ability to regularly put money into savings and investments (for example, are you contributing to RRSPs, RESPS and other investments)?
- Have your increases in incomes in the last few years kept pace with rising housing costs or contributed to your ability to better afford your housing?
- What about other costs such as energy (heat and electricity etc) or property taxes….does anyone see these as a present or future issue with respect to housing affordability?
- What about tapping into the current equity in the home through refinancing your mortgage to reduce household debt or undertake renovation. Is this seen as a viable option?

Section Three: Housing Problems

- To what extent have your housing costs prevented you from re-investing in your home through regular maintenance and repairs? What have been the impacts? Have you deferred desired or necessary renovations because your housing budget is squeezed?
- On the reverse, have home renovation projects proven to be an “unforeseen” financial challenge through either cost overruns or perhaps increased debt load?

Section Four: Conclusion and Future Expectation

- Some parts of the labour market and the economy have shifted to greater dependency on contract work and short term appointments, along with more frequent changes in employment. Do any of you see these as problems in your profession or industry? Does job security affect your housing situation, especially in terms of affordability issues - now and into the future?
- What about general affordability, do you feel it get harder to afford to not only buy but maintain a home? Can you comment on the experiences or perceptions that others like yourself might have about this challenge?
- To what extent would you consider or perhaps did consider the local housing market prior to making a decision to move (e.g., did you examine the cost of housing vs. income vs. future employment or professional prospects etc)

Appendix D: Focus Group City Summaries

D.1.1. Calgary Focus Group

The Calgary focus group commenced with a round table introduction in which the 11 participants were asked to describe the local housing market. Participants were split among owners and renters, and included mostly young professionals (age 25- 34) making $70,000 or more for household income. The group lamented the fact that both availability and affordability remain the most pressing challenges facing buyers and renters in a city that is, as one person put it, “bursting at the seams.” For those currently renting their main concerns were that they had missed an opportunity to make money or were waiting for prices to return to more realistic and affordable levels. As one participant stated, “I wish I had got in the market last fall and now that I am in a position to get in I am $50,000 or more behind on prices….I now might end up with a small condo that would probably buy me a house in one of Winnipeg’s most affluent neighbourhoods.”

Above it all, it remained clear that Calgary’s hot market has had an impact on the lives of many individuals whose lower and upper middle-incomes are now being stretched to the limit. The idea of savings (RRSPs or other investments) was inconceivable as high housing costs consume so much of an owner’s income. It was also asserted that a lack of savings is being compensated for by the rapid rise in home equity, which appears to be increasingly forming a large part of the typical household’s retirement nest egg.

To deal with high housing costs, participants admitted to resorting to mechanisms that have left them running high debt loads in hopes that increasing house prices and creative refinancing will allow them to remain in the market. Others appeared indifferent to this situation, and believed that getting into the market is the best thing to do; many felt that if you “get in over your head” simply sell the property and reap the profits regardless of the debt you may have incurred. To this point, one participant eloquently stated that “it’s like having the best poker hand ever and you keep getting dealt the same hand.”

The following sections detail the realities facing lower- and upper middle-income households living on the frontier of an emerging high cost housing centre. The mix of owners and renters present at the focus group represent a glimpse into the lives of Calgary’s young professionals. Their poignant reflections on the local scene echo the ebb and flow of a market fuelled by huge gains and a variable feeding frenzy replete with countless stories of owners doubling, tripling or even quadrupling their investments over short periods of time.

D.1.2. Changes and Challenges in the Housing Market

The overriding challenge in the Calgary market appears to be its very success. Focus group participants commented that the substantive economic and social changes over the last few years have greatly altered the city. Rapid population growth as a result of the booming economy has transformed the city into a sprawling metropolitan area of one million persons. The growth of the city’s economy, driven largely by the surging oil and gas sector is attracting an affluent population base whose incomes and relocation from other high cost centres such as Vancouver and Toronto are pressuring the market. This scenario was balanced with the acknowledgement that other individuals moving to the city without the financial means to afford rapidly rising housing costs face and even more daunting challenge in securing entry level housing.

The group contended that there are many challenges within the current market, especially with respect to labour shortages and the quality of new construction. To this point one person commented that he heard that “it was cheaper to fly in labour and put them up in a hotel then to find local people.” Another went on to state that the new housing market is driven by a shortage of labour and what he called the “one hour apprenticeship” meaning that labour is given very little support and training with the perception being shoddy construction practices within the new housing sector. It was strongly felt that both labour shortages and the quality of new construction are of concern to people in Calgary. Despite these shortcomings with respect to quality and labour, the overwhelming feeling was that the market is like nothing any of them have ever experienced.

The conversation then shifted to a second challenge which was related directly to the availability of housing. It was noted that high-income individuals are increasingly facing affordability problems related to both purchase price and the subsequent carrying costs. “People talk more and more about being house poor, friends are barely scraping the mortgage payments and they make high wages” was how one person described it. There was also a feeling that there is peer pressure among friends to get in the market. Another framed this as being more about wider societal pressure to get into the market or the fear that you have missed an opportunity to make money.

Many of the comments were etched with the desire to turn a profit as opposed to finding a good neighbourhood. In fact, one woman commented that she heard [from a media report] house prices increased by $1200 per day and that she felt an urgency to get into the market for fear of losing out on potential money. Her comment was furthered by another person who stated “the headline that you saw in the paper that said housing is going up $1200, well even if you are mortgage poor you’re still making $1200 a day! Mortgage yourself to the hilt and in six month if you can’t afford it, sell and make a huge profit. It’s gambling on a winning hand.”

The group then debated whether there might be an adjustment in the market but most felt that the sky’s the limit and that they are making more money then ever before. The market exuberance was echoed by many and included the following comments:

- “I have a friend bought a house for $80,000 and sold it to a family from Montreal for $975,000.”
- “There are million-dollar tear-downs and it’s because of all the freaking money in town, take a look at all the Ferraris on the road.”

- “I bought my house for $200,000 and said I would sell if it hit $280,000. My last offer on the house was $750,000 and if it hits one million I’ll sell and move to Thailand.”

D.1.3. Strategies and Coping Skills

Strategies to purchase homes and the ways to afford ongoing costs were explored in detail. Again what was evident was the overwhelming sense of optimism among participants. One person stated that their friend bought a condo last year for $140,000 and they used a GE zero down-payment mortgage and a credit card advance for the closing costs. They managed to hang on for the year, incurring high debt; eventually the property sold for $300,000.

There was a sense that location was important in that people did not want to move out of the city and into suburban areas, even if they were to save money. Again, the new housing market was seen as presenting distinct challenges and that higher gains were to be made on properties in the more desirable and centrally located areas. One person felt that it was important to live in the downtown especially if prices were to drop. She felt that by being more central, prices might be more stable given their relative location to the central business district and other amenities.

Coping skills and strategies also included concerns about employment stability and the fact that most change jobs frequently, a point to which one participant commented, “there is more aggressive recruitment and pouching among local companies.” Others claimed that they faced increased pressure from high housing prices and costs and this forces people to work more, with some taking on extra jobs. Many commented that they are working for their house. “Making extra money means being able to undertake more projects around the house.”

One participant claimed that they would live in another centre that had cheaper prices but it would have to have Calgary’s amenities. There was also a sense that “people are moving further and further away from the core and having a harder time getting into work. Parking spots in the downtown are too expensive; some are paying hundreds of dollars a month.” The rationale behind having to move further and further away from the core was precipitated by the fact that "affordable housing" in suburban and exurban areas is being pushed outward and into places like Aidrie and beyond.

Dealing with the rising market and the pressures that go along with it result in many using unconventional means to afford their current homes and lifestyles. Many in the group admitted to using card debt as a means to finance their monthly expenditures, or else were aware of friends who routinely did so. While this may not sound overly uncommon, the striking point here was strategy used which was simply to run up debt for a number of months and then refinance one's home to capture short term gains to pay off debt….and then begin the cycle over again. Many acknowledged that this practice places significant pressure on the household but increasing house prices outweigh any issues relating to debt.

Using refinancing products was also noted as a means to alleviate pressure and one person stated that he just signed papers on refinancing his debt and used a 35 -year amortization to save some money and to be able to afford his current house. There was also a sense that the use of longer term and zero interest mortgages are becoming more common but that households still face challenges. "We have friends that refinance and live off the equity."

Concerns about mortgage rates being high or increasing further seemed to be mitigated by the perception that this was would not dampen demand nor result in a decline in prices. However, participants acknowledged that they were beginning to feel the financial pinch of variable rates, as payments have been increasing. One person observed that "prices in the east are decreasing and we are becoming more concerned about this."

When asked "did anyone consider the local market prior to moving to Calgary?" most claimed this did not affect their ultimate decision. One person stated that moving from Vancouver to Calgary meant he could afford much more while other commented that Calgary is a young city whose enormous opportunities outweigh any challenges.

However, there was a firm consensus among the group that the cost of living in Calgary is high: affording parking and other amenities presented obstacles to being able to afford housing. One person stated that their nearly $100,000 family income was not enough and questioned how they would afford a nearly $300,000 mortgage while maintaining their lifestyle.

Many also recognized that an emerging strategy to deal with high housing costs and the inability to make monthly payments is the increased reliance on having boarders and renters share the residence. This takes the form of letting out illegally converted basement suites or simply offering a room to a student. A few members of the group stated that they use or have used this approach to pay off debt quicker.

The issue that closed this part of the session was that of starting families and/or being a single person. Generally it was observed that in both situations, it is financially tough, especially for those wishing to enter the market now. This was qualified by comments on how hard it is to be a stay-home parent or afford childcare, even if you could find a space. For single-income earners and single parents, this situation is thought to be even more challenging.

D.1.4. Impacts on Housing Costs

A rise in interest rates was thought as being a potential trigger to dampening the mood of the market but would not necessarily cause prices to drop. The group felt that many of them are already “house-poor” and just getting by, so changes would have an effect on their ability to maintain the home and the lifestyle to which they are accustomed.

There was also a sense that media coverage has contributed to the problem of rapid housing price increases with one participant stating that the $1200 a day increase in housing price noted earlier is probably a false statement made by the media but is contributing to the present situation.

Another person summed up the situation by stating emphatically “I’m not going to jump in with the sharks, we’re waiting for a correction, and something has to give.”

High housing costs have also meant that people have little opportunity to establish a financial portfolio beyond the equity they are building in their homes. Personal savings are non-existent. Most are concerned with focusing on their homes to make money as opposed to investing in traditional ways. “There is no living outside of month to month. I base everything on what I can afford within the month and the thought of putting something away is almost insane.”

Another participant sought to offer some cautionary words to the group by stating that “we are a generation that has not seen a full-bore recession. My fear is, what if it [recession] does happen, how will it affect us.” But others countered this doomsday feeling with the point that “real estate will never go down over the long term” or that dropping prices could be seen as an opportunity.

It was debated whether or not incomes are rising at a level to match skyrocketing housing costs. There was no doubt that plenty of people are making substantive salaries, and that Calgary is also attracting people with lots of money, especially with respect to professional jobs in key sectors such as oil and gas and the emerging high tech and finance sectors. Yet, many of these high-income persons are being pulled in from other high-cost centres such as London, England, or Vancouver and find the Calgary market affordable. Overall salaries are thought to be adequate but housing is still rising faster than incomes.

In addition to large mortgages, participants also spoke of the additional burdens of energy bills and taxes, which may be particularly onerous if there are significant and unanticipated increases in the price of these items: As one person put it, “you face monthly challenges in paying both property taxes and energy costs and this begins to cause problems.”

D.1.5. Summary

The Calgary focus group presented a snapshot of an emerging high cost centre that is in the midst of another boom period. For many of the younger professionals earning solid middle and upper middle-income salaries, the result has been mixed, with many feeling they have made a “king’s ransom” in equity but still face the daunting task of managing the ongoing carrying costs. To do this, it was observed that using credit card debt and other means to afford housing is becoming more commonplace, and that running any kind of debt could be ultimately mitigated by refinancing or simply selling and walking away with a tidy profit. It was also clear that very few invest outside of the home and that being house poor is a common term to describe this segment of the population.

The Calgary session represented an important example of the transformation of not only a city but of a middle-income group who now face substantially more challenges, especially for younger and first-time buyers who do not have the incomes relative to the prices being asked and paid for housing. What is of more concern about this is the speed with which this latest boom has taken place and its impact on an unsuspecting middle- and upper middle-income group. While there is no doubt that many have been successful in this transformation, the challenge will be sustaining this level of growth and accumulated debt.

Some focus group participants who were not currently in the market lamented that they missed the boom and the spoils that goes with it. Regardless, middle-income earners in Calgary are now facing the same challenges as those in more entrenched high-cost centres such as Toronto or Vancouver; yet in these cities strategies to deal with high housing costs have emerged over the last decade, as opposed to having been improvised in the last few months, as is the case in Calgary.

In closing, the sense of market invincibility was so apparent and seemingly unchallenged in this session, that those expressing any apprehensiveness were chided for having missed a golden opportunity; but it remains to be seen how long high-income earners and others can continue to finance such extraordinary levels of debt.

D.2.1. Winnipeg Focus Group

The Winnipeg focus group commenced with general introductions and a roundtable among participants ten participants. The group was spilt between owners and renters with most being in the 35-54 age range while household incomes averaged $40-$70,000. Most in attendance agreed that the current market is over inflated and very competitive. Participants also recognize that the city is still somewhat fragmented in terms of market activity with some neighbourhoods remaining growth magnets while others have not fared as well, especially poorer inner city areas. While there was not consensus on the subject, many consider the market to have reached a plateau, with prices expected to level off - but not necessary return - to what were considered to be the more affordable levels of a few years ago.

Among the group of professionals in attendance, there was a strong sense of change with respect to affordability and rising housing costs over the past few years. Participants who make relatively high wages stated that they now face increased challenges in managing the finances of the home. For those presently renting, being able to transition into ownership was seen as a big hurdle. One participant who works at a local university stated that lower housing prices played a role in initially attracting her to the city a few years ago but now higher costs are presenting a challenge as she tries to enter the overheated market. A second person, a single father with two small children, commented that he too faces an uphill battle in trying to enter into ownership despite earning what would generally be considered a respectable salary. For him the cost of ownership has become increasingly unattainable. Other single-income earners also expressed that they face tougher financial challenges not thought to be as much of an issue for households earning two incomes.

For those in the ownership market, the present challenge was also about affording all the shelter-related costs (property taxes, utilities and maintenance). Owners generally agreed that they needed to make choices to these costs manageable: One person remarked that she makes sacrifices to afford the current character home, she and her husband share with their small child.

Despite her family being solidly within the middle-income range, she felt that “they did without” for some items.

The participants were sensitive to the over-heated market conditions and commented that escalating house prices - along with rising property taxes and energy costs - are limiting their lifestyle choices, particularly their ability to enter into the market and to manage existing shelter related expenses. In particular there was a rising fear about a pending cold winter and the potential for a spike in home heating costs.

D.2.2. Changes and Challenges in the Housing Market

Participants noted many changes and challenges in the local market, commenting that rising prices, competitive conditions, uncertainty and personal income levels drive the present environment. What was singled out however is the pace with which prices have risen over the last few years, and how this is eroding the city’s image of being an affordable place to raise a family. Sentiment was strong around this issue, especially among those who had taken into account Winnipeg’s low housing costs in their decision to locate here, and who now felt that today’s prices and associated costs would not look nearly as attractive to them as say, five years ago.

Others remarked that incomes simply have not increased at the same pace as housing prices and that this has not allowed solid middle-income earners to keep up with the costs of ownership in particular, but also the costs of renting. One participant who moved from Calgary five years ago commented that “people do not have the incomes as they do in other cities but houses were also under-priced in Winnipeg…they [housing prices] had to come up, this was a necessary step.” Another person stated that “it used to be 30 percent of income needed [to pay for housing], now its 50 percent being spent on housing, now it is unaffordable.”

The challenge of the market was also one of simply “getting in” with one participant stating “you must not look at the list price of housing which maybe $150,000 because it’s actually $180,000. Bids are going up to a level that is unreachable for many.” Another person contended that uncertainty is a driving factor keeping her and her partner out of the market and said “I consider myself to be one who researches well, but there is no grounding on what I have researched on the housing market because the market changes too much.” Related to this was the comment that “people are on waiting lists when they hear that a house may go up for sale in their neighbourhood, sometimes when people are not even selling right away, there can still be a waiting list.”

The overall quality of housing on the resale market was thought to present a distinct challenge to those looking to purchase a home as most noted that it is currently a sellers market and that sellers have the distinct advantage in commanding offers with higher than list bids and few conditions. There was also a sense of anxiety over the fact that buyers, not wanting to jeopardize their chance of having their bid rejected by attaching conditions, are routinely forgoing home inspections. The general consensus was that buying a home today based solely on cosmetics is, as one person lamented, “a dangerous risk.” The fear among bidders facing competition from multiple offers with few conditions such as a home inspection or subject to financing caused many to also recall horror stories they have heard from friends and others who bought without an inspection and now face multiple deficiencies that need to be addressed. One person commented that: “friends bought a house within their price range, but spent $20,000 they didn’t have on renovations [to improve the house] and they are still not happy with their house or the neighbourhood.”

Another set of issues raised included location of housing and the availability of adequate choice with respect to type and overall quality. Discussion on location focused on specific parts of the city. For example, Wolsley, a neighbourhood with an abundance of older character homes in walking distance to the downtown has transitioned from a declining neighbourhood to being a much-sought location. Accordingly, prices have spiked and those entering the now market face higher initial purchase costs -- and perhaps stiff utility bills in many of the large character homes that lack the insulation value of newer units. While gentrification was not specifically mentioned, one participant, who has lived in the neighbourhood for 6 years, now feels that “domestic life has changed and housing has become unaffordable.”

A second person stated that she sold her home in Winnipeg’s French Quarter for double what she paid, even though she felt it was not worth the selling price. Despite this gain, she feels that her now single income is too low and “I feel strongly that I will never be able to buy again despite being considered middle class.”

One of the biggest challenges raised among participants was that of energy costs. It was contended that Winnipeg’s cold climate often results in very high heating costs in the winter months and this is particularly true of owners of older homes, who stated they have expended tremendous effort to insulate and upgrade their character homes or face the alternative which is monthly heating bills in the $400-600 range. People buying character homes in desirable neighbourhoods seldom anticipate the amount of money needed to manage a home that is in excess of 100 years old. For example, one participant now faces the cost of replacing an aged furnace in century-old home. He said he was only able to afford the purchase and installation costs through a local energy efficiency initiatives that provides low interest loans. He now expects that moving to an energy efficient heating system will curb his heating costs which, despite the previous mild winter, have been crippling.

D.2.3. Strategies and Coping Skills

In light of the challenges noted above many remain concerned about the future and the manner in which they will be able to respond to a further rise in shelter related costs. For some this has meant that strategies and skills are needed to balance their budgets but this too has brought a series of trade-offs such as reducing investments and borrowing money against built-up home equity to afford renovations - or in extreme cases accessing the “bank of mom and dad.”

With respect to the trade-offs being made one participant stated “we are paying more than 30 percent of our income on housing, but you make choices in life, such as no vacations.” Another person commented that being single with one income makes a difference as “a single parent, 30 percent or more of net makes a huge difference when you factor in the other costs of raising a family.”

The above comment was echoed throughout the course of the evening with single-income earners (with or without children) contending they face a heightened risk of falling behind or not being able to afford homeownership altogether, despite making respectable wages. One person put it this way: “We are paying more for necessary renovations because of a new child in the home. It’s a trade-off: no vacations, no new clothes; it’s down to making choices. Adding a child with one income, with a two parent family, wow what a difference, I am very aware of the financial difficulties and challenges.” Such difficulties can, of course, be exacerbated by unforeseen circumstance, even for high-income households. One participant revealed that they had purchased a home with a spouse, only to have their spouse leave the relationship thereby cutting the household income in half.

One woman, drawing on personal work experience stated emphatically that there are acute challenges facing high-income households. She cited, as an illustrative example, that someone making $70,000 who becomes separated must pay child support and daycare costs along with spousal support. She went on to say that many in this type of situation eventually sell the family house and assets to make ends meet. In another example, it was stated that the coping strategies in today’s market have included adults between 30 and 40 years old moving back in with parents or that grandparents are increasingly being asked to shoulder the costs for things such as extra-curricular activities.

A common strategy cited by participants for dealing with rising housing costs is tapping into the built up equity of the house through loans and refinancing options. The group discussion on home equity loans and refinancing seemed split with some explaining that it can be helpful in certain instances and others insisting that while it presents an option, it should be done only out of necessity. A second area explored as a strategy was whether to sell one's home when housing prices went up. The group consensus was that this is not overly practical because the housing unit would be hard to replace and that "feeling at home" in the neighbourhood outweighed any short-term appreciation in value. As one woman put it, "I have moved around a lot because of my career. It becomes a fragmented way to live. In a sense you are placeless when you move that much."

With the market being as heated as it is there was a sense that strategies like buying a family members' home (most likely a parent) were ways in which to avoid over paying for housing. While this was seen as an option for younger middle-income earners starting out and whose parents are retiring and selling the family home, other strategies can be even more familial: one participant noted that her friend, who is 43 years old, lives with her parents as they combine their middle-incomes to afford a nicer home. However, the general agreement was that these strategies are limited and not widely used.

D.2.4. Impacts on Housing Costs

The discussion then shifted to exploring other shelter related expenses along with personal saving habits. The intent was to examine shelter costs and whether they are rising to a level that is limiting the ability of households to invest in other products such as RRSPs.

In this phase of the discussion it became clear that most had limited ability to save for RRSPs or RESPs and that shelter related costs were consuming more and more of their disposable monthly incomes. "No, you can't do it all! Our house is our retirement" was how one person put it. This was echoed by a second person that said, “how do you make house payments and RRSP payments?”

For renters in the group, they raised a distinct set of challenges with one participant citing she was simply trying to save enough money for a down-payment before prices escalated beyond her affordability level. However, expending her resources on saving for a home meant that there was also little room for other savings. Another person who used his RRSP investments to purchase a house now faces the fact that he has to pay them back (or claim the amount due as income on his yearly taxes). While this is a difficult task, there was a sense that this was both a good way to save for a down-payment and then reinvest back into the RRSP fund, despite the impact repayments have on his monthly budget.

Generally speaking participants cited three key factors that caused some anxiety: property taxes, mortgage rates, and utility costs. With respect to property taxes one person went as far as saving “I want the neighbourhood to remain with a bad reputation so the prices and taxes stay low.” While this comment was said more jokingly, it did reiterate the issue of gentrification among the group relating to the sudden changes taking place in more desirable neighbourhoods. In a related comment, another offered, “property taxes suddenly go up, [and] people have to hide the fact that they are renovating to protect against this increase.” While mortgage rates were seen as being out of their hands, the fear of increases and refinancing mortgages in a few years did resonate among many who felt that an upswing in rates will greatly affect their monthly budgets.

As has been noted, the group remained concerned about energy costs with one person summing it up nicely by saying “incomes are not rising, energy costs are.” To combat expected further increases, many have taken advantage of government programs aimed at all Manitobans (regardless of income) to renovate and improve the energy efficiency of their homes. One person stated that “we took advantage of government programs, and replaced our windows in our house, which is older as well, but the heating costs remained the same [due to rising prices]. I have fear of the coming winter.” Another person stated, “my friend had to move because she could not afford utility bills, we have a cold climate and older houses in Winnipeg." Participants also raised the idea of new technologies, such as geo-thermal but cited heavy costs as limiting the potential application for older homes.

D.2.5. Summary

The Winnipeg focus group raised many important issues while also highlighting a unique market situation: that of a formerly undervalued housing market undergoing rapid and upward adjustment. Appreciating market conditions were also cited for contributing to a more unaffordable situation for middle-income earners who now face increased house prices, along with other shelter related expenses (utilities, maintenance and property taxes). Tied strongly to this issue was the fact that fewer persons have the ability to invest in the future through savings and other measures. While investments were seen as a long-term goal, at present, the house is the only investment.

It was also clear from the discussion that single-income earners and single persons generally (with children and without) bear a bigger burden than do two-income earning households. This included managing the home or trying to get into the ownership market.For renters wanting to transition into ownership, they feel an urgency to get in but saving for the down-payment remains as a moving target as rapid price escalation keep pushing up the bar on affordability. Perhaps the comments of one participant summed up the evening in saying "we are the working poor making and good coin is not good coin anymore."

What also became clear from the Winnipeg experience was the concern around energy costs. This became the lightning rod about which many are increasingly concerned. Some have responded by improving their homes but nonetheless there is great deal of uncertainty with respect to prices for the coming winter with many bracing for higher heating costs.

D.3.1. Toronto Focus Group

The Toronto focus group session was held on June 12, 2006 at the CMHC Ontario Regional Office at 100 Sheppard Avenue East, with 12 participants. Each participant entered the session with a different perspective and experience on housing. Each brought with them a unique background, age, career and living situation. Participants were from one and two earner households, with household incomes between $40,000 and $80,000. Their occupations ranged from government office workers, to teachers, clerical positions, computer technicians, and entrepreneurs.

Overall the session provided great feedback and insight on housing affordability. One of the most notable comments was the decrease in affordability that participants have been experiencing over time. One participant noted that over the past ten years her "housing costs have doubled". Another participant noted and others agreed that "there is no time anymore to enjoy our home". It was further commented that the biggest impact on affordability has been the additional costs to homeownership, specifically utilities and insurance.

D.3.2. Changes and Challenges in the Housing Market

The predominant theme throughout the session was that housing (especially homeownership) has become less affordable. Many of the houses located in the city centre cost well over $500,000, which is out of reach for many of the participants. As a general guideline housing affordability is defined by not spending more than 30 percent of your income on housing. Many of the participants, however, admitted that they easily spend more than 30 percent of their income on housing.

What tended to put many of the participants into affordability challenges are the rising costs of utilities. One participant had suggested budgeting for an extra 3-5 percent of your income towards utilities. In general, homeowners emphasized that there are many hidden costs to owning and maintaining a home; it is not just the ability to carry a mortgage. One example that was referenced was the high transportation costs associated with driving to and from work, especially with the increasing price of gas or the purchase of a second car. Some participants noted that they cannot afford to live in the city and so move to the suburbs, and then however, they are forced to spend more money on transportation. It is difficult to find an affordable balance.

Although there was a mutual consensus that housing has become less affordable, one participant noted that it is much easier to get into the homeownership market compared with several years ago. Nowadays, there are more incentives provided by the developers and financial institutions are willing to lend out larger loans and a lower down-payment is needed, making this a lot more feasible for new homeowners. The downside, as expressed by one participant, is that if one is looking for a new development he/she would need to search further away from the city core; creating further suburban sprawl.

From a Toronto renter's perspective, it has also been found that rental properties have increased by 2-3 percent over the past couple years. While for homeowners utilities are a large part of the budget, for many renters utilities are included in the rent. With this inclusion many expressed the feeling of being "locked in" and are not as conscious of the amount of utilities they use.

With respect to job security and its effect on an individual's housing situation, it does play a large and crucial role. In particular, participants noted that if looking to upgrade to a larger unit size or house, job security is one of the deciding factors. Many were in agreement that ten years ago job security was not as much of a concern. Many companies are beginning to downsize, having heavier reliance on technology. Further, it was expressed that companies now offer fewer full time jobs and more contract and casual work. A recent immigrant finds she has a lack of job security in the IT sector due to her Canadian status and the fluctuating IT market. For this reason, it has prolonged her and her husband from upgrading to a house from a rental unit.

In general, participants felt that over the years the housing market has become much worse and less affordable. One suggested reason for this could be because people constantly want to renovate their home, sell it and upgrade to something better. There is not the same attachment to a house as there once was; houses are seen as an investment rather than a long-term commitment. With the demand for houses the market has seen significant increases in house prices. One participant is forecasting that the market has a cycle of 16 years and finds that it is about time for the market to crash so he can upgrade from his apartment into homeownership. Others suggested that it is always best to buy as soon as you can afford to.

D.3.3. Strategies and Coping Skills

It was unanimous that incomes in the last few years have not kept pace with rising housing costs. Many of the participants felt like they do not get the proper raises to keep up with the costs of their house. One participant noted that the increase in property taxes alone is more than the increase in income and that property taxes are the main factor that affects her housing affordability. She “cringes when she sees a ‘for sale’ sign posted” in her neighbourhood. She does not want to see the value of homes in her neighbourhood go up too much as this always leads to an increase in her taxes. This participant shared an example of her elderly aunt who lives independently in her own home and wants to continue living there. Unfortunately, her property taxes have increased from $1,000/year to $3,800/year within the last few years. Her aunt is on a limited income and now her only option is to sell the home and downgrade (likely into a different neighbourhood).

To be able to accommodate for these rising costs, the following are some suggested strategies by participants to ensure their housing is affordable:

- rent out extra bedrooms for a second income
- a lower down-payment
- having dual incomes

They have also experienced cutting back on household expenditures because of higher housing costs. Spending on such things as entertainment, vacations, eating out, etc. are some of the items being cut. Further, participants commented on not saving money anymore, as every penny is needed. Although many participants noted having housing affordability challenges they would not tap into the current equity in the home to refinance or reduce debts. It was noted that this strategy would make them feel as though they were moving backwards and starting back at square one. One participant mentioned that she wants to retain the equity in her house, with the interest rates increasing; this would not help with borrowing. She would rather save less and hold off on renovations than to re-mortgage the house. One had deferred purchasing a car due to renovations and putting her nephew through university; “savings are just redirected to what needs to taken care of first”.

There were a few participants that were considering moving due to changes in their living situations; however, they found difficulties when they began their search. One couple, nearing retirement, wanted to move into a condominium apartment because of easier maintenance. The only “decent” ones they found cost over $400,000 and they concluded it was much more affordable to continue living in their current home. Another participant noted that he wanted to move in order to be closer to his employment; his current drive to work is approximately 45 minutes.

D.3.4. Impacts on Housing Costs

The potential for increases to mortgage rates was expressed by several as a key concern. One participant takes the risk with a variable mortgage and fears an increase of $100/month due to rising interest rates. Several noted that the US has more innovative strategies to offer homebuyers. Again, it was emphasized by participants that housing costs have affected their ability to regularly put money into savings and investments. One of the first expenditures that was cut was putting money into an RRSP. Instead of investing into RRSP’s, bonds or stocks, one would rather maintain their house through renovations, as this is seen as an investment. The goal, for these participants, is for the house to be the retirement fund.

The costs of utilities and property taxes also raise many concerns with respect to housing affordability. All the participants agreed that maintenance, gas and water costs have all increased. Many noted that their costs have nearly doubled in the last few years. Previously, the water bill only covered water but now has added sewage costs. Cable, internet and telephone costs have also increased. Another significant cost seen by participants is housing insurance. One participant's housing insurance used to cost $300, now it has increased to $575 even with the discount for the home alarm system. These increasing housing costs have kept the many participants deferring savings and renovations to their home.

When home renovations do take place, many have experienced unforeseen financial challenges mainly through cost overruns. For example, one participant had installed interlock in their backyard and was originally quoted $5,000 but after completion it cost $7,000. Another example - one participant had a new roof put on their home, which ended up costing three times more than they had budgeted. They wanted to spend only $5,000, but at the end cost $15,000 for aluminium roofing. They had based their budget on previous quotations and there were many hidden costs involved. Due to the roof, they have postponed interlocking their driveway for the past 2 years and are aiming to have that done next year.

D.3.5. Summary

The Toronto focus group participants all agreed that the housing affordability situation has eroded in the past few years. Participants indicated that the rising cost of utilities, transportation, property taxes and property insurance have led them to spend a larger proportion of their income on housing. Concerns were also raised about the potential for increases to mortgage rates. Participants felt that another change in recent years is less job security, which participants say is a factor in deciding whether to enter the homeownership market or upgrade to a larger unit size. On the positive side, participants indicated that it has become easier in the past few years to enter the homeownership market due to the lower down-payment requirements.

Participants suggested a number of strategies and coping skills to deal with rising housing costs. These included renting out extra bedrooms, making a lower down-payment, having dual incomes, cutting back on household expenditures, postponing renovations, and moving. Additionally, a number of participants indicated that housing costs affect their ability to regularly put money into savings and investments and often decrease their RRSP contributions.

Overall, there have been a number of changes and new challenges for homeowners and renters in the past ten years. Households are using a range of strategies to deal with these changes

D.4.1. Ottawa Focus Group

The Ottawa focus group session was held on July 4, 2006 at a City of Ottawa community centre in the heart of downtown. The eight participants were all eager to voice their opinions and suggestions to the group. Each participant had a different background and housing situation. Half were homeowners and the other half were renters seeking homeownership. Participants were from one and two earner households, with household incomes between $40,000 and $80,000. Their occupations ranged from teachers, to administrative positions, firefighters, police officers, and entrepreneurs. All homeowners were in agreement that they were a “slave to the house.”

We began the session with the opening question of “What do you think about the Ottawa housing market?” Comments ranged from a historical point of view to personal situations. Between 1992 and 1998 the Ottawa market was stagnant until 1998-1999 when prices started increasing. In the Westborough community, they have witnessed housing prices increase 2 to 2.5 times over the past few years.

Ottawa has been experiencing a lot of new construction in the south-west end. The group tended to agree that the older homes are better built with better workmanship than newly built homes. One of the participants had a friend who just moved south into a new house and nothing is done correctly and therefore has spent a lot of money fixing the problems and is still waiting for more revisions to be done. The perceptions of new houses are driving variations in developments. Another reason for purchasing old over new is for the size of the lot. Due to new urbanism, many of the new projects have smaller lots to save on land, but many of the first time homeowners prefer larger lots around their house. Another trend is to purchase old houses and rent out spare bedrooms for secondary incomes. Participants felt that this leads to problems with the condition of older homes, as tenants tend to take less care with the house. The City of Ottawa also has special circumstances, as the greenbelt crosses through the City. Building outside of the greenbelt costs more than inside. Other problems with Ottawa include the lack of transportation and poor expansion strategies.

D.4.2. Changes and Challenges in the Housing Market

Comments from focus group participants were mixed, as some felt that their housing situation has become less affordable over the last five years while the others said it has become more affordable. A renter found her rent to have nearly doubled since moving into another apartment. The reasons for the increase were that she moved into another apartment that was closer to work and provided an overall better quality of life. It was a trade-off between quality of life and cost; unfortunately this increase in cost has delayed her from purchasing a home. The other renters in the session also agreed that with all the expenses associated with rent, they are unable to save enough money to invest into a house. One finds housing is currently more affordable as he already owns a house and the principal on the mortgage is slowly being paid off with the help of low interest rates.

All homeowners agreed that financially the monthly mortgage payments are easy to meet. The hard part is saving enough money for the down-payment. There are also many extra hidden costs associated with homeownership, such as the maintenance and other upkeep costs. As a homeowner, one finds that there are a lot of expectations on how the house is decorated or renovated. This greatly impacts which renovations you do and what you spend on these renovations. The opposite is true for renters; they find the cheapest furniture to save money for the down-payment on a house.

One participant suggested Canada should introduce the “zero principal mortgage” like the United States, as long as the interest rates remain low. One participant noted that it was easier 30-40 years ago to purchase a home than it is today. There were more programs and incentives offered to first time homebuyers. Further, there was a comment that back then women weren’t “allowed” to work, they were dependent on the husband to make enough money to support them both and now many find that you need two incomes to afford and support a house. In one situation, the previous homeowner had used their income tax sheets as insulation for the house and during renovations the participant was able to figure out what they had paid for the house. They found that the previous homeowner only earned $9,500 a year and was still able to afford the home! The one positive change, as noted by participants, in today's real estate market is that CMHC and financial institutions have lowered their requirements to obtain a mortgage with a lower down-payment needed.

The economist in the group also noted that the rise in house prices can be due to the downturn in the stock market from the tech bubble bursting and real estate being seen as a better investment. All the homeowners do not expect that they will pay off their mortgage any time soon. This is due to the lack of disposable income, job security (one participant's husband is on sick leave) and other debts (i.e. car, and school) to pay off as well.

With respect to job security, everyone was in agreement that it directly affects one's housing situation; however, personal situations differed among the group. One is currently in the technology field and is in a positive situation with the slow upturn in technology. "In the government, a net increase in the size of the IT workforce is expected after years of downsizing and/or maintenance of the status quo." (Dixon, Ottawa Focus Group). He notes, however, that there is still no job security, which has prevented him from upgrading to another home. One renter participant is currently studying to become a nurse, which she noted to have very little job security (only part time contracts) and that this has prevented her from purchasing a home.

If one wants to find a full time job as a nurse, you will eventually need to obtain a Ph.D. In 2001, all nurses with masters degrees got "pink slipped" and now everything is up in the air. As a government worker, one has "golden handcuffs." Further, participants noted that all 'blue collar' jobs are secure because they are on a union contract and are dependant on seniority. In the Ottawa government, she notices that few people are on contracts / temporary assignments. On the other hand, all the 'white collar' jobs are not as secure. Planners and other management members are not unionized and have no seniority protection.

On a side note, everyone agreed that the standard guideline that 30 percent of your income should be spent on housing was much lower than what one would realistically pay. Many noted that they are paying more than 30 percent of their income on housing costs. The location where participants lived was largely dependant on their job as well as the employment situation of their spouse. Overall, participants seemed to agree that homeownership has been harder to obtain if not already owning. The mortgage payments are easy to meet but saving enough money for a down-payment is difficult. There are many hidden and unforeseen costs to ownership, mainly due to maintenance and upkeep. Another challenge in the housing market is job security. If the job is insecure, the individual will be unwilling to upgrade due to the risk of losing the job.

D.4.3. Strategies and Coping Skills

Almost all participants agreed that their increases in income did not keep pace with rising housing costs. Within the technology field, workers are worried about the “bubble bursting” and then leading to another downsizing. The economist in the group had some great insight, noting that income increases tend to pace inflation while housing costs follow their own trends.

The main strategy used to cope with rising housing costs is to rent out spare bedrooms or the basement to tenants. The second income obtained from these tenants can go towards utility bills and the mortgage. The following is a list of other strategies mentioned:

- complete their own renovations (save on contract labour)
- second job
- purchase a house with a partner or get a roommate
- live with extended family
- purchase further away from the city centre
- car pool to offset the rise in transportation costs if live further from the centre
- install more energy efficient products to reduce long run operating costs

One of the participants is deciding to downsize into either a smaller house or into a rental unit due to affordability problems. She had originally purchased a house with a friend and then decided to buy her out due to personal conflicts. The other participants are either content with their living situations or are waiting to save more money to upgrade into a larger house or unit.

Personal expenditures were the first thing to be cut because of higher housing costs. Luxury items such as a new car, vacations, eating out, shopping and even air conditioning were reduced to pay for housing costs. One participant has not gone on vacation for 10 years. With energy costs increasing many people are trying to “get off the grid” by canceling hydro services and going on propane. To cut back on such costs, one had installed a wood stove to help heat the house.

Unanimously, they all agreed that they would not tap into the equity in the house through refinancing of the mortgage. With interest rates expected to rise, many did not want to increase their debt load. Many banks have begun to take it into their own hands and have contacted many of the homeowners to refinance their house. This is also fuelling inflation in housing markets.

D.4.4. Impacts on Housing Costs

There are always concerns with the possible increases in mortgage interest rates. Since mortgage rates are dependent on the prime rate set by the Bank of Canada, this reflects larger issues of the economy and is determined by currency pressures and the international financial community. Interest rates are hard to predict and are also dependent on what the bank will offer you. If interest rates were to increase, participants would decide to save more rather than spend money on renovations.

With housing expenditures it is difficult for both homeowners and renters to regularly put money into savings and investments. They find putting money into the house is already an investment and this enforces savings into a long run asset. There is no other choice but to put the money saved into the mortgage. An interesting note was that although it is harder to put money into RRSP's or RESP's, they could receive tax credits for those investments unlike mortgage payments. It was suggested that Canada should introduce mortgage interest deductibility such as in the United States; this would help solve some affordability issues for new homebuyers.

Property taxes have increased substantially over the years, which were felt by participants to be largely due to the MPAC assessments being inaccurate. One of the participants had purchased a house and then just six days later received a personal assessment with the wrong purchase price on it. It was $20,000 more that what she had paid. Besides property taxes there are several other costs with homeownership. One participant found it unfair that developers build parks and other green spaces and charge the costs to the City. The City then downloads these costs to the surrounding homeowners who have to bear these extra expenses.

Participants agreed that housing costs have prevented everyone from re-investing in their home through regular maintenance and renovations. Unanimously everyone agreed that all the costs associated with renovations all add up, even simple paint. An extra cost to renovations is hiring outside contractors. Improvements to enlarge the house tend to sit idle until savings are at a level where they can be spent at a reasonable borrowing rate.

When renovations do take place, there are a lot of unexpected costs that arise. A new homeowner had just purchased a house with her husband and they are currently undertaking many of the renovations themselves. They have found a lot of problems with the foundation, plumbing and interior design. They found the largest cost was in the landscaping as they encountered many unforeseen costs, including the removal of pests. They describe their renovation project as a never-ending “chain of costs”. Planning procedures also hinder the process and have many hidden fees and rules.

One of the participants noted that he had wanted to build an extension on his house. In order to do this he had to obtain a building permit, arrange housing inspectors to come, then make the renovations and arrange another inspection. The City's planning and permit process increased the time to complete the project and dramatically added to the costs.

D.4.5. Summary

Some participants of the Ottawa focus group felt that their housing situation has become less affordable over that last five years, while others said is has become more affordable. Participants seemed to agree that homeownership has been harder to obtain if not already owning. The mortgage payments are easy to meet but saving enough money for a down-payment is difficult. There are many hidden and unforeseen costs to ownership, mainly due to maintenance and upkeep. Another challenge in the housing market is job security.

Participants suggested a number of strategies used to cope with rising housing costs including renting out spare bedrooms or basements, do-it-yourself renovations, a second job, purchase a house with a partner or get a roommate, live with extended family, purchase further away from the city centre, car pool to offset the rise in transportation costs, install energy efficient products, downsize into a smaller housing unit, and/or decrease personal expenditures.

Overall the costs and benefits of homeownership are dependent on many personal and economic factors. The changes and challenges homeowners and renters face today are completely different than just ten years ago. Not only are costs and income the reasons for affordability issues, it also depends on job security and market expectations.

D.5.1. Halifax Focus Group

The Halifax focus group session took place September 26, 2006 and involved ten participants representing eight households (two couples participated). Most of the participants opted to provide detailed written comments. Among the participating households, two were homeowners, one was a former homeowner now renter, and five were renters. The participants lived in a variety of HRM neighbourhoods, including Fairview, Clayton Park, Dartmouth North, Cole Harbour, and Halifax North. Two of the renter households were hoping to buy a home in the next year, if the circumstances are right.

It should be noted that Halifax has an occupation profile featuring relatively more people employed in professional positions and an education profile with relatively more people who have completed post-secondary education (when compared to many other cities and communities). The mix of participants in the Halifax session generally reflects this situation - most were young urban professionals with at least one university degree.

To illustrate the pressing affordability challenges in Halifax, a young social worker whose partner just went back to university this fall noted: “I think it is getting more difficult for younger professionals - our debt load holds us back from the beginning - but it’s a catch 22 because we depend on the ability to incur that debt in order to compete in the job market. It is almost not worth it for us to remain in this province given that we come out with the highest debt loads and then work in one of the poorest funded job markets. NS has such low wages that do not match with the increasing cost of living - particularly in rural areas.”

Another participant felt that prices did not reflect market worth “... we would have to say that the challenge is that even though one is saving to buy a home it still doesn’t seem enough with the rising home costs. Houses just aren’t worth the asking price these days.” (renter household, intending to buy). This sentiment was shared by others and represents a sense of frustration with rapidly rising house prices.

D.5.2. Changes and Challenges in the Housing Market

Many participants agreed that there have been important changes in the market in recent years. Growth in house prices have far outstripped income growth. Several areas of HRM have seen prices escalate rapidly, including Halifax South, Eastern Passage, Woodside, and Bedford as well as the newer subdivisions in outlying areas. New condo development has taken place in many areas. Gentrification of some older neighbourhoods in Halifax North (particularly around the Halifax Commons) and in Dartmouth South has pushed market prices beyond the means of many.

One of the participants described the experience of a close friend who has a good income and is looking to buy, but cannot find something in a neighbourhood that is livable and close enough to work, despite being approved for a $150,000 mortgage. This was confirmed by others, and there is a general sense that quality neighbourhoods in good locations are impossible to find for first time homebuyers: “If you want a quality home, it may not be affordable in a neighbourhood you are looking in. If you are willing to do your own handy work, you should be able to get a fixer-upper within your price bracket.” This situation is becoming more familiar to many as the most affordable housing is generally in less desirable neighbourhoods or in parts of HRM that require lengthy commutes to work. Examples were provided of friends and colleagues who were renting or buying in the outlying areas (such as the Eastern Shore area of HRM or in the East Hants area past the Halifax International Airport) in order to keep their housing costs down while increasing their commuting time to get to work.

Neighbourhoods / parts of HRM with relative stability in terms of home prices and affordability include Dartmouth North, Fairview, Spryfield, and Sackville. However, there are relatively fewer new homes being built in the first three, and Sackville is at the far end of the transit commute to downtown. In each of these cases there are also higher concentrations of social housing, poverty and crime. The North End of Halifax Peninsula has traditionally been affordable but it has been gentrifying lately, pushing up prices and pushing out those with affordability needs.

The rising housing costs for purchasing or for continuing to rent while attempting to save for a down-payment, are eating into other financial areas. One participant has just turned the corner in terms of freeing up some cash for "disposable" purposes, having moved into a more permanent employment situation: "... the last year and a half have been the first time I've had a regular, sufficient, salaried income in my life. I actually have more money than I ever did before, so it's difficult to compare over time for me. Until now it's always been a struggle to make ends meet and housing always ate up the biggest chunk of income by far."

Another participant who intends to buy in the near term was concerned that housing prices are rising much faster than incomes, and that for some people incomes were actually falling relative to the cost of living and inflation in recent years, making it difficult to save for a home purchase: "We have both had raises and we are still saving but not at the rate when we were last year. The amounts that we made with the raises now go to the taxes."

As the cost of new and resale homes rises, there are increasing concerns about taking on a larger than expected or desired mortgage, just to get into homeownership. One homeowner noted that the market today is more challenging for people "Yes. Higher than desired mortgages [are what people would be taking on]; [we know people who are] possibly having to give up the area they are seeking to reside in."

The combination of high student debt loads and lack of employment security was seen to be the biggest challenges for people saving to buy their first home. One participant (a renter who recently moved to Halifax) offered the following introductory observation to this issue: "None of our circle of friends owns, and they are all over thirty years old and work in "professional" fields from lawyers to social workers to film makers to urban planners." Admittedly, some of these people are renters by choice, but the consensus was that this certainly was the reality for a growing number of people because of the lack of affordable options coupled with heavy student debt loads. This reality has created some grief for a number of people.

A renter with longer term plans to buy commented that her position was well-paying but funded by federal government programs and managed through short term contracts: “I am a social worker and therefore am greatly affected by these issues - it is very difficult to find secure, well-paying community-based employment right now as a social worker. I am on a contract right now that was supposed to be finished at the end of last March, however as it is dependent on funding from the Federal Government, it was extended for another year until the end of March 2007 because the government gave the program a year’s extension.” This has meant that it is impossible to plan for taking on a mortgage. The solution is expected to include a return to school to complete a Masters in Social Work (and thus, taking on more student debt) with the hope of securing long-term employment, before buying a home.

This problem resonated with many participants. Participants expressed concern over the lack of security of employment which has become increasingly the norm across all sector and pay levels. One person noted that they are “casual”, even though they work “full time.” However, they receive no benefits or vacation time (just vacation pay) and must take two weeks unpaid leave each year, based on the terms of their contract. Many people find themselves in this situation. One participant mentioned that their partner had just found permanent work after eight months of working on a series of short term contracts. Lack of employment security makes ownership much more risky: “My area of work, being community development, social/urban planning, and project management is by and large characterized by contract work and frequent changes in employment. Same with my partner, a social worker. With little stability guaranteed, it’s difficult to know what we can afford more than a year at a time.”

Generally speaking, participants felt that the “under 40 crowd” fell into two groups. The first group includes people who are fortunate to have little or no student debt, and to have help from family and parents. They have not or do not have too many problems breaking into the homeownership market (at least, up until a few years ago). This group also includes couples where one person worked while the other went to (graduate) school - they are in a better position financially than others. The second group was perceived to be getting larger in size and includes many individuals and couples who are graduating from university with $40,000 to $80,000 in student debt. Their monthly loan payments easily match or exceed the cost of a monthly mortgage payment or their monthly rent - and this prevents people from saving to buy a home.

The discussion about market challenges turned to considerations of broader societal issues related to housing. One person lamented “we are hardwired,” meaning that most people aspire to ownership (especially suburban ownership) because it is what most grew up with and it is what is portrayed in the media and in the marketing efforts of developers. This person and others went on to express some measure of frustration and concern that most of the housing that is “advertised” in the media and by developers encourages people to buy big and buy now. Another person noted that this creates distortions in our communities, strains our services and infrastructure, etc.

One participant pointed out that many in our society are seeking rapid affluence but they do not have the income to support or achieve such a lifestyle. This includes wanting and needing “all of the toys” (big screen TV, recreation vehicles, two vehicles, and well decorated, well-endowed homes). To achieve this many are stretched beyond their financial means. This was also linked to the loss of “delayed gratification” in our society - in other words, people have to “have it now, or we don’t want it.” The net result is too many people racking up debt of all kinds (mortgage and consumer) and creating precarious and stressful personal and financial situations.

D.5.3. Strategies and Coping Skills

Some people are thinking outside the box in terms of potential strategies and solutions for breaking into homeownership. One childless couple who recently moved to the Halifax area offered: “The prices I see for places I’d be interested in present a huge challenge. They prevent me from even thinking I’m in the market at the moment. I want to live in the city (we really don't want to have a car) and not in an apartment-style condo (must garden), so I feel my options are few. I think I will have to get creative ....and purchase a 3 or 4 unit house/building with some friends where we can live and contribute to a mortgage with income from renting a couple of the flats. But we'd have to take ourselves down a couple of notches in terms of the modesty of our accommodations for quite a number of years, I'd think." This observation suggests that it is becoming difficult to purchase a so-called "starter home" and then move up over the years.

Participants identified a few strategies for achieving affordability in their current rental situation or for planning to move into ownership, including:

- wanting sufficient down-payment so they can obtain a reasonable mortgage term (25 years or less) as opposed to seeking a longer term down-payment which will tie them to debt for too long
- paying down other debt (student and consumer) before saving for down-payment
- reducing non-essential expenditures
- planning for "the type of neighbourhood" that one feels will suit their interests - for example, one that provides sense of community, reduces their ecological footprint, avoids long commutes, etc. while accepting that the type of home one may want may not be possible in that neighbourhood
- being comfortable with renting - ownership is not the "be all" for everyone and there is no shame in renting (North American ownership culture is much different than in many other societies where collective ownership or renting is "normal")
- reducing one's rent costs if possible by "doubling up"; two examples illustrate this:

One current renter who recently left a common law relationship explained:

- "The only way to find a safe and affordable location is to live with someone. Unfortunately if you don't know someone in your area this can be frustrating. I asked my hairdresser if she wanted to live with me, to give you an example of how desperate you can become. My final option was to go online and search for people seeking housing, send them an e-mail that asked if they minded having a roommate. I was fortunate enough to find two roommates making our housing more affordable than was initially possible." (single person, renting, with heavy student debt load).

Another renter household employs a similar strategy:

- "We like living in nice units where we feel comfortable and that have character. In order to afford a place that fits this and allows for dogs we have continued to share rent with another friend. This allows us to also have a large place where we all still have our own space."

Participants were aware of many examples of parents helping their adult children (in their 20s and 30s) with a home purchase. However, what is surprising is that most of these young people are not necessarily going for affordability - they are choosing to buy homes that are relatively expensive and stretching the margins of what they can afford. One person identified friends who bought a $299,000 home in Hemlock Ravine (Bedford area) with significant financial help from both sets of parents for the down-payment and move in expenses. But even they are finding it difficult and are just getting by month to month and using lines of credit and credit cards to help with their overall monthly financial commitments.

Most participants were comfortable with entertaining a variety of ownership options, including expressing an interest in well-built, well-designed multiple unit ownership structures which still provide privacy and some personal green space (duplexes, triples, row houses, etc). Condos were also seen as a reasonable option so long as prices "matched" the neighbourhood and were not inflated by market pressures and dynamics.

A number of participants pointed out that they know many people who have been blind sided after their home purchases because they did not have sufficient knowledge or life skills to understand the implications of being a homeowner. Many examples were shared about the problems younger and first time homeowners encounter - higher than expected heating and maintenance costs; not knowing to replace furnace filters and having an annual furnace cleaning; basic cleaning and repairs; driveway sealing; and so on. These problem scenarios have created additional costs for people that they did not plan for. Other people simply have not yet taken the time to understand the housing market and all of the financial issues attached to them. One participant freely admitted: “I know nothing about mortgage interest rates.”

Others, though, felt that being a well-informed and responsible adult and homeowner required one to do their homework and seek professional help when needed: “I feel that if we did not have the guidance of our financial planner, things would be very different: we would have little or no investments, we would have higher mortgage rates, and we would not be using the equity in our home to essentially make purchases (major furniture, vacation).” (homeowner with two young children, one employment income)

D.5.4. Impacts on Housing Costs

Most participants identified that they and others they know have had to cut back their spending in other areas of their lives, or have adopted creative financing approaches to getting things done, including:

- Many people are purchasing second hand cars or giving up a second vehicle;
- Refinancing the mortgage to reduce household debt or undertake renovation (both existing homeowners in the group have done this);
- No longer go out to movies, or eat out much less
- Couples in conflict are putting off divorce longer because they cannot afford to give up what they have and move out on their own

Participants felt that the “30 percent” figure for measuring affordability is not realistic and a new measure is needed, especially one that takes greater account for net rather than gross incomes, and one that recognizes that many people have many other debts and financial commitments which, when combined with the 30 percent for affordability, leaves little or no disposable income. One participant felt that their shelter-to-income ratio (STIR) was probably only 12 percent based on gross income but was way over 30 percent based on net income. “Knowing how many costs there are as a homeowner above and beyond the mortgage makes me feel like I’m a long way off…..” (current renter, heavy student debt, contract employment)

The rising cost of energy is a major concern for all participants: “[We are] using as little power as possible. Our primary heat source in this new apartment is a woodstove, and I’ll be interested to see how our heating costs compare after this winter to last winter. Other energy saving measures too. We paid a fortune to NS power for a teeny tiny one bedroom apartment that was never really that warm. It was old, poorly insulated.” (renter) One homeowner with electric heat was also feeling the pressure: “The increased cost in home heating has affected our budget. With electric heat there are no breaks (as there is with oil), only increases. Now there is talk of giving breaks to the big businesses so they can survive on their budget - What about my budget? We are the ones that will end up paying for it.” (homeowner, dual income household with two school-age children) Clearly the cost of energy is a concern and people need to pay attention to this when they are determining their overall housing costs and affordability threshold.

The energy issue also relates to transportation costs. Another renter with an interest in buying lamented: “With the raising cost of gas it will definitely affect the overall decision of when and where to buy, especially when it comes to how you will heat your home.” This person recognized that it would be a struggle to find an affordable home in a location where transportation costs could also be kept to a minimum.

Both homeowners, and some of the renters, felt that “necessary” repairs and renovations will always get done, that people will find a way to refinance and to make it work; however, they also felt that more expensive upgrades would have to wait or would not be possible without a major increase in incomes. One homeowner noted: “The increased debt load for getting the necessary renovations done is something we have to live with. There are definitely challenges to keeping the budget under control with the increased debt, but necessary renovations have to be done. Luxury renovations (like a dream kitchen or bath) are not even a consideration for getting done."

D.5.6. Summary

Some participants offered suggestions for redressing the problem of rising housing costs so that more people might enter into ownership, if they so choose. Most of the ideas would require significant local planning and decision-making. One idea was to impress upon the development community that people are happy to buy something "less than a cadillac" as long as it is well-built, well-designed, and built into a neighbourhood / community setting. A second suggestion was to insist that any new developments be built in locations that tie into existing transportation networks rather than resulting in new highways and primary roads. A third idea was to look at more creative ways to make use of existing developable land within built up areas, including more use of public, encouraging higher densities, brownfield redevelopment, and so on. A fourth idea was to put resources into energy efficiency solutions for existing and new housing as this was seen to be a potential huge financial problem for owners and renters over the longer term.

The main findings from the Halifax participants include:lack of employment security coupled with high student debt loads, which together prevent people from saving for a first home:

- lack of affordable homeownership options closer to downtown (of interest to people wanting to be closer to work)
- concern about rising energy costs (home, transportation etc) and feeling the need for energy efficiency solutions
- concern about heavy marketing efforts to encourage people to buy more housing than they really need (and thus driving up market costs)

Perhaps the general situation in Halifax could be summarized by the following quote from one of the current homeowners: “I think in general it is harder to afford a house now than it was 10 years ago. Increased heating costs, building materials, etc. coupled with minimal cost of living increases in pay make the amount of money you have left at the end of the day smaller and smaller.” This is indicative of not only the challenges faced by the “middle class” in maintaining what they have in terms of homeownership, but also to increasing barriers of entry by those attempting to break in.

Appendix E: City Case Studies

In this appendix, case studies are presented for the selected cities of Calgary, Winnipeg, Toronto, Ottawa, and Halifax. The case studies contain tabular data to explore the issue of housing affordability and, more specifically, to evaluate the extent of housing-induced poverty in relation to the middle-income groups. The case studies are comprised of four sections that include household information for each city on housing market conditions, demographic and economic characteristics, in addition to customized data that evaluates housing affordability as experienced by the middle-income groups.

The first section of the case study reviews the housing market conditions for each city. Using data from the Census of Canada, housing characteristics in 1991 and 2001 are compared. These characteristics include housing tenure for both rented and owned private dwellings. In addition, the condition of dwellings is reviewed with reference to the following categories: regular maintenance, minor repairs (includes repairs such as replacing floor tiles, bricks or shingles), and major repairs (includes repairs for defective plumbing or electrical wiring). The structural types of dwellings are also compared for 1991 and 2001. The typology incorporates a range of housing structures that include single-detached housing, as well as various forms of apartment buildings.

The section on housing market conditions also includes information obtained from CMHC data published in 1991, 2001, and 2005. For each city, the rental housing market is outlined in terms of the average rent and annual vacancy rate for each of the time periods. The number of single and multiple housing starts for the new housing market in each city are also documented, while the resale housing market is evaluated in relation to the number of sales and average house prices for the reference years.

In each case study, the housing market section concludes with an overview of shelter costs for all households. Using Census of Canada data, households spending 30 percent or more of income on housing are compared for 1991 and 2001 in relation to tenure. Data is also included from the Survey of Household Spending that highlights average household expenditure on shelter between 1997 and 2004. Finally, Consumer Price Indices for new housing, shelter (rented and owned), and water, fuel and electricity are included for the years of 1979 through 2005 to outline changes in consumer prices through time.

The second section of the case studies consists of information on the demographic and economic characteristics of households. For each city, median household income is registered for the years of 1990 and 2000. The 2000 data is further broken down to document median household income by household type. In addition, the section includes incidence of low-income (percentage of households who spend 20 percent more than average expenditure on food, shelter, and clothing) in 1991 and 2001 for both economic families and unattached individuals. Labour force characteristics are also documented with the inclusion of participation and unemployment rates for 1991 and 2001, as well as data on employment by industry and by occupation.

In the final two sections of the case study, customized data from Statistics Canada is utilized to evaluate issues of housing affordability. Statistics Canada prepared customized cross-tabular data based on the 1991 and 2001 Census of Canada. These data consist of cross tabulations of variables for households headed by persons working in excess of part-time hours. For these working households, income levels were aggregated by ten deciles and separated into the following representative groups:

- **The moderate-income group** represents those working households earning wages in the bottom two income deciles including those earning minimum wage;
- **The lower middle-income group** includes higher wage earners whose incomes fall between the third and fifth income deciles;
- **The upper middle-income group** consists of high wage earners in high income households with wages in the sixth to eighth income deciles;
- **The high-income group** is represented by the highest salary earners in the workforce and fall between the ninth and tenth income deciles.

Based on the customized cross-tabular data, the income groups are compared in the third section of the case study in relation to shelter-cost-to-income ratios, household type, dwelling condition, and tenure. Two separate tables are presented for this data. The first table refers to a comparison of the income groups in 1991 and 2001, and, therefore, percentages are calculated based on the total number in each income group. In contrast, the distribution of housing characteristics is compared in the second table and percentages are calculated based on the total of the housing characteristic category.

The focus in the final section is specifically on those households (with the identified head of household working more than part-time hours) registering a shelter-to-income ratio (STIR) of 30 percent or more in 2001. Statistics Canada defines households with a STIR of 30 percent or more to be experiencing housing affordability problems. In the final section, the four income groups are compared based on household type, dwelling conditions, and tenure.

In the following sub-sections of Appendix E, the data described above is outlined to evaluate the housing circumstances in each city, and, more specifically, to examine the extent of housing-induced poverty in the middle-income groups.

E1.1. Housing Affordability in Calgary

The City of Calgary remains an urban centre of tremendous growth with the population of the city increasing by 14 percent from 1996 to 2001 to reach 878,866. When including Calgary's Census Metropolitan Area the total population now exceeds one million inhabitants and continues to grow. The economy, fuelled by the oil and gas industry as well as other sectors, has also experienced a strong performance. This solid economic and population growth have combined to drive average resale housing prices well past the $300,000 range with the $350,000 mark exceeded in the first quarter of 2006. To put this growth in perspective, The Calgary Real Estate Board (CREB) noted that the July 2006 average price of $357,831 was nearly $112,000 or 45.63 percent higher than $245,982 recorded in July of 2005.

There is little doubt that the economic boom in Calgary is putting increased strain on the housing market. Much of this pressure stems from the inflow of new residents who are looking for housing. To put this growth in perspective, the net migration to Calgary in 2004/2005 was just under 22,000 (fourth among Canadian cities). However, when measuring the net rate per 1000 population, Calgary recorded the highest gain of all Canadian cities by 21.1 for every 1000 population[23].

E1.2. Housing Market Conditions

Although Calgary experienced a 2.6 percent increase in the number of rental households, the proportion of households renting accommodations declined from 40.4 percent in 1991 to 28.5 percent in 2001 (Table E1.1). In comparison, the number of owner households registered a substantial increase of 74 percent during the same period. The share of ownership households increased from 59.6 percent in 1991 to 71.4 percent in 2001.

The condition of Calgary's housing stock was maintained through the study period as approximately 70 percent of residential dwellings required only regular maintenance in both 1991 and 2001. The good condition of housing stock in Calgary can partly be

[23] See http://www.statcan.ca/Daily/English/060927/d060927b.htm

attributed to the substantial increase in new housing construction. There was also a small decline in the proportion of dwellings requiring either minor or major repairs in the overall housing stock. However, the number of units requiring major repairs increased by 4460 units, while there was an increase of 18,750 units that required minor reparation (Table E1.1).

Between 1991 and 2001, the total housing stock in Calgary grew by 45.3 percent, from 262,270 units to 381,220 units. The greatest expansion occurred in the construction of single-detached housing as the number of dwellings increased by 63.3 percent between 1991 and 2001. Given the substantial growth in the number of single-detached houses, the proportion of other residential types declined in Calgary. Nonetheless, the number of duplexes and row houses increased by 34.8 percent and 29.6 percent respectively. It is also noted in Table E1.1 that while the number of apartment units in buildings of less than five storeys increased by 21.4 percent, there was only an increase of 8.9 percent in the number of apartment units in high-rise buildings.

Table E1.1. Housing Characteristics, Calgary, 1991 and 2001

	1991		2001	
	#	%	#	%
Housing Tenure				
Rented	106,135	40.4	108,880	28.5
Owned	156240	59.6	272,015	71.4
Total Stock				
Condition of Dwelling				
Major Repairs	17,355	5.9	21,815	5.7
Minor Repairs	71,685	24.4	90,435	23.7
Regular Maintenance	204,310	69.6	268,970	70.6
Total Stock	293,350	100.0	381,220	100.0
Dwelling Type				
Single-Detached House	145,920	55.6	238,225	62.4
Semi-Detached House	17,930	6.8	22,700	6.0
Row House	24,980	9.5	32,375	8.5
Apartment, detached duplex	8,945	3.4	12,060	3.1
Apartment, 5 or more storeys	21,960	8.3	23,925	6.2
Apartment, less than 5 storeys	39,570	15.1	48,040	12.7
Other Single-Attached House	255	0.1	285	0.1
Other Movable Dwelling	2,710	1.0	3,610	0.9
Total Occupied Private Dwellings	262,270	100.0	381,220	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

In 2005, the average monthly market rent in Calgary stood at $808 representing an increase of only 1 percent from 2001. However, in the period between 1991 and 2001 (Table E1.2) the average cost of renting accommodations rose by 31.4 percent. This substantial increase in rent points to pressure on the housing market that resulted in a decline in the vacancy rate from 3.7 percent to 1.2 percent by 2001. The minimal increase in rent between 2001 and 2005, and the return of the vacancy rate to 3.2 percent suggests greater equilibrium presently in the rental market in Calgary. However, dramatic increases in rent in 2006 indicate that the rental housing market in Calgary is also being affected by the boom of economic and population growth.

Table E1.2. Rental Housing Market, Calgary, 1991, 2001, 2005

Rental Housing Activity	**1991**	**2001**	**2005**
Average Rent ($)	608	799	808
Vacancy Rate (%)	3.7	1.2	3.2

Source: CMHC Rental Market Report, 1991, 2001, 2005

The tremendous growth occurring in Calgary is demonstrated in Table E1.3. Housing starts increased by 192 percent from 4,750 in 1991 to 13,857 in 2005. While single-detached housing remains the most popular choice among buyers, multiple family accommodations also showed strong gains, comprising 12.6 percent of starts in 1991, 33.3 percent in 2001, and 35.7 percent in 2005.

Table E1.3. New Housing Market, Calgary, 1991, 2001, 2005

Housing Starts	**1991**	**2001**	**2005**
Single	4,150	7,559	8,719
Multiple	600	3,790	4,948
Total	4,750	11,349	13,857

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

The number of housing sales in Calgary registered an increase of 38.3 percent between 1991 and 2005 as is shown in Table E1.4. The average sale price also increased from $128,255 in 1991 to $182,090 in 2001. Overall, the average value of dwellings in Calgary grew by 39.8 percent from $144,447 in 1991 to $201,382 in 2001.

Table E1.4. Resale Housing Market, Calgary, 1991 and 2005

Resale Housing Activity	**1991**	**2005**
Number of Sales	16,280	22,512
Average Price ($)	128,255	182,090

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

From 1991 to 2001, the proportion of rental households in Calgary spending 30 percent or more of their income on shelter grew from 13.9 percent to 36.8 percent. The increase in the number of households experiencing housing affordability problems suggests that the income of renter households did not keep pace with rent increases. The growth in these working households, from 14,765 to 39,140, represented 24,375 renters, or an increase of 165 percent, which is summarized in Table E1.5.

Issues of housing affordability also increased for owner working households as the proportion of this group spending 30 percent or more of income on housing increased from 10.3 percent in 1991 to 29.6 percent in 2001. There were an additional 30,130 ownership households in this situation in 2001, an increase of 186.5 percent.

Table E1.5. Households Spending 30% or More on Housing by Tenure, Calgary, 1991 and 2001

	1991		2001	
Housing Tenure	**#**	**%**	**#**	**%**
Renters	14,765	13.9	39,140	36.8
Owners	16,150	10.3	46,280	29.6

Source: Statistics Canada, 1991 and 2001 Census of Canada

Calgary's average household expenditure on shelter has experienced a harsh rise in the past nine years (Table E1.6). The most prominent shifts in household expenditures occurred every third year (from 1997 to 2004) to include an 8.4 percent annual change in 1998, a 9.7 percent annual change in 2001, and a 12.7 percent annual change in 2004. It is also important to note that the average expenditure on shelter in the intervening years between the three year cycles was subsequently lower than the peak years. The dramatic fluctuations of annual expenditures on shelter, demonstrates the volatile nature of infrastructure costs. Calgary has experienced the highest average household expenditure on shelter out of all of the Canadian Cities reviewed in this study.

TableE1.6. Average Household Expenditure on Shelter, Calgary, 1997-2004

Year	Average Expenditure on Shelter ($)	Annual Change (%)
1997	10,659	-
1998	11,557	8.4
1999	11,429	-1.1
2000	11,865	3.8
2001	13,015	9.7
2002	12,978	-0.3
2003	13,398	3.2
2004	15,098	12.7

Source: Statistics Canada, Survey of Household Spending, CANSIM II Series, V21148229, Table Number 2030001

Table E1.7 outlines the Consumer Price Indices (CPI) for new housing, for shelter- rented and owned- and for water, fuel and electricity in Calgary in between 1979 and 2005. A prominent showing of the CPI listings is that each CPI category has more than doubled in the last twenty-five years. It is becoming increasing difficult to own and operate land holdings without significant income generation. The CPI for new housing was lower in 1992 than the CPI for shelter both rented and owned. This trend has reversed and currently sits at 148.6 for new housing and at 126.2 and 130.0 for shelter rented and owned, respectively. The CPI difference between new housing and rented shelter is influenced by water, fuel, and electricity prices.

The CPI for water, fuel and electricity is of particular interest as it has increased by six times from 34.3 in 1979 to 204.3 in 2005. This blunt increase is reflective of the rising cost of obtaining and operating energy resources. From 1999 to 2005, The CPI for water, fuel and electricity has raised by 73.5 percent. Due to such a sharp increase, families – especially first time owners are finding it overwhelmingly difficult to facilitate and participate in home ownership activities.

Table E1.7. Consumer Price Indices for Shelter and Utilities, Calgary, 1979-2005

Year	*Price Index for New Housing	**CPI for Shelter	**CPI for Rented Shelter	**CPI for Owned Shelter	**CPI for Water, Fuel & Electricity
1979	n/a	51.6	60.8	53.9	34.3
1980	n/a	56.8	65.4	59.5	38.6
1981	73.5	66.8	73.3	68.6	52.4
1982	69.9	78.8	84.9	79.5	67.7
1983	62.5	80.7	83.8	81.3	74.7
1984	58.3	79.0	79.3	79.5	77.2
1985	61.5	78.9	78.4	79.4	78.4
1986	65.7	80.2	80.6	80.3	79.6
1987	68.8	80.7	82.4	80.8	77.7
1988	75.1	82.3	84.2	82.9	76.6
1989	80.9	86.2	88.5	87.3	78.2
1990	89.3	93.0	94.0	95.4	83.6
1991	86.7	98.0	97.8	100.0	92.1
1992	87.5	100.0	100.0	100.0	100.0
1993	89.8	101.6	101.5	99.5	108.2
1994	92.5	102.1	102.7	98.1	114.0
1995	93.0	103.1	104.4	100.4	108.5
1996	94.2	104.0	106.1	100.4	111.1
1997	100.8	106.1	107.7	101.6	116.9
1998	109.1	109.0	111.4	104.2	118.6
1999	113.8	113.6	114.8	107.4	130.8
2000	115.7	121.4	116.8	112.5	159.9
2001	119.2	124.8	119.9	115.9	164.1
2002	125.7	127.4	123.0	117.7	168.3
2003	131.8	133.2	124.9	121.3	189.8
2004	139.7	137.0	125.5	125.3	198.4
2005	148.6	140.9	126.2	130.0	204.3

* September Index (House and Land). Source: Statistics Canada, New Housing Price Index, CANSIM II, Table Number 3270005.
** Source: Statistics Canada, Consumer Price Index, CANSIM II, Table Number 3260002.
n/a = not available; x = data suppressed by Statistics Canada for confidentiality purposes.

E1.3. Demographic and Economic Household Characteristics

In 2000, the median household income in Calgary was $58,591. This was 33.2 percent higher than the figure of $43,974 recorded in 1990 (Table E1.8). The median household income for working family households headed by couples was $70,654. This was considerably higher than the median income of $34,856 for male lone parent families and $47,154 for female headed working households. Similarly, two or more person households displayed a median income of $68,376, while one person households (singles) recorded an income of only $30,376.

Table E1.8. Median Household Income by Household Type, Calgary, 1990 and 2000

Household Type	1990 $	2000 $
All Households	43,974	58,591
One Person Household	N/A	30,376
Two or More Person Household	N/A	68,376
Census Couple Family	N/A	70,564
Census Lone Parent Family (Female)	N/A	47,796
Census Lone Parent Family (Male)	N/A	34,856

Source: Statistics Canada, 1991 and 2001 Census of Canada

The incidence of low income by family type is reviewed in Table E1.9. In 1991, 17.8 percent of Calgary's population was comprised of low-income households. However, by 2001, the proportion of low-income households had decreased to 13.6 percent. It is notable that the decrease in low-income households in Calgary occurred primarily amongst economic families. While 29,495 economic families were in the low-income category in 1991, only 28,415 families were in similar circumstances in 2001. The incidence of low-income among households of single individuals was more pronounced. An increase of 25 percent was registered in the number of low-income singles from 37,250 in 1991 to 46,680 in 2001.

Table E1.9. Incidence of Low-Income by Family Type, Calgary, 1991 and 2001

Family Type	1991 # Low-Income	1991 % Low-Income*	2001 # Low-Income	2001 % Low-Income*
Economic Families	29,495	13.6	28,415	10.3
Singles	37,250	36.8	46,680	32.5
Total Low-Income Population	124,460	17.8	137,095	13.6

* Proportion of low-income in relation to the total population of Calgary.
Source: Statistics Canada, 1991 and 2001 Census of Canada

The participation rate in Calgary declined only slightly from 75.7 percent in 1991 to 75.0 percent in 2001 as is noted in Table E1.10. Similarly, participation amongst the population aged 15 to 24 declined from 73.8 percent to 72.4 percent. Greater changes were evident in Calgary's unemployment rate that declined from 8.1 percent in 1991 to 4.9 percent in 2001. This low unemployment rate is reflective of the strong economy currently being experienced in Calgary. The unemployment rate for the 15-24 age group declined from 12.3 percent to 10.1 percent during the study period.

Table E1.10. Employment Participation and Unemployment Rates, Calgary, 1991 and 2001

Rates	1991	2001
Participation Rate – Total Labour Force	75.7	75.0
Unemployment Rate – Total Labour Force	8.1	4.9
Participation Rate – Population Aged 15-24	73.8	72.4
Unemployment Rate – Population Aged 15-24	12.3	10.1

Source: Statistics Canada, 1991 and 2001 Census of Canada

In 2001, there were a total of 607,700 individuals who were active in the employment sector in Calgary. Table E1.11 summarizes the leading employment industries as: (1) retail trade, (2) professional, scientific and technical services, (3) manufacturing, (4) health care and social assistance, (5) construction, and (6) the hotel and food industry.

Table E1.11. Employment by Industry, Calgary, 2001

Rank	Industry	#	%
1	Retail Trade	64,710	10.6
2	Professional, Scientific and Technical Services	64,205	10.6
3	Manufacturing	52,665	8.7
4	Health Care and Social Assistance	48,550	8.0
5	Construction	44,420	7.3
6	Accommodation and Food Services	41,375	6.8
7	Transportation and Warehousing	36,995	6.1
8	Educational Services	35,525	5.8
9	Wholesale Trade	29,930	4.9
10	Mining, Oil and Gas Extraction	29,780	4.9
11	Other Services	27,085	4.5
12	Administrative Support, Waste Management and Remediation Services	25,440	4.2
13	Finance and Insurance	24,135	4.0
14	Information and Cultural Industries	19,635	3.2
15	Public Administration	17,300	2.8
16	Real Estate and Rental and Leasing	13,275	2.2
17	Arts, Entertainment and Recreation	13,270	2.2
18	Agriculture, Forestry, Fishing and Hunting	8,475	1.4
19	Utilities	5,085	0.8
20	Industry – Not Applicable	4,695	0.8
21	Management of Company and Enterprises	1,150	0.2
	All Industries	607,700	100.0

Source: Statistics Canada, 2001 Census of Canada

The leading occupation was in sales and service as 23 percent of Calgary's working population was employed in this sector in 2001 (Table E1.12). This was followed by occupations related to business, finance, and administration in which 19.8 percent of the population was employed. There were 86,085 working in trades, transport, equipment operation and related occupations representing 14.2 percent of those employed. In addition, 12.1 percent of jobs in Calgary were in occupations related to management.

Table E1.12. Employment by Occupation, Calgary, 2001

Rank	Occupation	#	%
1	Sales and Service	139,000	23.1
2	Business, Finance and Administration	119,620	19.8
3	Trades, Transport, Equipment Operators and Related Occupations	86,085	14.3
4	Management	73,300	12.2
5	Natural and Applied Sciences and Related Occupations	60,870	10.1
6	Social Science, Education, Government Service and Religion	41,420	6.9
7	Health	27,375	4.5
8	Processing, Manufacturing and Utilities	22,880	3.8
9	Art, Culture, Recreation and Sport	16,390	2.7
10	Primary Industry	16,075	2.7
	All Occupations	603,015	100.0

Source: Statistics Canada, 2001 Census of Canada

E1.4. Housing Affordability Challenges for the Lower Middle-income Group

Table E1.13 documents the overall distribution of the four income groups in 1991 and 2001 by shelter cost expenditure, household type, dwelling condition and tenure. The Calgary data indicates that the number of households paying more than 30 percent of their income on shelter decreased for all four income groups. However, while the proportion of households with shelter expenditures of less than 30 percent increased for the lower and upper middle-income and high-income groups, it in fact declined for moderate-income households. Over 85 percent of lower- and upper middle-income and high-income households in Calgary were spending less than 30 percent of income on housing in both 1991 and 2001. In contrast, the proportion of moderate-income households spending less than 30 percent of income on shelter declined from 53.6 percent to 48.3 percent by 2001.

The data clearly illustrate that between 1991 and 2001, the proportion of households with shelter expenditures greater than 30 percent declined for the lower- and upper middle-income and high-income groups in Calgary. Equally revealing, the moderate-income group experienced significant increases in the number of households experiencing issues of housing affordability. The problem of housing affordability became more severe for the moderate-income group during the study period as the number of households with a shelter-cost-to-income ratio of 40 percent or more increased from 8,898 in 1991 to 13,490 in 2001 representing an increase of 51.7 percent.

There is no doubt that rapidly rising housing prices in Calgary have impacted those working households at the low end of the wage scale (Table E1.13). However, with just over 12 percent of lower middle-income households expending more than 30 percent of income on shelter and a further 17 percent in the 25-30 percent range, the risk of increased affordability problems among this group remains a concern, especially when taking into account the torrid pace of housing price appreciation over the last five years. This will no doubt contribute to increased shelter problems for lower middle-income households wishing to enter the housing market.

In 1991, 46.3 percent of moderate-income earners were spending 30 percent or more of gross income on housing. Non-family households (one person and two or more persons) represented 53 percent of the moderate-income group. This was followed by families with children (19.4 percent), lone-parent families (13.2 percent), and families without children (13.8 percent). In the moderate-income group, 67.2 percent of households were residing in dwellings in 1991 that required regular maintenance, while 26.0 percent of the dwellings required minor repairs and only 6.6 percent were in need of major repairs. The majority (72.2 percent) of this group were renters.

In 2001, the affordability situation among moderate-income groups worsened as 51.4 percent of these households spent more than 30 percent of gross income on shelter costs. Households comprised of single persons continued to represent 53 percent of the moderate-income group. The proportion of lone-parent families in the moderate-income group increased to 14.7 percent, and families with or without children declined slightly in this group. In addition, the proportion of households that resided in dwellings requiring only regular maintenance declined to 64.4 percent while those dwellings requiring major repairs increased to 7.6 percent. Of particular significance, the proportion of households in the moderate-income group that were homeowners increased from 27.7 percent in 1991 to 42.4 percent in 2001.

The situation improved slightly for the lower middle-income group with 87.5 percent of the households spending less than 30 percent of income on shelter in 2001 compared to 85.2 percent in 1991. In both 1991 and 2001, 22 percent of the group consisted of families with no children. However, the proportion of families with children in the lower middle-income group declined markedly from 40.7 percent to 35.9 percent. At the same time, the proportion of single-person and lone-parent households increased slightly. In the lower middle-income group, households residing in dwellings requiring major or minor repair declined slightly, while dwellings in need of only regular maintenance increased from 66.7 percent in 1991 to 68.8 percent in 2001. The proportion of house owners in this group also rose significantly from 57.1 percent to 68.5 percent.

In the upper middle-income group, just 1.8 percent of households in 2001 were spending 30 percent or more on housing compared to 3.9 percent in 1991. Families with children in this group decreased from 55.4 percent to 50.1 percent, while households comprised of families without children, single persons and lone-parent families increased in proportion in the upper middle-income group. The condition of dwellings in the upper middle-income group remained stable during the study period with approximately 73 percent in need of only regular maintenance. Greater changes were experienced by the upper middle-income group in relation to housing tenure. The homeowners in this group declined to 57.7 percent and renters more than doubled to 42.3 percent.

Very few households in the high-income group experienced problems of housing affordability as those spending 30 percent or more on housing declined from 1 percent in 1991 to a mere 0.32 percent in 2001. The profile of household type for the high-income group changed only marginally during the study period. In 2001, families with children made up 61.1 percent of all working households followed by families without children (24.2 percent). Dwelling condition also remained stable for the high-income group with only 2.5 percent of households residing in dwellings that required major repair. Between

1991 and 2001, the proportion of home ownership amongst the high-income group decreased from 90.6 percent to 77.2 percent, while renters increased substantially from 9.4 percent to 22.8 percent.

Table E1.14 provides an overview of the distribution of the housing characteristics in relation to the four income groups. The data demonstrates that in both 1991 and 2001, the moderate-income and lower middle-income groups represented the highest proportion of households paying 30 percent or more of income on shelter. This table provides further confirmation of the “creep” of the housing affordability problem in Calgary to include not only moderate-income households, but also households in the lower middle-income group. Specifically, there was a marked increase in the proportion of lower middle-income households paying between 30 and 39 percent of income on shelter.

Table E1.13. Housing Characteristics by Income Groups, Calgary, 1991 and 2001

Housing Characteristics	Moderate-Income				Lower Middle-Income				Upper Middle-Income				High-Income			
	1991		2001		1991		2001		1991		2001		1991		2001	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
STIR																
Less than 25%	13,710	37.0	15,355	31.9	39,260	70.7	49,870	68.7	48,895	87.9	67,405	93.7	35,785	96.7	47,735	99.1
25-29%	6,150	16.6	7,970	16.6	8,145	14.7	11,855	16.3	4,445	8.0	3,265	4.5	870	2.3	295	0.6
30-39%	8,280	22.4	11,340	23.5	6,280	11.3	8,675	11.9	1,975	3.6	1,025	1.4	290	0.8	140	0.3
40-49%	4,050	10.9	5,965	12.4	1,360	2.4	1,730	2.4	185	0.3	135	0.2	35	0.1	10	0.02
More than 50%	4,845	13.1	7,525	15.6	520	0.9	480	0.7	95	0.2	135	0.2	20	0.1	0	0
Total	37,035	100.0	48,155	100.0	55,565	100.0	72,610	100.0	55,595	100.0	71,965	100.0	37,000	100.0	48,180	100.0
Household Type																
Family no children	5,115	13.8	6,310	13.1	12,355	22.2	16,225	22.4	14,440	26.0	19,845	27.6	9,250	25.0	11,695	24.3
Family w/children	7,190	19.4	8,600	17.9	22,655	40.8	26,100	36.0	30,825	55.5	35,830	49.8	23,480	63.5	29,490	61.2
Lone Parent	4,890	13.2	7,110	14.8	4,740	8.5	7,860	10.8	2,690	4.8	4,110	5.7	685	1.9	1,280	2.7
Multiple Family	160	0.4	315	0.7	545	1.0	1,115	1.5	725	1.3	2,305	3.2	825	2.2	1,840	3.8
1 Person	16,790	45.4	22,390	46.5	11,115	20.0	15,375	21.2	3,120	5.6	4,805	6.7	1,040	2.8	1,925	4.0
2+ Persons	2,875	7.8	3,420	7.1	4,160	7.5	5,895	8.1	3,790	6.8	5,080	7.1	1,715	4.6	1,960	4.1
Total	37,020	100.0	48,145	100.0	55,570	100.0	72,570	100.0	55,590	100.0	71,975	100.0	36,995	100.0	48,190	100.0
Dwelling Condition																
Reg. Maintenance	24,900	67.2	31,025	64.4	37,115	66.8	49,995	68.9	39,630	72.1	52,825	73.4	29,045	78.5	37,940	78.7
Minor Repair	9,665	26.1	13,425	27.9	14,875	26.8	18,480	25.5	13,870	25.4	16,260	22.6	6,950	18.8	9,030	18.7
Major Repair	2,470	6.7	3,700	7.7	3,565	6.4	4,125	5.7	1,400	2.5	2,875	4.0	995	2.7	1,215	2.5
Total	37,035	100.0	48,150	100.0	55,555	100.0	72,600	100.0	54,900	100.0	71,960	100.0	36,990	100.0	48,185	100.0
Tenure																
Owner	10,285	27.8	20,450	42.5	31,780	57.2	49,755	68.5	44,095	79.3	61,610	85.6	33,545	90.6	45,125	93.6
Renter	26,740	72.2	27,715	57.5	23,785	42.8	22,845	31.5	11,500	20.7	10,345	14.4	3,450	9.4	3,060	6.4
Total	37,025	100.0	48,165	100.0	55,565	100.0	72,600	100.0	55,595	100.0	71,955	100.0	36,995	100.0	48,185	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E1.14. Income Groups by Housing Characteristics, Calgary, 1991 and 2001

	1991									2001								
	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total
	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#	%	#
STIR																		
Less than 25%	13,710	10.0	39,260	28.5	48,895	35.5	35,785	26.0	137,650	15,355	8.5	49,870	27.6	67,405	37.4	47,735	26.5	180,365
25-29%	6,150	31.4	8,145	41.5	4,445	22.7	870	4.4	19,610	7,970	34.1	11,855	50.7	3,265	14.0	295	1.3	23,385
30-39%	8,280	49.2	6,280	37.3	1,975	11.7	290	1.7	16,825	11,340	53.5	8,675	41.0	1,025	4.8	140	0.7	21,180
40-49%	4,050	71.9	1,360	24.2	185	3.3	35	0.6	5,630	5,965	76.1	1,730	22.1	135	1.7	10	0.1	7,840
More than 50%	4,845	88.4	520	9.5	95	1.7	20	0.4	5,480	7,525	92.4	480	5.9	135	1.7	0	0	8,140
Household Type																		
Family no children	5,115	12.4	12,355	30.0	14,440	35.1	9,250	22.5	41,160	6,310	11.7	16,225	30.0	19,845	36.7	11,695	21.6	54,075
Family w/children	7,190	8.5	22,655	26.9	30,825	36.6	23,480	27.9	84,150	8,600	8.6	26,100	26.1	35,830	35.8	29,490	29.5	100,020
Lone Parent	4,890	37.6	4,740	36.4	2,690	20.7	685	5.3	13,005	7,110	34.9	7,860	38.6	4,110	20.2	1,280	6.3	20,360
Multiple Family	160	7.1	545	24.2	725	32.2	825	36.6	2,255	315	5.7	1,115	20.0	2,305	41.3	1,840	33.0	5,575
1 Person	16,790	52.4	11,115	34.7	3,120	9.7	1,040	3.2	32,065	22,390	50.3	15,375	34.6	4,805	10.8	1,925	4.3	44,495
2+ Persons	2,875	22.9	4,160	33.2	3,790	30.2	1,715	13.7	12,540	3,420	20.9	5,895	36.0	5,080	31.1	1,960	12.0	16,355
Dwelling Cond.																		
Reg. Maintenance	24,900	19.1	37,115	28.4	39,630	30.3	29,045	22.2	130,690	31,025	18.1	49,995	29.1	52,825	30.8	37,940	22.1	171,785
Minor Repair	9,665	21.3	14,875	32.8	13,870	30.6	6,950	15.3	45,360	13,425	23.5	18,480	32.3	16,260	28.4	9,030	15.8	57,195
Major Repair	2,470	29.3	3,565	42.3	1,400	16.6	995	11.8	8,430	3,700	31.1	4,125	34.6	2,875	24.1	1,215	10.2	11,915
Tenure																		
Owner	10,285	8.6	31,780	26.5	44,095	36.8	33,545	28.0	119,705	20,450	11.6	49,755	28.1	61,610	34.8	45,125	25.5	176,940
Renter	26,740	40.8	23,785	36.3	11,500	17.6	3,450	5.3	65,475	27,715	43.3	22,845	35.7	10,345	16.2	3,060	4.8	63,965

Source: Statistics Canada, 1991 and 2001 Census of Canada

E1.5. Characteristics of Households with Affordability Problems in 2001

The final tables provide a more detailed assessment of those working households that spent 30 percent or more of their incomes on shelter in 2001. The tables itemize the shelter-cost-to-income ratio rates above 30 percent for each income group in relation to household type, dwelling condition, and housing tenure.

In 2001, among those working households with housing affordability problems, the majority (66.8 percent) were in the moderate-income group (Table E1.15). Moreover, the overwhelming majority of households composed of one-person (92.5 percent), two or more persons (81.6 percent), lone-parents (76.5 percent), and families without children (59.6 percent) in Calgary were in this moderate-income group. It is also important to note that for each of these household types in the moderate-income group, more than 50 percent were paying in excess of 40 percent of their income on shelter.

The lower middle-income group comprised 29.2 percent of working households with affordability problems. Similar proportions of moderate-income and lower middle-income households were composed of both families with children and multiple families. In relation to the lower middle-income group, the household types with the greatest representation consisted of families with children (45.3 percent) and multiple families (43.4 percent). And while only small proportions of non-family households were included in the lower middle-income group, approximately half of these households were spending over 40 percent of their income on shelter.

Only 3.4 percent of the upper middle-income group was experiencing housing affordability problems in 2001 (Table E1.15). Most of this group was composed of families with or without children, as well as multiple families. Of all multiple families with affordability problems in the four income groups, 14.1 percent were found in the upper middle-income group.

The high income group comprised just 0.40 percent of all working households with housing affordability issues. Only households composed of families with and without children were included in the high income group.

Table E1.15. Income Groups by Household Type and Shelter-Cost-to-Income-Ratio (STIR), Calgary, 2001

Household Type	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
One Family Without Children								
STIR 30-39%	1,420	44.9	1,380	76.9	245	76.6	30	100.0
STIR 40-49%	730	23.1	325	18.1	35	10.9	0	0
STIR 50% +	1,010	32.0	90	5.0	40	12.5	0	0
Total	3,160	59.6	1,795	33.8	320	6.0	30	0.6
One Family With Children								
STIR 30-39%	2,305	41.5	4,145	78.1	605	80.1	95	90.5
STIR 40-49%	1,455	26.2	915	17.2	70	9.3	10	9.5
STIR 50% +	1,795	32.3	245	4.6	80	10.6	0	0
Total	5,555	47.4	5,305	45.3	755	6.4	105	0.9
Lone Parent								
STIR 30-39%	1,915	45.6	985	80.7	50	71.4	0	0
STIR 40-49%	960	22.9	180	14.8	0	0	0	0
STIR 50% +	1,320	31.5	55	4.5	20	28.6	0	0
Total	4,195	76.5	1,220	22.2	70	1.3	0	0
Multiple Family								
STIR 30-39%	80	38.1	205	95.3	40	57.1	0	0
STIR 40-49%	65	31.0	0	0	20	28.6	0	0
STIR 50% +	65	31.0	10	4.7	10	14.3	0	0
Total	210	42.4	215	43.4	70	14.1	0	0
One Person								
STIR 30-39%	2,815	35.5	290	48.3	30	75.0	0	0
STIR 40-49%	2,250	28.4	230	38.3	10	25.0	0	0
STIR 50% +	2,860	36.1	80	13.3	0	0	0	0
Total	7,925	92.5	600	7.0	40	0.5	0	0
Two or More Persons								
STIR 30-39%	265	29.9	95	55.9	10	33.3	0	0
STIR 40-49%	505	57.1	75	44.1	10	33.3	0	0
STIR 50% +	115	13.0	0	0	10	33.3	0	0
Total	885	81.6	170	15.7	30	2.8	0	0

Source: Statistics Canada, 2001 Census of Canada

In terms of dwelling conditions, approximately three quarters of all households that experienced affordability problems and resided in housing that required either major or minor repairs were in the moderate-income group as is summarized in Table E1.16. In comparison, only 63.7 percent of households in the moderate-income group were in housing that required only regular maintenance.

Of working households spending 30 percent or more of income on housing, the lower middle-income group represented 21.4 percent of households that required major repairs, 31.7 percent requiring regular maintenance, and 24.9 percent in need of minor repairs. The upper middle-income group comprised only 0.94 percent of households with affordability problems that resided in dwellings in need of major repairs, 4.1 percent in need of regular maintenance, and 2.7 percent requiring minor repairs. In the high-income group, only 0.4 percent of households were living in housing that required major repair, 0.4 percent required regular maintenance, and 0.2 percent were in need of minor repairs.

Table E1.16. Income Groups by Condition of Dwelling and Shelter-Cost-to-Income Ratio (STIR), Calgary, 2001

Condition of Dwelling	**Moderate-Income**		**Lower Middle-Income**		**Upper Middle-Income**		**High-Income**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Regular Maintenance								
STIR 30-39%	7345	46.2	6270	79.2	810	78.6	85	89.5
STIR 40-49%	3745	23.5	1265	16.0	95	9.2	10	10.5
STIR 50% +	4815	30.3	385	4.9	125	12.1	0	0
Total	15905	63.7	7920	31.7	1030	4.1	95	0.4
In Need of Major Repairs								
STIR 30-39%	935	45.8	435	77.0	25	100.0	10	100.0
STIR 40-49%	545	26.7	100	17.7	0	0	0	0
STIR 50% +	560	27.5	30	5.3	0	0	0	0
Total	2040	77.2	565	21.4	25	0.9	10	0.4
In Need of Minor Repairs								
STIR 30-39%	3060	44.3	1975	82.6	200	76.9	20	100.0
STIR 40-49%	1680	24.3	365	15.3	30	11.5	0	0
STIR 50% +	2160	31.3	50	2.1	30	11.5	0	0
Total	6900	72.1	2390	24.9	260	2.7	20	0.2

Source: Statistics Canada, 2001 Census of Canada

In 2001, the distribution of owners with affordability problems was highest in the moderate-income (53.4 percent) and lower middle-income (40.8 percent) groups. In comparison, only small proportions of owners in upper middle-income (5.2 percent) and high-income (0.6 percent) households were affected by high shelter-cost-to-income ratios (Table E1.17).

In relation to rental accommodations, over 90 percent of renters in Calgary that were experiencing housing affordability problems were in the moderate-income group. The high-income group did not report any affordability issues for renters. And only relatively few households in the lower and upper middle-income groups who were experiencing shelter cost issues were renting.

Table E1.17. Income Groups by Housing Tenure and Shelter-Cost-to-Income Ratio (STIR), Calgary, 2001

Housing Tenure	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Owned								
STIR 30-39%	5145	40.4	7665	78.7	980	79.4	135	93.1
STIR 40-49%	3395	26.7	1615	16.6	125	10.1	10	6.9
STIR 50% +	4195	32.9	455	4.7	130	10.5	0	0
Total	12735	53.4	9735	40.8	1235	5.2	145	0.6
Rented								
STIR 30-39%	6190	51.1	1010	87.1	50	100.0	0	0
STIR 40-49%	2580	21.3	120	10.3	0	0	0	0
STIR 50% +	3335	27.6	30	2.6	0	0	0	0
Total	12105	90.9	1160	8.7	50	0.4	0	0

Source: Statistics Canada, 2001 Census of Canada

Table E1.18 outlines the housing characteristics of the lower middle-income group in Calgary who experienced housing affordability problems in 2001. Overall, the table demonstrates that the overwhelming majority of this group registered a shelter-to-income ratio between 30 and 39 percent. Moreover, almost one-half (48.7 percent) of the total group were comprised of families with children, followed by households of one-person and families without children. In addition, the overwhelming majority of the lower middle-income group in Calgary were home-owners and resided in dwellings that required only regular maintenance.

Table E1.18. Distribution of Lower Middle-Income Households with STIR 30% or More by Household Type, Dwelling Condition, and Tenure, Calgary, 2001

	STIR 30-39%		STIR 40-49%		STIR 50-59%		Total	
	#	%	#	%	#	%	#	%
Household Type								
Family, No Children	1,380	76.9	325	18.1	90	5.0	1,795	16.5
Family With Children	4,145	78.1	915	17.2	245	4.6	5,305	48.7
Lone Parent	985	80.7	180	14.8	55	4.5	1,220	11.2
Multiple Family	205	95.3	0	0	10	4.7	215	2.0
One Person	1,555	83.3	230	12.3	80	4.3	1,865	17.1
Two or More Persons	415	84.7	65	13.3	10	2.0	490	4.5
Dwelling Condition								
Regular Maintenance	6,270	79.2	1,265	16.0	385	4.9	7,920	72.7
Minor Repairs	1,975	82.1	365	15.2	65	2.7	2,405	22.1
Major Repairs	435	77.0	100	17.7	30	5.3	565	5.2
Tenure								
Owner	7,665	78.7	1,615	16.6	455	4.7	9,735	89.4
Renter	1,010	87.8	110	9.6	30	2.6	1,150	10.6

Source: Statistics Canada, 2001 Census of Canada

E1.6 Summary

There is no doubt that Calgary experienced significant change over the ten year period between 1991 and 2001. However, this activity was overshadowed by the last five years in which even more dramatic changes took places with respect to overall growth in both population and the housing market. The results also point to the moderate- and middle-income households bearing the most significant burden. Moreover, the data also show that families with children from these two groups disproportionately represented those expending high amounts of income toward shelter costs.

E2.1. Housing Affordability in Winnipeg

Winnipeg's housing market has continued to expand over the last five years with average resale prices increasing $42,000 since 2001 to reach a record $134,500 at the end of 2005. For the first quarter of 2006, the trend has remained upward with average prices on the verge of eclipsing $150,000. Rapid housing price escalation has also been noted in the new housing market with increases reaching the double digits. Some of the gain experienced in the new market has been attributed to a reduced supply of serviced lots, especially in sought after suburban locations. Other factors such as increased costs for building material and labour have also contributed to rising housing prices in Winnipeg.

Pressure in the housing sector has also begun to erode affordability and put working families under increased strain, particularly for those entering the market for the first time. It is also important to note that while prices for housing have escalated rapidly, incomes have not kept pace. As a result, housing in Winnipeg has become less affordable for an increasing number of households.

While Winnipeg's population growth has been largely contained to approximately 1 percent per year, increased international migration and new household formation are thought to have contributed to the recent housing activity. This coupled with factors such as a rise in large capital projects and a well performing economy have attracted trade up buyers and fuelled an increase in the renovation sector.

The following sections provide an overview of key housing market data for Winnipeg and draw upon demographic and housing statistics with the intent of providing some rationalization for the changes that have taken place over the last two census periods (1991 and 2001) and also a focus on the last four years which have witnessed tremendous growth. The section concludes with an assessment of customized cross-tabular data from the 2001 Census of Canada that focuses exclusively on working families to assess changes in housing affordability for the income groups.

E2.2. Housing Market Conditions

Approximately 60 percent of households in Winnipeg owned their home at the time of both the 1991 and 2001 Census of Canada. Winnipeg's housing market experienced a slight reduction in the total number of households that were renting accommodations in the period between 1991 and 2001, and a corresponding increase was registered in the proportion of households that were home owners. While the proportion of owners to renters has effectively remained stable, the modest loss of rental units can partially be explained by both the conversion of existing units into condominiums and the demolition of the older stock.

According to Statistics Canada, between 1991 and 2001, Table E2.1 illustrates that the total housing stock in Winnipeg grew by 4.8 percent but remained fairly consistent with respect to the proportional representation of each dwelling type. The majority of residences in the city are single-detached housing. Single detached homes dominate Winnipeg's housing stock with 59 percent in 1991 and 59.7 percent in 2001, respectively. This is followed by a much smaller number of both walk-up and high-rise apartment complexes. Generally speaking, the market continues to be driven by the construction of single detached family homes in Winnipeg's growing, suburban areas. Some recent trends have seen an increase in the number of infill units in the inner city but this remains more of a niche market, as does the addition of condominiums in the downtown area.

In the period between 1991 and 2001, there was a notable increase in the number of dwellings requiring either major or minor repairs as is listed in Table E2.1. This increase is primarily attributable to the large stock of older homes in Winnipeg, one of the oldest among large Canadian cities, and a continued deterioration of units within the inner city.

Table E2.1. Housing Characteristics, Winnipeg, 1991 and 2001

	1991		2001	
	#	%	#	%
Housing Tenure				
Rented	94,970	39.4	92,055	36.4
Owned	146,200	60.6	160,755	63.6
Total Stock	241,170	100.0	252,810	100.0
Condition of Dwelling				
Major Repairs	21,160	8.4	23,740	9.4
Minor Repairs	58,540	23.2	72,305	28.7
Regular Maintenance	172,445	68.4	156,675	62.1
Total Stock	252,145	100.0	252,270	100.0
Dwelling Type				
Single-Detached House	142,740	59.0	151,375	59.7
Semi-Detached House	10,685	4.4	9,920	3.9
Row House	8,840	3.7	9,065	3.6
Apartment, detached duplex	4,935	2.0	4,225	1.7
Apartment, 5 or more storeys	33,675	13.9	35,375	14.0
Apartment, less than 5 storeys	40,105	16.6	42,620	16.8
Other Single-Attached House	510	0.2	380	0.1
Other Movable Dwelling	275	0.1	435	0.2
Total Occupied Private Dwellings	241,765	100.0	253,395	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Change in the rental housing market in Winnipeg is evidenced by a declining vacancy rate that was reduced from 3.7 percent in 1991 to 1.3 percent in 2005 (Table E2.2). This low vacancy rate has continued to place pressure on a market facing increased demolitions and conversion of higher quality units to ownership. In the last few years, new rental projects have come online, but tight market conditions have prevailed. Low vacancy rates and a heated housing market have contributed to a 12 percent increase in the average rent paid in Winnipeg between 2001 and 2005. It is important to note that in spite of this increase, Manitoba's rental market is subject to Provincial legislation, which sets allowable increases for a given year under its rent control guidelines. For example, the allowable increase for 2006 has been set at 2.5 percent.

Table E2.2. Rental Housing Market, Winnipeg, 1991, 2001, 2005

Rental Housing Activity	1991	2001	2005
Average Rent ($)	543	608	683
Vacancy Rate (%)	3.7	1.4	1.3

Source: CMHC Rental Market Report, 1991, 2001, 2005

Table E2.3 demonstrates that in between the period of 1991 and 2001, there was a modest increase in the number of housing starts in Winnipeg. However, by 2005 the total number of housing starts swelled to a record figure of 2576. While the construction of single detached homes remains the most popular choice among buyers, starts for multiple units increased from 343 starts in 1991 to 820 starts in 2005.

Table E2.3. New Housing Market, Winnipeg, 1991, 2001, 2005

Housing Starts	1991	2001	2005
Single	1,006	1,238	1,756
Multiple	343	235	820
Total	1,349	1,473	2,576

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

Activity in the resale housing market in Winnipeg (Table E2.4.) experienced a significant increase between 1991 and 2005. While a total of 8,559 sales were recorded in 1991, this figure increased to 12,087 by 2005. Similarly, the average resale price of a home in Winnipeg increased from $81,892 to $134,492. As was noted at the outset, preliminary numbers for the first quarter of 2006 are pushing the average to $150,000. Again, this sudden rise in housing prices is believed to have added affordability pressure to families and individuals that are pursuing entry into the housing market.

Table E2.4. Resale Housing Market, Winnipeg, 1991 and 2005

Resale Housing Activity	1991	2005
Number of Sales	8,559	12,087
Average Price	$81,892	$134,492

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

Households spending at least 30 percent or more of their income on housing doubled from 12,465 to 29,050, in a ten-year period (Table E2.5.). During the same time period, a smaller increase of approximately 30 percent was registered for the number of owner households spending 30 percent or more of income on housing. This significant increase in the number of households paying over 30 percent for shelter coupled with the stagnation of incomes is indicative of an increasing affordability problem. When data from the 2006 Census of Canada becomes available, the continuation in Winnipeg of this affordability problem can be assessed.

Table E2.5. Households Spending 30% or More on Housing by Tenure, Winnipeg, 1991 and 2001

Housing Tenure	1991		2001	
	#	%	#	%
Renters	12,465	13.1	29,050	31.5
Owners	12,220	8.3	15,825	9.7

Source: Statistics Canada, 1991 and 2001 Census of Canada

Winnipeg's average household expenditure on shelter has risen substantially since the year 2000. This increase is illustrated by the sharp rise in the percentage of annual change on average household expenditure as is shown in Table E2.6. In a single fiscal year, the annual change percentage increased from 0.1 percent in 2000 to 6.8 percent in 2001; the sharpest rise since 1998. This increasing trend has remained consistent over the past four years with an exception in 2003. The rising average of household expenditure on shelter indicates that both renters and owners are financially committed to debiting more of their income to shelter, at present, than in the previous decade. The average household expenditure on shelter currently resides at $10,558.00 for 2004. When data from the 2006 Census of Canada becomes available, the average expenditure on shelter and the annual change percentile will undoubtedly reflect the rising costs of shelter as highlighted in this report.

Table E2.6. Average Household Expenditure on Shelter, Winnipeg, 1997-2004

Year	Average Expenditure on Shelter ($)	Annual Change (%)
1997	8,742	-
1998	9,004	3.0
1999	9,209	2.3
2000	9,221	0.1
2001	9,849	6.8
2002	10,490	6.5
2003	9,964	-5.0
2004	10,558	6.0

Source: Statistics Canada, Survey of Household Spending, CANSIM II Series, V21148211, Table Number 2030001

Table E2.7. Consumer Price Indices for Shelter and Utilities, Winnipeg, 1979-2005

Year	*Price Index for New Housing	**CPI for Shelter	**CPI for Rented Shelter	**CPI for Owned Shelter	**CPI for Water, Fuel & Electricity
1979	n/a	49.6	53.4	49.5	46.1
1980	n/a	52.9	55.8	52.6	50.7
1981	67.3	58.4	59.7	57.8	58.9
1982	70.4	65.9	65.1	65.8	67.1
1983	72.9	71.7	70.6	71.7	73.0
1984	74.5	75.2	74.7	75.0	76.5
1985	79.4	78.5	78.8	78.4	78.0
1986	84.4	81.1	82.1	81.3	78.0
1987	88.9	83.4	84.9	84.2	77.8
1988	89.0	85.8	88.1	86.2	79.7
1989	88.5	89.3	91.9	89.9	82.3
1990	90.4	93.1	94.1	94.0	87.7
1991	89.6	98.5	97.2	99.6	97.0
1992	90.2	100.0	100.0	100.0	100.0
1993	93.4	100.8	101.7	100.0	101.7
1994	96.7	102.7	102.6	101.6	106.7
1995	97.9	105.1	103.7	105.0	107.3
1996	98.7	105.8	104.7	105.9	107.2
1997	100.3	107.2	105.7	105.9	114.2
1998	100.9	109.2	106.6	106.7	121.8
1999	104.0	111.2	107.5	108.7	125.3
2000	106.0	114.3	108.8	111.8	131.5
2001	107.4	119.2	110.7	113.3	154.6
2002	111.3	118.4	113.4	113.1	145.9
2003	114.9	120.4	115.7	114.2	150.9
2004	124.7	122.7	117.6	116.5	153.6
2005	135.3	127.1	119.4	120.5	162.9

* September Index (House and Land). Source: Statistics Canada, New Housing Price Index, CANSIM II, Table Number 3270005.
** Source: Statistics Canada, Consumer Price Index, CANSIM II, Table Number 3260002.
n/a = not available; x = data suppressed by Statistics Canada for confidentiality purposes.

A breakdown of the consumer price indices for shelter and utilities can reviewed in Table E2.7. The consumer prices indices are categorized for new housing, for shelter rented and owned, and for water, fuel, and electricity. The CPI's are listed annually from 1979 to 2005. The table illustrates, both categorically and annually, that the consumer price indices have been rising substantially over the past generation. The consumer price indices for rented shelter versus owned shelter are on an increasing parallel; rented shelter CPI jumped from 53.4 in 1979 to 119.4 in 2005 and owned shelter CPI jumped from 49.5 in 1979 to 120.5 in 2005. The price index for new housing is slightly higher at 135.3 for 2005, which mirrors the rising costs of materials, skilled labour, and energy resources.

The CPI for water, fuel and electricity has more than tripled in the past twenty-five years, which is reflected in the increasing cost of maintaining and operating a home. The CPI for water, fuel, and electricity has increased by 37 percent since 1999. This CPI cost for water, fuel and electricity is congruent with the Index for New Housing, which has risen by 31.3 percent from 1999-2005. These immediate costs are making it particularly expensive to facilitate the experience of home ownership without causing economic and material stress.

E2.3. Demographic and Economic Characteristics of Households

Table E2.8 confirms a 20 percent increase in the median household income in Winnipeg in the decade between 1990 and 2000. The median household income rose from $36,007 to $43,385 in the ten year period stated. It is important to note that in 2000, the median income for family households was considerably higher than for both male- and female-headed lone parent families. Similarly, two or more person households displayed a median income of $56,188 compared to one person households (singles) who registered a median income of just $21,557.

Table E2.8. Median Household Income by Household Type, Winnipeg, 1990 and 2000

Household Type	1990 $	2000 $
All Households	36,007	43,385
One Person Household	n/a	21,557
Two or More Person Household	n/a	56,188
Census Couple Family	n/a	60,571
Census Lone Parent Family (Female)	n/a	27,620
Census Lone Parent Family (Male)	n/a	37,641

n/a = not available
Source: Statistics Canada, 1991 and 2001 Census of Canada

In 1991, 127,225 individuals lived in low-income households which represented 21.1 percent of the total population of Winnipeg. By 2001, the proportion of low-income households had decreased slightly to 20.4 percent of the population as reviewed in Table E2.9. Between 1991 and 2001, the number of economic families in the low-income category decreased slightly from 28,825 to 25,750 households. In contrast, there was an increase of almost 12 percent in the number of low-income households who were comprised of single persons. Throughout the study period, the largest proportion of low-income households remained concentrated among single persons. In 2001, the proportion of low-income singles increased to over 44 percent. From a geographical perspective, both the incidence of poverty and a high number of low-income singles are concentrated in the inner city of Winnipeg.

Table E2.9. Incidence of Low-Income by Family Type, Winnipeg, 1991 and 2001

Family Type	1991		2001	
	# Low-Income	% Low-Income*	# Low-Income	% Low-Income*
Economic Families	28,825	17.4	25,750	15.5
Singles	39,250	43.3	43,910	44.3
Total Low-Income Population	127,225	21.1	123,040	20.3

* Proportion of low income in relation to the total population of Winnipeg.
Source: Statistics Canada, 1991 and 2001 Census of Canada

During the period between 1991 and 2001, the participation rate for the total labour force in Winnipeg remained unchanged at 68.1 percent, while the rate for of those aged 15-24 rose only slightly from 70.2 percent to 71.3 percent. Table E2.10 illustrates that more substantial changes occurred in relation to the unemployment rate in Winnipeg as it decreased markedly from 8.8 percent in 1991 to 5.7 percent in 2001. Similarly, the unemployment rate for the population aged15-24 also dropped from 14.2 percent to 10.9 percent. Winnipeg's unemployment rate of 5.7 percent remains among the lowest of Canadian cities.

Table E2.10. Employment Participation and Unemployment Rates, Winnipeg, 1991 and 2001

Rates	**1991 %**	**2001 %**
Participation Rate – Total Labour Force	68.1	68.1
Unemployment Rate – Total Labour Force	8.8	5.7
Participation Rate – Population Aged 15-24	70.2	71.3
Unemployment Rate – Population Aged 15-24	14.2	10.9

Source: Statistics Canada, 1991 and 2001 Census of Canada

In 2001, a total of 337,020 individuals were employed in Winnipeg. The leading industries for employment listed in Table E2.11 include: (1) manufacturing, (2) health care and social assistance, (3) retail trade, (4) hotel and food services, (5) public administration, and (6) education.

Table E2.11. Employment by Industry, Winnipeg, 2001

Rank	Industry	#	%
1	Manufacturing	44,755	13.3
2	Health Care and Social Assistance	41,330	12.3
3	Retail Trade	36,450	10.8
4	Accommodation and Food Services	24,575	7.3
5	Public Administration	24,595	7.3
6	Educational Services	23,930	7.1
7	Transportation and Warehousing	20,555	6.1
8	Professional, Scientific and Technical Services	16,840	5.0
9	Other Services	16,280	4.8
10	Wholesale Trade	14,665	4.4
11	Finance and Insurance	14,610	4.3
12	Construction	13,740	4.1
13	Administrative Support, Waste Management and Remediation Services	13,575	4.0
14	Information and Cultural Industries	8,855	2.6
15	Arts, Entertainment and Recreation	6,745	2.0
16	Real Estate and Rental and Leasing	5,790	1.7
17	Industry – Not Applicable	4,115	1.2
18	Utilities	3,735	1.1
19	Agriculture, Forestry, Fishing and Hunting	1,410	0.4
20	Mining, Oil and Gas Extraction	300	0.1
	All Industries	337,020	100.0

Source: Statistics Canada, 2001 Census of Canada

A summary of the variety of employment by occupation made be found in Table E2.12. In 2001, one quarter of those employed in Winnipeg were in occupations related to sales and service. A further 20 percent of the population were employed in business, finance, and administration, while 13 percent worked in trades and almost 10 percent in management occupations.

Table E2.12. Employment by Occupation, Winnipeg, 2001

Rank	Occupation	#	%
1	Sales and Service	83,885	25.3
2	Business, Finance and Administration	67,980	20.5
3	Trades, Transport, Equipment Operators and Related Occupations	43,535	13.1
4	Management	31,430	9.5
5	Social Science, Education, Government Service and Religion	28,265	8.5
6	Processing, Manufacturing and Utilities	23,880	7.2
7	Health	22,150	6.7
8	Natural and Applied Sciences and Related Occupations	18,890	5.7
9	Art, Culture, Recreation and Sport	9,030	2.7
10	Primary Industry	2,835	0.9
	All Occupations	331,880	100.0

Source: Statistics Canada, 2001 Census of Canada

E2.4. Housing Affordability Challenges for the Lower Middle-Income Group

Table E2.13 documents the overall distribution of the four income groups in 1991 and 2001 by shelter cost expenditure, household type, dwelling condition and tenure. The Winnipeg data indicates that between 1991 and 2001 an increase in the proportion of households paying less than 30 percent of income on shelter was registered for all four income groups. However, it is important to note that a markedly lower proportion of households in the moderate-income group had low shelter cost expenditures. For each Census year, 90 percent or more of households in the lower and upper middle-, and high-income groups paid less than 30 percent of their income to shelter. In fact, 99.3 percent of households in the high-income group paid less than 30 percent of their income on shelter in 2001. In comparison, the proportion of households in the moderate-income group that paid less than 30 percent of income on shelter registered 61.4 percent in 1991 and 64.8 percent in 2001.

In 1991, 38.6 percent of Winnipeg households in the moderate-income group paid 30 percent or more of their income on shelter. While this proportion declined to 35.2 percent in 2001, these data suggest that a large number of moderate-income households are experiencing severe housing affordability problems. In contrast, only 6.1 percent of the lower middle-income group, 2.9 percent of the upper middle-income group and 0.6 percent of the high-income group were expending more than 30 percent of their income in 2001 on shelter.

The data on household type illustrates changes that occurred in the composition of the income groups during the study period. First, there was a considerable increase between 1991 and 2001 in the number of one-person and lone-parent households in the moderate-income group. It is possible that those households with only one income experience the greatest housing affordability problems. With respect to the lower middle-income group, the number of households with children decreased while one-person households increased. The composition of the upper middle- and high-income groups remained consistent through the study period.

It was demonstrated previously that the need to repair residential dwellings in Winnipeg increased between 1991 and 2001. Similarly, all income groups experienced an increase in the proportion of households residing in homes that required either minor or major repairs. Coincidently, the moderate-income group registered the greatest proportion of households who resided in dwellings that required major repairs.

The review of overall housing in Winnipeg indicated that the proportion of homeowners had increased slightly between 1991 and 2001. This slight increase in the proportion of home ownership was also recorded by all four income groups. However, while the overwhelming majority of lower middle-, upper middle-, and high-income households owned their own homes, less than 40 percent of moderate-income households were also owners.

Table E2.13. Housing Characteristics by Income Groups, Winnipeg, 1991 and 2001

Housing Characteristics	Moderate-Income				Lower Middle-Income				Upper Middle-Income				High-Income			
	1991		2001		1991		2001		1991		2001		1991		2001	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Shelter-Cost-to-Income Ratio																
Less than 25%	12,915	44.3	14,515	47.5	33,500	76.5	38,965	84.5	39,385	90.1	43,985	95.9	28,250	96.9	30,300	98.7
25-29%	4,980	17.1	5,280	17.3	5,455	12.5	4,365	9.5	2,730	6.2	1,170	2.5	535	1.8	180	0.6
30-39%	5,750	19.7	5,505	18.0	3,875	8.9	2,195	4.8	1,350	3.0	485	1.1	240	0.8	75	0.2
40-49%	2,765	9.5	2,565	8.4	720	1.6	405	0.9	175	0.4	175	0.4	40	0.1	40	0.1
More than 50%	2,745	9.4	2,690	8.8	225	0.5	180	0.4	70	0.2	70	0.2	85	0.3	85	0.3
Total	29,155	100.0	30,555	100.0	43,775	100.0	46,110	100.0	43,710	100.0	45,885	100.0	29,150	100.0	30,680	100.0
Household Type																
Family no children	3,790	13.0	3,365	11.0	9,140	20.9	9,270	20.1	10,965	24.9	11,645	25.3	7,050	24.1	7,515	24.5
Family w/children	5,220	17.9	4,015	13.1	18,380	42.0	16,725	36.3	25,185	57.3	25,240	54.9	19,080	65.4	19,925	65.0
Lone Parent	3,840	13.2	5,000	16.4	4,400	10.1	5,460	11.8	2,430	5.5	3,085	6.7	840	2.8	850	2.7
Multiple Family	95	0.3	100	0.3	295	0.7	440	1.0	590	1.3	975	2.1	540	1.8	920	3.0
1 Person	14,340	49.2	16,610	54.4	8,965	20.5	11,785	25.6	2,430	5.5	3,150	6.8	670	2.2	830	2.7
2+ Persons	1,870	6.4	1,470	4.8	2,580	5.9	2,405	5.2	2,090	4.7	1,845	4.0	980	3.3	585	1.9
Total	29,155	100.0	30,560	100.0	43,760	100.0	46,085	100.0	43,690	100.0	45,940	100.0	29,160	100.0	30,625	100.0
Dwelling Condition																
Reg. Maintenance	18,395	63.1	16,745	54.8	28,095	64.2	25,775	55.9	30,415	69.5	27,885	60.6	22,025	75.5	20,885	68.2
Minor Repair	7,785	26.7	9,855	32.2	11,520	26.3	15,305	33.2	10,285	23.5	14,385	31.3	5,770	19.7	8,155	26.6
Major Repair	2,970	10.2	3,955	12.9	4,165	9.5	5,025	10.9	3,000	6.8	3,680	8.1	1,365	4.6	1,570	5.2
Total	29,150	100.0	30,555	100.0	43,780	100.0	46,105	100.0	43,700	100.0	45,950	100.0	29,160	100.0	30,610	100.0
Tenure																
Owner	9,810	33.6	11,190	36.6	28,715	65.6	31,680	68.7	36,900	86.5	40,430	88.0	27,165	93.5	29,015	94.7
Renter	19,345	66.4	19,365	63.4	15,055	34.4	14,415	31.3	6,805	13.5	5,520	12.0	1,995	6.5	1,610	5.3
Total	29,155	100.0	30,555	100.0	43,770	100.0	46,095	100.0	43,705	100.0	45,950	100.0	29,160	100.0	30,625	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E2.14. Income Groups by Housing Characteristics, Winnipeg, 1991 and 2001

	1991									2001								
	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total
	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#	%	#
STIR																		
Less than 25%	12,915	11.3	33,500	29.4	39,385	34.5	28,250	24.8	114,050	14,515	11.4	38,965	30.5	43,985	34.4	30,300	23.7	127,765
25-29%	4,980	36.4	5,455	39.8	2,730	19.9	535	3.9	13,700	5,280	48.0	4,365	39.7	1,170	10.6	180	1.6	10,995
30-39%	5,750	51.3	3,875	34.6	1,350	12.0	240	2.1	11,215	5,505	66.6	2,195	26.6	485	5.9	75	0.9	8,260
40-49%	2,765	74.7	720	19.5	175	4.7	40	1.1	3,700	2,565	80.5	405	12.7	175	5.5	40	1.3	3,185
More than 50%	2,745	87.8	225	7.2	70	2.2	85	2.7	3,125	2,690	88.9	180	6.0	70	2.3	85	2.8	3,025
Household Type																		
Family no children	3,790	12.2	9,140	29.5	10,965	35.4	7,050	22.8	30,945	3,365	10.6	9,270	29.2	11,645	36.6	7,515	23.6	31,795
Family w/children	5,220	7.7	18,380	27.1	25,185	37.1	19,080	28.1	67,865	4,015	6.1	16,725	25.4	25,240	38.3	19,925	30.2	65,905
Lone Parent	3,840	33.4	4,400	38.2	2,430	21.1	840	7.3	11,510	5,000	34.7	5,460	37.9	3,085	21.4	850	5.9	14,395
Multiple Family	95	6.3	295	19.4	590	38.8	540	35.5	1,520	100	4.1	440	18.1	975	40.0	920	37.8	2,435
1 Person	14,340	54.3	8,965	34.0	2,430	9.2	670	2.5	26,405	16,610	51.3	11,785	36.4	3,150	9.7	830	2.6	32,375
2+ Persons	1,870	24.9	2,580	34.3	2,090	27.8	980	13.0	7,520	1,470	23.3	2,405	38.1	1,845	29.3	585	9.3	6,305
Dwelling Cond.																		
Reg. Maintenance	18,395	18.6	28,095	28.4	30,415	30.7	22,025	22.3	98,930	16,745	18.3	25,775	28.2	27,885	30.5	20,885	22.9	91,290
Minor Repair	7,785	22.0	11,520	32.6	10,285	29.1	5,770	16.3	35,360	9,855	20.7	15,305	32.1	14,385	30.2	8,155	17.1	47,700
Major Repair	2,970	25.8	4,165	36.2	3,000	26.1	1,365	11.9	11,500	3,955	27.8	5,025	35.3	3,680	25.9	1,570	11.0	14,230
Tenure																		
Owner	9,810	9.6	28,715	28.0	36,900	36.0	27,165	26.5	102,590	11,190	10.0	31,680	28.2	40,430	36.0	29,015	25.8	112,315
Renter	19,345	44.8	15,055	34.8	6,805	15.8	1,995	4.6	43,200	19,365	47.3	14,415	35.2	5,520	13.5	1,610	3.9	40,910

Source: Statistics Canada, 1991 and 2001 Census of Canada

Overall, this overview reveals that while all four income groups experienced a decrease during the ten-year study period in the proportion of households spending more than 30 percent of income on shelter, moderate-income households were more likely to experience housing affordability problems.

Table E2.14 also illustrates the decline between 1991 and 2001 in the proportion of households paying more than 30 percent of income on shelter costs. For example, in 1999, the lower middle-income group represented 34.6 percent of all households spending 30-39 percent of income on housing compared to only 26.6 percent in 2001.

E2.5. Characteristics of Households with Affordability Problems in 2001

The following three tables (E2.15, E2.16, and E2.17) provide a more detailed assessment of the customized cross-tabular data in order to evaluate those working households experiencing housing affordability problems in 2001, that is, those households paying 30 percent or more of their incomes on shelter. In these tables, the shelter-cost-to-income ratio rates above 30 percent are itemized for each income group in relation to household type, dwelling condition and housing tenure. Some key findings emerge from a comparison of the income groups.

The first table (Table E2.15) examines the shelter cost expenditures of each income group by household type. For each household type, the moderate-income group registers the highest proportion of households spending more than 30 percent of their income on shelter. In particular, households in the moderate-income group comprised of one or more single persons, in addition to lone-parent families recorded the highest incidences of housing affordability problems. In relation to the moderate-income group, a high proportion of families with children and multiple families were experiencing severe housing affordability problems as 31.9 percent and 41.7 percent respectively spent 50 percent or more of their income on housing.

Table E2.15. Distribution of Households with STIR 30% or More by Income Range and Household Type, Winnipeg, 2001

Household Type	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
One Family Without Children								
STIR 30-39%	590	47.8	335	77.9	90	60.0	10	40.0
STIR 40-49%	330	26.7	60	14.0	0	0	0	0
STIR 50% +	315	25.5	35	8.1	60	40.0	15	60.0
Total	1235	67.1	430	23.4	150	8.2	25	1.4
One Family With Children								
STIR 30-39%	730	40.1	1110	78.7	310	66.7	55	68.8
STIR 40-49%	510	28.0	230	16.3	20	4.3	0	0
STIR 50% +	580	31.9	70	5.0	135	29.0	25	31.3
Total	1820	48.2	1410	37.4	465	12.3	80	2.1
Lone Parent								
STIR 30-39%	1075	53.2	320	84.2	30	46.2	15	37.5
STIR 40-49%	455	22.5	35	9.2	0	0	0	0
STIR 50% +	490	24.3	25	6.6	35	53.8	25	62.5
Total	2020	80.6	380	15.2	65	2.6	40	1.6
Multiple Family								
STIR 30-39%	25	41.7	35	100.0	30	50.0	0	0
STIR 40-49%	10	16.7	0	0	20	33.3	10	100.0
STIR 50% +	25	41.7	0	0	10	16.7	0	0
Total	60	36.4	35	21.2	60	36.4	10	6.1
One Person								
STIR 30-39%	2815	55.0	290	79.5	40	80.0	10	100.0
STIR 40-49%	1145	22.4	45	12.3	0	0	0	0
STIR 50% +	1155	22.6	30	8.2	10	20.0	0	0
Total	5115	92.3	365	6.6	50	0.9	10	0.2
Two or More Persons								
STIR 30-39%	265	53.5	95	100.0	10	50.0	0	0
STIR 40-49%	115	23.2	0	0	0	0	0	0
STIR 50% +	115	23.2	0	0	10	50.0	0	0
Total	495	81.1	95	15.6	20	3.3	0	0

Source: Statistics Canada, 2001 Census of Canada

The lower middle-income group had the second highest proportion of households with high shelter cost expenditures in 2001. In contrast to the moderate-income group, however, very few households in the lower middle-income group were paying over 50 percent of their income on shelter. And while low-income households with singles or lone-parents experienced the highest incidence of affordability problems, the highest proportions of households in the lower middle-income group who experienced problems of housing affordability were comprised of families: 37.4 percent of families with children, 23.4 percent of families without children and 21.2 percent of multiple families were paying 30 percent of more of their income on shelter.

As indicated earlier, few households in the upper middle- and high-income groups paid 30 percent or more of their income on housing. Nonetheless, it is noteworthy that for both income groups, approximately half of the households comprised of families without children and lone-parent families were paying over 50 percent of their income on housing costs.

The second table in this series (Table E2.16) explored the income groups by shelter payment and condition of dwelling. For all income groups, at least one half of all households with high shelter expenditures were residing in dwellings that required only regular maintenance. Furthermore, of those households paying 30 percent or more of income on shelter, 33.8 percent lived in homes in need of minor repairs and 12.7 percent resided in dwellings requiring major repairs.

Table E2.16. Distribution of Households with STIR 30% or More by Income Range and Dwelling Condition, Winnipeg, 2001

Dwelling Condition	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Regular Maintenance								
STIR 30-39%	2790	50.3	1290	80.1	370	73.3	45	50.0
STIR 40-49%	1325	23.9	230	14.3	10	2.0	10	11.1
STIR 50% +	1430	25.8	90	5.6	125	24.8	35	38.9
Total	5545	71.5	1610	20.8	505	6.5	90	1.2
In Need of Major Repairs								
STIR 30-39%	765	52.6	210	71.2	30	37.5	0	0
STIR 40-49%	370	25.4	60	20.3	0	0	0	0
STIR 50% +	320	22.0	25	8.5	50	62.5	10	100.0
Total	1455	79.1	295	16.0	80	4.3	10	0.5
In Need of Minor Repairs								
STIR 30-39%	1955	52.0	680	80.0	80	33.3	25	45.5
STIR 40-49%	870	23.1	115	13.5	45	18.8	10	18.2
STIR 50% +	935	24.9	55	6.5	115	47.9	20	36.4
Total	3760	76.7	850	17.3	240	4.9	55	1.1

Source: Statistics Canada, 2001 Census of Canada

Approximately 80 percent of those households with high shelter expenditures that resided in housing requiring major repair were from the moderate-income group. Moreover, almost half of this moderate-income group that lived in dwellings in poor condition paid 40 percent or more of their income on housing. Similarly, a high proportion of households in the upper middle- and high-income groups who resided in housing that required major repair were paying in excess of 50 percent of their income on shelter.

The final table (Table E2.17) portrays the distribution of the income groups and their shelter expenditures in relation to housing tenure. As was discussed previously, almost all households that rented accommodations and were experiencing affordability problems were in the moderate-income group. Furthermore, almost half (45.7 percent) of moderate-income renters were paying 40 percent or more of their income to shelter. In contrast, only 22.6 percent of the lower middle-income households that were renting registered similar shelter cost to ratio rates.

Table E2.17. Distribution of Households with STIR 30% or More by Income Range and Tenure, Winnipeg, 2001

Housing Tenure	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Owned								
STIR 30-39%	2370	47.5	2070	79.3	480	59.6	65	48.1
STIR 40-49%	1225	24.6	370	14.2	45	5.6	10	7.4
STIR 50% +	1390	27.9	170	6.5	280	34.8	60	44.4
Total	4985	58.4	2610	30.6	805	9.4	135	1.6
Rented								
STIR 30-39%	3130	54.2	120	77.4	0	0	0	0
STIR 40-49%	1340	23.2	25	16.1	0	0	0	0
STIR 50% +	1300	22.5	10	6.5	0	0	0	0
Total	5770	97.4	155	2.6	0	0	0	0

Source: Statistics Canada, 2001 Census of Canada

The lower- and upper middle-income groups account for 40 percent of all owners paying more than 30 percent of income to shelter. Furthermore, in the upper middle-income group of owners, 34.8 percent paid more than 50 percent of income to shelter compared to only 6.5 percent of the lower middle-income group of owners. In comparison, 44 percent of the small number of high-income households paid more than 50 percent of income on shelter.

Table E2.18 provides an overview of the housing characteristics of the lower middle-income group in Winnipeg that paid 30 percent or more of income on housing in 2001. Over one-half (51.9 percent) of this group is comprised of families with children, while families without children, lone-parent families, and one-person households are also represented in this group experiencing housing affordability problems. It is also notable that while almost 60 percent of this group resides in housing that requires only regular maintenance, in comparison to Calgary, a much larger proportion of this group live in dwellings that require either minor (30.9 percent) or major (10.7 percent) repairs. Finally, almost all households in this income group are home-owners.

Table E2.18. Distribution of Lower Middle-Income Households with STIR 30% or More by Household Type, Dwelling Condition, and Tenure, Winnipeg, 2001

	STIR 30-39%		STIR 40-49%		STIR 50-59%		Total	
	#	%	#	%	#	%	#	%
Household Type								
Family, No Children	335	77.9	60	14.0	35	8.1	430	15.8
Family With Children	1,110	78.7	230	16.3	70	5.0	1410	51.9
Lone Parent	320	84.2	35	9.2	25	6.6	380	14.0
Multiple Family	35	100.0	0	0	0	0	35	1.3
One Person	290	79.5	45	12.3	30	8.2	365	13.4
Two or More Persons	95	100.0	0	0	0	0	95	3.5
Dwelling Condition								
Regular Maintenance	1,290	80.1	230	14.3	90	5.6	1610	58.4
Minor Repairs	680	80.0	115	13.5	55	6.5	850	30.9
Major Repairs	210	71.2	60	20.3	25	8.5	295	10.7
Tenure								
Owner	2,070	79.3	370	14.2	170	6.5	2610	94.4
Renter	120	77.4	25	16.1	10	6.5	155	5.6

Source: Statistics Canada, 2001 Census of Canada

E2.6 Summary

The Winnipeg case study provided an overview of key housing and demographic changes that have taken place over the last two census periods (1991 and 2001). While change during this decade was largely subtle, it was clearly shown that the last four years have seen tremendous growth, especially with the rapid rise in housing prices. The final aspect of the case study focused on the customized cross-tabular data. This analysis documented that while moderate-income earning households continue to face challenges, perhaps housing affordability for the lower and upper middle-income groups may face increased instability in light of the recent market changes. However, in absence of data from the 2006 Census this will remain unsubstantiated.

E3.1. Housing Affordability in Toronto

The following sections provide an overview of key housing market data for Toronto and draw upon demographic and housing statistics with the intent of providing some rationalization for the changes that have taken place over the last two census periods (1991 and 2001) and also the last four years. The section concludes with an assessment of customized cross-tabular data from the 2001 Census of Canada that focuses exclusively on working families to assess changes in housing affordability for moderate- to high-income groups.

The Toronto area has seen a strong housing market in recent years. Fuelled by an active local economy and heavy net in-migration, Toronto has seen near-record levels of housing starts and rapid increases in the price of both new and resale ownership units. Reductions in interest rates have helped encourage many tenants to move into homeownership situations, thereby bringing an increase in vacancy rates within the existing rental stock. Nevertheless, there has also been a steady increase in rent levels over the past few years.

These changes, together with changing demographic, social, and economic conditions noted in the 2001 Census, are bringing with them changes to the affordability situation of the working poor. Below we review some of the key trends in Toronto's housing market and their impacts on housing affordability among those in the lower end of the middle-income group.

E3.2. Housing Market Conditions

As shown in Table E3.1, in 1991, renters outnumbered owners in the City of Toronto, comprising 444,735 households (or 51.7 percent of total households) as compared to 415,450 owners. By 2001, this situation had reversed. The addition of over 62,000 owners, as opposed to just 15,000 renters, resulted in 477,015 owners representing 51.0 percent of households. This trend has likely continued since 2001 as low interest rates have generally resulted in a large number of rental households entering the ownership market in recent years

Some new owners will likely find themselves in perilous situations because they have taken advantage of 5 percent down-payments and low interest rates, and probably have high debt loads. If interest rates rise, many of these owners would experience severe affordability problems.

Overall, owners grew by 15.0 percent during this period. Their rental counterparts increased by just 3.4 percent, to 459,750. This swing reflects limited new rental development, especially post 1995. Additionally, the condominium market saw significant growth during this period, allowing many renters to enter into the ownership market.

The overall composition of the housing stock remained largely stable from 1991 to 2001. This reflects the fact that the city is largely built-up, with limited opportunity for new suburban development. As a result, higher density townhouse and apartment construction was more prevalent.

There was some deterioration in the overall condition of the housing stock from 1991 to 2001. In 1991, 8.2 percent of the total stock of 864,540 dwellings required major repairs, while an additional 22.9 percent required minor repairs. By 2001, the share of units requiring major repairs had grown to 8.8 percent, representing some 83,150 units. Similarly, the proportion of dwellings needing minor repairs had risen to 251,510 units, or 26.7 percent of the 943,080 units in the city at that time. This trend reflects the limited potential for new suburban development, and the aging of the existing older stock.

Accordingly, apartment types saw the highest levels of growth. This was especially true of high-rise (five or more storeys), which increased by 45,059 units or 14.5 percent. Row units displayed the largest growth, percentage wise, of 17.5 percent. Similarly, duplex apartments increased by 12.3 percent. By contrast, single (4.7 percent), semi (4.9 percent) and low-rise apartments (5.6 percent) saw single digit growth over this period. Single attached and mobile homes declined in actual numbers.

Table E3.1. Housing Characteristics, Toronto, 1991 and 2001

	1991		2001	
	#	%	#	%
Housing Tenure				
Rented	449,105	51.9	464,535	49.2
Owned	415,450	48.1	478,545	50.8
Total Stock	864,555	100.0	943,075	100.0
Condition of Dwelling				
Major Repairs	70,605	8.2	83,150	8.8
Minor Repairs	198,140	22.9	251,510	26.7
Regular Maintenance	595,795	68.9	608,420	64.5
Total Stock	864,540	100.0	943,080	100.0
Dwelling Type				
Single-Detached House	287,470	33.3	300,930	31.9
Semi-Detached House	86,730	10.0	91,010	9.7
Row House	44,510	5.1	52,315	5.5
Apartment, detached duplex	21,185	2.5	23,800	2.5
Apartment, 5 or more storeys	309,940	35.9	354,995	37.6
Apartment, less than 5 storeys	110,700	12.8	116,910	12.4
Other Single-Attached House	3,895	0.5	3,040	0.3
Other Movable Dwelling	115	0.0	75	0.0
Total Occupied Private Dwellings	864,545	100.0	943,080	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E3.2, below, shows that average market rents grew significantly from 1991 to 2001. In 2001, these stood at $698 for a bachelor, $870 for a one bedroom, $1,039 for a two bedroom, and $1,243 for three plus bedrooms. After 2001, however, demand for rental units began to subside. This reflected both demographic changes (the tail end of the baby boom market matured), and economic conditions (interest rates began to drop). Accordingly, many renters chose to enter the ownership market. The decline in demand resulted in lower rents. Over the four year period to 2005, there was only marginal growth in rental costs. For example, the two bedroom rent rose by just $13, or 1.3 percent.

The demographic and economic changes described above were reflected in variations in the vacancy rate as well. From 1991 to 2001, this was very low, standing at 0.9 percent in 2001. By 2005, this had risen to 3.7 percent.

Table E3.2. Rental Housing Market, Toronto, 1991, 2001, 2005

	1991	**2001**	**2005**
Average Market Rent ($)			
Bachelor	482	698	724
1 Bedroom	592	870	888
2 Bedroom	730	1,039	1,052
3+ Bedroom	889	1,248	1,243
Vacancy Rate (%)			
Rate	1.8	0.9	3.7

Source: CMHC Rental Market Report, 1991, 2001, 2005

In 1991, there were 4,304 housing starts in the City of Toronto (see Table E3.3). These were dominated by 3,445 apartments comprising 80.0 percent of units. Many of these would have been rental, and many of these would have been subsidized, non-profit units developed under the active social housing supply programs available at that time.

By 2001, the situation had changed as total starts were up substantially, to 15,265, including 12,594 apartments and 1,024 rows. However, the great majority of these would have been ownership (condominium) units. There has been limited rental development since the demise of the non-profit housing program in 1995. In 2005, the situation remained similar to 2001, with starts totalling 15,602 units, including 14,362 apartments and row houses.

Table E3.3. New Housing Market, Toronto, 1991, 2001, 2005

Housing Starts	**1991**	**2001**	**2005**
Single	764	1,647	1,240
Multiple	3,540	13,618	14,362
Total	4,304	15,265	15,602

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

In 2005, there were 85,672 sales of resale units in the city with an average price of $336,176. This was based on 151,352 listings, resulting in a sales-to-listing ratio of .566. In 2001, the average resale price was $251,508. Accordingly, resale homes have risen by 33.7 percent over this four year period.

In 2005, the average price of a resale single detached home stood at $503,018. This was up 8.5 percent from $463,787 in 2004. By contrast, new single detached homes sold for an average of $609,595 in 2005. This was a 6.8 percent rise from $570,836 in 2004.

Escalating rental costs from 1991 to 2001 resulted in a dramatic shift in the affordability environment for rental households. In 1991, only 56,515 renters were spending 30 percent or more of their gross income on shelter (see Table E3.4). They comprised 12.7 percent of rental households. By 2001, this had jumped to 198,470 households representing 43.2 percent of renters.

Table E3.4. Households Spending 30% or More on Housing by Tenure, Toronto, 1991 and 2001

	1991		2001	
Housing Tenure	**#**	**%**	**#**	**%**
Renters	56,515	12.7	198,470	43.2
Owners	49,275	11.9	106,220	22.2

Source: Statistics Canada, 1991 and 2001 Census of Canada

The affordability environment for owners also saw a notable change from 1991 to 2001, albeit not as dramatic as their rental counterparts. In 1991, there were 49,275 owners spending more than 30 percent on shelter costs (principal, interest, and taxes). They represented 11.9 percent of owners, slightly below the rental share. By 2001, this had more than doubled, to 106,220 households comprising 22.2 percent of owners. Generally speaking, ownership costs outpaced income growth during this period. Additionally, many of the households entering the market were first time buyers who typically face a higher shelter-to-income ratio.

According to census data from 1991 and 2001, the average value of dwellings in the city dropped by 1.5 percent from $287,715 to $282,715. After 1991, there was a significant downward correction in the real estate market of approximately 30 percent. Also, the addition of a large number of lower priced multiple units, which served to moderate the overall average price increase that was being recorded among various unit types. Residential dwelling values have only recently (2005) recovered to 1991 levels.

As shown in Table E3.5, below, the annual Survey of Household Spending shows that households in Toronto were spending 25 percent more in 2004 on shelter payments than they were in 1997 - an increase of 3.1 percent annually.

Table E3.5. Average Household Expenditure on Shelter, Toronto, 1997-2004

Year	**Average Expenditure on Shelter ($)**	**Annual Change (%)**
1997	13,270	-
1998	13,376	0.8
1999	13,661	2.1
2000	14,490	6.1
2001	14,516	0.2
2002	15,448	6.4
2003	16,907	9.4
2004	16,589	-1.9

Source: Statistics Canada, Survey of Household Spending, CANSIM II Series, V21148181, Table Number 2030001.

The price of new housing in Toronto has increased by 36 percent over the past 10 years (1996-2005), or an average of 3.6 percent per year (see Table E3.6). The most significant increase has occurred since 2000, when prices rose by an average annual rate of 5.1 percent, with a total increase of 25 percent over the period. For the five years prior to 1997, the market was relatively stagnant, with an overall decrease of 1.8 percent in the price of new homes over the period.

Similar to the trend that occurred in the price of new housing, the shelter component of the Consumer Price Index (CPI) for Toronto rose by 25.6 percent from 1992 to 2005

(Table E3.6). Most of this increase has occurred since 1999 (20.6 percent). The index for rented shelter has risen by 10 percent more than it has for owned shelter in this time. However, a key component of the overall shelter index increase has been a rapid rise in prices for water, fuel, and electricity. Since 1999 this has jumped by 60 percent. These rapidly rising costs eat away at the affordability of maintaining and operating a residence (owned or rented) even when increases in prices for rents and mortgage payments may be moderate.

Table E3.6. Consumer Price Indices for Shelter and Utilities, Toronto, 1979-2005

Year	*Price Index for New Housing	**CPI for Shelter	**CPI for Rented Shelter	**CPI for Owned Shelter	**CPI for Water, Fuel & Electricity
1979	n/a	44.8	52.5	43.9	39.7
1980	n/a	47.9	54.9	46.8	44.9
1981	63.7	54.3	57.9	53.0	56.3
1982	61.6	61.5	62.1	60.3	66.8
1983	59.6	65.5	66.8	63.3	73.2
1984	60.1	68.1	70.5	65.0	77.4
1985	62.3	71.0	74.2	67.1	82.6
1986	76.1	74.2	77.9	71.3	80.4
1987	93.3	80.6	81.5	80.1	81.3
1988	111.7	85.8	85.6	86.4	83.7
1989	131.2	93.0	90.8	96.3	82.9
1990	120.2	97.3	94.5	101.6	83.4
1991	105.5	98.9	97.5	100.9	93.3
1992	100.0	100.0	100.0	100.0	100.0
1993	99.0	100.7	102.3	99.0	105.3
1994	99.0	100.7	104.5	97.4	107.1
1995	99.1	102.0	106.4	98.9	105.0
1996	97.5	102.1	108.2	97.9	106.1
1997	100.4	102.4	110.1	97.3	107.4
1998	103.7	103.6	111.7	97.8	109.6
1999	105.4	105.0	113.5	98.9	112.9
2000	108.0	108.5	115.5	101.4	125.2
2001	111.0	114.5	118.3	104.6	153.0
2002	114.8	115.6	121.7	107.0	141.3
2003	120.9	119.6	124.0	110.2	159.4
2004	128.3	122.4	125.5	113.5	161.0
2005	133.8	125.6	126.8	116.3	172.5

* September Index (House and Land) for Toronto and Oshawa. Source: Statistics Canada, New Housing Price Index, CANSIM II, Table Number 3270005.
** Source: Statistics Canada, Consumer Price Index, CANSIM II, Table Number 3260002.
n/a = not available; x = data suppressed by Statistics Canada for confidentiality purposes.

E3.3. Demographic and Economic Characteristics of Households

The median household income in the City of Toronto rose by 14.2 percent, from $43,212 in 1990, to $49,345 in 2000, as shown in Table E3.7. There was considerable variation in median incomes based on household type. These were highest for two parent families, at $61,092. By comparison, lone-parent families faired poorly. Male-headed lone parent households reported a median income of $41,608. Still, this was $10,042 higher than their female counterparts, at $31,566. Among non-family households, two or more person units had a median of $60,551. This was considerably higher than one-person (single) households at $28,366.

Table E3.7. Median Household Income by Household Type, Toronto, 1990 and 2000

Household Type	1990 $	2000 $
All Households	43,212	49,345
One Person Household	n/a	28,366
Two or More Person Household	n/a	60,551
Census Couple Family	n/a	61,092
Census Lone Parent Family (Female)	n/a	41,608
Census Lone Parent Family (Male)	n/a	31,566

n/a = not available
Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E3.8 demonstrates that from 1991 to 2001, there was significant growth in the overall number of low-income individuals. In 1991, there were 551,145 identified as low-income. Over the decade this figure grew by 220,390, to 771,535 in 2001. The number of low-income singles grew by 44.8 percent, from 124,220 to 179,845 in 2001, while the number of economic families increased by 80,725 or 84.1 percent. Overall, the incidence of low-income status among singles rose from 33.5 percent to 35.1 percent in 2001. In terms of economic families, there was a slight decrease in incidence of low-income, falling from 16.3 percent to 14.4 percent in 2001.

Table E3.8. Incidence of Low-Income by Family Type, Toronto, 1991 and 2001

Family Type	1991		2001	
	# Low-Income	% Low-Income*	# Low-Income	% Low-Income*
Economic Families	95,980	16.3	176,705	14.4
Singles	124,220	33.5	179,845	35.1
Total Low-Income Population	551,145	24.7	771,535	16.7

* Proportion of low income in relation to the total population of Toronto.
Source: Statistics Canada, 1991 and 2001 Census of Canada

Overall participation in the labour force dropped by 2.7 percent, from 68.0 percent in 1991 to 65.3 percent in 2001 (Table E3.9). This trend was repeated for younger workers aged 15-24. Their participation rate dropped to 58.8 percent from 65.0 percent in 2001. This represented a change of 6.2 percent, which exceeded the drop in the population as a whole. The unemployment rate improved, falling from 9.7 percent to 7.0 percent. This improvement was not as pronounced for younger workers as the participation rate for the 15-24 age group dropped by just 1.6 percent, to 13.2 percent in 2001.

Table E3.9. Employment Participation and Unemployment Rates, Toronto, 1991 and 2001

Rates	1991 %	2001 %
Participation Rate – Total Labour Force	68.6	65.3
Unemployment Rate – Total Labour Force	9.6	7.0
Participation Rate – Population Aged 15-24	64.4	58.8
Unemployment Rate – Population Aged 15-24	14.6	13.2

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E3.10. Employment by Industry, Toronto, 1991

Rank	Industry	#	%
1	Manufacturing	206,125	16.3
2	Retail Trade	150,665	11.9
3	Business Service	132,265	10.5
4	Health Care and Social Service	100,565	8.0
5	Other Services	99,180	7.8
6	Finance and Insurance	94,880	7.5
7	Educational Services	80,800	6.4
8	Accommodation and Food Services	74,325	5.9
9	Construction	73,895	5.8
10	Government Service	72,325	5.7
11	Wholesale Trade	58,145	4.6
12	Communication and Other Utility Industries	48,015	3.8
13	Transportation and Storage	36,920	2.9
14	Real Estate Operator and Insurance Agents	30,050	2.4
15	Agriculture and related industries	3,115	0.2
16	Mining, Oil and Gas Extraction	2,025	0.2
17	Logging and Forestry Industries	950	0.1
18	Fishing and Trapping Industries	150	0.01
	All Industries	1,264,400	100.0

Source: Statistics Canada, 2001 Census of Canada

Table E3.10 shows that in 1991, total employment in the city was 1,264,400. Manufacturing led all industries with 206,125 workers. This represented 16.3 percent of the workforce. Retail trade followed manufacturing, with 150,665 jobs comprising 11.9 percent. The next two leading industries were business service with 132,265, and health and social services at 100,565. These two industries contributed 10.5 percent and 8.0 percent of the workforce, respectively.

Overall employment grew by 26,980 or 21.3 percent, from 1,264,400 in 1991, to 1,291,380 in 2001 (Table E3.11). Manufacturing remained the leading industry, with 186,870 workers in 2001. Its share of employment, however, dropped from 16.3 percent, to 14.5 percent in 2001. Similarly, retail trade saw its share decline to 10.1 percent, from 11.9 percent in 1991. Still, some 130,525 individuals worked in retail trade. By contrast, the share of employment represented by health and social services rose slightly, to 8.1

percent. Professional, scientific and technical services contributed 141,355 jobs, or 10.9 percent.

Table E3.11. Employment by Industry, Toronto, 2001

Rank	Industry	#	%
1	Manufacturing	186,870	14.2
2	Professional, Scientific and Technical Services	141,355	10.7
3	Retail Trade	130,525	9.9
4	Health Care and Social Assistance	104,520	7.9
5	Finance and Insurance	97,595	7.4
6	Accommodation and Food Services	80,725	6.1
7	Educational Services	76,980	5.8
8	Administrative Support, Waste Management and Remediation Services	68,235	5.2
9	Information and Cultural Industries	62,620	4.7
10	Other Services	61,430	4.7
11	Wholesale Trade	60,575	4.6
11	Construction	56,555	4.3
12	Transportation and Warehousing	50,335	3.8
13	Public Administration	42,300	3.2
14	Real Estate and Rental and Leasing	30,275	2.3
15	Industry – Not Applicable	29,000	2.2
16	Arts, Entertainment and Recreation	28,135	2.1
17	Utilities	6,745	0.5
18	Management of Companies and Enterprises	2,960	0.2
19	Agriculture, Forestry, Fishing and Hunting	1,575	0.1
20	Mining, Oil and Gas Extraction	1,075	0.1
	All Industries	1,320,385	100.0

Source: Statistics Canada, 2001 Census of Canada

In 2001, some 279,170 individuals were working in sales and service positions (see Table E3.12). This represented the leading occupation in the city at 21.6 percent. Business, finance and administration positions followed with 275,415 jobs comprising 21.3 percent. These were well ahead of management occupations at 152,215 or 11.8 percent. The top five occupations were rounded out by trades, transport and equipment (132,550 or 10.2 percent) and natural and applied sciences (110,635 or 8.6 percent).

Table E3.12. Employment by Occupation, Toronto, 2001

Rank	Occupation	#	%
1	Sales and Service	279,170	21.1
2	Business, Finance and Administration	275,415	20.9
3	Management	152,215	11.5
4	Trades, Transport, Equipment Operators and Related Occupations	132,550	10.0
5	Natural and Applied Sciences and Related Occupations	110,635	8.4
6	Social Science, Education, Government Service and Religion	107,425	8.1
7	Processing, Manufacturing and Utilities	106,860	8.1
8	Art, Culture, Recreation and Sport	63,850	4.8
9	Health	57,140	4.3
10	Occupations – not applicable	29,000	2.2
11	Primary Industry	6,125	0.5
	All Occupations	1,320,385	100.0

Source: Statistics Canada, 2001 Census of Canada

E3.4. Housing Affordability Challenges for the Lower Middle-Income Group

Table E.13 provides an overview of the housing characteristics of working households in 1991 and 2001 in relation to their distribution by income group. A review of the 1991 census reveals a number of clear correlations between income and housing characteristics. In 1991, 43.5 percent of the moderate-income group was spending 30 percent or more of gross income on housing. This decreased to 22.5 percent among those households in the lower middle-income group, and just 12.1 percent and 3.6 percent among the upper middle- and high-income groups. As income increases so does the propensity toward family households. Non-family households represented 50.5 percent of the moderate-income group, compared to 24.5 percent of the lower middle-income group, 10.9 percent of the upper middle-income group, and 7.3 percent in the high-income group.

There is also an overall improvement in the condition of homes, as incomes rise. Whereas 9.6 percent of units required major repairs among moderate-income households, this dropped to 7.7 percent for the lower middle-income group, 5.3 percent for the upper middle-income group, and 3.6 percent for high-income group. Finally, as expected, the tendency to rent decreased with income. This ranged from 73.2 percent among moderate-income households to 46.9 percent, 25.1 percent and 12.0 percent for the lower middle-, upper middle- and high-income groups respectively.

In 2001, the affordability situation among moderate-income households eroded, as 55.8 percent of households were exceeding 30 percent of gross income. For lower middle-income households this remained largely stable at 22.0 percent. By contrast, upper middle- and high-income households dropped to 4.3 percent and 0.8 percent respectively. The share of non-family households dropped in the moderate-income group, to 42.3 percent, but remained largely stable in each of the lower middle- (24.6 percent), upper middle- (10.6 percent) and high- (6.4 percent) income groups.

All four groups reported small increases in the share of dwellings requiring major repairs. This was highest in the moderate-income group at 9.8 percent, followed by 7.9 percent, 5.5 percent and 3.7 percent in the lower middle-, upper middle- and high-incomes groups respectively. Similarly, the propensity toward renting decreased in all four groups, dropping to 65.9 percent among the moderate-income households, 39.6 percent in the lower middle-income group, 19.6 percent in the upper middle-income group, and just 9.6 percent in the high-income group.

Table E3.14 demonstrates that in 1991, the moderate-income group represented 43.9 percent of all working households with affordability issues (based on shelter-to-income ratios of 30 percent or more). The lower middle-income group accounted for 34.1 percent of the households with affordability challenges, while the upper middle- and high-income groups represented 18.4 percent and 3.6 percent respectively. In terms of those with severe housing affordability issues, as defined as spending 50 percent or more of household income on housing, over two-thirds of these households were from the moderate-income group, with the lower middle- and upper middle-income groups accounting for another 27.5 percent and 6.9 percent, respectively. The high-income group accounted for just 1.2 percent of households with severe affordability challenges.

By 2001, the moderate-income group represented a larger proportion of all households with affordability issues (58.0 percent), while the lower middle-income group continued to account for 34 percent of households with affordability issues. Both the upper middle- and high-income groups accounted for smaller proportions of households with affordability issues in 2001 than in 1991.

In terms of the change over time of the household composition of the different income groups, the moderate-income group represented a smaller proportion of all non-family households in 2001 than it did in 1991. While the lower middle-income group now represented a larger proportion of non-family households.

There was no change in the distribution between income groups of the households residing in dwellings needing major repair. In both years, approximately 29 percent of households with dwellings in need of major repair were in the moderate-income group, while approximately 35 percent, 24 percent, and 11 percent were in the lower middle-, upper middle- and high-income groups respectively, in both 1991 and 2001.

The moderate-income group represented a larger proportion (40 percent) of renters in 2001, compared to 1991 (37.9 percent). Over the same period, there was little change in the percentage of renter households that were accounted for by the lower middle-income group. The upper middle- and high-income groups both slightly decreased their representation of renter households.

Table E3.13. Housing Characteristics by Income Groups, Toronto, 1991 and 2001

Housing Characteristics	Moderate-Income				Lower Middle-Income				Upper Middle-Income				High-Income			
	1991		2001		1991		2001		1991		2001		1991		2001	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Shelter-Cost- to-Income Ratio																
Less than 25%	74385	41.6	56860	28.2	179305	66.9	189445	62.3	208775	77.8	266835	87.8	163990	91.8	197340	97.8
25-29%	26680	14.9	32440	16.1	28405	10.6	47710	15.7	26935	10.0	24060	7.9	8385	4.7	2895	1.4
30-39%	32860	18.4	46615	23.1	33785	12.6	47720	15.7	23725	8.8	10445	3.4	4745	2.7	1130	0.6
40-49%	17090	9.6	26985	13.4	14840	5.5	13530	4.5	5895	2.2	1805	0.6	1060	0.6	315	0.2
More than 50%	27700	15.5	39005	19.3	11820	4.4	5485	1.8	2980	1.1	875	0.3	525	0.3	85	0.04
Total	178715	100.0	201905	100.0	268155	100.0	303890	100.0	268310	100.0	304020	100.0	178705	100.0	201765	100.0
Household Type																
Family no children	22445	12.6	23085	11.4	56625	21.1	54955	18.1	63085	23.5	63940	21.0	37865	21.2	40910	20.3
Family w/children	40395	22.6	58390	28.9	118335	44.1	132055	43.5	153455	57.2	172140	56.6	111135	62.2	125350	62.1
Lone Parent	24320	13.6	32355	16.0	23345	8.7	33255	10.9	13585	5.1	18320	6.0	5160	2.9	5770	2.9
Multiple Family	1200	0.7	2505	1.2	4135	1.5	8910	2.9	8880	3.3	17495	5.8	11440	6.4	16820	8.3
1 Person	80460	45.0	78025	38.6	47565	17.7	60055	19.8	12615	4.7	18840	6.2	4990	2.8	7735	3.8
2+ Persons	9895	5.5	7545	3.7	18160	6.8	14660	4.8	16685	6.2	13285	4.4	8115	4.5	5175	2.6
Total	178715	100.0	201905	100.0	268165	100.0	303890	100.0	268305	100.0	304020	100.0	178705	100.0	201760	100.0
Dwelling Condition																
Reg. Maintenance	118140	66.1	128425	63.6	184915	69.0	198360	65.3	197585	73.6	208885	68.7	139505	78.1	146390	72.6
Minor Repair	43395	24.3	53590	26.5	62475	23.3	81565	26.8	56465	21.0	78340	25.8	32840	18.4	47955	23.8
Major Repair	17175	9.6	19880	9.8	20775	7.7	23965	7.9	14260	5.3	16810	5.5	6365	3.6	7420	3.7
Total	178710	100.0	201895	100.0	268165	100.0	303890	100.0	268310	100.0	304035	100.0	178710	100.0	201765	100.0
Tenure																
Owner	47820	26.8	68880	34.1	142525	53.1	183495	60.4	200920	74.9	244335	80.4	157280	88.0	182340	90.4
Renter	130885	73.2	133015	65.9	125635	46.9	120390	39.6	67390	25.1	59690	19.6	21435	12.0	19430	9.6
Total	178705	100.0	201895	100.0	268160	100.0	303885	100.0	268310	100.0	304025	100.0	178715	100.0	201770	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E3.14. Income Groups by Housing Characteristics, Toronto, 1991 and 2001

	1991									2001								
	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total
	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#	%	#
STIR																		
Less than 25%	74385	11.9	179305	28.6	208775	33.3	163990	26.2	626455	56860	8.0	189445	26.7	266835	37.6	197340	27.8	710480
25-29%	26680	29.5	28405	31.4	26935	29.8	8385	9.3	90405	32440	30.3	47710	44.5	24060	22.5	2895	2.7	107105
30-39%	32860	34.5	33785	35.5	23725	24.9	4745	5.0	95115	46615	44.0	47720	45.1	10445	9.9	1130	1.1	105910
40-49%	17090	44.0	14840	38.2	5895	15.2	1060	2.7	38885	26985	63.3	13530	31.7	1805	4.2	315	0.7	42635
More than 50%	27700	64.4	11820	27.5	2980	6.9	525	1.2	43025	39005	85.8	5485	12.1	875	1.9	85	0.2	45450
Household Type																		
Family no children	22445	12.5	56625	31.5	63085	35.0	37865	21.0	180020	23085	12.6	54955	30.0	63940	35.0	40910	22.4	182890
Family w/children	40395	9.5	118335	28.0	153455	36.3	111135	26.3	423320	58390	12.0	132055	27.1	172140	35.3	125350	25.7	487935
Lone Parent	24320	36.6	23345	35.2	13585	20.5	5160	7.8	66410	32355	36.1	33255	37.1	18320	20.4	5770	6.4	89700
Multiple Family	1200	4.7	4135	16.1	8880	34.6	11440	44.6	25655	2505	5.5	8910	19.5	17495	38.3	16820	36.8	45730
1 Person	80460	55.2	47565	32.7	12615	8.7	4990	3.4	145630	78025	47.4	60055	36.5	18840	11.4	7735	4.7	164655
2+ Persons	9895	18.7	18160	34.4	16685	31.6	8115	15.4	52855	7545	18.6	14660	36.1	13285	32.7	5175	12.7	40665
Dwelling Cond.																		
Reg. Maintenance	118140	18.5	184915	28.9	197585	30.9	139505	21.8	640145	128425	18.8	198360	29.1	208885	30.6	146390	21.5	682060
Minor Repair	43395	22.2	62475	32.0	56465	28.9	32840	16.8	195175	53590	20.5	81565	31.2	78340	30.0	47955	18.3	261450
Major Repair	17175	29.3	20775	35.5	14260	24.3	6365	10.9	58575	19880	29.2	23965	35.2	16810	24.7	7420	10.9	68075
Tenure																		
Owner	47820	8.7	142525	26.0	200920	36.6	157280	28.7	548545	68880	10.1	183495	27.0	244335	36.0	182340	26.9	679050
Renter	130885	37.9	125635	36.4	67390	19.5	21435	6.2	345345	133015	40.0	120390	36.2	59690	18.0	19430	5.8	332525

Source: Statistics Canada, 1991 and 2001 Census of Canada

E3.5. Characteristics of Households with Affordability Problems in 2001

Table E3.15 shows that of the households with affordability problems in 2001, households in the moderate-income group tended to have more severe affordability issues than households in the higher income groups, irrespective of household type. In the moderate-income group, the household type with the largest percentage of households with severe affordability issues, (spending 50 percent of more of their income on housing), was multiple family households. Forty-three percent of households in this group were experiencing severe affordability issues. Approximately 40 percent of one-family households with children, 36.7 percent of one-family households without children, 32.8 percent of lone-parent families, and 32.6 percent of two or more person non-family households in the moderate-income group were spending at least 50 percent of their income on housing.

In the lower middle-income group, those with severe affordability issues were most prevalent in one-family households with children (9.2 percent), followed by one-family households without children (9.2 percent), multiple family households (7.1 percent), lone-parent families (7.0 percent), and one-person households (6.6 percent).

For the upper middle-income group, one person households showed the largest percentage with severe affordability issues (8.9 percent). In comparison, 7.1 percent were represented by one-family households with children, 6.4 percent were two-or-more person non-family households, 6.0 percent were multiple family households, 5.8 percent were one-family households without children, and 3 percent were and lone-parent families. In contrast, families with children were the only household type experiencing severe affordability issues in the high-income group.

Table E3.15. Distribution of Households with STIR 30% or More by Income Range and Household Type, Toronto, 2001

Household Type	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
One Family Without Children								
STIR 30-39%	4,755	39.4	6,725	73.8	1,630	82.5	210	80.8
STIR 40-49%	2,880	23.9	1,695	18.6	230	11.6	50	19.2
STIR 50% +	4,430	36.7	695	7.6	115	5.8	0	0
Total	12,065	100.0	9,115	100.0	1,975	100.0	260	100.0
One Family With Children								
STIR 30-39%	12,735	34.2	25,280	69.1	6,840	78.0	815	73.1
STIR 40-49%	9,410	25.3	7,945	21.7	1,305	14.9	215	19.3
STIR 50% +	15,070	40.5	3,370	9.2	625	7.1	85	7.6
Total	37,215	100.0	36,595	100.0	8,770	100.0	1,115	100.0
Lone Parent								
STIR 30-39%	8,295	44.0	5,600	73.2	605	90.3	35	100.0
STIR 40-49%	4,375	23.2	1,520	19.9	45	6.7	0	0
STIR 50% +	6,175	32.8	535	7.0	20	3.0	0	0
Total	18,845	100.0	7,655	100.0	670	100.0	35	100.0
Multiple Family								
STIR 30-39%	530	32.3	1,850	68.8	640	85.3	55	68.8
STIR 40-49%	405	24.7	650	24.2	65	8.7	25	31.3
STIR 50% +	705	43.0	190	7.1	45	6.0	0	0
Total	1,640	100.0	2,690	100.0	750	100.0	80	100.0
One Person								
STIR 30-39%	18,435	48.1	6,735	77.6	550	75.3	30	75.0
STIR 40-49%	8,760	22.8	1,370	15.8	115	15.8	10	25.0
STIR 50% +	11,165	29.1	570	6.6	65	8.9	0	0
Total	38,360	100.0	8,675	100.0	730	100.0	40	100.0
Two or More Persons								
STIR 30-39%	1,860	41.7	1,550	77.1	185	78.7	0	0
STIR 40-49%	1,150	25.8	340	16.9	35	14.9	10	100.0
STIR 50% +	1,455	32.6	120	6.0	15	6.4	0	0
Total	4,465	100.0	2,010	100.0	235	100.0	10	100.0

Source: Statistics Canada, 2001 Census of Canada

In terms of dwellings requiring major repairs, Table E3.16 demonstrates that among those households with affordability problems, one third (34.4 percent) of such households in the moderate-income group were experiencing severe affordability issues. Almost 10 percent of their counterparts in the lower middle-income group were spending at least 50 percent of their income on housing. A slightly lower proportion (8.1 percent) of upper middle-income households with affordability issues was experiencing severe affordability problems.

Table E3.16. Distribution of Households with STIR 30% or More by Income Range and Condition of Dwelling, Toronto, 2001

Dwelling Condition	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Regular Maintenance								
STIR 30-39%	29,840	41.5	32,325	72.2	7,300	80.5	765	76.5
STIR 40-49%	17,380	24.2	8,800	19.7	1,205	13.3	195	19.5
STIR 50% +	24,735	34.4	3,635	8.1	565	6.2	40	4.0
Total	71,955	100.0	44,760	100.0	9,070	100.0	1,000	100.0
In Need of Major Repairs								
STIR 30-39%	4,715	44.8	2,940	68.4	615	76.9	70	73.7
STIR 40-49%	2,335	22.2	935	21.7	120	15.0	25	26.3
STIR 50% +	3,480	33.0	425	9.9	65	8.1	0	0
Total	10,530	100.0	4,300	100.0	800	100.0	95	100.0
In Need of Minor Repairs								
STIR 30-39%	12,050	40.0	12,460	70.5	2,540	77.8	295	67.0
STIR 40-49%	7,275	24.2	3,795	21.5	485	14.9	100	22.7
STIR 50% +	10,780	35.8	1,425	8.1	240	7.4	45	10.2
Total	30,105	100.0	17,680	100.0	3,265	100.0	440	100.0

Source: Statistics Canada, 2001 Census of Canada

Table E3.17 shows that of the households with affordability problems in 2001, owners were more likely to have severe affordability problems, than were renters. Almost half (47.0 percent) of moderate-income ownership households with affordability issues were spending at least 50 percent of their income on housing, compared to only 8.6 percent of lower middle-income ownership households, and 6.7 percent and 6.1 percent of upper middle- and high-income ownership households with affordability issues. Comparatively, slightly more than one quarter (26.4 percent) of moderate-income renter households with affordability issues were spending 50 percent or more of their income on rent, while only 5.8 percent and 4.9 percent of their lower middle- and upper middle-income counterparts were spending 50 percent or more of their income on rent. There were no high-income renters with severe affordability issues in Toronto in 2001.

Table E3.17. Distribution of Households with STIR 30% or More by Income Range and Tenure, Toronto, 2001

Housing Tenure	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Owned								
STIR 30-39%	12,180	26.9	40,800	70.2	9,950	79.5	1,090	73.4
STIR 40-49%	11,785	26.1	12,330	21.2	1,720	13.7	305	20.5
STIR 50% +	21,230	47.0	4,980	8.6	840	6.7	90	6.1
Total	45,195	100.0	58,110	100.0	12,510	100.0	1,485	100.0
Rented								
STIR 30-39%	34,425	51.1	6,925	80.2	500	81.3	40	72.7
STIR 40-49%	15,205	22.6	1,205	14.0	85	13.8	15	27.3
STIR 50% +	17,770	26.4	500	5.8	30	4.9	0	0
Total	67,400	100.0	8,630	100.0	615	100.0	55	100.0

Source: Statistics Canada, 2001 Census of Canada

Table E3.18 illustrates a number of interesting characteristics of lower middle-income households with affordability problems in 2001. Overall, among lower middle-income households with affordability problems, 54.8 percent were families with children while only 13.7 percent were families without children. Lone-parent families comprised 11.5 percent, while multiple family units contributed another 4.0 percent. The balance of lower middle-income households with affordability issues was comprised of singles (13.0 percent) and two-person non-family units (3.0 percent). In terms of tenure, the great majority (87.1 percent) were owners, while the remaining (12.9 percent) were renters. Some 6.4 percent of the lower middle-income households with affordability issues reported dwellings requiring major repairs.

Those with extreme affordability issues (50 percent or more) were most prevalent among families with children (9.2 percent) and without (7.6 percent). Multiple (7.1 percent) and lone-parent families (7.0 percent) faired slightly better. Single and two-person non-family households were at 6.6 percent and 6.0 percent respectively.

There was some variation by tenure. Among renters, 80.2 percent were paying between 30.0 percent and 39.9 percent, 14.0 percent were spending between 40.0 percent and 49.9

percent, and 5.8 percent were paying 50 percent or more of gross income. For owners this was 70.2 percent, 21.2 percent and 5.8 percent respectively. The affordability problem appeared more acute among those in dwellings requiring major repairs. For this group, 10.7 percent were paying 50 percent or more of gross income on shelter.

Table E3.18. Distribution of Lower Middle-Income Households with STIR 30% or More by Household Type, Dwelling Condition, and Tenure, Toronto, 2001

	STIR 30-39%		STIR 40-49%		STIR 50-59%		Total	
	#	%	#	%	#	%	#	%
Household Type								
Family, No Children	6,725	73.8	1,695	18.6	695	7.6	9,115	13.7
Family With Children	25,280	69.1	7,945	21.7	3,370	9.2	36,595	54.8
Lone Parent	5,600	73.2	1,520	19.9	535	7.0	7,655	11.5
Multiple Family	1,850	68.8	650	24.2	190	7.1	2,690	4.0
One Person	6,735	77.6	1,370	15.8	570	6.6	8,675	13.0
Two or More Persons	1,550	77.1	340	16.9	120	6.0	2,010	3.0
Dwelling Condition								
Regular Maintenance	32,325	72.2	8,800	19.7	3,635	8.1	44,760	67.1
Minor Repairs	12,460	70.5	3,795	21.5	1,425	8.1	17,680	26.5
Major Repairs	2,940	68.4	935	21.7	425	9.9	4,300	6.4
Tenure								
Owner	40,800	70.2	12,330	21.2	4,980	8.6	58,110	87.1
Renter	6,925	80.2	1,205	14.0	500	5.8	8630	12.9

Source: Statistics Canada, 2001 Census of Canada

E3.6. Summary

Between 1991 and 2001, the number of owners in the City of Toronto surpassed renters. Rental costs escalated in the early years of this timeframe, but subsequently levelled off as demand declined and vacancy rates grew. By contrast, ownership costs dropped in the early 1990s following a significant downward adjustment in the market. Prices then began rising, to the point where they were almost back to 1991 levels by 2001, and have kept increasing. The condition of the stock deteriorated somewhat over this period, reflecting the aging of the stock and limited opportunities for new building. New development has been largely characterized by the emerging condominium market. These factors have created a situation whereby affordability has deteriorated for both owners and renters. Between 1991 and 2001, the proportion of renters with affordability problems grew markedly, from 12.7 percent to 43.2 percent. By contrast, the increase of owners in this predicament was less severe, from 11.9 percent to 22.2 percent. The median household income rose by 15.3 percent from 1991 to 2001 and overall unemployment rates fell. Nonetheless, the share of low-income individuals, predominantly renters, grew to 13.8 percent. Overall, owners fared better over this period due to the sharp correction in the market in the 1990's, whereas renters witnessed steady increases in costs over this period. This trend, however, has likely been mitigated in recent years with the stabilization of rental costs.

A review of Census data by income deciles reveals a clear trend toward a decrease in affordability problems as incomes rise. The higher income groups are more heavily oriented to family households. Overall housing conditions appear to improve with income. As expected, the tendency to rent declines with income. Between 1991 and 2001, the housing affordability situation eroded among lower income households and improved for higher incomes. However, among the medium income group, it remained largely stable, dropping by less than one percent, to 20.0 percent in 2001.

Among those households with an affordability problem in 2001, non-family households were more prevalent in the moderate-income group. Family households displayed a more even distribution among the income deciles, with two-parent families divided almost evenly between low- and lower middle-income groups. In 2001, half of all owners with affordability problems were in the medium income deciles. Renters were predominantly in the lower income deciles. Families with children represented more than half of the median income group. These median households consisted predominantly of owners. Approximately two-thirds of the medium income group were spending between 30 percent and 40 percent on shelter.

E4.1. Housing Affordability in Ottawa

The following sections provide an overview of the trends in the housing market over the last two census periods (1991 and 2001) and also the last four years. Further, an assessment is provided of the changes in housing affordability for moderate- to high-income groups, using customized cross-tabular data from the 2001 Census of Canada for working households. This is followed by an analysis of the spatial differences in housing affordability across the City for each of the income groups.

The Ottawa area has seen a robust housing market in recent years. Fuelled by an upturn in the area economy and strong net in-migration, Ottawa has seen near-record levels of housing starts and rapid increases in the price of both new and resale ownership units. Reductions in interest rates have helped encourage many tenants to move into homeownership situations, thereby bringing an increase in vacancy rates within the existing rental stock. Nevertheless, there has also been a steady increase in rent levels over the past few years.

These changes, together with changing demographic, social and economic conditions noted in the 2001 Census, are bringing with them changes to the affordability situation of the working poor. Below we review some of the key trends in Ottawa's housing market and their impacts on housing affordability among the working poor.

E4.2. Housing Market Conditions

As shown in Table E4.1, below, the City of Ottawa experienced a drop in rental households from 1991 to 2001. These declined by 0.9 percent to 118,735 as compared to 119,815 in 1991. By contrast, the number of owners grew by 30.7 percent, to 183,030 in 2001. As a result, the share of ownership households jumped from 53.9 percent in 1991, to 60.7 percent in 2001. Accordingly, the renter proportion stood at just 39.3 percent. This trend has likely continued since 2001 as low interest rates have generally resulted in a large number of rental households entering the ownership market in recent years.

The general state of the housing stock in the City remained largely stable from 1991 to 2001 (see Table E4.1). There was a small increase in the percentage of units requiring major repairs, from 6.1 percent in 1991 to 6.7 percent in 2001. This change was more pronounced in terms of those units requiring minor repairs, as this category rose to 26.3 percent from 22.9 percent in 1991. Finally, as a result, those units requiring just regular maintenance dropped to 67.0 percent in 2001. While some 42,000 units were added during this 10 year period, this was insufficient to offset the natural aging process of the older stock.

The overall distribution of dwelling units by type remained largely stable between 1991 and 2001. Consistent with the increased role of single-detached dwellings in new construction activity, the single share of the stock grew slightly, to 43.1 percent from 42.1 percent in 1991. Semi-detached dwellings remained steady at 5.8 percent while rows grew to 17.8 percent from 15.6 percent. Apartments in buildings of five or more storeys saw their share decline to 20.6 percent in 2001, down from 22.2 percent. Similarly, low-rise apartments dropped to 10.4 percent from 11.0 percent. Duplex apartments and other single attached houses dropped in absolute terms. Some 495 duplex and 220 attached units disappeared, most likely to demolitions and conversions. Movable dwellings all but disappeared, with only 10 remaining in 2001, as compared to 885 in 1991.

In 2005, the average monthly market rent for a bachelor unit stood at $628, while one bedroom units were at $762, as shown in Table E4.2. Two and three or more bedrooms rented for $920 and $1,125 respectively.

There was substantial growth in the cost of renting over the 14 year period from 1991 to 2005. This was most pronounced in the smaller units. Bachelor and one bedroom apartments saw their average rents grow by 44.4 percent and 40.3 percent respectively. Among two and three plus bedroom units, these increases were more modest, at 36.9 percent and 37.7 percent respectively.

Table E4.1. Housing Characteristics, Ottawa, 1991 and 2001

	1991		2001	
	#	%	#	%
Housing Tenure				
Rented	119,815	46.1	118,735	39.3
Owned	140,010	53.9	183,035	60.7
Total Stock	259,825	100.0	301,770	100.0
Condition of Dwelling				
Major Repairs	15,975	6.1	20,125	6.7
Minor Repairs	59,375	22.9	79,330	26.3
Regular Maintenance	184,470	71.0	202,310	67.0
Total Stock	259,820	100.0	301,765	100.0
Dwelling Type				
Single-Detached House	109,410	42.1	130,010	43.1
Semi-Detached House	15,195	5.8	17,355	5.8
Row House	40,450	15.6	53,565	17.8
Apartment, detached duplex	6,865	2.6	6,365	2.1
Apartment, 5 or more storeys	57,690	22.2	62,195	20.6
Apartment, less than 5 storeys	28,595	11.0	31,270	10.4
Other Single-Attached House	760	0.3	540	0.2
Other Movable Dwelling	885	0.3	10	0.0
Total Occupied Private Dwellings	259,850	100.0	301,765	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

The rate of increase in rents has declined in recent years, consistent with the rise in vacancy rates over this period. From 2001 to 2005, average market rents have largely levelled off. Bachelor units rose by only $6, while one bedroom apartments displayed no increase. Similarly, rents for two and three plus bedroom apartments increased by $6 and $26 respectively. In 1991, the average vacancy rate for the Ottawa Census Metropolitan Area (CMA) stood at 0.7 percent. In 2001, this had grown only marginally to 0.8 percent. However, in the four year period to 2005, the rental market changed dramatically as demand for rental units declined, resulting in a vacancy rate of 3.3 percent in 2005.

During the period between 1991 and 2001, the total housing stock in the City grew by 16.1 percent from 259,820 units in 1991 to 301,765 in 2001. This represents an average annual increase of 4,194 units.

Table E4.2. Rental Housing Market, Ottawa, 1991, 2001, 2005

	1991	2001	2005
Average Market Rent ($)			
Bachelor	435	622	628
1 Bedroom	543	762	762
2 Bedroom	672	914	920
3+ Bedroom	817	1,099	1,125
Vacancy Rate (%)			
Rate	0.7	0.8	3.3

Source: CMHC Rental Market Report, 1991, 2001, 2005

Table E4.3 below shows that in 1991, there were 4,196 starts; this grew to 5,916 in 2001 and subsequently declined to 4,982 in 2005. The share of apartment starts has declined from 1991. In that year there were 1,694 apartments, representing 38.0 percent of units. In part, this reflected considerable new rental construction deriving from the non-profit housing programs available at that time. By 2001 this had dropped to 620 units or 10.5 percent of starts. By contrast, single detached starts more than doubled to 3,248 units, representing 54.9 percent of starts in 2002. Row and semi-detached homes also saw their share of new construction increase over this period.

Table E4.3. New Housing Market, Ottawa, 1991, 2001, 2005

Housing Starts	**1991**	**2001**	**2005**
Single	1,652	3,582	2,650
Multiple	2,544	2,334	2,332
Total	4,196	5,916	4,982

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

In 2005, there were 6,046 completions in the City (see Table E4.4 below). The dominance of the single detached home had declined somewhat, to 2,642 or 43.6 percent of units. Apartment units had rebounded with 1,154 completions representing 19.1 percent of new construction. Among medium density units, semis and rows contributed 4.6 percent and 35.6 percent of units respectively.

Over the 14 year period from 1991, semis witnessed the greatest overall growth in market share; however, more notable is the increase in the importance of rows. There were 1,970 completions in 2005, as compared to 779 in 1991. Overall, the 2005 market can be described as reasonably balanced, with a range of new unit types coming on market. In this sense, Ottawa continues to produce new apartments at a rate which is generally higher than most major markets in Southern Ontario.

Table E4.4. Housing Completions, Ottawa, 1991, 2001, 2005

Housing Starts	**1991**	**2001**	**2005**
Single	1,710	4,149	2,922
Multiple	1,533	2,314	3,124
Total	3,243	6,463	6,046

Source: CMHC Housing Market Outlook, 1991, 2001, 2005

As noted earlier, house prices have increased strongly in recent years. The resale housing market saw an average price of $248,358 in 2005. This was based on 13,330 sales. There were 24,143 new listings in 2005. This resulted in a sales-to-listing ratio of .552. The average price for condominium units stood at $182,000, while freehold homes (predominantly single-detached) were considerably higher at $262,300. As of December of 2005, the average single-detached price stood at $273,506. Freehold row units displayed an average of $218,252, while semi-detached units recorded an average price of $232,405. Among condominiums, townhouses were at $166,161 while apartments displayed an average of $194,959.

Overall, the Census reported that the average value of dwellings in the City of Ottawa grew by 8.4 percent, from $181,468 in 1991, to $196,698 in 2001. As of December of 2005, the average price of new single detached units coming on the market was $431,809 in the City. This was up 13.2 percent from 381,294 in 2004. Only 4.4 percent of new singles sold for less than $300,000. The majority, some 60.2 percent, were in the $300,000 to $399,999 range. The balance was comprised of 19.5 percent in the 400,000 to $499,999 category, and 15.9 percent in the $500,000 and up range.

From 1991 to 2001, the proportion of rental households spending 30 percent or more of their gross income on shelter grew from 30.4 percent to 37.2 percent (Table E4.5). This reflects the considerable growth in rents outlined earlier. For the most part, renter incomes did not keep pace with these increases. The growth in these households, from 36,480 to 43,920 in 2001, represents 7,440 renters or an increase of 20.4 percent.

In contrast to renters, the proportion of ownership households spending 30 percent or more of income on housing actually declined from 1991 to 2001. In 1991, this group comprised 15.0 percent. This had dropped to 11.9 percent in 2001. In absolute terms, there were an additional 920 ownership households in this situation in 2001, an increase of just 4.4 percent. Generally speaking, ownership household incomes fared better (than their rental counterparts) in terms of keeping pace with housing cost increases over this period.

Table E4.5. Households Spending 30% or More on Housing by Tenure, Ottawa, 1991 and 2001

	1991		2001	
Housing Tenure	**#**	**%**	**#**	**%**
Renters	36,480	30.4	43,920	37.2
Owners	20,780	15.0	21,700	11.9

Source: Statistics Canada, 1991 and 2001 Census of Canada

A review of the annual Survey of Household Spending in Table E4.6 shows that households in Ottawa were spending 37 percent more in 2004 on shelter payments than they were in 1997 - an increase of 4.6 percent annually.

TableE4.6. Average Household Expenditure on Shelter, Ottawa, 1997-2004

Year	Average Expenditure on Shelter ($)	Annual Change (%)
1997	11,302	-
1998	12,240	8.3
1999	11,990	-2.0
2000	12,830	7.0
2001	13,981	9.0
2002	13,844	-1.0
2003	14,403	4.0
2004	15,503	7.6

Source: Statistics Canada, Survey of Household Spending, CANSIM II Series, V21148178, Table Number 2030001

Table E4.7 shows that the price of new housing in Ottawa has increased by 56 percent over the past 10 years (1996-2005), or an average of 5.6 percent per year. The most significant increase has occurred since 1999, when prices rose by an average annual rate of 8.4 percent, with a total increase of 50 percent over the period. For the 10 years prior to 1999, the market was relatively stagnant, with an overall decrease of 0.9 percent in the price of new homes over the period.

Table E4.7. Consumer Price Indices for Shelter and Utilities, Ottawa, 1979-2005

Year	*Price Index for New Housing	**CPI for Shelter	**CPI for Rented Shelter	**CPI for Owned Shelter	**CPI for Water, Fuel & Electricity
1979	n/a	44.9	53.2	44.1	36.7
1980	n/a	48.1	55.2	47.0	42.5
1981	65.4	53.8	57.7	52.3	53.7
1982	69.5	61.1	61.4	60.4	63.2
1983	76.4	66.8	66.5	66.2	69.4
1984	81.0	71.4	70.4	71.1	73.6
1985	81.1	75.2	74.7	74.0	79.8
1986	84.2	76.7	77.5	76.0	76.5
1987	89.6	79.0	80.4	78.6	76.8
1988	95.3	82.4	84.0	81.8	80.0
1989	100.1	86.9	88.7	87.1	80.8
1990	102.4	92.3	92.3	94.1	84.8
1991	102.5	97.6	96.2	99.3	94.5
1992	103.5	100.0	100.0	100.0	100.0
1993	102.3	101.6	103.3	99.7	104.8
1994	103.0	102.3	105.7	99.3	105.2
1995	100.5	103.3	107.6	100.4	103.6
1996	98.7	103.1	109.0	99.3	104.3
1997	100.0	102.6	109.9	97.9	104.5
1998	101.3	102.9	111.3	97.5	105.1
1999	104.9	104.4	112.8	98.8	107.4
2000	114.5	108.4	115.2	102.3	118.1
2001	124.4	114.8	118.1	107.7	139.5
2002	134.7	116.5	121.9	109.8	133.7
2003	139.2	119.9	124.3	113.4	144.8
2004	149.5	123.7	125.5	118.0	149.2
2005	155.5	128.2	125.6	122.9	161.0

* September Index (House and Land). Source: Statistics Canada, New Housing Price Index, CANSIM II, Table Number 3270005.
** Source: Statistics Canada, Consumer Price Index, CANSIM II, Table Number 3260002.
n/a = not available; x = data suppressed by Statistics Canada for confidentiality purposes.

Similar to the trend that occurred in the price of new housing, the shelter component of the Consumer Price Index (CPI) for Toronto rose by 28.2 percent from 1992 to 2005. Most of this increase has occurred since 1999 (23.8 percent). The index for rented shelter has risen slightly, (2.7 percent), more than owned shelter since 1992. However, a key component of the overall shelter index increase has been a rapid rise in prices for water, fuel, and electricity. Since 1992 this has jumped by 61 percent. These rapidly rising costs eat away at the affordability of maintaining and operating a residence (owned or rented) even when increases in prices for rents and mortgage payments may be moderate.

E4.3 Demographic and Economic Household Characteristics

In 2000, the median household income in the City of Ottawa was $62,130 (see Table E4.8). This was 25.8 percent higher than the $49,407 recorded in 1990. The median household income for family households headed by couples stood at $80,821. This was considerably higher than lone parent families, which displayed a median annual income of just $50,623. This is consistent with the fact that the latter households are bringing in just one income and are disproportionately headed by women whom typically display lower incomes. Similarly, two or more person households displayed a median income of $75,006, while one person households (singles) reported a median income of just $33,958.

Table E4.8. Median Household Income by Household Type, Ottawa, 1990 and 2000

Household Type	1990 $	2000 $
All Households	49,407	62,130
One Person Household	n/a	33,958
Two or More Person Household	n/a	75,006
Census Couple Family	n/a	80,821
Census Lone Parent Family	n/a	50,623

n/a = not available
Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E4.9 shows that in 1991, some 94,025 individuals were in low-income households. They represented 14.1 percent of the population. By 2001, this had grown to 113,835 persons comprising 15.0 percent of the population. Among households, 19,800 or 10.9 percent of those in economic families were in the low-income category in 1991. By 2001 this had grown to 24,065 households representing 11.4 percent of individuals. The incidence of low-income among singles was more pronounced. In 1991, 32,850 or 32.0

percent of singles were in this situation. This had grown to 36,330 in 2001, although the incidence remained at 32.0 percent.

Table E4.9. Incidence of Low-Income by Family Type, Ottawa, 1991 and 2001

	1991		2001	
Family Type	**# Low-Income**	**% Low-Income***	**# Low-Income**	**% Low-Income***
Economic Families	19,800	10.9	24,065	11.4
Singles	32,850	32.0	36,330	32.0
Total Low-Income Population	94,025	14.1	113,835	15.0

* Proportion of low income in relation to the total population of Ottawa.
Source: Statistics Canada, 1991 and 2001 Census of Canada

Total participation in the labour force declined from 1991 when 73.0 percent of working age individuals were active (Table E4.10). By 2001, this had dropped to 70.0 percent. This was despite the fact that overall unemployment in the City had fallen, from 7.0 percent in 1991, to just 5.8 percent in 2001. Among younger workers, however, the unemployment rate actually rose, by 1.7 percent to 13.0 percent. Consistent with the population as a whole, the participation rate among this 15-24 age group declined, by 3.8 percent to 69.4 percent.

Table E4.10. Employment Participation and Unemployment Rates, Ottawa, 1991 and 2001

Rates	**1991 %**	**2001 %**
Participation Rate – Total Labour Force	73.0	70.0
Unemployment Rate – Total Labour Force	7.0	5.8
Participation Rate – Population Aged 15-24	73.2	69.4
Unemployment Rate – Population Aged 15-24	11.3	13.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

In 2001, there were some 436,195 individuals working in the City of Ottawa Table E4.11). The leading industry, with 76,395 jobs representing 17.9 percent of workers, was public administration. This was followed by those in professional, scientific and technical services, with 52,530 jobs or 12.3 percent of the total. Retail trade recorded the next highest participation rate of 9.9 percent based on 42,065 workers. Finally, manufacturing rounded out the top four industries with 35,275 jobs comprising 8.3 percent of employment.

Table E4.11. Employment by Industry, Ottawa, 2001

Rank	Industry	#	%
1	Public Administration	76,395	17.7
2	Professional, Scientific and Technical Services	52,530	12.2
3	Retail Trade	42,065	9.7
4	Health Care and Social Assistance	37,775	8.7
5	Manufacturing	35,275	8.2
6	Educational Services	27,765	6.4
7	Accommodation and Food Services	25,805	6.0
8	Other Services	18,465	4.3
9	Administrative Support, Waste Management and Remediation Services	18,205	4.2
10	Information and Cultural Industries	17,235	4.0
11	Construction	16,320	3.8
12	Transportation and Warehousing	14,705	3.4
13	Finance and Insurance	14,620	3.4
14	Wholesale Trade	10,045	2.3
15	Arts, Entertainment and Recreation	7,500	1.7
16	Real Estate and Rental and Leasing	7,400	1.7
17	Industry – Not Applicable	6,135	1.4
18	Agriculture, Forestry, Fishing and Hunting	2,445	0.6
19	Utilities	1,205	0.3
20	Management of Companies and Enterprises	230	0.1
21	Mining, Oil and Gas Extraction	200	0.04
	All Industries	432,320	100.0

Source: Statistics Canada, 2001 Census of Canada

The leading occupation in 2001 was sales and service (Table E4.12). There were 88,075 individuals employed in these positions, representing 20.7 percent of jobs. Following closely behind were those in business, finance and administration occupations. This group comprised 85,380 positions representing 20.0 percent of jobs. There were some 62,860 working in natural and applied science positions making up 14.7 percent of employment. Finally, the 59,120 people occupying management jobs represented 13.9 percent of the workforce.

Table E4.12. Employment by Occupation, Ottawa, 2001

Rank	Occupation	#	%
1	Sales and Service	88,075	20.7
2	Business, Finance and Administration	85,380	20.0
3	Natural and Applied Sciences and Related Occupations	62,860	14.7
4	Management	59,120	13.9
5	Social Science, Education, Government Service and Religion	45,900	10.8
6	Trades, Transport, Equipment Operators and Related Occupations	31,160	7.3
7	Health	20,635	4.8
8	Art, Culture, Recreation and Sport	16,640	3.9
9	Processing, Manufacturing and Utilities	11,925	2.8
10	Primary Industry	4,500	1.1
	All Occupations	426,195	100.0

Source: Statistics Canada, 2001 Census of Canada

E4.4 Housing Affordability Challenges for the Lower Middle-Income Group

Tables E4.13 and E4.14 provide a comparison of the housing characteristics of the four income groups in both 1991 and 2001. A review of the 1991 census reveals a number of clear correlations between income and housing characteristics. In 1991, 37.5 percent of the moderate-income group was spending 30 percent or more of gross income on housing. This decreased to 12.8 percent among those households in the lower middle-income group, and just 4.4 percent and 1.6 percent among the upper middle- and high-income groups.

As income increases so does the propensity toward family households. Non-family households represented 53.9 percent of the moderate-income group, as compared to 27.9 percent, 11.5 percent and 6.3 percent in the lower middle-, upper middle- and high-income groups respectively. There was also an overall improvement in the condition of homes, as incomes rise. Whereas 8.9 percent of units required major repairs among moderate-income households, this dropped to 6.7 percent for the lower middle-income group, and 4.6 percent and 3.2 percent for upper middle- and high-income households respectively. Finally, as expected, the tendency to rent decreased with income. This ranged from 76.3 percent among the moderate-income group to 47.5 percent, 22.6

percent and 10.2 percent for the lower middle-, upper middle- and high-income groups, respectively.

In 2001, the affordability situation among moderate-income households had eroded as 39.9 percent of households were exceeding 30 percent of gross income. However, among lower middle-, upper middle- and high-income households this had improved, with the share dropping to 7.6 percent, 1.1 and 0.32 percent respectively. The share of non-family households dropped in the moderate-income group, to 52.3 percent, but rose in both the lower middle-income (30.9 percent), upper middle- and high-income (9.9 percent) groups. All four groups reported an increase in the share of dwellings requiring major repairs, with this still being highest (9.1 percent) in the moderate-income group, followed by 7.2 percent, 5.4 percent and 3.5 percent in the lower middle-, upper middle- and high-income groups respectively. Similarly, the propensity toward renting decreased in all four groups, dropping to 76.3 percent among the moderate-income households, 39.9 percent in the lower middle-income group, 18.6 percent in upper middle-income households, and just 8.3 percent in the high-income group.

In 1991, the majority of the households with affordability issues were in the moderate-income group (58.0 percent). The lower middle-income group comprised 29.5 percent, while just 10.1 percent and 2.5 percent were in the upper middle- and high-income groups. An even higher proportion (82.6 percent) of the households with severe affordability issues (as defined by spending at least 50 percent of income of housing), were in the moderate-income group. The balance was comprised of 12.8 percent in the lower middle-income group, and 3.5 percent and 1.1 percent in the upper middle- and high-income groups.

In 2001, the distribution of households with affordability issues shifted more towards the moderate-income group, with this group now representing 74.9 percent of the households with affordability issues. The lower middle-income group accounted for 21.4 percent of such households, while the upper middle- and high-income groups represented only 3.1

percent and 0.6 percent of households with affordability issues respectively. Of the households with severe affordability issues, the moderate-income group now made up 93.2 percent of this group. Only 4.6 percent, 2.0 percent and 0.3 percent were from the lower middle-, upper middle- and high-income groups respectively.

Moderate-income households had a tendency toward one-person households, with this income group comprising 52.4 percent of such households in 1991. Another 35.2 percent of one-person households were in the lower middle-income group, and only 10.1 percent and 2.4 percent were in the upper middle- and high-income groups respectively. Two-or-more person non-family households were somewhat more evenly distributed between income groups, 22.4 percent in the moderate-, 34.5 percent in the lower middle-, 28.9 percent in the upper middle-, and 14.1 percent in the high-income group. Almost 75 percent of lone-parent households were in the bottom two income groups, with 35.2 percent from the moderate-income group and 39.0 percent from the lower middle-income group. The remaining 25.8 percent of lone-parent households were in the upper middle- (18.8 percent) and high-income (7.0 percent) groups. Multiple family households had a propensity towards higher incomes with almost half, 48.6 percent, of multiple family households in this group. The balance of the multiple family households was comprised of 30.1 percent in the upper middle-income group, 17.4 percent in the lower middle-income group, and 3.9 percent in the moderate-income group. The tendency for family households, both with and without children, increased as income increased. The moderate-income group comprised just 12.5 percent and 8.2 percent of family households with and without children, respectively.

By 2001, the moderate-income group represented a smaller proportion of one-person households, with each of the other income groups now having a slightly higher share. Of the non-family households with two or more persons, the lower middle-income group contributed to a larger proportion of such households (38.3 percent versus 34.5 percent). Lone-parent households shifted somewhat toward the middle-income groups, with the lower middle- and upper middle-income groups now accounting for 40.6 percent and

Table E4.13. Housing Characteristics by Income Groups, Ottawa, 1991 and 2001

Housing Characteristics	Moderate-Income				Lower Middle-Income				Upper Middle-Income				High-Income			
	1991		2001		1991		2001		1991		2001		1991		2001	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Shelter-Cost- to-Income Ratio																
Less than 25%	20,480	45.8	22,120	43.7	50,510	75.4	61,505	81.3	59,020	88.0	73,200	96.3	42,800	95.8	50,190	99.3
25-29%	7,440	16.7	8,320	16.4	7,950	11.9	8,400	11.1	5,105	7.6	1,975	2.6	1,140	2.6	215	0.4
30-39%	8,275	18.5	10,220	20.2	6,400	9.6	4,740	6.3	2,315	3.5	625	0.8	580	1.3	115	0.2
40-49%	3,900	8.7	4,640	9.2	1,400	2.1	755	1.0	400	0.6	100	0.1	80	0.2	30	0.1
More than 50%	4,580	10.3	5,315	10.5	710	1.1	260	0.3	195	0.3	115	0.2	60	0.1	15	0.02
Total	44,675	100.0	50,615	100.0	66,970	100.0	75,660	100.0	67,035	100.0	76,015	100.0	44,660	100.0	50,565	100.0
Household Type																
Family no children	6,070	13.6	6,780	13.4	14,420	21.5	15,890	21.0	17,105	25.5	19,340	25.4	11,035	24.7	12,505	24.7
Family w/children	8,455	18.9	9,080	17.9	26,905	40.2	26,340	34.8	38,420	57.3	41,340	54.4	28,715	64.3	32,295	63.9
Lone Parent	5,950	13.3	8,180	16.2	6,600	9.9	9,560	12.6	3,180	4.7	4,730	6.2	1,175	2.6	1,050	2.1
Multiple Family	75	0.2	180	0.4	335	0.5	525	0.7	580	0.9	1,315	1.7	935	2.1	1,495	3.0
1 Person	21,240	47.5	23,825	47.1	14,285	21.3	18,915	25.0	4,055	6.0	6,135	8.1	985	2.2	1,815	3.6
2+ Persons	2,880	6.4	2,585	5.1	4,430	6.6	4,435	5.9	3,710	5.5	3,160	4.2	1,810	4.1	1,405	2.8
Total	44,670	100.0	50,630	100.0	66,975	100.0	75,665	100.0	67,050	100.0	76,020	100.0	44,655	100.0	50,565	100.0
Dwelling Condition																
Reg. Maintenance	29,040	65.0	31,450	62.1	45,045	67.2	48,170	63.7	48,995	73.1	50,415	66.3	34,650	77.6	36,055	71.3
Minor Repair	11,630	26.0	14,580	28.8	17,480	26.1	22,045	29.1	14,945	22.3	21,525	28.3	8,580	19.2	12,720	25.2
Major Repair	3,995	8.9	4,595	9.1	4,460	6.7	5,435	7.2	3,105	4.6	4,070	5.4	1,420	3.2	1,780	3.5
Total	44,665	100.0	50,625	100.0	66,985	100.0	75,650	100.0	67,045	100.0	76,010	100.0	44,650	100.0	50,555	100.0
Tenure																
Owner	10,585	23.7	15,860	31.3	35,170	52.5	45,475	60.1	51,890	77.4	61,845	81.4	40,120	89.8	46,360	91.7
Renter	34,095	76.3	34,765	68.7	31,810	47.5	30,170	39.9	15,145	22.6	14,165	18.6	4,535	10.2	4,190	8.3
Total	44,680	100.0	50,625	100.0	66,980	100.0	75,645	100.0	67,035	100.0	76,010	100.0	44,655	100.0	50,550	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E4.14. Income Groups by Housing Characteristics, Ottawa, 1991 and 2001

	1991									2001								
	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total
	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#	%	#
STIR																		
Less than 25%	20,480	11.9	50,510	29.2	59,020	34.2	42,800	24.8	172,810	22,120	10.7	61,505	29.7	73,200	35.4	50,190	24.2	207,015
25-29%	7,440	34.4	7,950	36.7	5,105	23.6	1,140	5.3	21,635	8,320	44.0	8,400	44.4	1,975	10.4	215	1.1	18,910
30-39%	8,275	47.1	6,400	36.4	2,315	13.2	580	3.3	17,570	10,220	65.1	4,740	30.2	625	4.0	115	0.7	15,700
40-49%	3,900	67.5	1,400	24.2	400	6.9	80	1.4	5,780	4,640	84.0	755	13.7	100	1.8	30	0.5	5,525
More than 50%	4,580	82.6	710	12.8	195	3.5	60	1.1	5,545	5,315	93.2	260	4.6	115	2.0	15	0.3	5,705
Household Type																		
Family no children	6,070	12.5	14,420	29.7	17,105	35.2	11,035	22.7	48,630	6,780	12.4	15,890	29.1	19,340	35.5	12,505	22.9	54,515
Family w/children	8,455	8.2	26,905	26.3	38,420	37.5	28,715	28.0	102,495	9,080	8.3	26,340	24.2	41,340	37.9	32,295	29.6	109,055
Lone Parent	5,950	35.2	6,600	39.0	3,180	18.8	1,175	7.0	16,905	8,180	34.8	9,560	40.6	4,730	20.1	1,050	4.5	23,520
Multiple Family	75	3.9	335	17.4	580	30.1	935	48.6	1,925	180	5.1	525	14.9	1,315	37.4	1,495	42.5	3,515
1 Person	21,240	52.4	14,285	35.2	4,055	10.0	985	2.4	40,565	23,825	47.0	18,915	37.3	6,135	12.1	1,815	3.6	50,690
2+ Persons	2,880	22.4	4,430	34.5	3,710	28.9	1,810	14.1	12,830	2,585	22.3	4,435	38.3	3,160	27.3	1,405	12.1	11,585
Dwelling Cond.																		
Reg. Maintenance	29,040	18.4	45,045	28.6	48,995	31.1	34,650	22.0	157,730	31,450	18.9	48,170	29.0	50,415	30.4	36,055	21.7	166,090
Minor Repair	11,630	22.1	17,480	33.2	14,945	28.4	8,580	16.3	52,635	14,580	20.6	22,045	31.1	21,525	30.4	12,720	17.9	70,870
Major Repair	3,995	30.8	4,460	34.4	3,105	23.9	1,420	10.9	12,980	4,595	28.9	5,435	34.2	4,070	25.6	1,780	11.2	15,880
Tenure																		
Owner	10,585	7.7	35,170	25.5	51,890	37.7	40,120	29.1	137,765	15,860	9.4	45,475	26.8	61,845	36.5	46,360	27.3	169,540
Renter	34,095	39.8	31,810	37.2	15,145	17.7	4,535	5.3	85,585	34,765	41.7	30,170	36.2	14,165	17.0	4,190	5.0	83,290

Source: Statistics Canada, 1991 and 2001 Census of Canada

20.1 percent of such households respectively. The distribution of family households between income groups changed relatively little over the period.

There was some variation between income groups in the households residing in dwellings needing major repair. This characteristic was somewhat more heavily concentrated in the two lower income groups, with the moderate-income group accounting for 30.8 percent of dwellings in need of major repair, and lower middle-income households contributing to 34.4 percent of these dwellings in 1991. The upper middle-income group contributed to another 23.9 percent of the dwellings in need of major repair, with the remaining 10.9 percent in the high-income group. In 2001, the upper middle- and high-income groups accounted for slightly higher proportions of the dwellings in need of major repair. The upper middle-income group now comprised 25.6 percent of these dwellings, and the high-income group comprised 11.2 percent.

In terms of tenure, the moderate-income group represented only 7.7 percent of owners in 1991. The distribution of owners was somewhat more evenly distributed between the other three income groups, with 25.5 percent, 37.7 percent and 29.1 percent of owners in the lower middle-, upper middle- and high-income groups. By 2001, the moderate-income group represented a somewhat larger proportion (9.4 percent) of the owner households.

E4.5 Characteristics of Households with Affordability Problems in 2001

Table E4.15 shows that for each income group, the degree of affordability problems varies by household type. For moderate-income households with affordability issues, the household types with the most severe issues are families with children and lone-parent families, of which 29.1 percent and 28.8 percent respectively were spending 50 percent or more of their income on housing. Still, 26.3 percent of family households without children, 24.4 percent of one-person households, 23.0 percent of two of more person households, and 22.7 percent of multiple family household in the moderate-income group, who are having affordability issues, were spending 50 percent or more of their income on housing.

Table E4.15. Distribution of Households with STIR 30% or More by Income Range and Household Type, Ottawa, 2001

	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
Household Type	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
One Family Without Children								
STIR 30-39%	1,200	46.8	835	83.5	105	80.8	25	100.0
STIR 40-49%	690	26.9	95	9.5	25	19.2	0	0
STIR 50% +	675	26.3	70	7.0	0	0	0	0
Total	2,565	100.0	1,000	100.0	130	100.0	25	100.0
One Family With Children								
STIR 30-39%	2,100	48.6	2,040	79.4	425	75.9	70	73.7
STIR 40-49%	965	22.3	410	16.0	60	10.7	10	10.5
STIR 50% +	1,255	29.1	120	4.6	75	13.4	15	15.8
Total	4,320	100.0	2,570	100.0	560	100.0	95	100.0
Lone Parent								
STIR 30-39%	1,785	50.2	750	88.2	45	81.8	0	0
STIR 40-49%	745	21.0	65	7.6	0	0	0	0
STIR 50% +	1,025	28.8	35	4.1	10	18.2	0	0
Total	3555	100.0	850	100.0	55	100.0	0	0
Multiple Family								
STIR 30-39%	65	59.1	50	83.3	0	0	0	0
STIR 40-49%	20	18.2	10	16.7	0	0	0	0
STIR 50% +	25	22.7	0	0	10	100.0	0	0
Total	110	100.0	60	100.0	10	100.0	0	0
One Person								
STIR 30-39%	4,440	53.3	905	83.8	45	81.8	10	100.0
STIR 40-49%	1,850	22.2	150	13.9	0	0	0	0
STIR 50% +	2,035	24.4	25	2.3	10	18.2	0	0
Total	8325	100.0	1080	100.0	55	100.0	10	100.0
Two or More Persons								
STIR 30-39%	620	48.2	155	81.6	20	100.0	0	0
STIR 40-49%	370	28.8	25	13.2	0	0	0	0
STIR 50% +	295	23.0	10	5.3	0	0	0	0
Total	1285	100.0	190	100.0	20	100.0	0	0

Source: Statistics Canada, 2001 Census of Canada

In the lower middle-income group, those with severe affordability issues were most prevalent in family households without children (7.0 percent), followed by non-family households with two or more persons (5.3 percent), family households with children (4.6 percent) and lone-parent families (4.1 percent). One-person households in this income group were at 2.3 percent, while there were no multiple income families in this income group with severe affordability issues.

Among the households with affordability issues in the upper middle-income group, all the multiple family households had severe affordability issues. Over 18 percent of both the lone-parent and one-person households with affordability issues in this income group were spending at least 50 percent of their income on housing. Some 13.4 percent of one-family households with children were in a similar situation. There were no non-family households with two of more persons or family households without children in this income group who were experiencing severe affordability problems.

The only household type with any severe affordability issues in the high-income group were one-family households with children. Approximately 15 percent of this household type who were experiencing affordability issues was spending at least 50 percent of their income on shelter.

In terms of dwellings requiring major repairs, among those households with affordability problems, 30 percent of such households in the moderate-income group were experiencing severe affordability issues (Table E4.16). Interestingly, 28.6 percent of their counterparts in the upper middle-income group were also spending at least 50 percent of their income on housing. Only 8.3 percent of lower middle-income households with affordability issues, who were residing in housing needing major repairs, were spending at least 50 percent of their income on housing.

Table E4.16. Distribution of Households with STIR 30% or More by Income Range and Condition of Dwelling, Ottawa, 2001

Dwelling Condition	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Regular Maintenance								
STIR 30-39%	6,185	51.0	3,235	84.4	450	76.9	60	63.2
STIR 40-49%	2,830	23.3	435	11.3	70	12.0	20	21.1
STIR 50% +	3,110	25.6	165	4.3	65	11.1	15	15.8
Total	12,125	100.0	3,835	100.0	585	100.0	95	100.0
In Need of Major Repairs								
STIR 30-39%	825	46.0	345	82.1	50	71.4	10	50.0
STIR 40-49%	430	24.0	40	9.5	0	0	10	50.0
STIR 50% +	540	30.1	35	8.3	20	28.6	0	0
Total	1,795	100.0	420	100.0	70	100.0	20	100.0
In Need of Minor Repairs								
STIR 30-39%	3,215	51.3	1,160	77.9	120	66.7	40	80.0
STIR 40-49%	1,390	22.2	280	18.8	30	16.7	0	0
STIR 50% +	1,660	26.5	50	3.4	30	16.7	10	20.0
Total	6,265	100.0	1,490	100.0	180	100.0	50	100.0

Source: Statistics Canada, 2001 Census of Canada

Table E4.17 illustrates that of the owners experiencing affordability issues in 2001, 30.1 percent of those in the moderate-income group were spending 30 percent or more of their income on housing. In the upper middle- and high-income groups 14.4 percent and 13.8 percent of such households, respectively, were spending at least 50 percent of their income on housing. In the lower middle-income group, 4.5 percent of owners with affordability issues were experiencing severe affordability issues.

Among renters with affordability issues in the moderate-income group, 24.0 percent were spending at least 50 percent of their income on housing. Only 4.0 percent of similar households in the lower middle-income group were experiencing severe affordability issues.

Table E4.17. Distribution of Households with STIR 30% or More by Income Range and Tenure, Ottawa, 2001

Housing Tenure	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Owned								
STIR 30-39%	3,565	45.8	4,125	82.3	590	73.8	110	75.9
STIR 40-49%	1,880	24.1	660	13.2	95	11.9	15	10.3
STIR 50% +	2,340	30.1	225	4.5	115	14.4	20	13.8
Total	7,785	100.0	5,010	100.0	800	100.0	145	100.0
Rented								
STIR 30-39%	6,655	53.7	620	82.7	45	100.0	0	0
STIR 40-49%	2,765	22.3	100	13.3	0	0	0	0
STIR 50% +	2,980	24.0	30	4.0	0	0	0	0
Total	12,400	100.0	750	100.0	45	100.0	0	0

Source: Statistics Canada, 2001 Census of Canada

Table E4.18 illustrates that overall, among lower middle-income households with affordability problems, 44.7 percent were families without children while only 17.3 percent were families with children. Lone-parent families comprised 14.8 percent, while multiple family units contributed another 1.0 percent. The balance of medium-income households was comprised of singles (18.8 percent) and two-person non-family units (3.3 percent). In terms of tenure, the great majority (86.9 percent) were owners, while the remaining (13.1 percent) were renters. Some 7.3 percent of the medium group reported dwellings requiring major repairs.

Of the 5,755 medium-income households with affordability problems, 82.3 percent reported paying between 30.0 percent and 39.9 percent of gross income on shelter. Some 13.1 percent were paying between 40.0 percent and 49.9 percent, while 4.5 percent were spending 50 percent or more. Those with extreme affordability issues (50 percent or more) were most prevalent among families with children (7.0 percent) and two or more person non-family households (5.3 percent). Single (2.3 percent) non-family households faired better. Families without children and lone parent families recorded were at 4.7 percent and 4.1 percent respectively.

Table E4.18. Distribution of Lower Middle-Income Households with STIR 30% or More by Household Type, Dwelling Condition, and Tenure, Toronto, 2001

	STIR 30-39%		STIR 40-49%		STIR 50-59%		Total	
	#	%	#	%	#	%	#	%
Household Type								
Family, No Children	835	83.5	95	9.5	70	7.0	1,000	17.3
Family With Children	2,040	79.4	410	16.0	120	4.7	2,570	44.7
Lone Parent	750	88.2	65	7.6	35	4.1	850	14.8
Multiple Family	50	83.3	10	16.7	0	0	60	1.0
One Person	905	83.8	150	13.9	25	2.3	1,080	18.8
Two or More Persons	155	81.6	25	13.2	10	5.3	190	3.3
Dwelling Condition								
Regular Maintenance	3,235	84.4	435	11.3	165	4.3	3,835	66.8
Minor Repairs	1,160	77.9	280	18.8	50	3.4	1,490	25.9
Major Repairs	345	82.1	40	9.5	35	8.3	420	7.3
Tenure								
Owner	4,125	82.3	660	13.2	225	4.5	5,010	86.9
Renter	620	82.7	100	13.3	30	4.0	750	13.1

Source: Statistics Canada, 2001 Census of Canada

There was little variation by tenure. Some 82.3 percent of owners were paying between 30.0 percent and 39.9 percent, 13.2 percent were spending between 40.0 percent and 49.9 percent, and 4.5 percent were paying 50 percent or more of gross income. For renters this was 82.7 percent, 13.3 percent and 4.0 percent respectively. The affordability problem appeared more acute among those in dwellings requiring major repairs. For this group, 8.3 percent were paying 50 percent or more of gross income on shelter.

E4.6. Summary

The City of Ottawa saw the proportion of owners grow from 1991 to 2001. During this period, the average value of dwellings grew by just 8.4 percent. This is considerably lower than the rise in rental costs over the same timeframe. For example, the average two bedroom rent increased by 36.0 percent. In recent years, rental increases have moderated, coinciding with rising vacancy rates. The condition of the stock remained relatively stable over this period, with small increases in the share of units requiring both minor and major repairs. During the 14 years from 1991 to 2005, close to 41,000 units were added to the stock.

These factors have combined to produce diverging situations for owners and renters. Between 1991 and 2001, the proportion of renters with affordability problems grew from 30.4 percent to 37.2 percent. By contrast, the share of owners in this situation dropped to 11.9 percent from 15.0 percent. The median household income rose by 25.7 percent from 1991 to 2001 and overall unemployment rates fell. Nonetheless, the share of low-income households, predominantly renters, grew from 14.1 percent to 15.0 percent. In light of more modest growth in ownership costs, it appears that owners were better able to maintain an appropriate shelter-to-income ratio

A review of Census data by income deciles reveals a clear trend toward a decrease in affordability problems as incomes rise. The higher income groups are more heavily oriented to family households. Overall housing conditions appear to improve with income. As expected, the tendency to rent declines with income. Between 1991 and 2001, the housing affordability situation eroded among lower income households, but improved for the medium and higher income deciles. The propensity to rent declined among all three groups over this 10 year period.

Affordability problems among the medium-income deciles actually declined from 1991 to 2001. In 2001, these groups comprised 21.4 percent of those households with an affordability problem, down from 29.5 percent in 1991. Non-family households were more prevalent in the low-income group, while family households displayed a more even distribution among the income deciles. Similarly, owners were more evenly spread among the three income ranges. Accordingly, families made up 77.9 percent of the medium-income deciles, and owners 86.9 percent. The great majority of these households (82.3 percent) were paying 30-40 percent of income on shelter, while 13.1 percent were spending 40-50 percent. Finally, 4.5 percent reported extreme affordability problems (50 percent or more of gross income on shelter).

E5.1 Housing Affordability in Halifax

Halifax Regional Municipality (HRM) is the fastest growing housing market in Nova Scotia and Atlantic Canada. It continues to have low vacancy rates as well as rapidly rising homeownership prices, especially for new construction. Recent housing market trends show an increasing supply of condominium developments.

After a relatively long period of economic expansion, economic growth in the Halifax area is expected to moderate or even decline due to a combination of factors, including a relatively high Canadian dollar and high and volatile energy prices. Employment growth has slowed - with fewer jobs being created, net migration into the city for jobs will likely decline. Halifax is a city of homeowners (more than 60 percent of households are owners). Rising interest and mortgage rates are forecast. This will lead to households spending more on home heating costs, gasoline, utilities and a host of other items whose price is indirectly influenced by oil prices. Negative impacts on the large retail trade sector are also expected.

On the positive side, Halifax is a “government city” with much employment in a wide range of related sectors. All three levels of governments have healthy fiscal situations and expenditures on public sector programs and infrastructure - in health care, social services and education, and other areas - should continue.

The following sections provide an overview of key housing market data for Winnipeg and draw upon demographic and housing statistics with the intent of providing some rationalization for the changes that have taken place over the last two census periods (1991 and 2001) and also a focus on the last four years which have witnessed tremendous growth. The section concludes with an assessment of customized cross-tabular data from the 2001 Census of Canada that focuses exclusively on working families to assess changes in housing affordability for moderate- to high-income groups. These data are also analyzed for spatial differences using CMHC market zones to determine, at a broad level, whether spatial differentiation can be observed.

E5.2. Housing Market Conditions

Housing conditions and characteristics (as reported by the census) have changed somewhat in the Halifax marketplace between 1991 and 2001. As noted in Table E5.1, there has been a modest increase during this period in the proportion of households who are owners, and a slight decline in renters. In part this has been connected to a national trend where increasing homeownership has been facilitated by a drop in mortgage rates and limited new rental housing construction. There has been little change in the overall condition of the housing stock, with a modest increase in units requiring minor repairs. The relative distribution of structural types across the municipality did not change much over the 10-year period; however, in keeping with the modest rise in ownership rates, the share of dwellings that were of the single-detached type rose by 2.5 percent.

Table E5.1. Housing Characteristics, Halifax, 1991 and 2001

	1991		2001	
	#	%	#	%
Housing Tenure				
Owned	71925	58.9	89815	61.7
Rented	50150	41.1	55215	38.2
Total Stock	122120		144435	
Condition of Dwelling				
Major Repairs	9030	7.4	11015	7.6
Minor Repairs	31070	25.4	40300	27.9
Regular Maintenance	82065	67.2	93120	64.5
Total Stock	122120	100.0	144435	100.0
Dwelling Type				
Single-Detached House	61200	50.1	75760	52.5
Semi-Detached House	8325	6.8	10045	7.0
Row House	4570	3.7	5155	3.6
Apartment, detached duplex	6060	5.0	5620	3.9
Apartment, 5 or more storeys	11765	9.6	13095	9.1
Apartment, less than 5 storeys	25830	21.2	31325	21.7
Other Single-Attached House	360	0.3	360	0.2
Other Movable Dwelling	4005	3.3	3065	2.1
Total Occupied Private Dwellings	122120	100.0	144435	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E5.2 shows the 10-year vacancy rate by bedroom size. The overall rate rose through the decade to a high of 8.7 percent in 1996, and then dropped to a low of 2.3 percent in 2003, with a slight rise to 3.3 percent in 2005. This pattern has been much the case in looking at vacancy rates by bedroom size as well. Vacancy rates have fallen since the mid-1990s for all unit sizes, and for most of the past five years vacancy rates have been below 4 percent for all unit sizes. The lowest current vacancy rate is 2.8 percent for bachelor and one-bedroom units. The figures clearly indicate a continued tightening of the rental marketplace in the Halifax area up until 2003.

In the national context, the Halifax vacancy rates are above the national average of 2.8 percent for the 28 major centres where CMHC conducts annual rental market surveys. There are 12 centres with vacancy rates lower than that in Halifax. Vacancy rates are similar to those in Kitchener, Oshawa, and Ottawa.

Table E5.2. Annual Rental Vacancy Rates by Unit Size, Row and Apartment Units, Halifax, 1994-2005

Year	Bachelor	One-Bedroom	Two-Bedroom	Three-Bedroom	All Units
1994	3.3	8.2	7.4	4.9	7.2
1995	3.7	8.8	8.1	3.2	7.7
1996	8.7	8.5	9.4	4.3	8.7
1997	3.6	8.2	8.3	6.3	7.7
1998	3.2	5.5	6.1	4.2	5.5
1999	3.3	3.4	4.0	1.7	3.6
2000	5.3	3.0	3.7	3.9	3.6
2001	2.2	2.4	3.4	2.3	2.8
2002	1.1	2.3	3.2	3.5	2.7
2003	2.1	2.0	2.4	4.0	2.3
2004	3.4	2.0	3.4	3.2	2.9
2005	2.8	2.8	3.7	3.6	3.3

Source: Canada Mortgage and Housing Corporation. Rental Market Report: Halifax. Annual.

There are some important variations within the Halifax rental market worth noting. The current vacancy rates are lowest in the Halifax Peninsula area, especially in the south end including the downtown business core and the areas near the hospitals and universities. The highest vacancy rates are in the mainland of Halifax (to the south and west of the peninsula) and in the north end of Dartmouth, across the harbour from the peninsula. These generally are the poorest areas economically and the rental stock is largely older and with larger unit sizes. Both areas contain large tracts of public housing.

The “hotbed” of new rental development activity is the Clayton Park area, a rapidly expanding area north and west of the peninsula and ringed with new big box commercial activity. Rental choices have declined in the poorest areas of the city (noted above) as buildings have been removed from the rental stock.

There was a significant change in housing costs over the 10-year period (Table E5.3). Average rents rose by 12.1 percent, resulting in a 5.4 percent increase in the number of tenant households paying 30 percent or more of their monthly income for rent. Increases were smaller among ownership units, with a more modest 9.2 percent increase in average monthly paying for housing costs. The percent of ownership households pay 30 percent or more of their monthly income for housing costs actually declined slightly over the decade. At the same time the self-reported average value of dwelling rose by 23 percent.

Table E5.3. Rental and Ownership Housing Market, Halifax, 1991 and 2001

	1991 **$**	**2001** **$**	**Change** **%**
Average Rent	586	657	12.1
Average Mortgage Payment	754	823	9.2
Average Value of Dwelling	109,383	134,286	22.8

Source: CMHC Rental Market Report, 1991, 2001, 2005

Table E5.4 shows the average rent charged for the entire market by bedroom size. Average rents climbed 23 percent from $572 to $705 between 1994 and 2005. Rents for a three-bedroom unit increased 38.5 percent in that time but dropped by $50 last year. Most of the increase occurred in the 1999-2004 period. The rent for a two-bedroom unit has increased 22.4 percent, reaching $747 in 2004 and jumping another $15 in 2005.

Table E5.4. Rental Rates by Unit Size, Row and Apartment Units, Halifax, 1994-2004

Year	Bachelor	One-Bedroom	Two-Bedroom	Three-Bedroom	All Units
1994	$443	$504	$610	$732	$572
1995	$444	$506	$615	$794	$590
1996	$439	$505	$617	$761	$565
1997	$444	$506	$616	$751	$567
1998	$454	$511	$631	$790	$580
1999	$469	$523	$637	$790	$589
2000	$491	$539	$648	$797	$604
2001	$508	$554	$673	$869	$628
2002	$524	$572	$704	$937	$658
2003	$537	$596	$720	$955	$675
2004	$560	$612	$747	$1014	$705
2005	$552	$626	$762	$946	n/a

Source: Canada Mortgage and Housing Corporation. Rental Market Report: Halifax. Annual.

A greater proportion of renter households spend 30 percent of more of their monthly income for housing costs (35 percent) compared to owners (10.9 percent). As noted in Table E5.5, the cost burden for renters has exacerbated while it has waned for owners, over the 1991-2001 period. The proportion of renters experiencing this problem rose from 30 percent to 35 percent while it declined 12.4 percent to 10.9 percent of owners.

Table E5.5. Households Spending 30% or More on Housing by Tenure, Halifax, 1991 and 2001

Housing Tenure	1991		2001	
	#	%	#	%
Renters	7075	29.7	19260	35.0
Owners	6740	12.4	9705	10.9

Source: Statistics Canada, 1991 and 2001 Census of Canada

Housing costs have been steadily increasing in the Halifax market for all households combined. In the period between 1997 and 2004, the average household expenditure increased 18 percent or 2.25 percent per year (Table E5.6). The largest increases were registered between 1999 and 2001, including a 9.4 percent jump from 2000 to 2001.

Table E5.6. Average Household Expenditure on Shelter, Halifax, 1997-2004

Year	Average Expenditure on Shelter ($)	Annual Change (%)
1997	9,659	-
1998	9,586	-0.8
1999	9,936	3.7
2000	10,217	2.8
2001	11,173	9.4
2002	11,330	1.4
2003	11,160	-1.5
2004	11,402	2.2

Source: Statistics Canada, Survey of Household Spending, CANSIM II Series, V28466247, Table Number 2030001

Rental market conditions have softened recently because of the weakening of the local labour market which in turn has reduced the migration of young people to the city for work and for apartments. In addition, declining long term mortgage rates have led to more tenants opting for home ownership. There were other “demand” problems. Most universities in the Halifax area reported stagnating enrolments after the larger than usual enrolment produced by Ontario’s double cohort in 2003 and 2004. This weakened the rental market on the Halifax Peninsula in particular last year.

For the past few years the resale market was primarily a seller’s market, but in the past year it moved to a more balanced position, improving choice and affordability for some buyers. This shift was driven by a rapid rise in the inventory of existing homes listed for sale and the lack of serviced building lots for new construction. The resale inventory grew by 40 percent, and included a wide range of choices - ‘move-up’ calibre homes, modestly priced houses, and low-priced condominiums and townhouses.

The price of new homes in the Halifax market has jumped by almost 30 percent between 1997 and 2004 (Table E5.7). Most of that increase occurred in the 2002-2004 period (a 15 percent increase). By comparison, price index growth in the 1988-1992 period was flat (an increase of only 2.3 percent), as was the 1994-1998 period (an increase of 0.7 percent with some fluctuation from year to year). The index noted in the table is based on the total combined price of a house and land.

The condominium market has been rapidly expanding in the Halifax marketplace. Numerous large new condominium projects were under construction in 2006. Condominium sales in both relative (as a share of all sales) and absolute terms doubled between 1997 and 2004, and the average sale price jumped 70 percent from just under $100,000 to just over $170,000.

Most new condominium projects over the past five years have been relatively luxurious, targeted at empty-nesters and more affluent renters who prefer the low-maintenance apartment lifestyle. However, HRM's Regional Plan will likely facilitate a broader range of condominium choices. Already there have been new family-oriented neighbourhood projects of single-detached, semi-detached and townhouse condominium in Dartmouth. In addition, new condo projects priced for first-time homebuyers on the Peninsula and in Bedford/Hammonds Plains area of the HRM have been developed. Rising land prices are forcing developers to build these types of higher density projects.

Other data sources confirm the rising costs outlined earlier. A review of the annual Survey of Household Spending shows that households are spending 18 percent more in 2004 on shelter payments than they were in 1997 - an increase of 2.6 percent annually (Table E5.7).

The shelter component of the Consumer Price Index (CPI) rose by 27 percent from 1992 to 2005. Most of this increase has occurred since 1999 (Table E5.7). The index for ownership shelter has increased more than it has for rented shelter in this time - almost 10 percent more. However, a key component of the overall shelter index increase has been a rapid rise in prices for water, fuel, and electricity. Since 1999 this has jumped by 46 percent. These rapidly rising costs eat away at the affordability of maintaining and operating a residence (owned or rented) even when increases in prices for rents and mortgage payments may be moderate.

It is interesting to note the reasonable consistency between census data and the survey of household spending data. In the period between 1991 and 2001, the shelter cost index for rents rose by 11 percent, while the census reported a 12 percent increase in average gross rents paid by households. The shelter price index for owned units rose by 13 percent while the census reported 9.2 percent (Table E5.3).

Table E5.7. Consumer Price Indices for Shelter and Utilities, Halifax, 1979-2005

Year	*Price Index for New Housing	**CPI for Shelter	**CPI for Rented Shelter	**CPI for Owned Shelter	**CPI for Water, Fuel & Electricity
1979	n/a	48.7	52.6	53.7	40.1
1980	n/a	53.1	54.6	57.8	47.4
1981	67.4	59.9	57.8	64.0	58.9
1982	X	67.8	63.3	73.1	67.4
1983	X	74.2	69.4	77.6	78.5
1984	77.4	77.6	74.1	80.1	82.2
1985	83.0	81.7	79.2	83.3	86.3
1986	84.6	82.8	83.5	84.4	79.7
1987	88.2	84.1	86.4	85.9	77.4
1988	91.6	86.1	89.0	88.1	77.8
1989	92.2	89.2	92.3	91.7	79.0
1990	92.5	94.3	95.3	96.3	88.5
1991	92.2	99.4	98.0	100.6	98.9
1992	93.9	100.0	100.0	100.0	100.0
1993	96.6	100.6	101.3	99.5	102.1
1994	100.2	100.3	102.5	99.1	100.2
1995	102.1	101.6	103.1	101.3	100.1
1996	102.6	103.1	103.8	101.5	107.0
1997	99.6	104.3	104.5	101.0	113.5
1998	100.9	103.9	105.0	102.2	107.6
1999	104.9	105.8	105.5	104.2	110.8
2000	107.3	111.7	106.7	109.1	126.8
2001	110.7	114.4	108.6	113.6	125.5
2002	114.9	115.9	110.6	115.6	124.8
2003	119.7	120.1	112.3	118.9	135.1
2004	129.7	122.8	113.5	121.4	141.3
2005	n/a	126.8	114.4	123.4	156.5

* September Index (House and Land). Source: Statistics Canada, New Housing Price Index, CANSIM II, Table Number 3270005.
** Source: Statistics Canada, Consumer Price Index, CANSIM II, Table Number 3260002.
n/a = not available; x = data suppressed by Statistics Canada for confidentiality purposes.

E5.3. Demographic and Economic Characteristics of Households

There have been some shifts or changes in demographics and the economy between 1991 and 2001. Changes in incomes are more difficult to report due to the lack of available data for 1991 and the lack of comparability across specific household types. However, it is worth noting that median household income grew by $6,000 in this period (14.4 percent). Median incomes are lowest for one person households and for female lone parent families (Table E5.8).

Table E5.8. Median Household Income by Household Type, Halifax, 1990 and 2000

Household Type	1990 $	2000 $
All Households	41034	46946
One Person Household	n/a	23741
Two or More Person Household	n/a	56729
Census Couple Family	n/a	62068
Census Lone Parent Family (Female)	n/a	25159
Census Lone Parent Family (Male)	n/a	40575

n/a = not available
Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E5.9 illustrates that the incidence of low-income increased marginally over the decade between 1991 and 2001, most notably among unattached individuals. The total number of persons in low-income in 2001 was just over 55,000, up almost 10,000 from 1991. Most of that increase came as a result of 5,435 more single persons being in a low-income situation.

Table E5.9. Incidence of Low-Income by Family Type, Halifax, 1991 and 2001

Family Type	1991		2001	
	# Low-Income	% Low-Income*	# Low-Income	% Low-Income*
Economic Families	10510	11.6	11955	11.9
Singles	14695	34.1	20130	36.5
Total Low-Income Population	45445	14.1	55085	15.5

* Proportion of low income in relation to the total population of Halifax.
Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E5.10 summarizes change in labour force activity. For the most part the economic shifts through the decade are reflected in a slightly lower overall unemployment rate (by 2.2 percent) from 1991 to 2001. However, one might question the relative value and income derived from some of the new jobs as the economy moved to more service-oriented industries and occupations (see Tables E5.11and E5.12). The unemployment rate among young adults (age 15-24 years) was slightly more than the double that of the general labour force, and actually rose slightly through the decade.

Table E5.10. Employment Participation and Unemployment Rates, Halifax, 1991 and 2001

Rates	1991 %	2001 %
Participation Rate – Total Labour Force	70.5	67.8
Employment Rate – Total Labour Force	63.9	63.0
Unemployment Rate – Total Labour Force	9.4	7.2
Participation Rate – Population Aged 15-24	69.4	68.8
Employment Rate – Population Aged 15-24	59.4	58.4
Unemployment Rate – Population Aged 15-24	14.4	15.1

Source: Statistics Canada, 1991 and 2001 Census of Canada

In 1991 Statistics Canada reported employment by industry sector using the Standard Industrial Classification scheme (adopted in 1980). In 2001 the reporting used the North American Industrial Classification System (adopted in 1997) to reflect the presence of new industrial sectors that emerged over the 20 year period. While there is a "concordance" report for linking the two different systems for the purpose of allowing time series comparisons to be made, the data are not available at the CMA level. Tables E5.11 and E5.12 show the distribution of employment by industry sector based on a modest effort to align similar industries for comparison over time.

There have been important employment shifts in the economy over the decade based on the employment by industry sector. For example, there was a decline in the absolute and relative number of people employed in government services. This is a reflection of Halifax serving as a provincial government capital as a regional centre for federal government departments and agencies. Both of these experienced job cuts through the decade. Similarly, Halifax is home to armed forces operations, and these too have experienced cutbacks and job losses over the decade. Manufacturing is the other important sector which experienced job losses through the decade.

On the other hand, some sectors saw employment gains. Waste management and related services increased significantly (this was not a separate category in 1991). The relative importance of employment in the accommodation, food and beverage sector (with lower wages typically paid), business services, transportation, and health and social services, increased through the decade. Many of these latter sectors provide occupations with good incomes.

Table E5.11. Employment by Industry, Halifax, 1991

Rank	Industry	#	%
1	Government Service	30,125	16.5
2	Retail Trade	23,095	12.7
3	Health Care and Social Service	19,480	10.7
4	Educational Services	13,725	7.5
5	Manufacturing	12,470	6.8
6	Other Services	11,855	6.5
7	Accommodation and Food Services	11,375	6.2
8	Construction	10,705	5.9
9	Business Services	10,260	5.6
10	Wholesale Trade	8,910	4.9
11	Finance and Insurance	8,790	4.8
12	Transportation and Storage	8,100	4.4
13	Communication and Other Utility Industries	7,530	4.1
14	Real Estate Operator and Insurance Agents	3,060	1.7
15	Agriculture and related industries	2,185	1.2
16	Mining, Oil and Gas Extraction	645	0.4
	All Industries	182,310	100.0

Source: Statistics Canada, 2001 Census of Canada

A recent report from the Atlantic Provinces Economic Council (APEC) confirmed these changing patterns. APEC reports that between 1996 and 2001 half of the labour force growth was in business, computer, and professional services, as well as services for oil and gas and film industry. Since 2000, Halifax has produced almost half of the new jobs in the province during that period, and six of the nine largest retailers in the province are located in the HRM.

Table E5.12. Employment by Industry, Halifax, 2001

Rank	Industry	#	%
1	Retail Trade	22,630	11.7
2	Public Administration	22,025	11.4
3	Health Care and Social Assistance	21,955	11.3
4	Accommodation and Food Services	14,040	7.2
5	Educational Services	13,980	7.2
6	Professional, Scientific and Technical Services	12,290	6.3
7	Administrative Support, Waste Management and Remediation Services	11,260	5.8
8	Manufacturing	10,235	5.3
9	Construction	10,065	5.2
10	Transportation and Warehousing	9,920	5.1
11	Other Services	9,115	4.7
12	Finance and Insurance	8,825	4.6
13	Wholesale Trade	8,565	4.4
14	Information and Cultural Industries	7,995	4.1
15	Real Estate and Rental and Leasing	4,090	2.1
16	Arts, Entertainment and Recreation	4,090	2.1
17	Agriculture, Forestry, Fishing and Hunting	1,445	0.7
18	Mining, Oil and Gas Extraction	970	0.5
19	Management of Companies and Enterprises	200	0.1
	All Industries	193,695	100.0

Source: Statistics Canada, 2001 Census of Canada

E5.4. Housing Affordability Challenges for the Lower Middle-Income Group

This section provides an examination of the characteristics of lower middle-income households with housing affordability problems in Halifax. Housing affordability is defined as a household with a shelter-to-income ratio (STIR) of more than 30 percent. Prior research has shown that high shelter-to-income ratios are largely a problem for moderate-income households. The intent of this analysis is to gain a greater understanding of the movement or “creep” of housing affordability problems into the lower middle-income group.

In 1991, there were 22,200 households in the lower middle-income range, and 2180 or 9.8 percent of these households had shelter-to-income ratios of 30 percent or more. By 2001 there were 24,735 households in this range, and only 1985 or 8.0 percent of this income group were defined to have housing affordability problems. The total number of households in this income range dropped by almost 200 (Table E5.13). This is not surprising given that increases in new housing prices and shelter costs grew modestly in that time period (about 1.5 percent per year, as noted in Tables E5.4 and E5.6).

However, within the lower middle-income group, there was an increase (from 1991 to 2001) in the proportion of households comprised of singles, families with no children, and lone-parent families. There was also an increase in the proportion of lower middle-income groups living in units in need of minor repairs, and in the ownership category (Table E5.13).

A consideration of households with STIRs of 30 percent or more between 1991 and 2001 reveals that those in the lower middle-income group declined, while the moderate-income group increased (Table E5.14). For example, among those paying 30 to 39.9 percent of income on shelter in 1991, 59 percent were assigned to the moderate-income group and 31 percent to the lower middle-income group. By 2001, this distribution had changed only slightly with 65 percent in the moderate-income group and 29 percent lower middle-income group. This pattern holds for those with higher STIR ratios as well.

In a similar fashion, there were some shifts in the household types over time as well. The percentage of all households who were lone-parent families and in the lower middle-income group increased from 33 percent to 40 percent in the period between 1991 and 2001. This was also true for the percentage change in the distribution of all one-person and two or more person households. During the same time period, the relative share of lone parent families and one-person households in the moderate-income group decreased.

Table E5.13. Housing Characteristics by Income Groups, Halifax, 1991 and 2001

Housing Characteristics	Moderate-Income				Lower Middle-Income				Upper Middle-Income				High-Income			
	1991		2001		1991		2001		1991		2001		1991		2001	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Shelter-Cost-to-Income Ratio																
Less than 25%	5,980	39.2	6,185	37.4	17,275	77.8	19,930	80.6	20,465	90.9	23,770	95.7	14,475	97.0	16,335	99.0
25-29%	2,810	18.4	2,990	18.1	2,760	12.4	2,825	11.4	1,395	6.2	675	2.7	290	1.9	85	0.5
30-39%	3,345	21.9	3,550	21.5	1,770	8.0	1,600	6.5	490	2.2	290	1.2	100	0.7	50	0.3
40-49%	1,365	8.9	1,780	10.8	260	1.2	250	1.0	75	0.3	45	0.2	30	0.2	0	0
More than 50%	1,755	11.5	2,020	12.2	150	0.7	135	0.5	80	0.4	60	0.2	35	0.2	35	0.2
Total	15,255	100.0	16,525	100.0	22,215	100.0	24,740	100.0	22,505	100.0	24,840	100.0	14,930	100.0	16,505	100.0
Household Type																
Family no children	2,365	15.5	2,285	13.8	5,280	23.8	6,000	24.2	6,010	26.7	6,850	27.6	3,440	23.0	4,140	25.1
Family w/children	3,345	21.9	2,775	16.8	9,800	44.1	8,550	34.5	13,325	59.2	13,645	55.0	9,925	66.5	10,605	64.3
Lone Parent	2,190	14.4	2,320	14.0	1,615	7.3	2,605	10.5	765	3.4	1,345	5.4	305	2.0	265	1.6
Multiple Family	35	0.2	20	0.1	50	0.2	100	0.4	160	0.7	360	1.5	315	2.1	430	2.6
1 Person	6,265	41.1	8,020	48.5	3,955	17.8	5,910	23.9	895	3.9	1,455	5.9	265	1.8	590	3.6
2+ Persons	1,060	6.9	1,110	6.7	1,505	6.8	1,585	6.4	1,340	6.0	1,160	4.7	675	4.5	475	2.9
Total	15,260	100.0	16,530	100.0	22,205	100.0	24,750	100.0	22,495	100.0	24,815	100.0	14,925	100.0	16,505	100.0
Dwelling Condition																
Reg. Maintenance	9,825	64.4	10,095	61.1	14,560	65.6	15,245	61.6	15,400	68.5	16,205	65.2	11,040	73.9	11,440	69.3
Minor Repair	4,125	27.0	4,920	29.8	6,025	27.1	7,610	30.8	5,770	25.7	7,455	30.0	3,325	22.3	4,360	26.4
Major Repair	1,305	8.6	1,515	9.2	1,615	7.3	1,880	7.6	1,325	5.9	1,180	4.8	565	3.8	715	4.3
Total	15,255	100.0	16,530	100.0	22,200	100.0	24,735	100.0	22,495	100.0	24,840	100.0	14,930	100.0	16,515	100.0
Tenure																
Owner	4,460	29.3	5,135	31.1	11,805	53.2	15,140	61.2	17,380	77.2	20,580	82.9	13,325	89.3	15,205	92.1
Renter	10,785	70.7	11,390	68.9	10,395	46.8	9,595	38.8	5,125	22.8	4,245	17.1	1,600	10.7	1,310	7.9
Total	15,245	100.0	16,525	100.0	22,200	100.0	24,735	100.0	22,505	100.0	24,825	100.0	14,925	100.0	16,515	100.0

Source: Statistics Canada, 1991 and 2001 Census of Canada

Table E5.14. Income Groups by Housing Characteristics, Halifax, 1991 and 2001

	1991									2001								
	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income		Total
	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#	%	#
STIR																		
Less than 25%	5,980	10.3	17,275	29.7	20,465	35.2	14,475	24.9	58,195	6,185	9.3	19,930	30.1	23,770	35.9	16,335	24.7	66,220
25-29%	2,810	38.7	2,760	38.0	1,395	19.2	290	4.0	7,255	2,990	45.5	2,825	43.0	675	10.3	85	1.3	6,575
30-39%	3,345	58.6	1,770	31.0	490	8.6	100	1.8	5,705	3,550	64.7	1,600	29.1	290	5.3	50	0.9	5,490
40-49%	1,365	78.9	260	15.0	75	4.3	30	1.7	1,730	1,780	85.8	250	12.0	45	2.2	0	0	2,075
More than 50%	1,755	86.9	150	7.4	80	4.0	35	1.7	2,020	2,020	89.8	135	6.0	60	2.7	35	1.6	2,250
Household Type																		
Family no children	2,365	13.8	5,280	30.9	6,010	35.2	3,440	20.1	17,095	2,285	11.9	6,000	31.1	6,850	35.5	4,140	21.5	19,275
Family w/children	3,345	9.2	9,800	26.9	13,325	36.6	9,925	27.3	36,395	2,775	7.8	8,550	24.0	13,645	38.4	10,605	29.8	35,575
Lone Parent	2,190	44.9	1,615	33.1	765	15.7	305	6.3	4,875	2,320	35.5	2,605	39.9	1,345	20.6	265	4.1	6,535
Multiple Family	35	6.3	50	8.9	160	28.6	315	56.3	560	20	2.2	100	11.0	360	39.6	430	47.3	910
1 Person	6,265	55.1	3,955	34.8	895	7.9	265	2.3	11,380	8,020	50.2	5,910	37.0	1,455	9.1	590	3.7	15,975
2+ Persons	1,060	23.1	1,505	32.9	1,340	29.3	675	14.7	4,580	1,110	25.6	1,585	36.6	1,160	26.8	475	11.0	4,330
Dwelling Cond.																		
Reg. Maintenance	9,825	19.4	14,560	28.6	15,400	30.3	11,040	21.7	50,825	10,095	19.1	15,245	28.8	16,205	30.6	11,440	21.6	52,985
Minor Repair	4,125	21.4	6,025	31.3	5,770	30.0	3,325	17.3	19,245	4,920	20.2	7,610	31.3	7,455	30.6	4,360	17.9	24,345
Major Repair	1,305	27.1	1,615	33.6	1,325	27.5	565	11.7	4,810	1,515	28.6	1,880	35.5	1,180	22.3	715	13.5	5,290
Tenure																		
Owner	4,460	9.5	11,805	25.1	17,380	37.0	13,325	28.4	46,970	5,135	9.2	15,140	27.0	20,580	36.7	15,205	27.1	56,060
Renter	10,785	38.6	10,395	37.3	5,125	18.4	1,600	5.7	27,905	11,390	42.9	9,595	36.2	4,245	16.0	1,310	4.9	26,540

Source: Statistics Canada, 1991 and 2001 Census of Canada

E5.5 Characteristics of Households with Affordability Problems in 2001

A consideration of only those working households in Halifax with affordability problems in 2001 reveals that within the lower middle-income group, most households (78 percent or more) fell into the 30-39.9 percent shelter-to-income ratio (Table E5.15). This holds for all household types With the exception of households of two or more persons in

Table E5.15. Distribution of Households with STIR 30% or More by Income Range and Household Type, Halifax, 2001

	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
Household Type	#	%	#	%	#	%	#	%
One Family Without Children								
STIR 30-39%	390	44.8	285	78.1	70	87.5	10	100.0
STIR 40-49%	265	30.5	60	16.4	10	12.5	0	0
STIR 50% +	215	24.7	20	5.5	0	0	0	0
Total	870	100.0	365	100.0	80	100.0	10	100.0
One Family With Children								
STIR 30-39%	585	42.7	710	79.3	150	71.4	25	35.7
STIR 40-49%	330	24.1	110	12.3	30	14.3	10	14.3
STIR 50% +	455	33.2	75	8.4	30	14.3	35	50.0
Total	1,370	100.0	895	100.0	210	100.0	70	100.0
Lone Parent								
STIR 30-39%	635	55.2	235	85.5	40	66.7	10	100.0
STIR 40-49%	250	21.7	15	5.5	10	16.7	0	0
STIR 50% +	265	23.0	25	9.1	10	16.7	0	0
Total	1,150	100.0	275	100.0	60	100.0	10	100.0
Multiple Family								
STIR 30-39%	0	0	0	0	0	0	0	0
STIR 40-49%	0	0	0	0	0	0	0	0
STIR 50% +	0	0	0	0	0	100.0	0	0
Total	0	0	0	0	10	100.0	0	0
One Person								
STIR 30-39%	1,650	49.5	285	82.6	15	100.0	0	0
STIR 40-49%	725	21.7	40	11.6	0	0	0	0
STIR 50% +	960	28.8	20	5.8	0	0	0	0
Total	3,335	100.0	345	100.0	15	100.0	0	0
Two or More Persons								
STIR 30-39%	305	48.0	75	68.2	10	100.0	10	100.0
STIR 40-49%	200	31.5	25	22.7	0	0	0	0
STIR 50% +	130	20.5	10	9.1	0	0	0	0
Total	635	100.0	110	100.0	10	100.0	10	100.0

Source: Statistics Canada, 2001 Census of Canada

which only 68 percent were designated in the 30-39 percent cluster; while 23 percent of this household type registered a shelter-to-income ratio of between 40 and 49.9 percent. In comparison to the moderate-income group, the depth of affordability problems was not as severe for lower middle-income households. For example, within the moderate-income group, fewer than half of all household types registered a shelter-to-income ratio of 30 to 39.9 percent (the exception is lone-parent families, where 55 percent fell into this cluster). The depth of affordability problems is greatest among families with children and one-person households, where 33 percent and 29 percent, respectively, fall into the 50 percent or more STIR cluster.

Table E5.16 provides an overview of the dwelling conditions of households in Halifax that were experiencing housing affordability problems in 2001. Households in the lower middle-income group were more likely to live in dwellings in need of minor repairs (representing 22.3 percent of all households with affordability problems that required minor repairs) than in dwellings requiring regular maintenance or major repairs (where they made up less than 20 percent of all households needing major repairs or regular maintenance). Repair problems were more acute for moderate- and lower middle-income households with shelter-to-income ratios of 30 to 39.9 percent, compared to those with higher STIRs. In addition, those in upper middle-income and high-income households with STIR's of 30 percent or more were largely (two-thirds of these households) in dwellings requiring regular maintenance only.

Table E5.17 presents the distribution of households with shelter-to-income ratios of 30 percent or more by income range and tenure. The table illustrates that both the moderate-income and lower middle-income groups experienced the greatest affordability problems particularly in the home ownership category. In contrast, the upper middle-income and high-income groups experienced significantly less affordability issues particularly with STIRs of 40 percent or higher. It is also notable that approximately 80 percent of the lower middle-income group was represented in the shelter-to-income ratio of 30 to 39 percent for both ownership and rental categories.

Table E5.16. Distribution of Households with STIR 30% or More by Income Range and Condition of Dwelling, Halifax, 2001

Dwelling Condition	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Regular Maintenance								
STIR 30-39%	2,145	50.0	895	81.0	165	68.8	30	42.9
STIR 40-49%	1,025	23.9	145	13.1	45	18.8	10	14.3
STIR 50% +	1,120	26.1	65	5.9	30	12.5	30	42.9
Total	4,290	100.0	1,105	100.0	240	100.0	70	100.0
In Need of Major Repairs								
STIR 30-39%	270	39.1	120	77.4	10	100.0	20	100.0
STIR 40-49%	170	24.6	20	12.9	0	0	0	0
STIR 50% +	250	36.2	15	9.7	0	0	0	0
Total	690	100.0	155	100.0	10	100.0	20	100.0
In Need of Minor Repairs								
STIR 30-39%	1,130	47.8	585	81.3	105	91.3	0	0
STIR 40-49%	580	24.5	75	10.4	0	0	0	0
STIR 50% +	655	27.7	60	8.3	10	8.7	10	0
Total	2,365	100.0	720	100.0	115	100.0	10	0

Source: Statistics Canada, 2001 Census of Canada

Table E5.17. Distribution of Households with STIR 30% or More by Income Range and Tenure, Halifax, 2001

Housing Tenure	Moderate-Income		Lower Middle-Income		Upper Middle-Income		High-Income	
	#	%	#	%	#	%	#	%
Owned								
STIR 30-39%	985	40.3	1,435	80.8	260	73.2	35	58.3
STIR 40-49%	680	27.8	225	12.7	45	12.7	0	0
STIR 50% +	780	31.9	115	6.5	50	14.1	25	41.7
Total	2,445	100.0	1,775	100.0	355	100.0	60	100.0
Rented								
STIR 30-39%	2,570	52.2	165	80.5	25	100.0	10	100.0
STIR 40-49%	1,105	22.4	20	9.8	0	0	0	0
STIR 50% +	1,250	25.4	20	9.8	0	0	0	0
Total	4,925	100.0	205	100.0	25	100.0	10	100.0

Source: Statistics Canada, 2001 Census of Canada

Table E3.18 provides an overview of the housing characteristics of the lower middle-income group in Halifax that was experiencing affordability issues in 2001. As in the other cities under consideration, the greatest proportion of the lower middle-income group was represented by families with children, followed by families without children, and one-person and lone-parent households. In relation to dwelling condition, 55.8 percent of the lower middle-income group was living in housing that required only regular maintenance, while 35.64 percent of this group resided in a dwelling that required minor repairs. In addition, approximately 90 percent of this income group were designated in the home ownership category. Overall the greatest proportion of the lower middle-income group was categorized as having shelter-to-income ratios between 30 and 39 percent. This may be a reflection of newly formed households facing higher housing costs with relatively lower incomes as they emerge from post-secondary education or as they enter the workforce for the first time.

Table E3.18. Distribution of Lower Middle-Income Households with STIR 30% or More by Household Type, Dwelling Condition, and Tenure, Halifax, 2001

	STIR 30-39%		STIR 40-49%		STIR 50-59%		Total	
	#	%	#	%	#	%	#	%
Household Type								
Family, No Children	285	78.1	60	16.4	20	5.5	365	18.3
Family With Children	710	79.3	110	12.3	75	8.4	895	45.0
Lone Parent	235	85.5	15	5.5	25	9.1	275	13.8
Multiple Family	0	0	0	0	0	0	0	0
One Person	285	82.6	40	11.6	20	5.8	345	17.3
Two or More Persons	75	68.2	25	22.7	10	9.1	110	5.5
Dwelling Condition								
Regular Maintenance	895	81.0	145	13.1	65	5.9	1,105	55.8
Minor Repairs	585	81.3	75	10.4	60	8.3	720	36.4
Major Repairs	120	77.4	20	12.9	15	9.7	155	7.8
Tenure								
Owner	1,435	80.8	225	12.7	115	6.5	1,775	89.6
Renter	165	80.5	20	9.8	20	9.8	205	10.4

Source: Statistics Canada, 2001 Census of Canada

E5.6. Summary

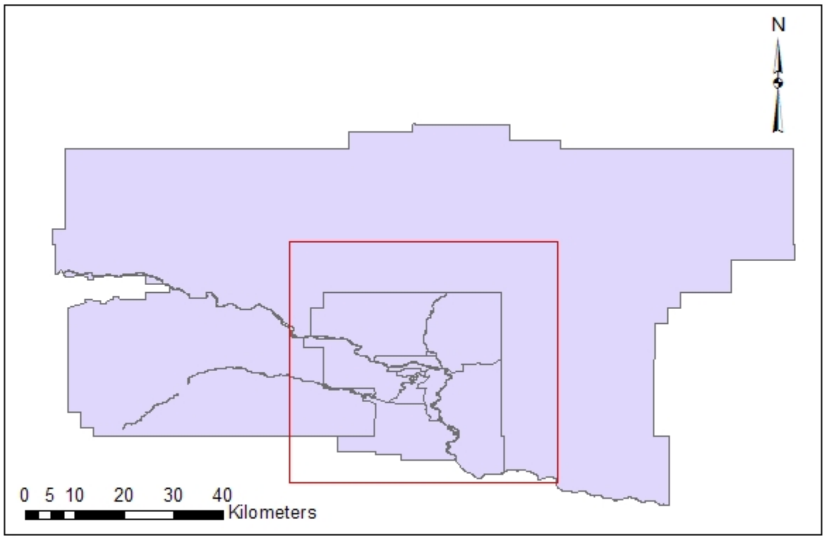
The Halifax marketplace experienced slow but steady growth through the 1990s followed by a rapid growth in the early 2000s. Forecasts call for a weakening of the economy and a softening of the rental and ownership markets over the short term. The rental market in particular softened in the past two years as vacancy rates climbed to a healthier 3.3 percent after many years of close to 2 percent.

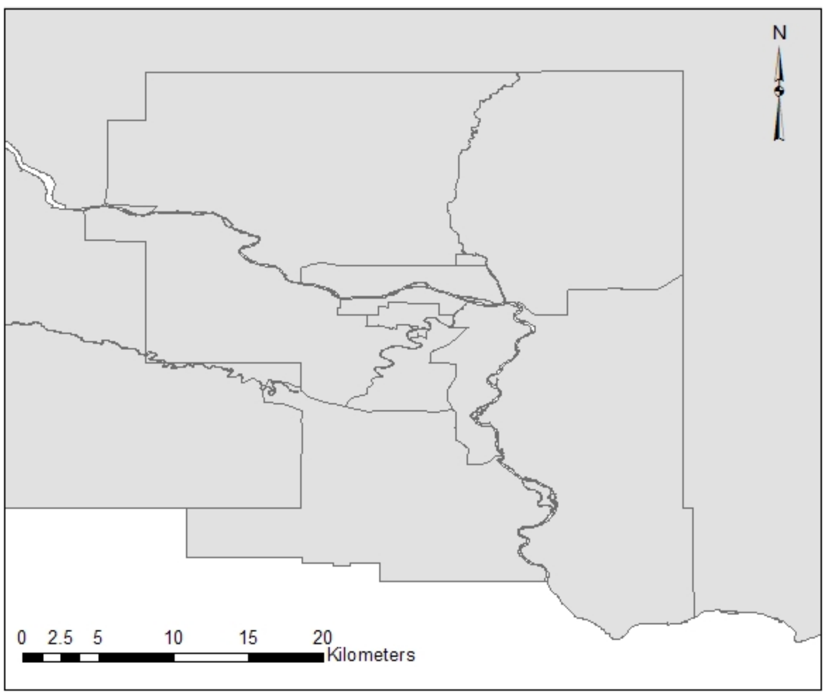
The analysis of shelter-to-income ratios for 1991 and 2001 did not reveal a creep of affordability problems into the middle-income group. However, most of the rise in housing and shelter prices as occurred since 2000 and 2001, and it is possible that number and share of middle-income households with STIRs of 30 percent or more may have risen since 2001. New housing prices have risen sharply (Table E5.4) as have utility costs (Table E5.6). Furthermore, most of the new condominium construction since 1997 has targeted higher income households and thus has pulled prices higher for all buyers for these types of units.

The 1991 to 2001 period did show that more lone parent households and households without children, in the income deciles 3 to 5 (the lower middle-income) were experiencing affordability problems (with STIRs of 30 percent or more). Renters with STIRs of 40 percent also increased in this period. Within the lowest "middle-income" group, the number lone parent households and families without children experiencing affordability also grew.

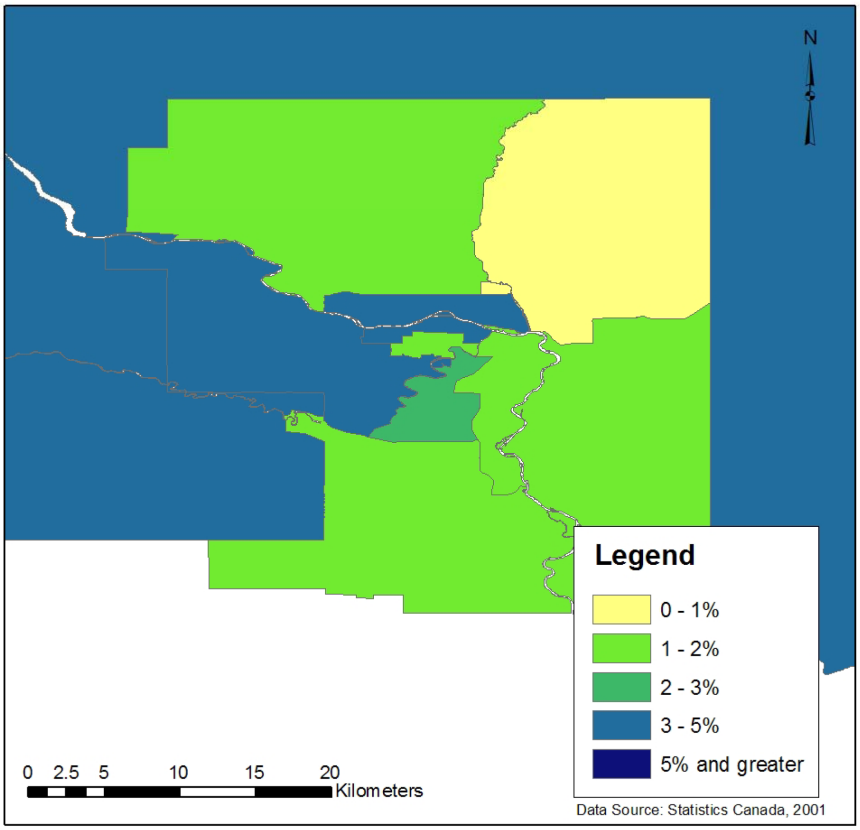
Appendix F: Case Study Spatial Analysis

City of Calgary

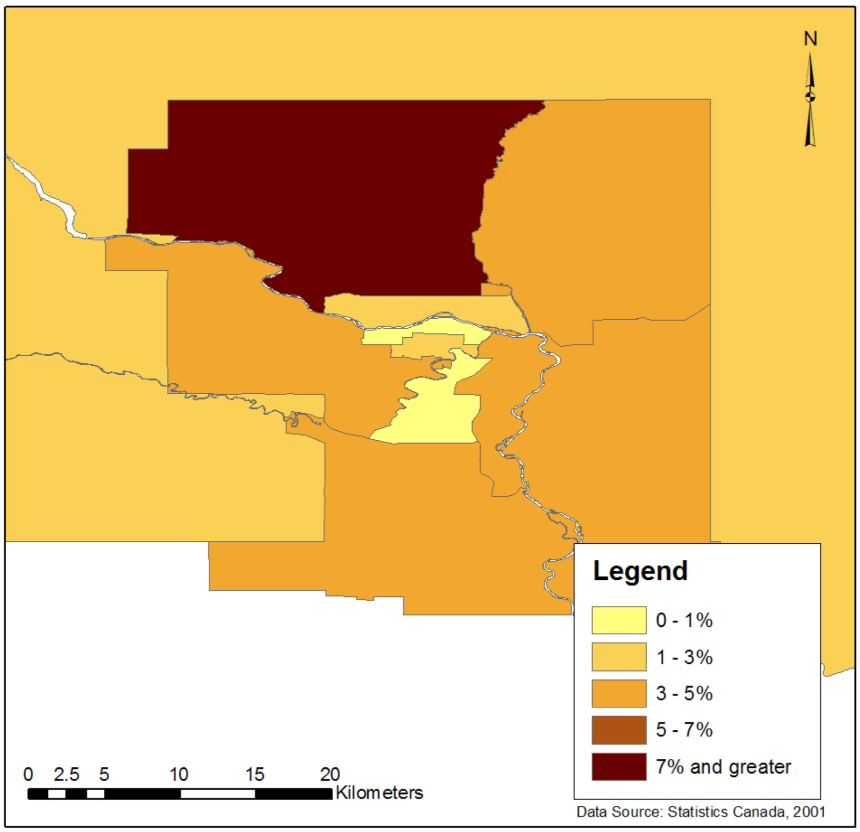




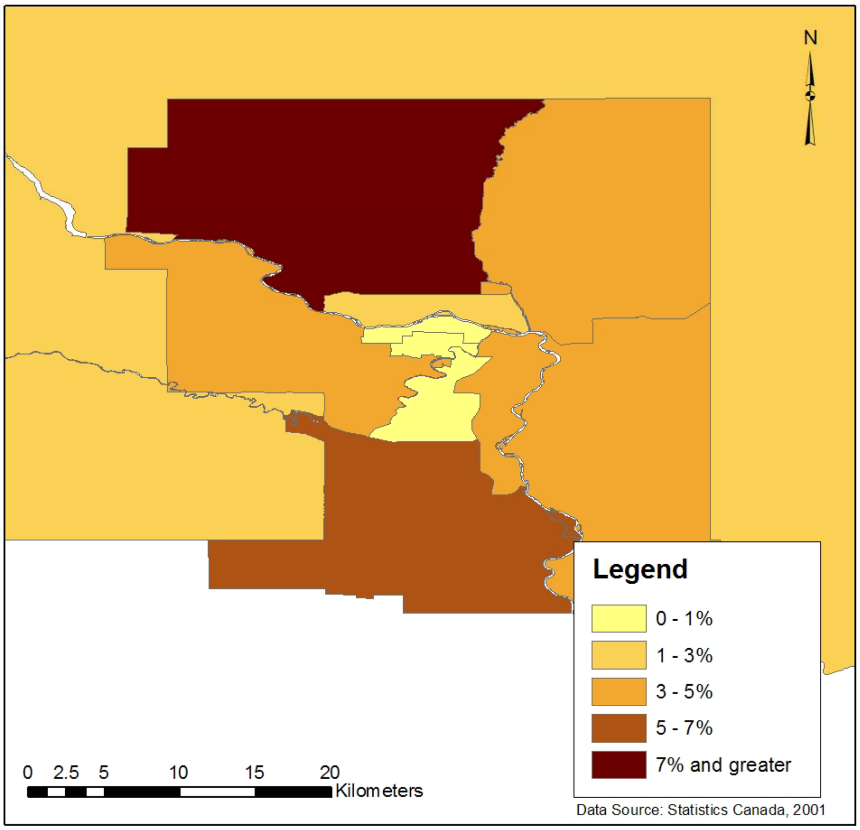
Distribution of All Upper Middle Income Households
with STIR 30% or More,
as Percentage of Total Households in CMA
Calgary, 2001



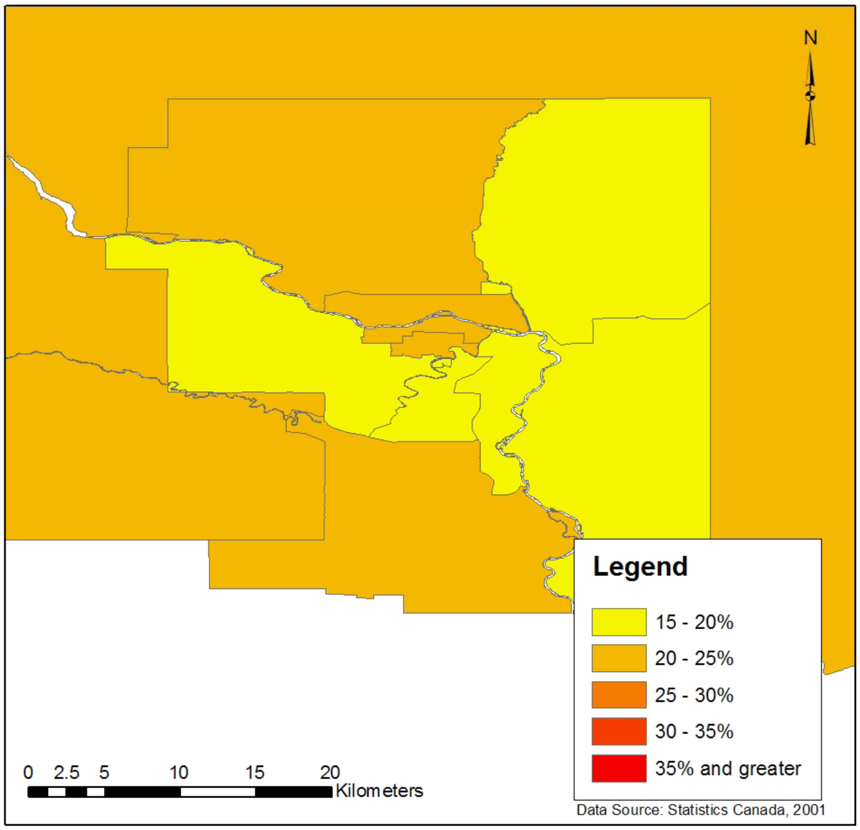
Distribution of All Lower Middle Income Households
Calgary, 2001



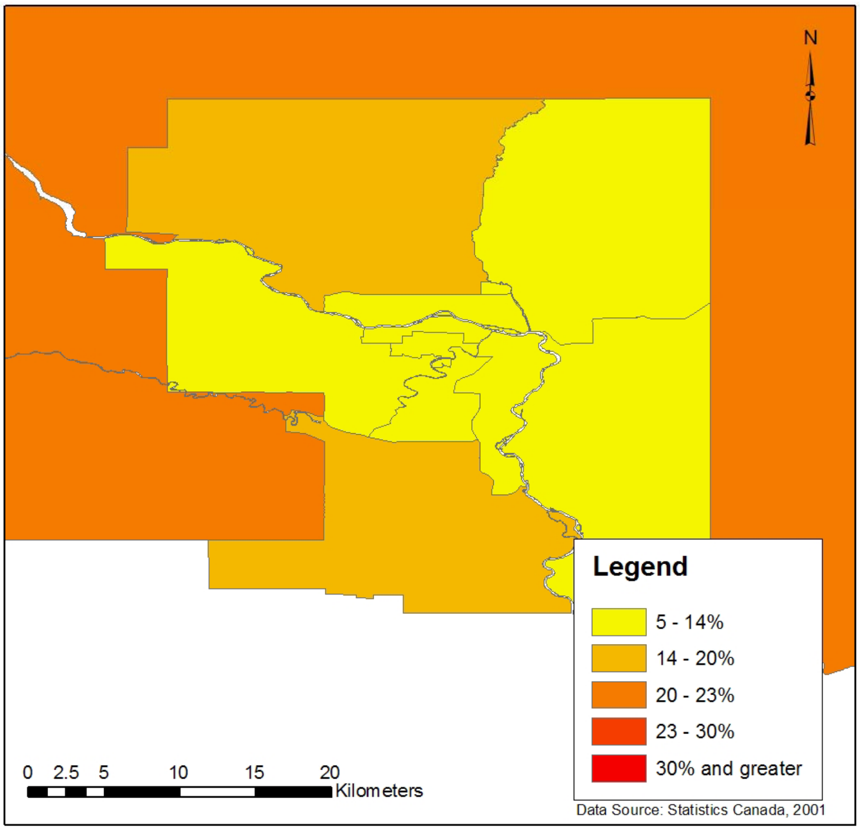
Distribution of All Upper Middle Income Households
Calgary, 2001



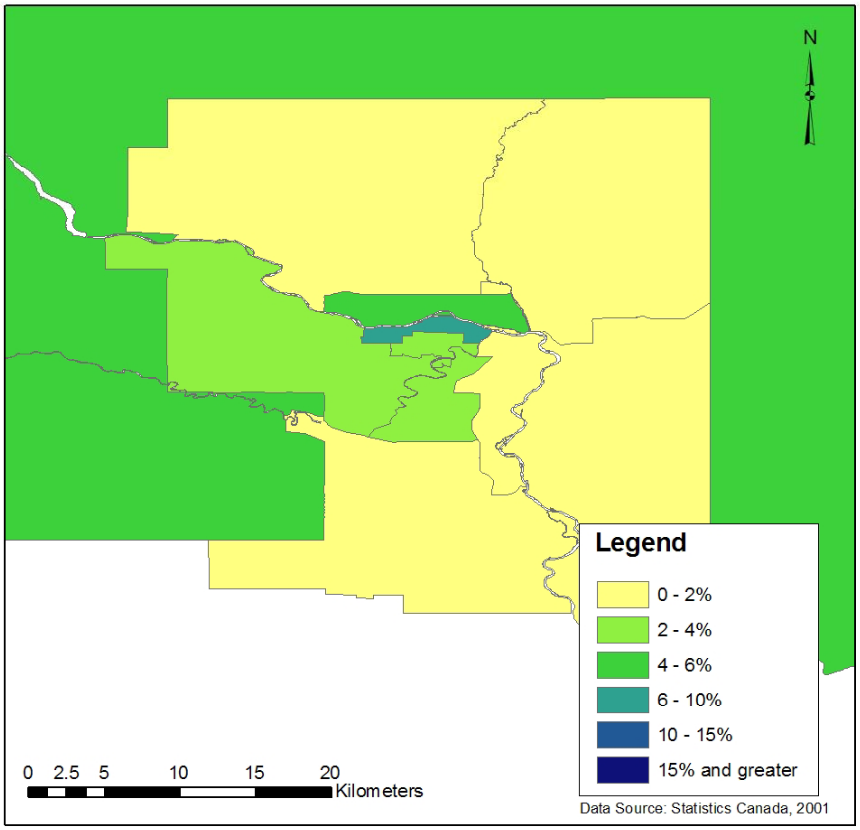
Distribution of Lower Middle Income
Home Owners with STIR 30% or More,
as Percentage of Total Lower Middle Income
Households by Market Zone
Calgary, 2001



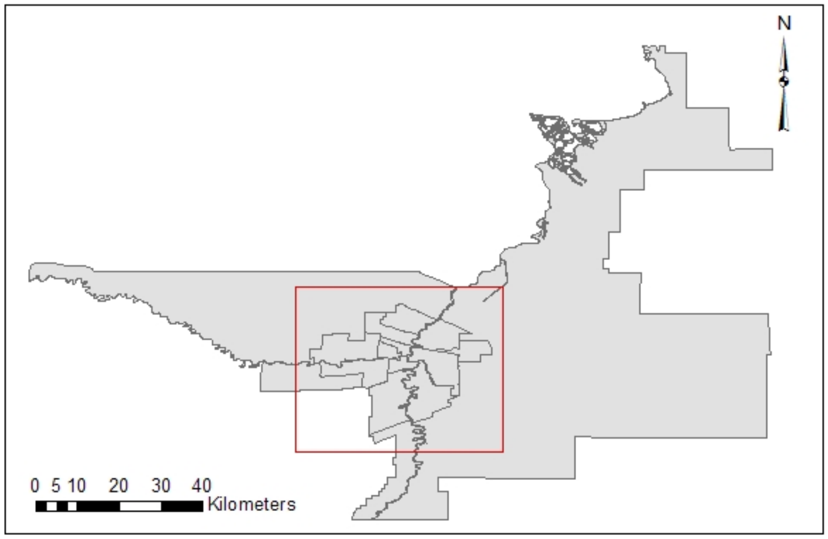
Distribution of All Lower Middle Income Households
with STIR 30% or More,
as Percentage of Total Households in CMA
Calgary, 2001

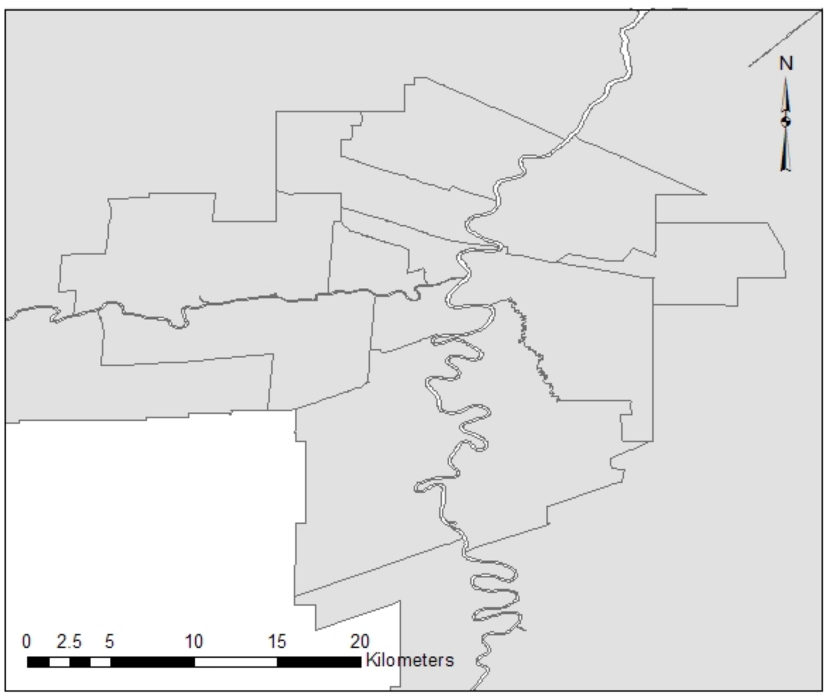


Distribution of Upper Middle Income
Home Owners with STIR 30% or More,
as Percentage of Total Upper Middle Income
Households by Market Zone
Calgary, 2001

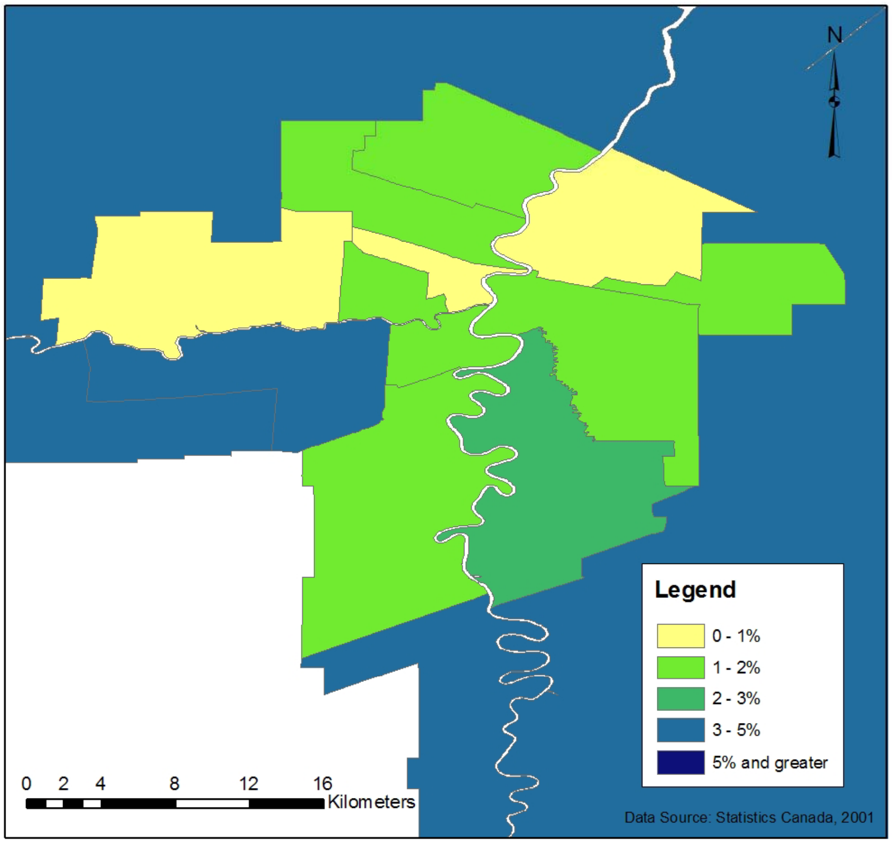


City of Winnipeg

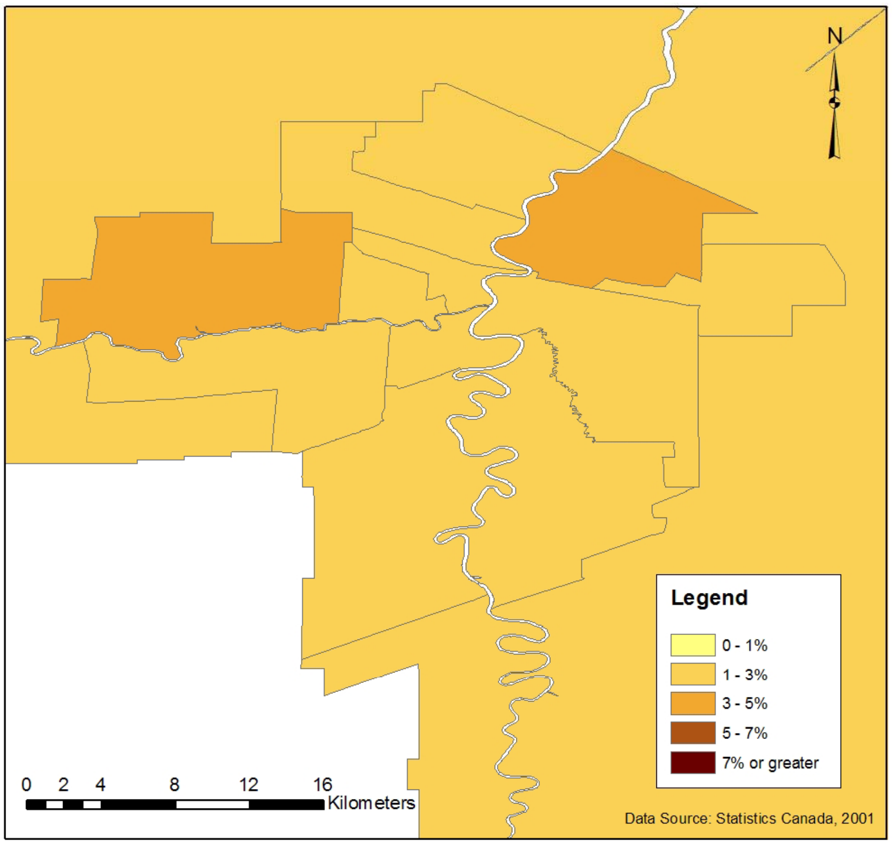




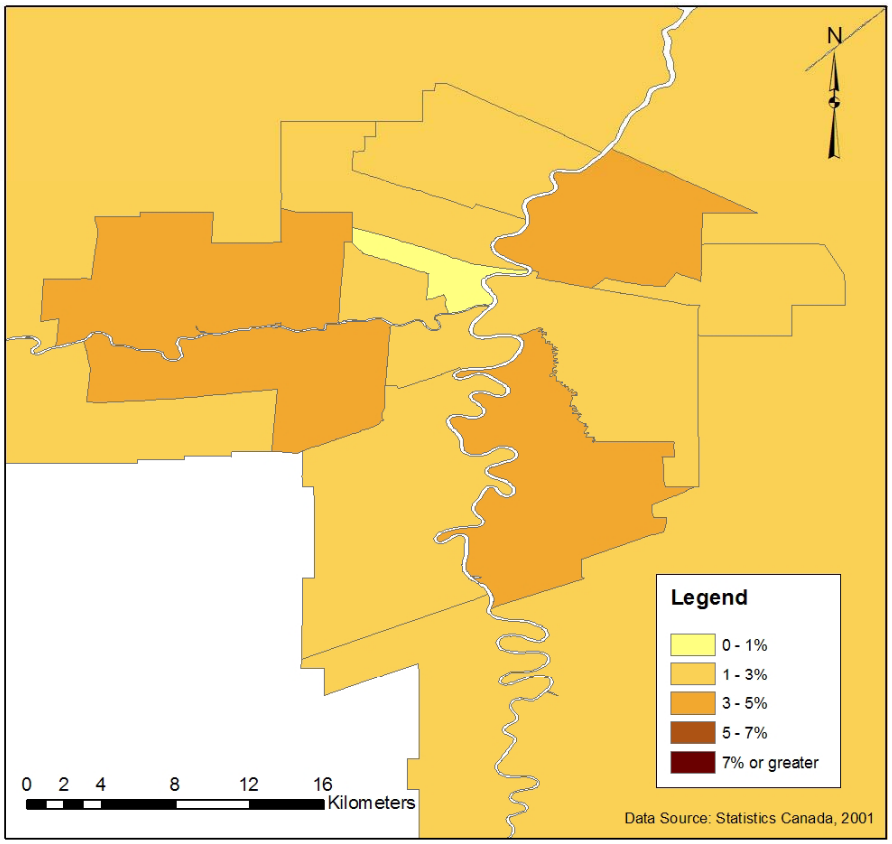
Distribution of All Upper Middle Income Households with STIR 30% or More, as Percentage of Total Households in CMA Winnipeg, 2001



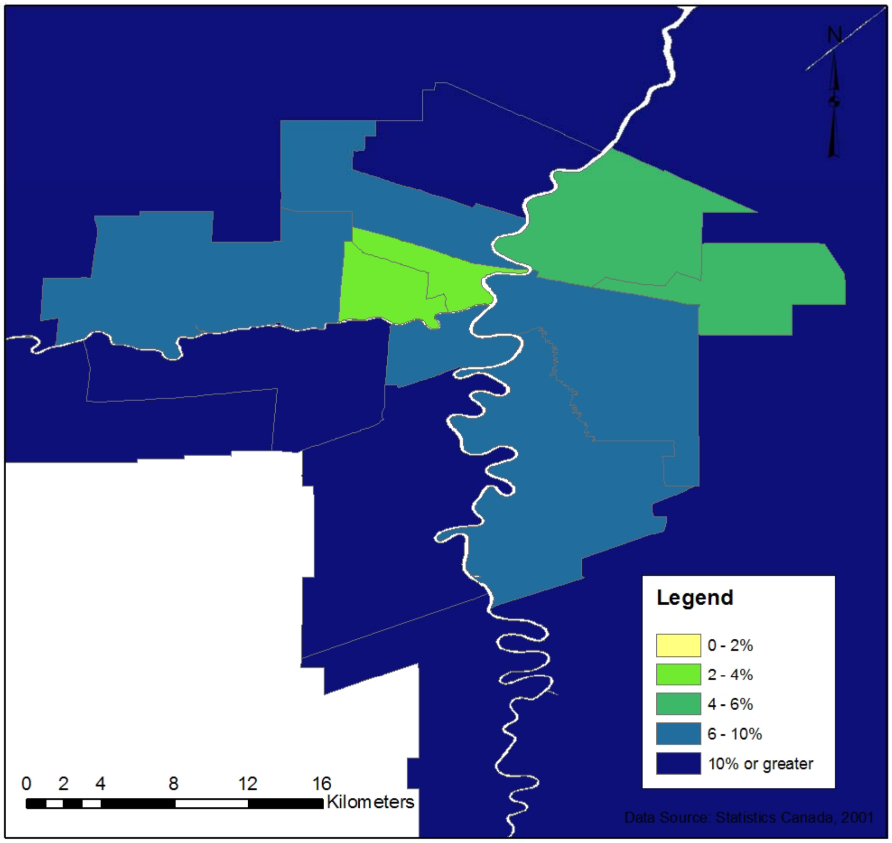
Distribution of Lower Middle Income Households
Winnipeg, 2001



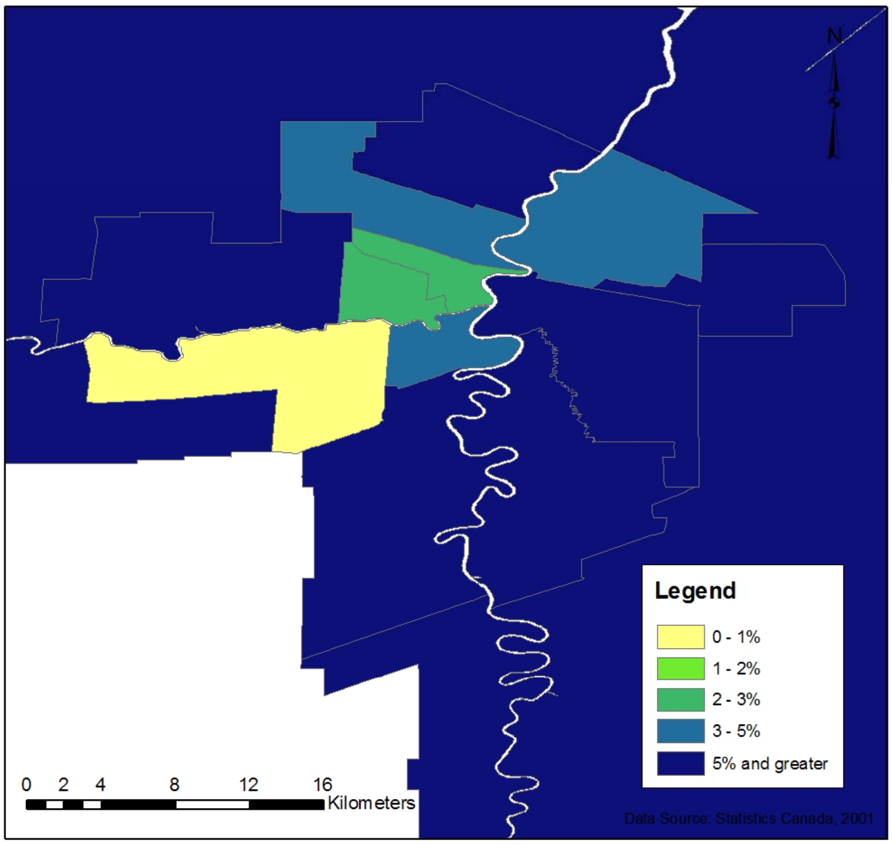
Distribution of Upper Middle Income Households
Winnipeg, 2001



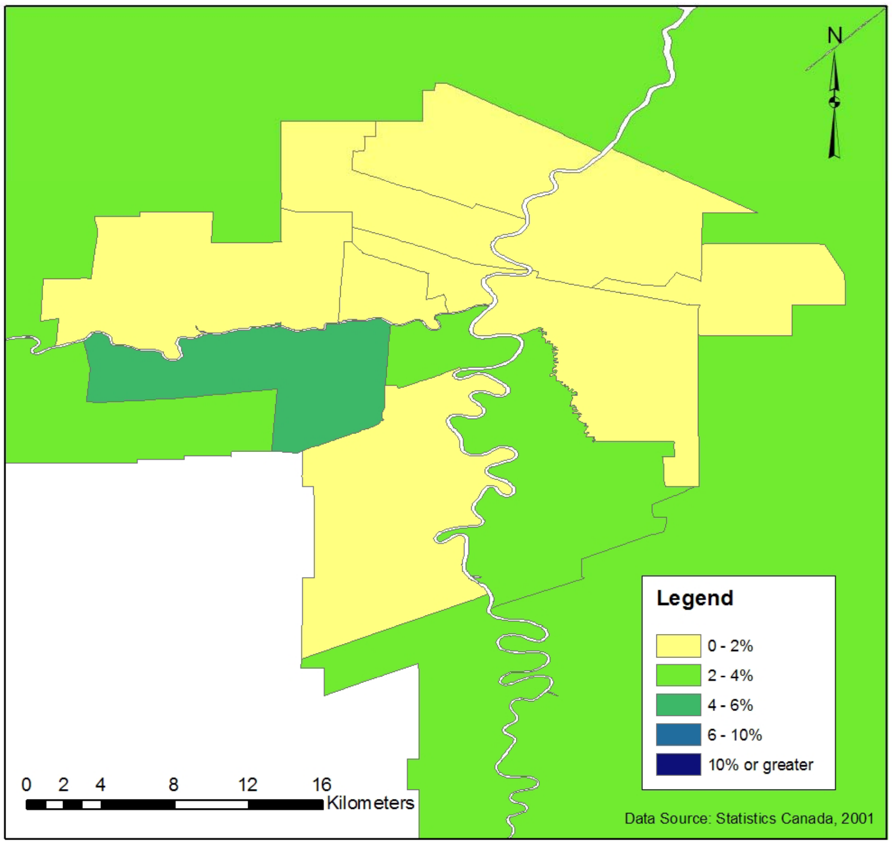
Distribution of Lower Middle Income
Home Owners with STIR 30% or More,
as Percentage of Total Lower Middle Income
Households by Market Zone
Winnipeg, 2001



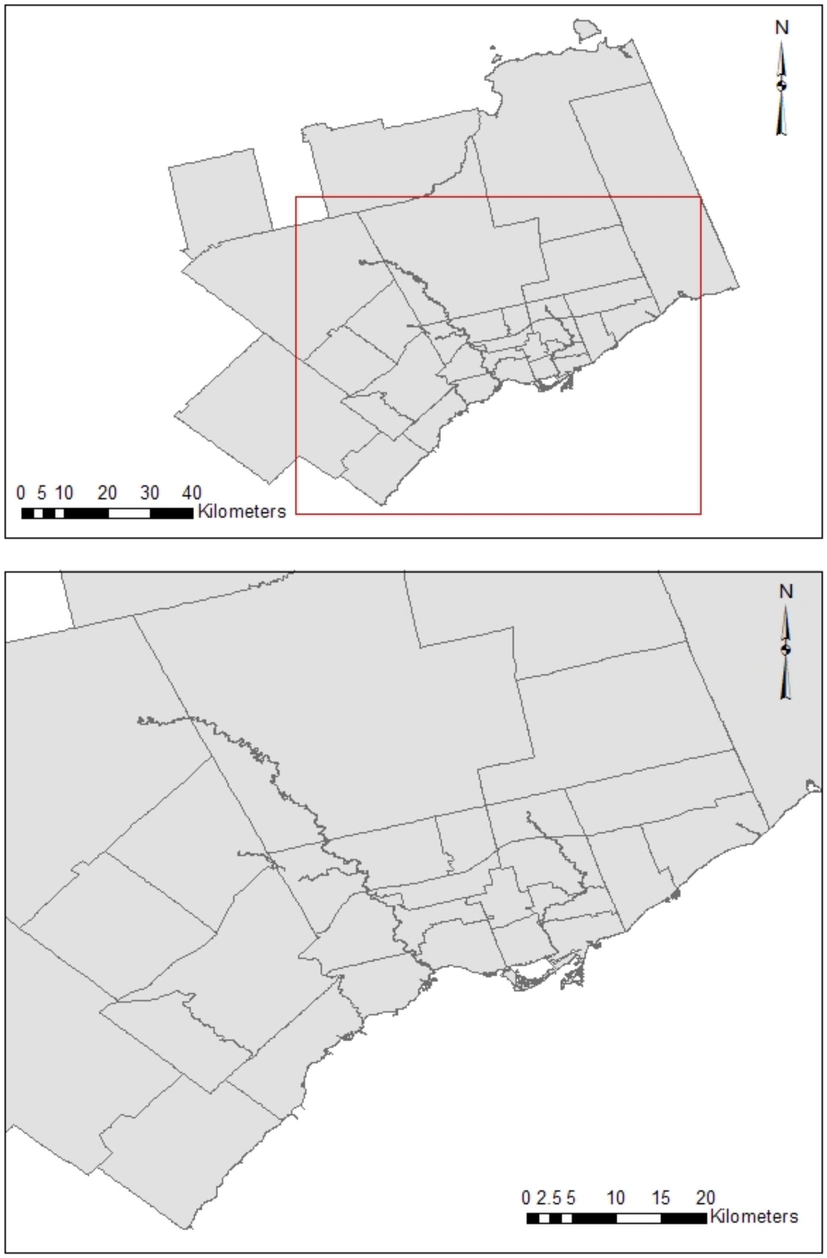
Distribution of All Lower Middle Income Households
with STIR 30% or More,
as Percentage of Total Households in CMA
Winnipeg, 2001



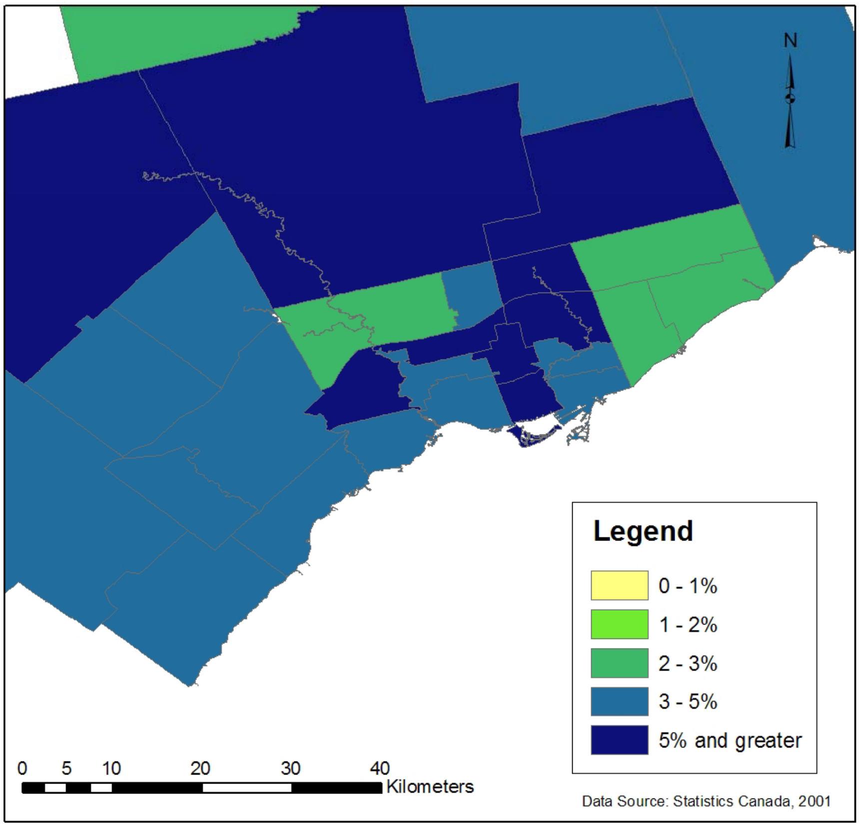
Distribution of Upper Middle Income
Home Owners with STIR 30% or More,
as Percentage of Total Upper Middle Income
Households by Market Zone
Winnipeg, 2001



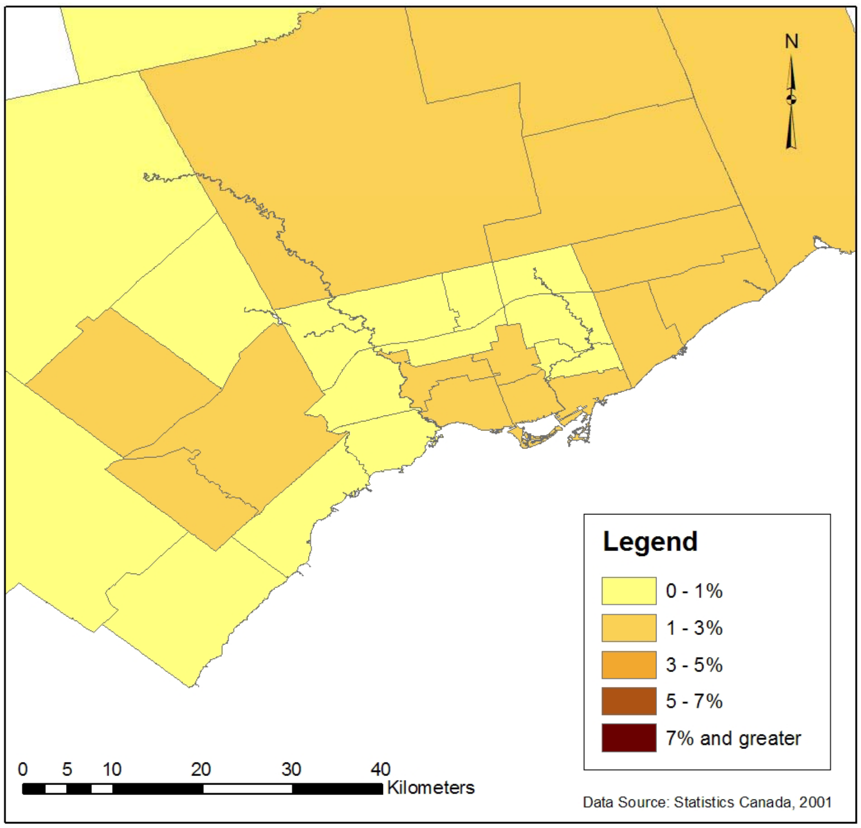
City of Toronto



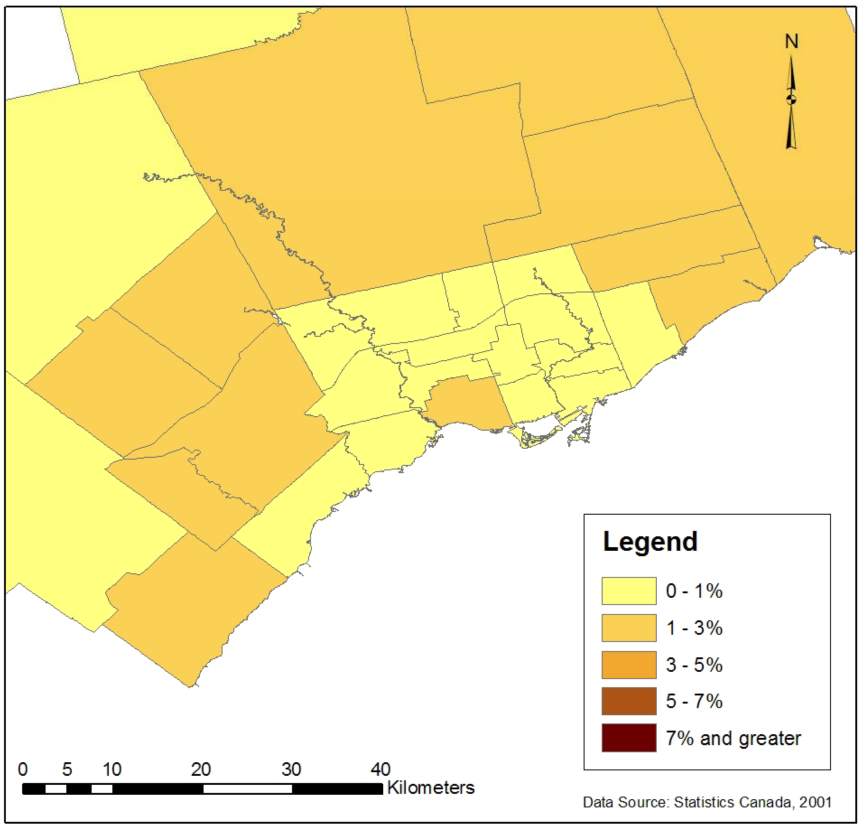
Distribution of All Upper Middle Income Households
with STIR 30% or More,
as Percentage of Total Households in CMA
Toronto, 2001



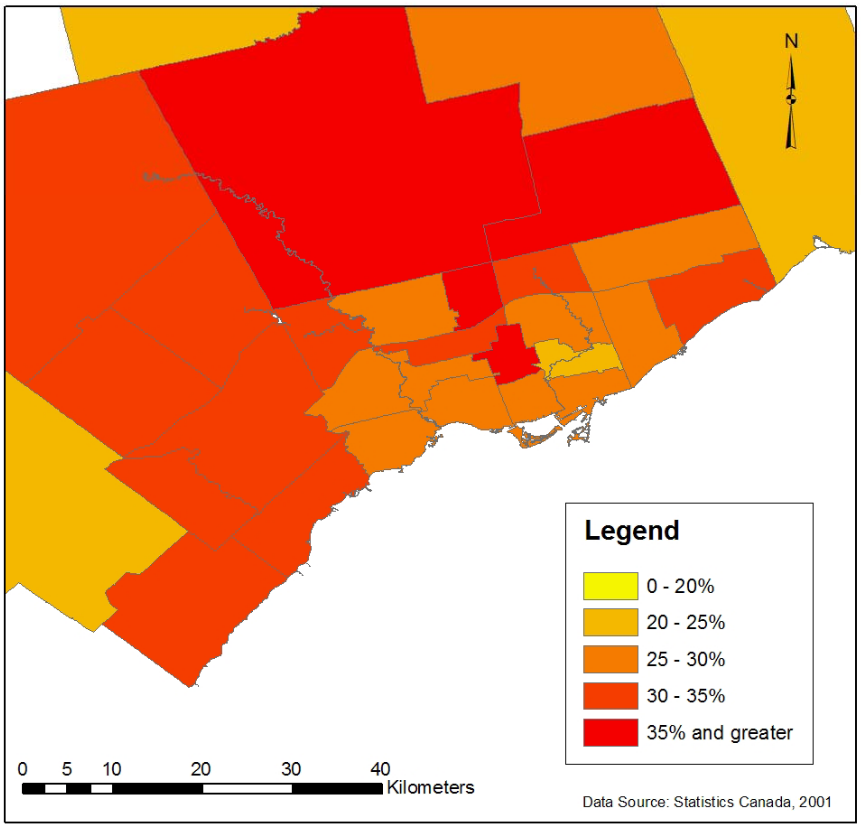
Distribution of All Lower Middle Income Households Toronto, 2001



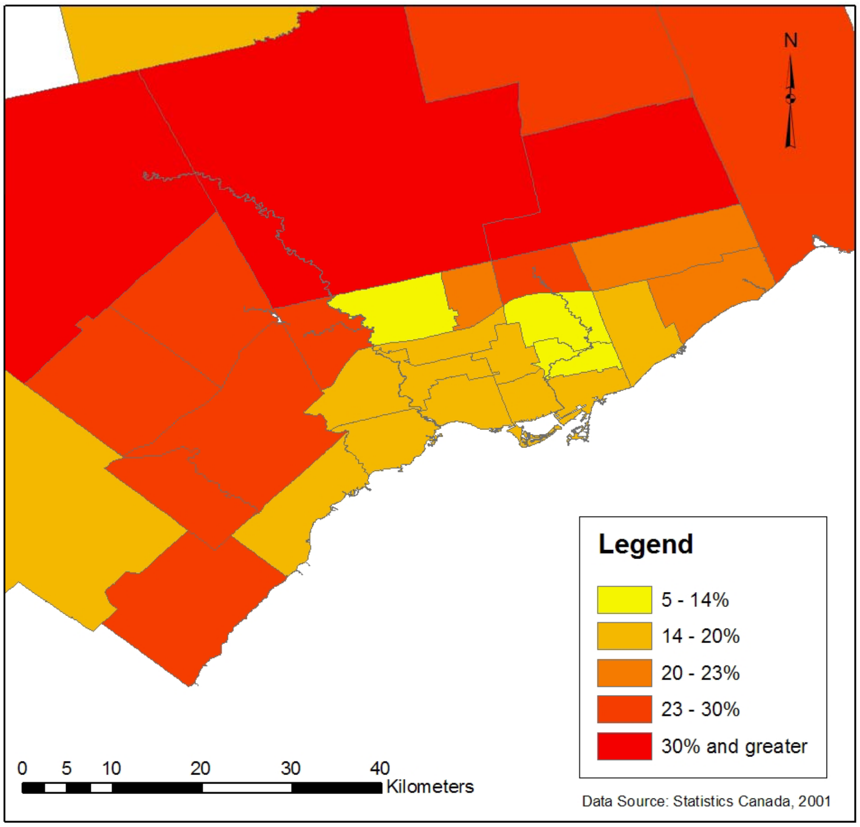
Distribution of All Upper Middle Income Households
Toronto, 2001



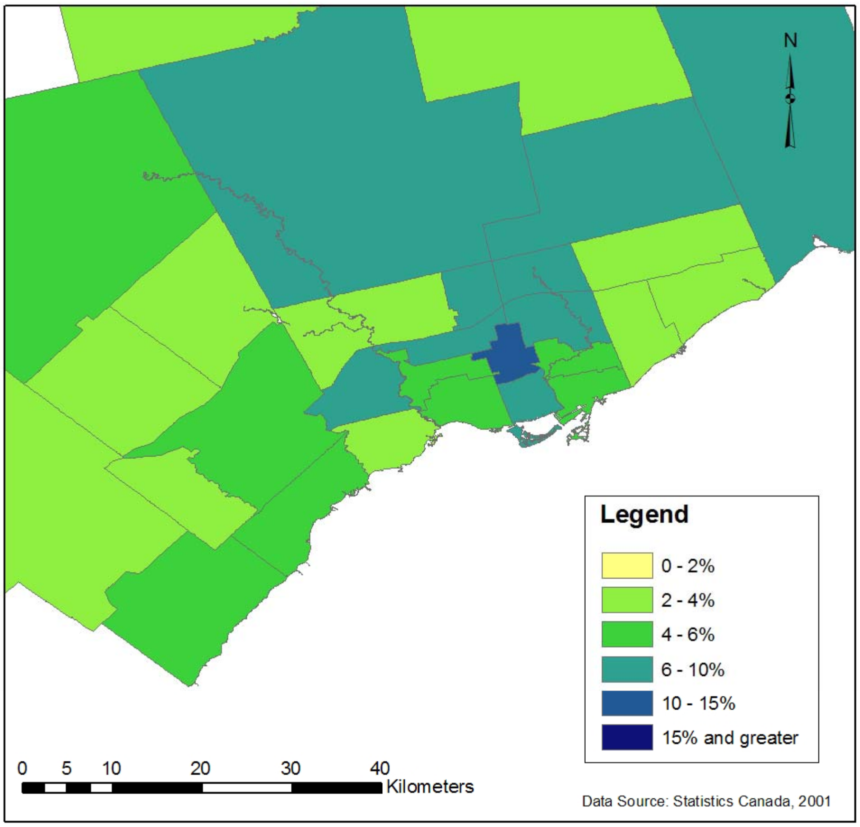
Distribution of Lower Middle Income
Home Owners with 30% STIR or More,
as Percentage of Total Lower Middle
Household by Market Zone
Toronto, 2001



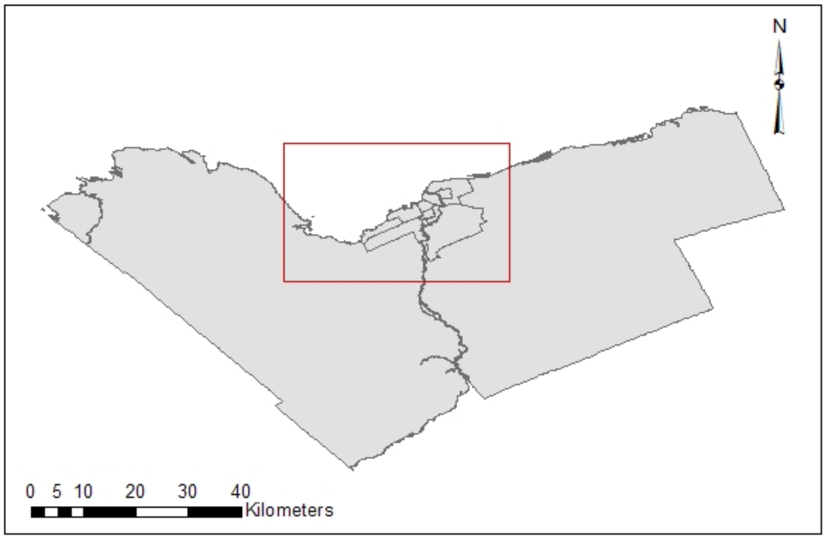
Distribution of All Lower Middle Income Households
with STIR 30% or More,
as Percentage of Total Households in CMA
Toronto, 2001

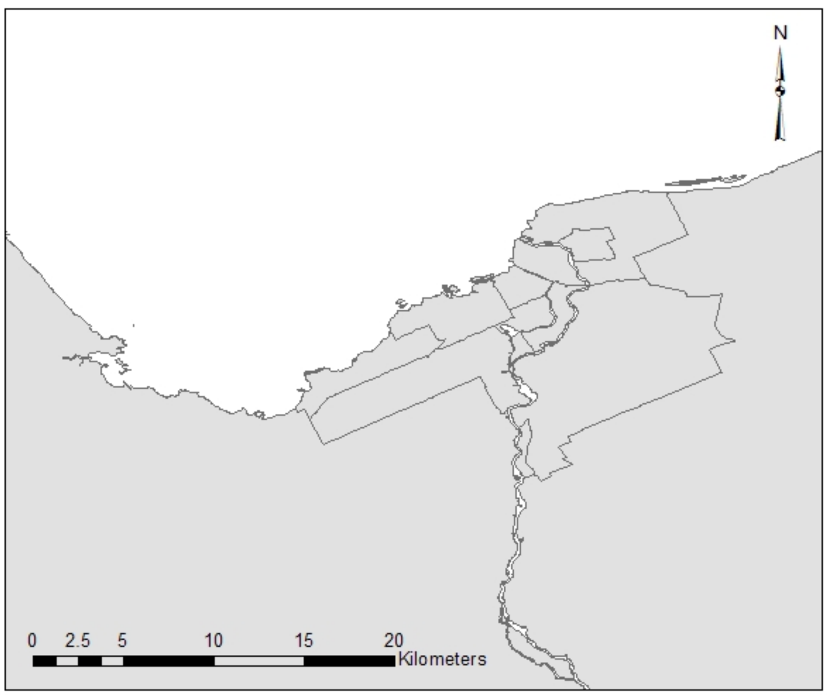


Distribution of Upper Middle Income Home Owners with 30% STIR or More, as Percentage of Total Upper Middle Household by Market Zone Toronto, 2001

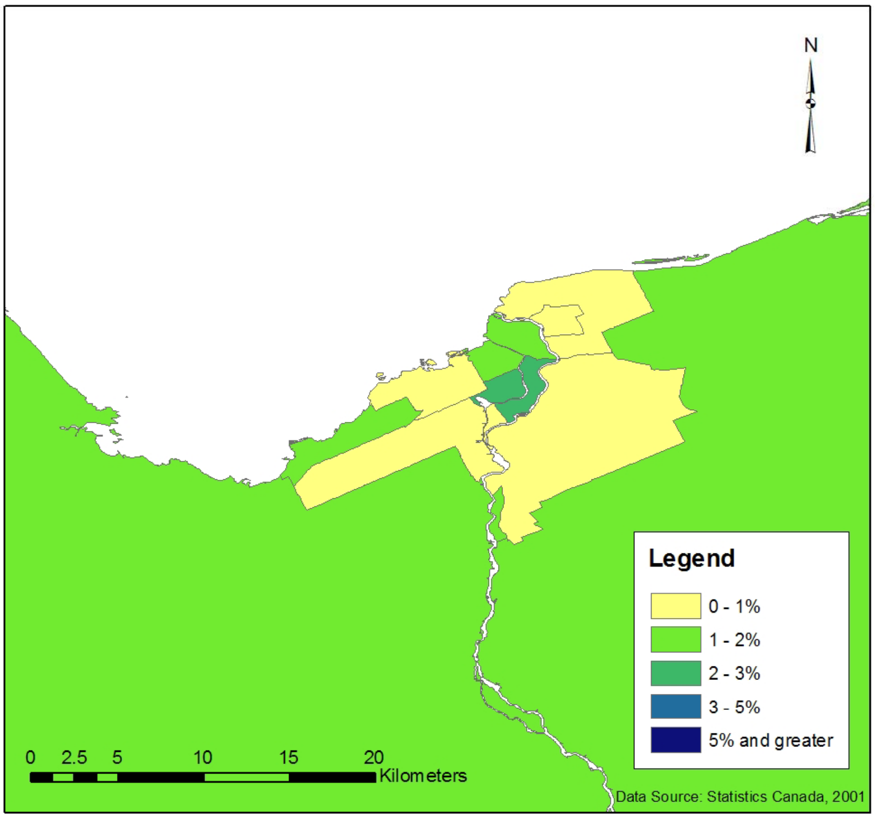


City of Ottawa

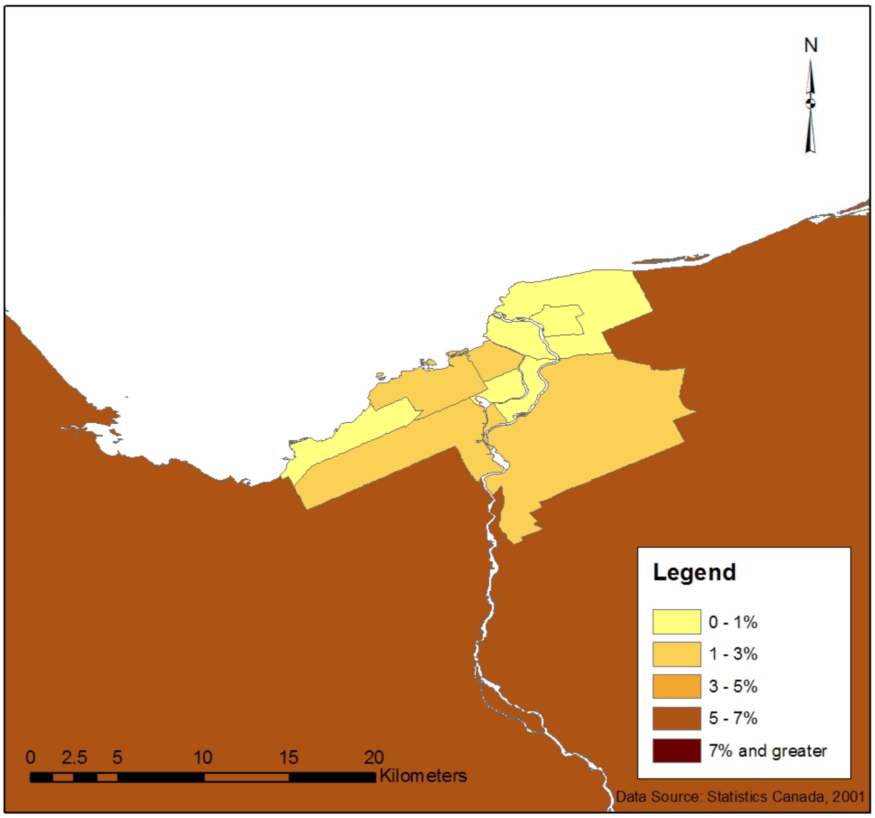




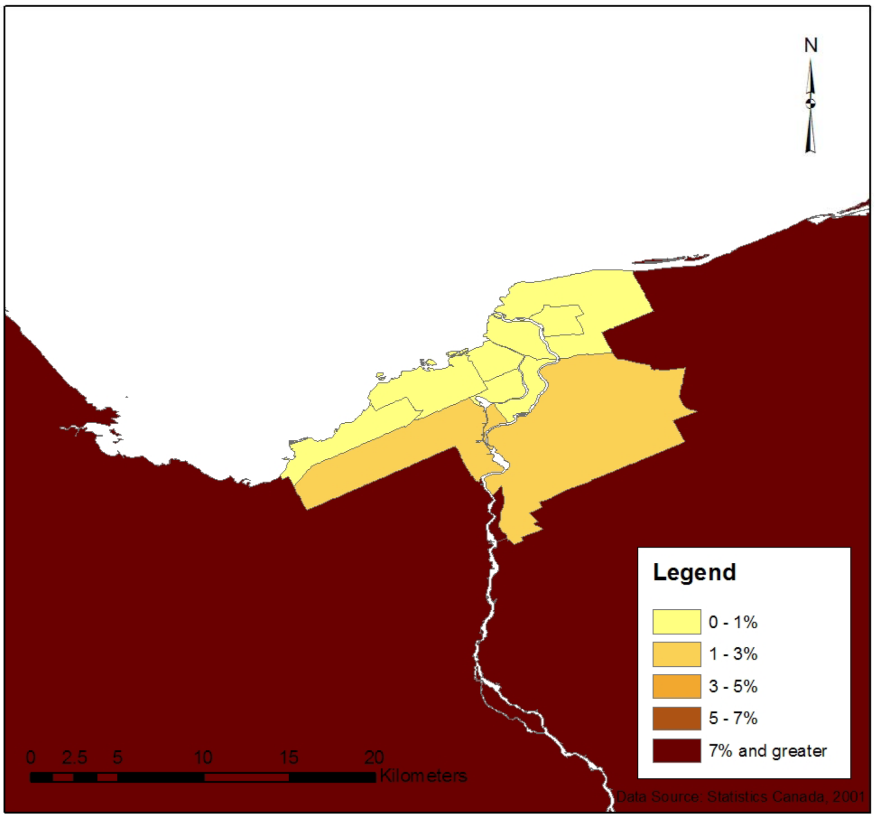
Distribution of All Upper Middle Income Households with STIR 30% or More, as Percentage of Total Households in CMA Ottawa, 2001



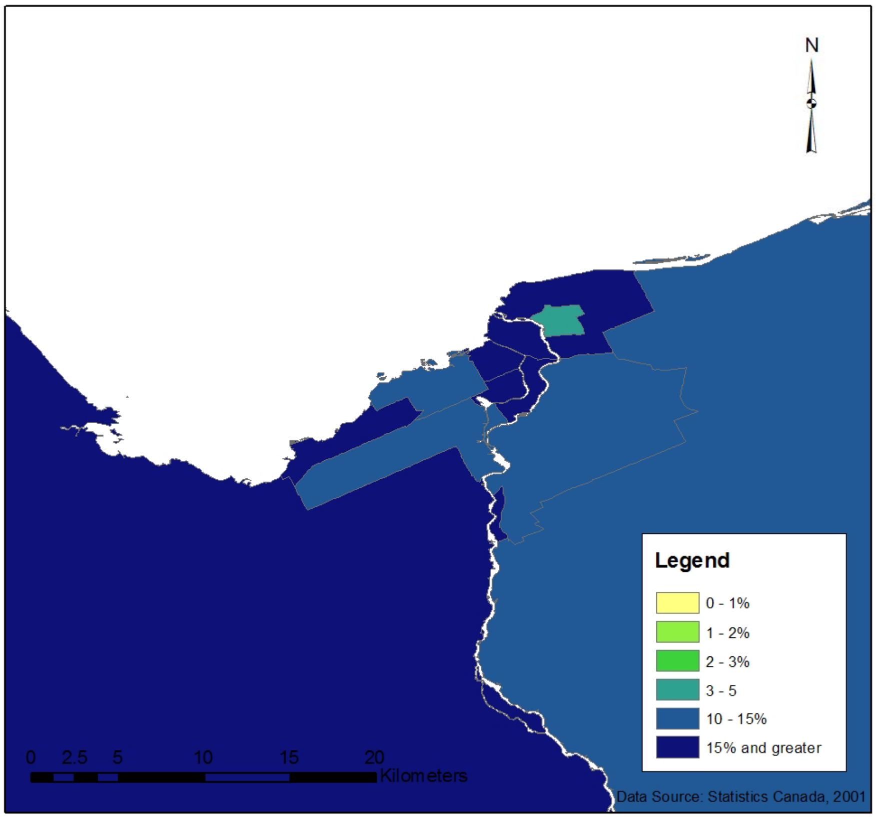
Distribution of All Lower Middle Income Households
Ottawa, 2001



Distribution of All Upper Middle Income Households
Ottawa, 2001



Distribution of Lower Middle Income
Home Owners with 30% STIR or More,
as Percentage of Total Lower Middle
Household by Market Zone
Ottawa, 2001



Distribution of All Lower Middle Income Households
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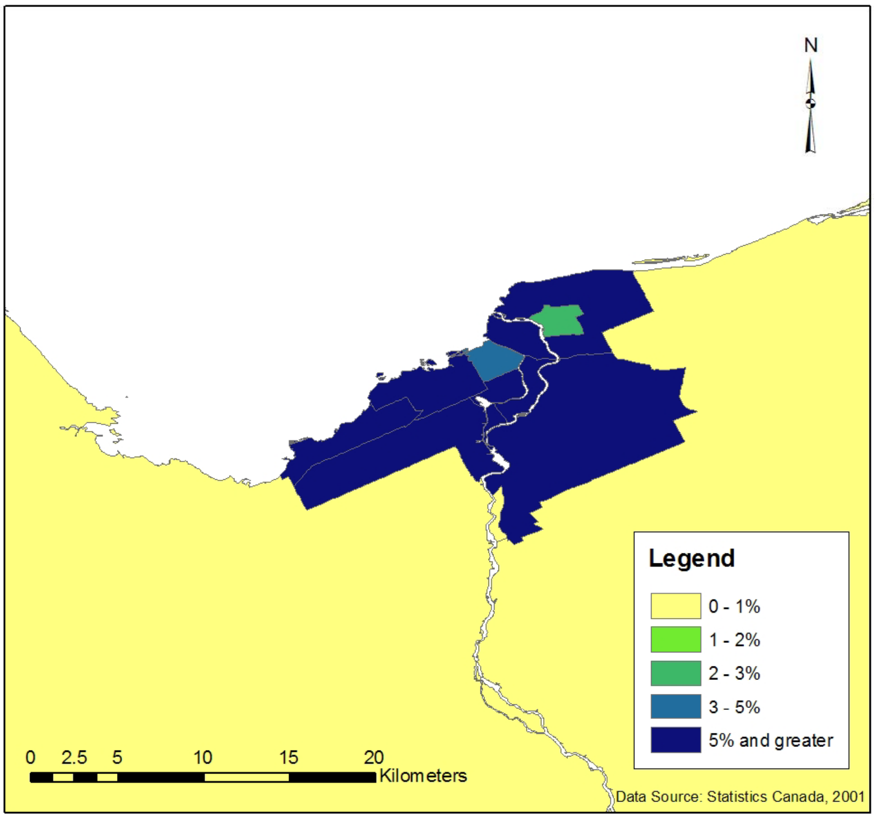
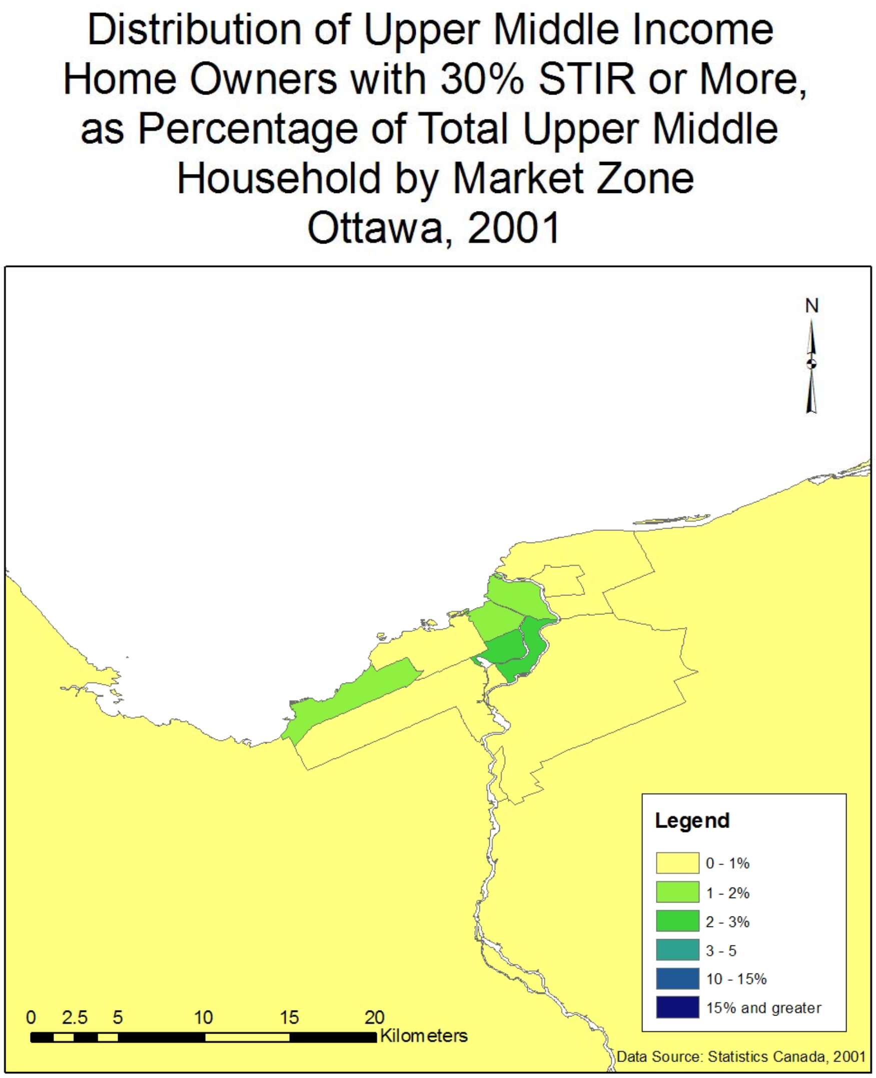
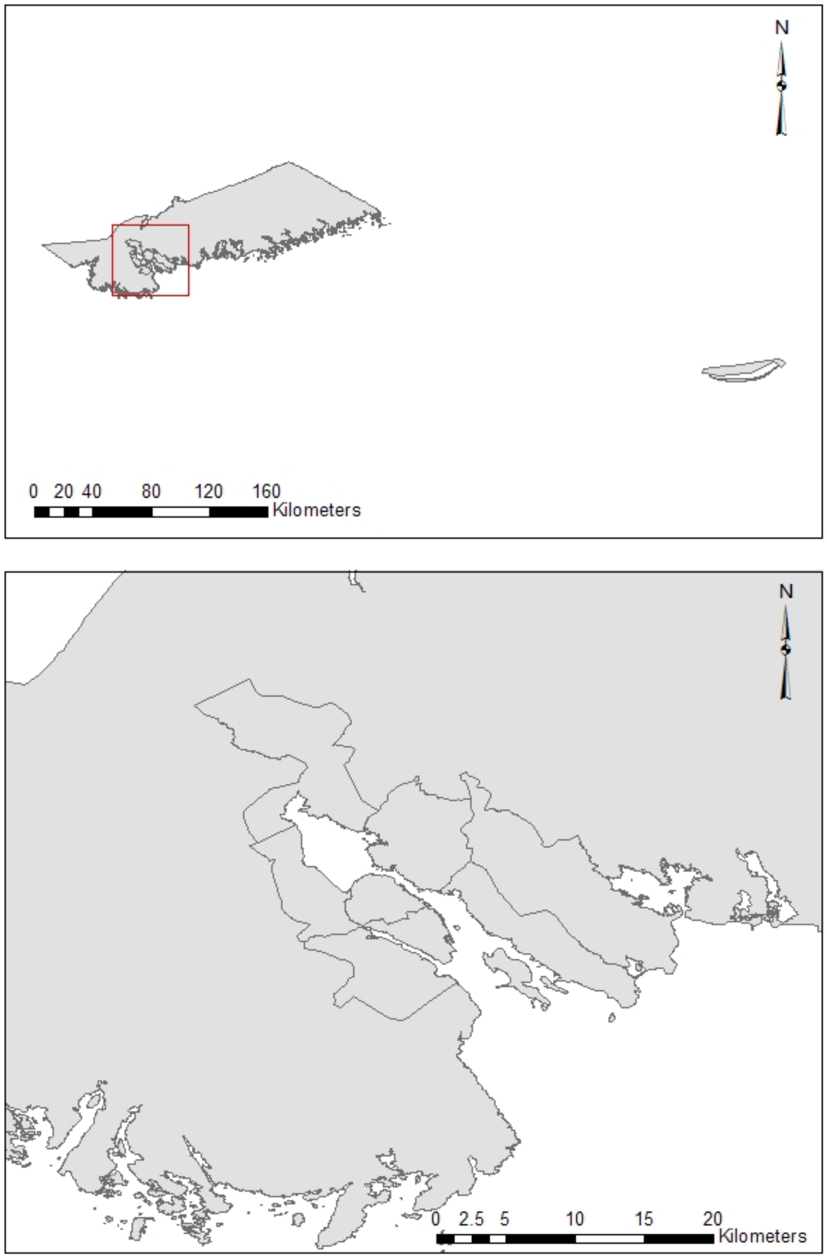
as Percentage of Total Households in CMA
Ottawa, 2001




Distribution of Upper Middle Income
Home Owners with 30% STIR or More,
as Percentage of Total Upper Middle
Household by Market Zone
Ottawa, 2001
N
Legend
0 - 1%
1 - 2%
2 - 3%
3 - 5
10 - 15%
15% and greater
0
2.5
5
10
15
20
Kilometers
Data Source: Statistics Canada, 2001

City of Halifax



Distribution of All Upper Middle Income Households
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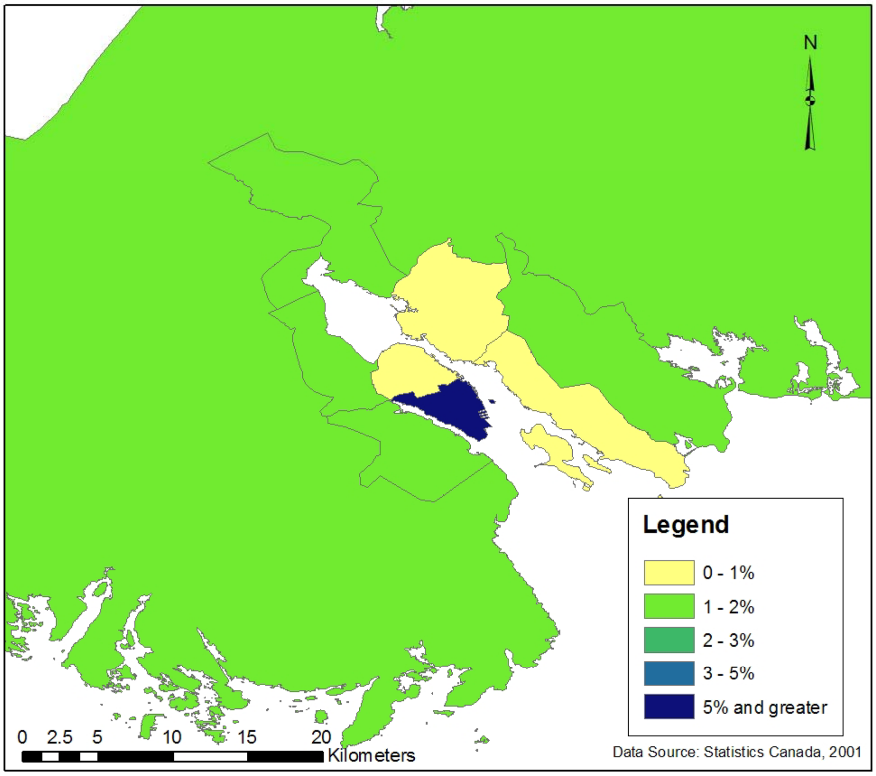
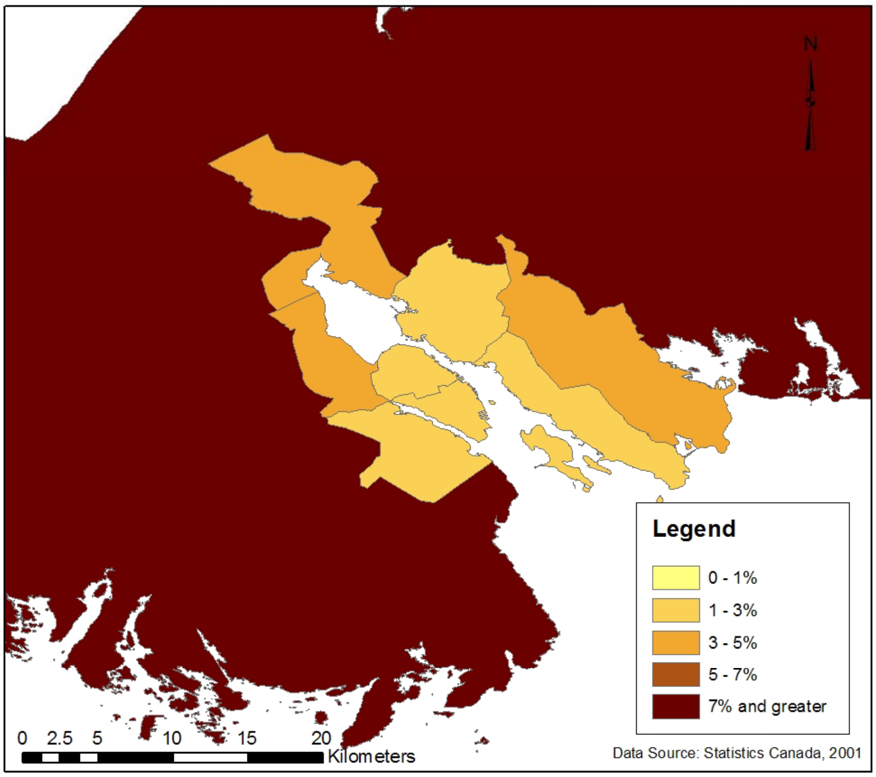
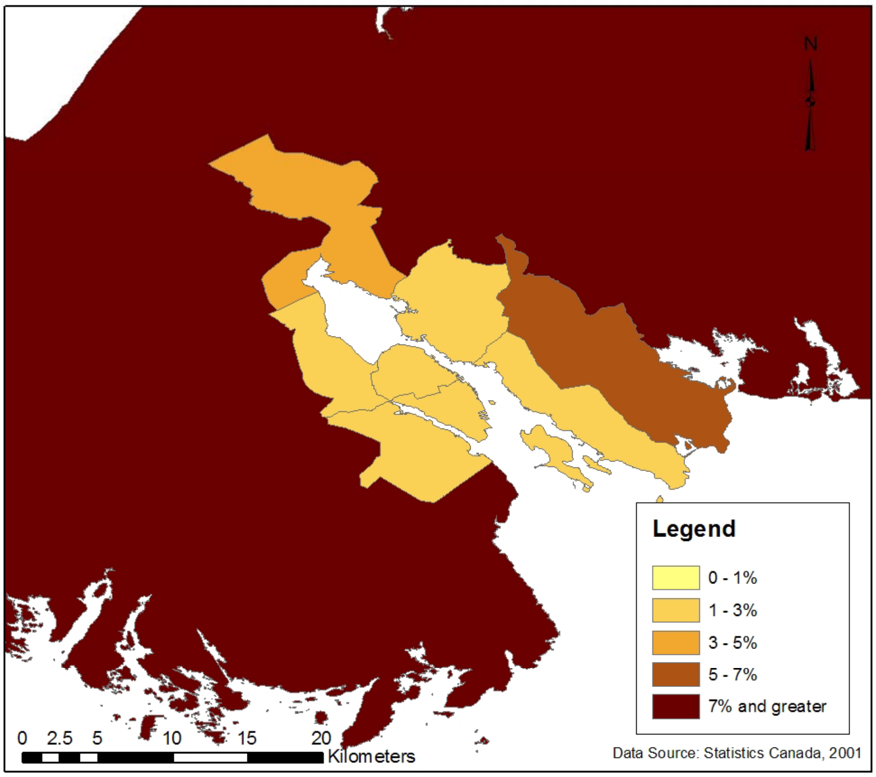
Halifax, 2001



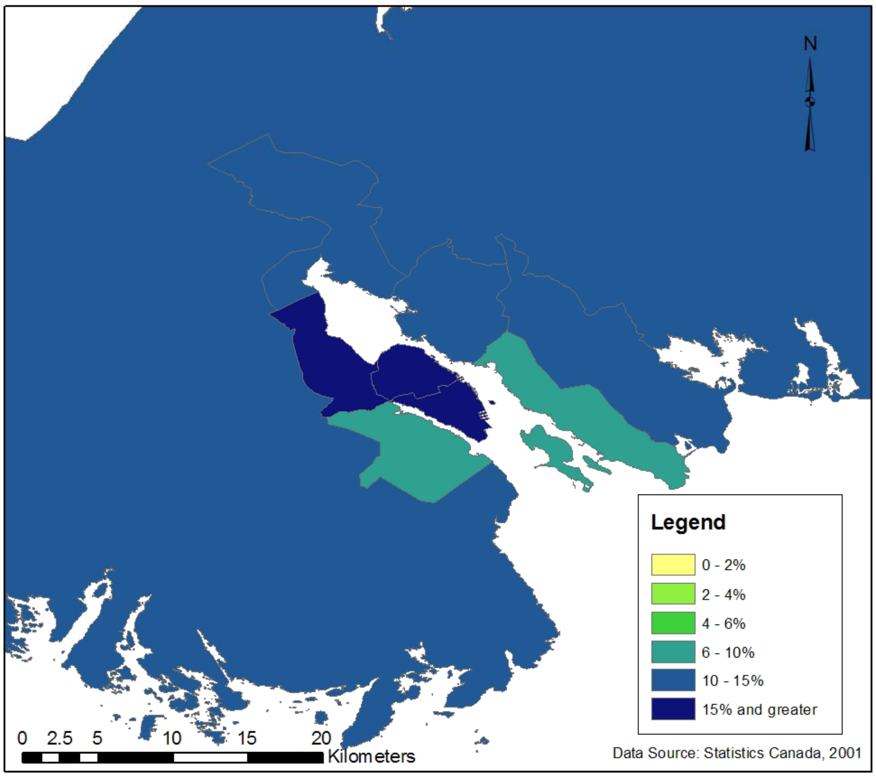
Distribution of All Lower Middle Income Households
Halifax, 2001



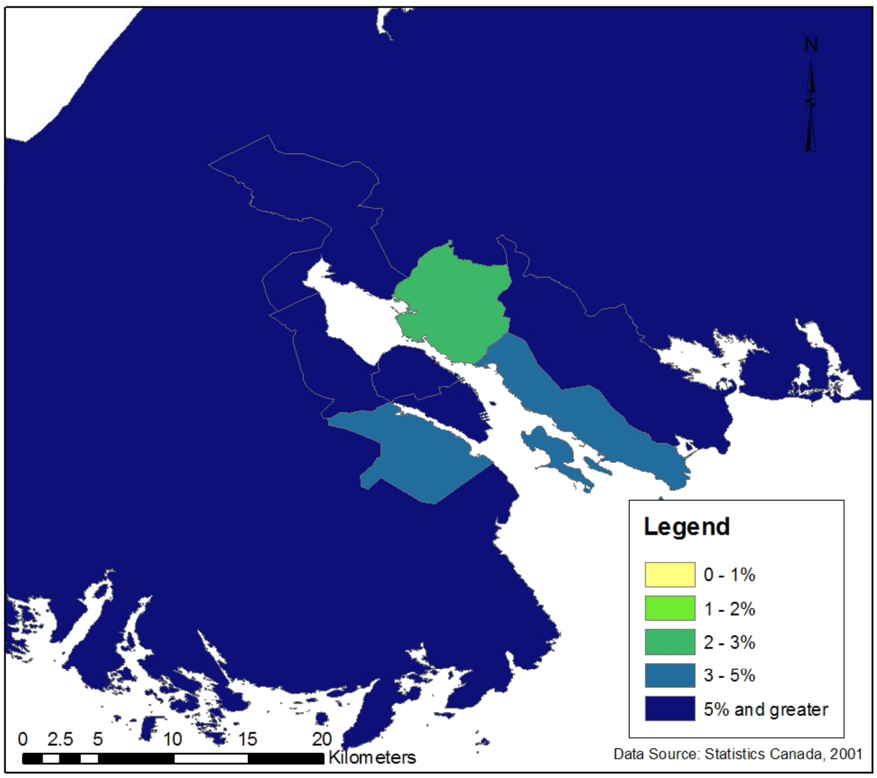
Distribution of All Upper Middle Income Households
Halifax, 2001



Distribution of Lower Middle Income Home Owners with 30% STIR or More, as Percentage of Total Lower Middle Household by Market Zone Halifax, 2001



Distribution of All Lower Middle Income Households
with STIR 30% or More,
as Percentage of Total Households in CMA
Halifax, 2001



Distribution of Upper Middle Income Home Owners with 30% STIR or More, as Percentage of Total Upper Middle Household by Market Zone Halifax, 2001