

RESEARCH REPORT



The Role of Subsidiary/Accessory Apartments in the St. John's CMA



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**THE ROLE OF
SUBSIDIARY/ACCESSORY
APARTMENTS IN THE
ST. JOHN'S CMA**

Prepared for: Canada Mortgage and Housing Corporation

Prepared by: Research Associates

Date: May 7, 1992

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This legislation is designed to aid in the improvement of housing and living conditions in Canada. As a result, CMHC has interests in all aspects of housing and urban growth and development.

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This publication is one of the many items of information published by CMHC with the assistance of federal funds. The views expressed are those of the author(s) and do not necessarily represent the official views of Canada Mortgage and Housing Corporation.



ABSTRACT

THE ROLE OF SUBSIDIARY/ACCESSORY APARTMENTS IN THE ST. JOHN'S CMA

RESEARCH ASSOCIATES

Subsidiary/accessory apartments in the St. John's CMA enhance housing affordability for both renters and homeowners. The availability of this form of housing has increased substantially since 1989 when Canada Mortgage and Housing Corporation began documenting two unit dwellings as a separate component of housing starts data. This growth is due, in part, to economic conditions and housing costs.

The study included the completion of a physical inventory of the housing stock of the CMA, and a detailed survey of 1,256 homeowners and renters of the different forms of housing tenure. The findings revealed that the addition of accessory units in owner-occupied dwellings is viewed more favourably in this market than studies have indicated for other Canadian CMAs. These units, however, were perceived to create parking and traffic problems. The quality of the accessory units in the CMA is perceived to be good by area residents. The quality of units with absentee landlords is perceived to be marginally below that of accessories in owner-occupied dwellings.

Detailed demographic data regarding the socio-economic characteristics of homeowners and renters is provided. Included in the report is an analysis of the impact of rental income on mortgage payments and the vacancy and absorption of these units in the St. John's CMA.



EXECUTIVE SUMMARY

This study encompassed a comprehensive review of the role of subsidiary/accessory apartments in the St. John's Census Metropolitan Area (CMA). The project included the completion of a physical inventory of the housing stock and a quantitative telephone survey of 1,256 households in the CMA in an effort to determine the incidence of subsidiary/accessory apartments. The study, commissioned by Canada Mortgage and Housing Corporation (CMHC), was based on a need identified by the Joint Committee on Housing Affordability (JCHA) which is comprised of officials from CMHC, Newfoundland and Labrador Housing Corporation (NLHC) and the cities of St. John's and Mount Pearl. The key objective of the study was to assess the impact of this form of housing on affordability and choice for residents in the St. John's CMA. In summary, the key findings of the study were:

1. Based on survey findings, it is estimated that 5.7% of dwellings in the St. John's CMA contain an accessory unit and are owner-occupied. Of all the municipalities in the CMA, the incidence of this form of housing is greatest in Mount Pearl where these dwellings account for 14.9% of the housing stock in that City.
2. Homeowner households with accessory apartments are typically families with almost one-half (44%) reporting income in excess of \$50,000 per annum. There was, however, a greater incidence of middle income households (\$35,000 - \$49,999) in comparison to homeowners of single family homes (28% versus 20%). The inclusion of the accessory unit within the dwelling may provide middle-income earners with a greater opportunity for affordable homeownership than would otherwise be possible.
3. Both homeowners and renters appear to accept two-apartment dwellings as a viable housing option. Accessory units within dwellings are perceived to enhance the affordability of homeownership while providing renters with an affordable housing option. Residents in Mount Pearl (67%) hold the opinion that two-apartment dwellings contribute to property values in their neighbourhoods, while an equal proportion of residents in C.B.S. hold the opposite opinion. There are concerns with regard to increased traffic and parking problems in neighborhoods throughout the CMA.



4. Analysis of mortgage payments and rental income strongly supports the theory that an accessory unit in a dwelling greatly enhances the affordability of ownership, particularly among lower income households.
5. The inclusion of the accessory unit within a dwelling was identified as an important purchase criterion for these homeowners based primarily on financial reasons and the need for an in-law suite. The investment potential of this form of housing in the purchase decision was reported by only 3% of these homeowners.
6. The main factors for the decision to rent were identified as the inability to afford homeownership and the desire to have affordable housing in a convenient location in the CMA.
7. The vacancy rate of accessory apartments based on the survey findings was estimated to be 14.6%. The survey was conducted during the summer months, coinciding with the annual out-migration of students, which may have contributed to this high rate of vacancy. Combined with a 28% increase in the construction of two unit dwellings in 1991, it can be concluded that there is no shortage of rental housing in the St. John's CMA. Rental viability concerns and the increased supply of accessory units has limited the demand for and the development of multiple-unit rental projects whose construction declined by 81% since 1989.
8. The quality of rental housing is perceived to be good to excellent by the renters and homeowners in the St. John's CMA. However, in the absentee-landlord situation, rental units were perceived to be of lower quality in comparison to rental units in owner occupied dwellings.
9. The monthly absorption rate of two unit dwellings was estimated to be 32.7 units per month in 1991, almost twice the 1989 rate. The proliferation of owner-occupied dwellings containing an accessory unit in the St. John's CMA should be monitored by the respective municipalities and housing authorities in an effort to reduce the potential for over supply and to ensure that the long term housing needs of the population are satisfied through the availability of affordable, high quality housing.

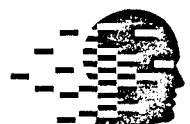


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PART II

LIST OF APPENDICES



This report contains the findings of a comprehensive study into the role of subsidiary/accessory apartments in the St. John's Census Metropolitan Area (CMA). This study was commissioned by Canada Mortgage and Housing Corporation (CMHC) to assess the impact of this form of housing on affordability and choice in the CMA housing market. The need for the study was identified by the Joint Committee on Housing Affordability (JCHA). The JCHA is comprised of officials from CMHC, Newfoundland and Labrador Housing Corporation and the cities of St. John's and Mount Pearl, with the mandate of examining ways and means of making housing more affordable. Accessory apartments in the St. John's CMA present an interesting research topic. This form of housing raises issues concerning affordability and choice, zoning, registration and the role of these units in the development of potential housing strategies. This study also reviews a series of topics relating to home-ownership and rental markets.

This study involved completing an inventory of houses and, in particular, apartments in each of the municipalities of the St. John's CMA. The inventory data was supplemented with information obtained from a detailed telephone survey conducted among 1,256 residents of different housing tenure in the CMA. Combined with an exhaustive literature search, Research Associates has succeeded in completing a full



assessment of the housing stock in the St. John's CMA, an estimate of the incidence of subsidiary/accessory apartments and the role of this housing form.

1.1 Study Region

For the purposes of this research, the study area encompassed the St. John's CMA. This area includes the cities of St. John's and Mount Pearl and fifteen communities on the north easterly portion of the Avalon Peninsula of the Province of Newfoundland and Labrador. The attached maps outline the location of the study region in the province.

The St. John's CMA has a population of 164,800 (1986 census) and encompasses the following municipalities¹:

- Bay Bulls;
- Conception Bay South (comprised of nine smaller communities);
 - Chamberlains
 - Foxtrap
 - Kelligrews
 - Lawrence Pond
 - Long Pond
 - Manuels
 - Seal Cove
 - Topsail
 - Upper Gullies
- Flatrock;

¹Since the study was conducted, major municipal restructuring has occurred. This has not affected the overall survey findings.



- Petty Harbour-Maddox Cove;
- Portugal Cove;
- Pouch Cove;
- St. John's;
- St. John's Metropolitan Area;
- St. Phillips;
- St. Thomas;
- Torbay;
- Wedgewood Park; and
- Witless Bay

Exhibit 1.1
Province of Newfoundland



■ St. John's Census Metropolitan Area



Exhibit 1.2
The St. John's Census Metropolitan Area

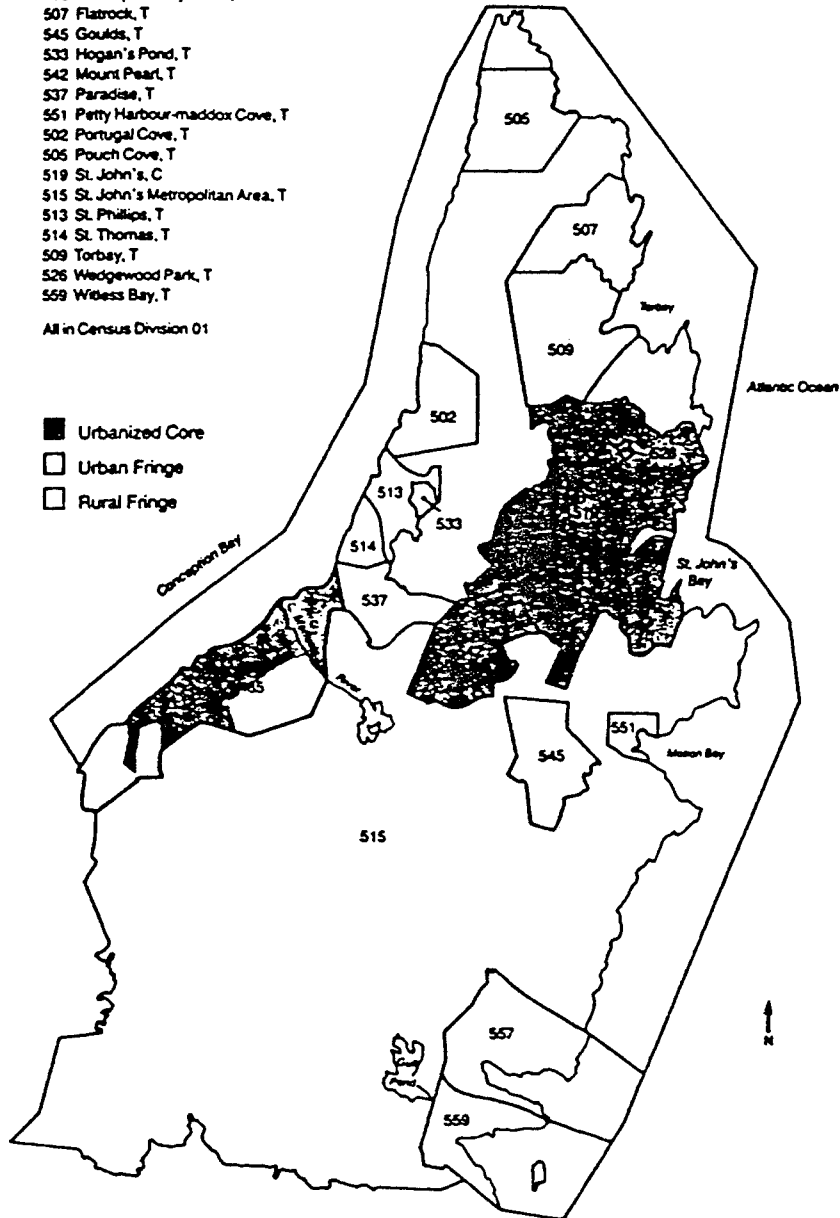
ST. JOHN'S

Census Metropolitan Area 1986

- 557 Bay Bulls, T
- 485 Conception Bay South, T
- 507 Flatrock, T
- 545 Goulds, T
- 533 Hogan's Pond, T
- 542 Mount Pearl, T
- 537 Paradise, T
- 551 Petty Harbour-maddox Cove, T
- 502 Portugal Cove, T
- 505 Pouch Cove, T
- 519 St. John's, C
- 515 St. John's Metropolitan Area, T
- 513 St. Phillips, T
- 514 St. Thomas, T
- 509 Torbay, T
- 526 Wedgewood Park, T
- 559 Witless Bay, T

All in Census Division 01

- Urbanized Core
- Urban Fringe
- Rural Fringe



1.2 Study Objectives

The primary objective of this research project was to assist CMHC in its assessment of the impact of subsidiary/accessory apartments on the affordability and choice of housing, and on the home ownership and rental markets. More specifically, the study objectives were:

1. To determine the incidence of subsidiary/accessory apartments within the St. John's CMA including an estimate of the incidence of non-registered accessory apartments in the CMA;
2. To develop a socio-economic profile of the occupants and home owners of subsidiary/accessory apartments; a similar profile of the first-time buyer was also developed and analyzed;
3. To assess homeowners' income and mortgage payments supported by rental income from an accessory apartment;
4. To assess the rental, absorption and vacancy rates of subsidiary/accessory apartments at the municipality and CMA levels;
5. To determine the importance of subsidiary/accessory apartments in the homeowner's purchase decision; and
6. To assess the housing quality of accessory apartments, and the perception of this form of housing in a neighborhood.



1.3 Methodology

To effectively assess the role of subsidiary/accessory apartments in the St. John's CMA, the methodology design included an inventory of residential housing and apartment buildings in the study region, and the completion of 1,256 telephone interviews with the owners and occupants of different forms of housing tenure.

1.3.1 Housing Inventory

General research encompassed a review of the St. John's CMA housing market and the incidence of subsidiary/accessory apartments. The inventory included a review of housing information available from town offices in the municipalities of the study region. The housing information categorized dwellings based on location and the number of units on the property.

Within St. John's and Mount Pearl, the housing inventory was completed utilizing a computerized listing of assessment rolls provided by the respective cities. Additional housing information was obtained through a review of the field assessment cards as compiled by the Department of Municipal and Provincial Affairs. Field cards included data on the owner, location and the number of units. Field cards for the following



communities were located and recorded from the provincial office of the Department of Municipal and Provincial Affairs:

- Portugal Cove;
- Paradise;
- Wedgewood Park;
- Petty Harbour;
- Pouch Cove;
- Flatrock;
- Bay Bulls;
- St. Phillips; and
- Witless Bay.

For some of the larger communities, the field cards were reviewed at the respective town offices. The community offices visited and surveyed in conducting this study included:

- Torbay;
- Goulds;
- St. John's Metropolitan Board; and
- Conception Bay South:
 - Topsail;
 - Chamberlains;
 - Manuels;
 - Long Pond;
 - Foxtrap;
 - Kelligrews;
 - Upper Gullies;
 - Seal Cove; and
 - Lawrence Pond.

The communities of Hogan's Pond and St. Thomas were contacted but not reviewed as they have yet to be assessed. According to the Department of Municipal and Provincial Affairs, assessment will be completed within the next year.



1.3.2 Quantitative Telephone Survey

The telephone interviews were completed in two phases. The first phase of interviews was conducted during the evenings of June 20 to June 29, 1991. The second phase was conducted from July 29 to August 22, 1991. The first phase included a universal sample of 505 homeowners and renters in the St. John's CMA. The questionnaire was designed in accordance with the client's objectives and included questions that would identify housing and tenure classifications. The survey instrument is contained in Appendix H. These classifications include:

- Group 1: Owners (1 unit)
 - Single, detached unit;
 - condominiums;
 - mobile homes;
 - row houses; and
 - semi-detached;
- Group 2: Owners (2 units)
 - single detached with a subsidiary/accessory apartment;
- Group 3: Renters/owner-occupied (2 units)
 - single detached with a subsidiary/accessory apartment;
- Group 4: Renters/non-owner occupied (2 units)
 - single detached with a subsidiary/accessory apartment;
- Group 5: Renters/non-owner occupied (1 unit)
 - mobile homes;
 - condominiums;
 - apartment building units;
 - single detached; and
 - row houses;
- Group 6: Owners (2+ units)
 - row houses;
 - semi-detached;



- Group 7: Renters/owner occupied (2 + units)
 - row houses;
 - semi-detached;
- Group 8: Renters/non-owner occupied (2+ units)
 - row houses;
 - semi detached.

The rationale behind utilizing a universal sample was to determine the incidence of each type of housing tenure in the CMA.

Based on the findings of the first phase of the telephone interviews, the sample design for the second phase of telephone data collection was finalized. The second phase included a sample of 751 home-owners/renters in the CMA with a sub-sample of 198 renters of non-owner occupied dwellings housing classification (Group Five). The remaining sample of 553 included all renters and owners of accessory units. Homeowners of single family dwellings (Group One) were disqualified from participation in the second phase of interviews as this phase concentrated on the opinions and attitudes of renters and owners of accessory units.

The survey instrument was designed to focus on a series of constructs designed to measure attitudes and opinions towards subsidiary/accessory apartments, affordability, choice, and the influence of these units on the purchase/rental decision. The sample design is summarized below in Table 1.1. To complete 1,256 in-depth interviews, a total of 4,343 households were screened based on the form of housing tenure.



Table 1.1

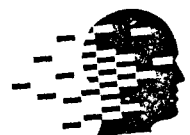
Sample Design
CMHC Housing Survey

	Housing Classification	Completed Interviews
Phase 1	All Groups	505
Phase 2	Group 5	198
	Groups 2,3,4 and 6,7,8	553
Total Sample		1,256
Screens	Groups 1,5	3,087
Total Contacts	All Groups	4,343

1.3.3 Sample Selection Procedures

Respondent selection was randomly generated from all households with telephone service in the St. John's CMA. The procedure selected for the telephone interviews involved a two-stage sampling technique. The first stage generated a representative list of telephone NNXs² serving the population. Each NNX can be expressed as a proportion of the total NNXs serving the St. John's CMA. Therefore, each sample was expressed in similar proportions so that each NNX was accurately representative with respect to the total. The assignment of each sample size to each NNX was based on

² An NNX refers to the identifying first three digits of a seven digit telephone number.



the final counts from Statistics Canada 1986 Census, the number of residential households served by each NNX and the total sample size required. The second stage of the sampling procedure assigned a random four-digit number for each household to be sampled.

1.3.4 Field Procedures

All telephone interviews were conducted from Research Associates' supervised central telephone facility in St. John's. All interviewers who worked on the project were experienced Research Associates' interviewers who had been fully trained in questioning and probing techniques. The interviewing team was specifically briefed for this project by the Field Supervisor. This involved a series of "role-play" interviews to ensure that the interviewers understood specific housing tenure classifications and definitions.

In addition to monitoring interviewer performance, the Field Supervisor conducted regular quality control audits on completed interviews. Completed questionnaires were forwarded by the interviewers to the Field Supervisor upon completion of each interview session. Each questionnaire was checked for completeness and accuracy.



Telephone verification checks were conducted on 10% of the sample to ensure consistent survey implementation and recording accuracy.

Upon completion of the telephone interviews, all completed questionnaires were coded, keyed, edited and verified for analysis using SPSS/PC+ by Research Associates' trained data analyst.

To effectively organize the data into a manageable format, respondents were classified into four major categories, based on the municipality of residence. These categories are:

- The City of St. John's;
- City of Mount Pearl;
- Conception Bay South (encompassing its nine smaller communities) and;
- Other Municipalities:
 - Bay Bulls;
 - Flatrock;
 - Goulds;
 - Hogan's Pond;
 - Paradise;
 - Petty Harbour-Maddox Cove;
 - Portugal Cove;
 - Pouch Cove;
 - St. John's Metropolitan Area;
 - St. Phillips;
 - St. Thomas;
 - Torbay;
 - Wedgewood Park; and
 - Witless Bay



1.3.5 Sample Characteristics

To ensure that the randomly selected households are consistent with the demographic characteristics of the St. John's CMA, sample characteristics were compared with those of the 1986 Census. Table 1.2 below outlines these characteristics.

Table 1.2
Sample and Census Characteristics (1986)
Characteristics for the St. John's CMA

	Sample		1986 Census [*]	
	#	%	#	%
<u>Age:</u>				
Under 25 years	164	13.1	16,755	15.3
25 - 34 years	431	34.4	29,760	27.2
35 - 44 years	274	21.9	23,145	21.1
45 - 64 years	258	20.6	25,375	23.2
65 years and over	126	10.0	14,440	13.2
<u>Education:</u>				
Grade 8 or less	86	6.9	18,220	15.0
Some High School	175	14.0	34,725	28.6
Completed High School	325	26.1	10,690	8.8
Some Trade/Vocational/University	184	14.8	22,035	18.1
Completed Trade/Vocational	160	12.8	23,140	19.1
Completed University	269	21.6	12,655	10.4
Some/Completed Post Graduate	47	3.8		
<u>Income:</u>				
Less than \$10,000	115	10.5	5,750	12.0
\$10,000 - \$15,999	116	10.6	3,915	8.2
\$16,000 - \$24,999	176	16.0	8,450	17.6
\$25,000 - \$34,999	202	18.4	8,770	18.3
\$35,000 - \$49,999	202	18.4	10,780	22.5
\$50,000 - \$74,999	192	17.5	10,235	21.4
\$75,000 and over	94	8.6		
<u>Sex:</u>				
Male	516	41.1	52,285	47.8
Female	740	58.9	57,190	52.2

* Source: Profiles Catalogue 94-127, Statistics Canada, 1991



1.4 Scope and Limitations

In accordance with the Terms of Reference, the research effort was to assess the significance of subsidiary/accessory apartments as a housing option in the St. John's CMA. The study methodology included a telephone survey of residents and the completion of an exhaustive inventory of the housing stock.

The telephone survey yielded statistically significant results pertaining to the incidence of the various housing forms, attitudes and opinions towards accessory units, neighborhood characteristics and sufficient demographic data. The inventory was to result in a count of the different housing forms in each of the municipalities of the CMA.

Data for the inventory of St. John's and Mount Pearl was collected from the respective City assessment and accounting offices. The measurement of each housing form in St. John's was completed by using the number of water units for a property to identify single family dwellings and dwellings with accessory units. Water units represent the number of units that the homeowner will be taxed or billed for water usage. It was anticipated that a property indicating one water unit was a single family dwelling, while properties with two or more units were assumed to contain an equal number of accessory units. For the City of Mount Pearl, the property address from the residential listing was used to determine the dwelling type. The inventory for the remaining



municipalities in the CMA was compiled through a review of field assessment cards at Town Offices and at the Department of Municipal and Provincial Affairs. The cities of St. John's and Mount Pearl and other municipality offices were extremely helpful in regard to the completion of this phase of the study.

Constraints in the completion of the physical inventory arose with respect to the quality of the field assessment cards, the use of water units and physical addresses of dwellings. In completing the inventory for St. John's, there were numerous entries which indicated no water unit (zero (0) units), which typically meant that either the dwelling was not serviced by the city water supply, the property was on a water meter (utilized to pump water to homes in higher elevations of the city), or that the household had yet to take advantage of the city water services that may have only recently been made available. Dependence on the number of water units to categorize each property resulted in educated guesses being made with regard to the dwelling type.

Identification of owner occupied units was further complicated due to the fact that approximately 938 households in St. John's receive their mail at post office boxes. Under these circumstances, it is not known if the owner occupies the dwelling or lives elsewhere or if a tenant lives in the dwelling. This situation can result in over-estimating owner-occupied dwellings at the expense of non-owner-occupied dwellings.



It was also not possible to identify Newfoundland and Labrador Housing Corporation (NLHC) properties with zero (0) units. Physical checks of some of the property addresses revealed undeveloped building lots. It was also not possible to identify in excess of 1,800 commercial properties with residential units. Similar problems arose in the Mount Pearl inventory regarding commercial properties, post office boxes and NLHC properties with zero units.

In the remaining municipalities of the CMA, several barriers were encountered making the completion of an exhaustive inventory of the CMA infeasible. In particular, two major problems prohibited the completion of the inventory. First, under the best scenario, dwelling assessments in the communities are completed every six to seven years. As a result, much of the available data was out-of-date and did not take into account any new subdivision development since the last assessment. Secondly, field assessment cards for some communities could not be located either at the Town Office or at the Department of Municipal and Provincial Affairs, while other communities' assessment records were substantially incomplete. Furthermore, to date, Hogan's Pond and St. Thomas have yet to be assessed. It is anticipated that the assessment will be conducted within the next year.

These barriers to the completion of the physical inventory resulted in only the partial completion of the housing inventory of the St. John's CMA. The different methodologies used within each municipality further reduces the comparability of



housing stock between municipalities. The importance of maintaining the quality of the housing records and data at the municipality level can not be underestimated. This data provides valuable information to municipalities in terms of the housing stock and supply and can be used to quantify trends in housing tenure. Problems in aggregate measurement due to the factors identified above result in this report, like all others on the subject, being unable to provide precise data on the extent of the various forms of housing which exist in the St. John's CMA.

In the development of the socio-economic profile of first-time buyers, a limitation in the data was identified. The data does not take into account the length of time that the homeowner has occupied the dwelling. As a result, those respondents who have lived in the dwelling for many years may be considered first-time buyers. While this group fits the definition of a first-time buyer, their original motivation for purchasing the dwelling may now differ and thus add a degree of uncertainty to the rationale for purchasing a particular form of housing.



This section of the report incorporates the findings of the inventory, telephone survey and relevant secondary sources relating to the role of subsidiary/accessory apartments in the St. John's CMA. Where relevant, survey findings were integrated with secondary data in an effort to fully understand and assess this form of housing tenure.

2.1 The Measurement of Subsidiary/Accessory Apartments

Two survey methods were used to determine the incidence of subsidiary/accessory apartments in the St. John's CMA. These included: a telephone survey and a secondary research review of all assessment field cards on residential housing.

2.1.1 The Housing Stock Inventory

It was the original intention of the study team to complete a physical inventory of the housing stock in the St. John's CMA. This inventory was to include a complete review



of all field assessment cards for each city and community, resulting in the incidence of each form of housing tenure at the municipal and CMA level.

Data for St. John's and Mount Pearl was obtained from the City assessment and accounting offices. For St. John's, the number of water units for a property was used to identify single family dwellings and dwellings with subsidiary/accessory apartments. For the City of Mount Pearl, the property address from the residential listing was used to determine the dwelling structure.

As previously discussed in Section 1.4, Scope and Limitations, several constraints were encountered while completing this phase and these constraints resulted in the partial completion of the inventory. The inventory of the different forms of housing tenure is presented for those communities which were completed using assessment cards. The inventory is outlined in Table 2.1 below.



**Table 2.1
Inventory of Housing Tenure in the St. John's CMA**

Classification	MUNICIPALITY									
	St. John's		Mount Pearl		C.B.S.		Other		CMA Total	
	#	%	#	%	#	%	#	%	#	%
1	16,733	65.3	3,781	59.0	4,401	91.9	3,560	89.2	28,475	69.8
2	2,275	8.9	969	15.1	41	0.9	59	1.5	3,344	8.2
3	1,513	5.9	0	0.0	0	0.0	0	0.0	1,513	3.7
4	972	3.8	158	2.5	4	0.1	9	0.2	1,143	2.8
5	1,352	5.3	255	4.0	341	7.0	359	9.0	2,307	5.7
6	507	2.0	9	0.2	0	0.0	4	0.1	520	1.2
N/C*	2,258	8.8	1,239	19.3	0	0.0	0	0.0	3,497	8.6
Total	25,610	100.0	6,411	100.0	4,787	100.0	3,991	100.0	40,799	100.0

Note: Other municipalities incorporate the communities of Torbay, Goulds, and those which are part of St. John's Metropolitan Area. Group 7 and 8 renters can not be identified from assessment and accounting records.

* N/C refers to the unclassified units reported in St. John's and Mount Pearl and are as follows:

<u>St. John's:</u>	Zero (0) water units	872
	P.O. Box	938
	NLHC zero (0) units	<u>448</u>
		2,258
<u>Mount Pearl:</u>	Commercial properties	826
	Zero (0) water units	106
	P.O. Box	157
	NLHC zero (0) units	<u>150</u>
		1,239



The housing inventory, although only partially complete, revealed that 69.8% (28,475) of households are owner-occupied dwellings. These are single-family units which can take on many housing forms including single and semi-detached, row, condominiums, and mobile homes. Owner-occupied single detached dwellings containing one subsidiary/accessory rental unit comprise 8.2% (3,344) of the CMA housing stock. This form was most prevalent in Mount Pearl, comprising 15.1% (969) of that city's housing stock. Homeowners of dwellings with two or more accessory units comprise only 1.2% (520) of the total CMA housing stock. These homeowners reside primarily in St. John's (507). Almost all of the housing stock in C.B.S. (91.9% or 4,401) is comprised of owner-occupied single-family dwellings. Within the Other Municipalities, 9.0% (359) of households are non-owner occupied single family dwellings, representing the greatest incidence of this form of tenure in the St. John's CMA.

It is important to note that, due to the inaccuracies found in municipal field assessment cards, the inventory of grouping other municipalities is believed to be underestimated. This is also true for St. John's and Mount Pearl which had a total of 3,497 units (8.6% of the total CMA housing stock) which could not be categorized.



2.2 The Incidence

The telephone interview had a two-fold purpose. First, to determine the incidence of each form of housing tenure in the CMA, and secondly to gather detailed information on the occupants of these forms of housing tenure. Through the course of primary data collection, 4,343 households were interviewed on the form of housing tenure, bedroom composition, neighborhood characteristics and accessibility.

From the survey results, it was determined that 67.8% (2,945) of the households surveyed in the St. John's CMA are owner occupied, single family dwellings. This form of housing tenure was particularly prevalent in Conception Bay South (85.4% or 432) and other municipalities (87.7% or 812).

Almost six percent (5.7%) of single detached dwellings in the CMA contain a subsidiary/accessory apartment. This form of housing tenure had the highest concentration in Mount Pearl (14.9%), followed by St. John's (5.7%), other municipalities (3.7%) and Conception Bay South (2.4%). Table 2.2 summarizes the incidence of different types of housing tenure throughout the St. John's CMA.



Table 2.2
Incidence of the Types of Housing Tenure
in the St. John's CMA

Housing Classification	St. John's		Municipality				Other		Total CMA	
	#	%	Mount Pearl	#	%	C.B.S.	#	%	#	%
1	1,481	58.3	220	59.6	432	85.4	812	87.7	2,945	67.8
2	145	5.7	55	14.9	12	2.4	34	3.7	246	5.7
3	124	4.9	30	8.1	16	3.2	22	2.4	192	4.4
4	124	4.9	19	5.1	14	2.8	16	1.7	173	4.0
5	624	24.5	44	11.9	31	6.1	42	4.5	741	17.1
6	7	0.3	0	0.0	0	0.0	0	0.0	7	0.2
7	4	0.2	1	0.3	0	0.0	0	0.0	5	0.1
8	33	1.3	0	0.0	1	0.2	0	0.0	34	0.8
Total	2,542	100.0	369	100.0	506	100.0	826	100.0	4,343	100.0

The accuracy of these results can be assessed in terms of the margin of error. This estimates the amount by which the population will differ from the sample statistic associated with a percentage of respondents giving a particular answer. This survey screened and interviewed 4,343 households, and based on a 95% confidence interval, the margin of error is less than $\pm 1.5\%$. Table 2.3 outlines the margin of error for different sample sizes.



Table 2.3
Margin of Error Table¹
Percentage Giving a Particular Answer

Sample Size	10% 90%	20% 80%	30% 70%	40% 60%	50% 50%
50	8.5	11.3	13.0	13.9	14.1
100	6.0	8.0	9.2	9.8	10.0
150	4.9	6.5	7.5	8.0	8.2
200	4.2	5.7	6.5	6.9	7.1
300	3.5	4.6	5.3	5.7	5.8
400	3.0	4.0	4.6	4.9	5.0
500	2.7	3.6	4.1	4.4	4.5
600	2.4	3.3	3.7	4.0	4.1
700	2.3	3.0	3.5	3.7	3.8
1000	1.9	2.5	2.9	3.1	3.2
1500	1.3	2.1	2.4	2.5	2.6
2000	1.3	1.8	2.0	2.2	2.2
2500	1.2	1.6	1.8	2.0	2.0
3000	1.1	1.4	1.7	1.8	1.8
4000	.95	1.3	1.4	1.5	1.6

¹. At the 95% confidence limit.

The physical inventory of Mount Pearl compares closely with the incidence estimated from the survey results. The assessment information obtained from Mount Pearl was well documented, in spite of the problems associated with post office boxes and zero units. Based on the accuracy of the survey findings and the partial completion of the physical inventory, the remainder of this report will deal only with the survey data as it provides a more accurate picture of the CMA housing stock.



The inventory for St. John's indicated a higher incidence of single detached units than the survey results estimated. The survey also identified a substantially higher proportion of Group Five (non-owner occupied, single family) households than could be determined in the inventory (17.1% versus 5.7%). This may be the result of P.O. Box addresses that could not be classified as part of the physical inventory. Comparison of the housing inventory and the survey incidence is outlined below in Table 2.4.

Table 2.4
The Incidence of Housing Tenure as Determined by the Inventory
In Comparison With the Survey Incidence for the St. John's CMA

Housing Classification	St. John's		Mount Pearl		C.B.S.		Other		Total	
	Inventory (%)	Incidence (%)	Inventory (%)	Incidence (%)	Inventory (%)	Incidence (%)	Inventory (%)	Incidence (%)	Inventory (%)	Incidence (%)
1	65.3	58.3	59.0	59.6	91.9	85.4	89.2	87.7	69.8	67.8
2	8.9	5.7	15.1	14.9	0.9	2.4	1.5	3.7	8.2	5.7
3	5.9	4.9	0.0	8.1	0.0	3.2	0.0	2.4	3.7	4.4
4	3.8	4.9	2.5	5.1	0.1	2.8	0.2	1.7	2.8	4.0
5	5.3	24.5	4.0	11.9	7.0	6.1	9.0	4.5	5.7	17.1
6	2.0	0.3	0.2	0.0	0.0	0.0	0.1	0.0	1.3	0.2
7		0.2		0.3		0.0		0.0	8.6	0.1
8		1.3		0.0		0.2		0.0		0.8

* Inventory of other municipalities includes only the communities of the Goulds, Torbay and those which are part of the St. John's Metropolitan Area.



2.3 Non-Registered Subsidiary/Accessory Apartments

The study team utilized historical Multiple Listing Service (MLS) data and assessment records to determine the incidence of non-registered subsidiary/accessory apartments.

MLS data for the period of January, 1988 to July, 1991 was compared to the assessment records and other appropriate data to determine if a rental unit was registered. Water units in the inventory were used as an indicator of the number of units on a property and were cross-referenced with the addresses of the MLS listings data. This method provides information about the properties including in-law suites, extra kitchens and other features constituting an accessory apartment. An inherent weakness with using this data is the varying definitions of accessory units and the assumption that the listings are a realistic reflection of the total housing market. In many cases, there were several properties in the MLS data that were not identified/listed in the inventory and, as a result, it could not be ascertained as to whether or not the rental unit was registered. The results of this analysis are summarized in Table 2.5 below.

Table 2.5
MLS Apartment Listings
Compared with Water Units on the Property

Municipality	Total MLS Apt. Listing	Listings Without Corresponding Water Units	% Unregistered
St. John's	690	228	33.0
Mount Pearl	300	52	17.3
East Extern	4	3	75.0
Southern Shore	25	23	92.0
Conception Bay South	9	8	88.9



If it were possible to define a non-registered subsidiary/accessory apartment based on the number of water units on the property, the incidence of non-registered units in St. John's and Mount Pearl is quite high as illustrated in Table 2.5. Regulations in C.B.S., east, west, north and southern shore municipalities may allow a homeowner to have a rental unit, if the water and sewage system satisfies the requirements of the Provincial Department of Health. As a result, it is possible to have fewer water units on a property than rental units in these municipalities, hence the high incidence of dwellings with apartments without corresponding water hook-ups.

Based on the MLS listings from January, 1988 to July, 1991, one-third (33%) of dwellings with apartments in St. John's had rental units without corresponding water units. These apartments are likely not registered as City regulations would require a separate water unit for each apartment. Within St. John's, the 228 MLS apartments without corresponding water units represent 8.2% of the inventory of the housing stock with accessory units and for the purposes of estimation, these apartments could be considered non-registered.

Similarly, 17.3% of dwellings with apartments in Mount Pearl did not have corresponding water units. These MLS accessory apartments without water units comprise 5.3% of the inventory of multi-unit dwellings in Mount Pearl, and it can be estimated that these units are not registered. However, it is not known if these units were among the properties that could not be classified because of having zero (0) water units or having a post office box



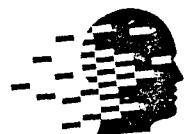
as the mailing address. Ideally, these units should be cross-referenced with occupancy permits for those cities.

This methodology did not enable the study team to accurately estimate the incidence of non-registered apartments in the CMA. A more accurate procedure for the identification of non-registered units may involve cross-referencing the MLS data on apartment listings and sales with occupancy permits in the city and town council offices. The identification of non-registered units has implications regarding enforcement of municipal regulations. Municipalities may need to assume a more active role in the documenting of accessory units if the incidence of non-registered units is perceived to be problematic in their communities.

2.4 Housing Forms and Styles

All respondents were interviewed regarding their neighborhood and street description. Homeowners were questioned regarding the form and style³ of their dwelling. Tabular data is presented in Appendix A of this report.

³Housing forms and styles were defined based on the Guidelines and Procedures Manual of the Statistical Services Division of CMHC



2.4.1 Homeowners

Among all homeowners surveyed in the St. John's CMA, the bungalow is the most prevalent house style. Over one-half (55.3%) of homeowners surveyed described their dwelling as a bungalow. This housing form is dominant in C.B.S. with almost seven out of ten (69.8%) homes considered bungalows. St. John's has the greatest variety of housing forms among the four study regions of the CMA. Almost two thirds (63.5%) of homes in the CMA have three bedrooms, of these homes, 71.1% are bungalow style.

The least common house style in the CMA is three-storey homes. This style was reported to be only in St. John's and comprises less than one percent (0.2%) of the CMA housing styles.

All homeowners were asked to describe their street in terms of houses or apartments. Within the CMA, 44% (251 of 570 surveyed) homeowners described their street as consisting of single family houses. An equal proportion (44%) of homeowners reported their street consisted of single houses with basement apartments. These were the prevalent street descriptions within St. John's and Mount Pearl where 51.3% of homeowners in St. John's and 48.6% of Mount Pearl residents report this street form. This street description illustrates the prevalence of single detached dwellings with accessory apartments in the St. John's CMA. Among homeowners in C.B.S. and other municipalities, streets consisting of single family houses were reported as the dominant



2.4.2 Renters' Neighbourhoods

Renters in owner-occupied dwellings with one accessory unit (Group Three), described their streets as consisting predominantly of a combination of single detached dwellings and houses with basement apartments (54.9%). Single family home neighbourhoods were dominant in other municipalities as reported by 55% of renters. Not surprisingly, occupants of other rental units reported a higher incidence of neighbourhoods consisting of town/row houses and apartment buildings. In particular, 34.9% of renters in Mount Pearl reported that their neighborhood was comprised of these housing forms. It is interesting to note that in spite of St. John's having a greater proportion of its total housing stock comprised of town/row houses and apartment buildings, this form of housing is utilized by a greater proportion of renters in Mount Pearl.

In C.B.S. and the other municipalities there was a greater incidence of single family neighbourhoods reported by renters of other accessory units in comparison to St. John's and Mount Pearl. Over one half of renters of other units described their neighbourhoods as consisting of single family homes. This has implications for housing affordability from a rental perspective. The costs of rental housing outside of the urban areas may make it financially feasible for a family to rent a single family dwelling in C.B.S. and in the other municipalities in comparison to St. John's and Mount Pearl.



2.5 Accessibility

All respondents were questioned regarding their homes' accessibility to the physically challenged. The definition of accessibility, as provided by CMHC, is as follows:

"A home is deemed to be accessible if it can be entered by a person using a wheelchair or crutches and they can easily use a number of rooms. The home does not necessarily have to have been specifically built for disabled people."

Table 2.6
Dwelling Accessibility to the Physically Challenged
in the St. John's CMA

Region	#	%
St. John's	185	23.4
Mount Pearl	27	15.0
C.B.S.	23	23.7
Other	40	21.2

Overall, 21.9% of respondents considered their home or apartment to be accessible to the physically challenged. Over two-thirds (67.3%) of the accessible dwellings in the CMA are located in St. John's; 14.5% are located in other municipalities. Not surprising, 52.3% of accessible homes are bungalows with 28.4% of accessible homes classed as two storey dwellings. Bungalows also comprised the largest proportion (55.9%) of homes that were not considered accessible by homeowners. The low incidence of dwelling accessibility in the CMA has implications concerning the supply of housing options for the elderly and the physically challenged. This issue should be given more attention by planning



authorities. As our population ages, accessibility of housing should become a greater concern of housing authorities.

Table 2.7
Homeowners Housing Forms and Dwelling Accessibility

Housing Form (CMA) (Homeowners Only)	#	%
Bungalow	56	52.3
Split Level	12	11.3
One and one half storey	3	2.8
Two Storey	25	23.4
Multi Level	7	6.5
Stacked Row	4	3.7
Mobile Home	0	0.0
Three Storey	0	0.0
Total	107	100.0



To effectively assess the role of subsidiary/accessory apartments on affordability, choice and on home ownership and rental markets, a profile of the occupants/owners of the different forms of housing tenure was developed. For discussion purposes, the housing classifications defined in Section 1.3.2, Quantitative Telephone Survey, have been collapsed to represent four major categories. These are:

1) Homeowners

This grouping encompasses owners of any housing unit or form. This includes homeowners of single units and those who own dwellings with one or more accessory units.

2) Renters of Subsidiary/Accessory Apartments

This group represents those who rent the apartments in owner-occupied dwellings with one accessory unit. These are the "basement apartment" tenants.

3) All Other Renters

These renters are those who live in apartment buildings, condominiums, single and semi-detached houses, row houses and mobile homes. This group lives in non-owner occupied dwellings or in owner-occupied dwellings with two or more subsidiary/accessory units.

4) First-Time Buyers

This group includes all homeowners whose current dwelling is the first home purchased.

Demographic data for each group is contained in Appendix B of this report.



3.1 Homeowners

For discussion and analysis purposes, the term 'homeowners' encompasses the owners of any type of housing form such as single and semi-detached, row, mobile homes, condominiums and homes containing one or more accessory units.

The geographic distribution based on the survey results of homeowners is outlined in Table 3.1 below.

Table 3.1
Geographic Distribution of Homeowners
With and Without Accessory Apartments
In the St. John's CMA

Region	Single Family Homeowners		Homeowners with One Accessory Unit		Proportion of Homeowners with Accessory Units (%)	Total CMA	
	(#)	(%)	(#)	(%)		(#)	(%)
St. John's	1,481	50.3	145	58.9	8.9	1,633	51.0
Mount Pearl	220	7.5	55	22.4	20.0	275	8.6
C.B.S.	432	14.6	12	4.9	2.7	444	13.9
Other Mun.	812	27.6	34	13.8	4.0	846	26.5
Total	2,945	100.0	246	100.0	8.4	3,191	100.0

St. John's has the greatest proportion of homeowners of single family dwellings and homes with one accessory apartment. However, in Mount Pearl, 20% of all homeowners reported having an accessory apartment, the greatest proportion of any study region in the CMA. This is not surprising, given Mount Pearl had the greatest incidence of dwellings



with an accessory unit in the St. John's CMA. Tabular data outlining the socio-economic characteristics of all homeowners and renters surveyed in the CMA are presented in Appendix B of this report.

3.1.1 Homeowners of Single Family Dwellings

The household size for this respondent group typically ranged from two to five persons per household (91%), with almost one-third (31%) of homes being occupied by four (4) people. The composition of the household generally represented the nuclear family; 59% of those households surveyed. C.B.S. had the highest incidence of this household composition, with 71% of respondents identifying this family structure, followed by other municipalities (65%) and Mount Pearl (60%).

Overall, 44.6% of single family homeowners surveyed in the CMA reported an annual household income of \$50,000 or greater. Over one-half (51%) of homeowners in both St. John's and Mount Pearl reported an annual income over \$50,000. There was a greater incidence of lower income households in C.B.S. where over 42.3% of homeowners reported income between \$16,000 and \$34,000 per annum. The lower housing costs in this municipality provide the opportunity for home-ownership among lower income groups in comparison to the heavily populated urban areas of St. John's and Mount Pearl. A similar



(33.4%) of those surveyed reporting an annual income of between \$16,000 and \$34,999.

The dominant bedroom composition for these homeowners was three bedrooms, as reported by 57.4% of respondents. This composition was most prevalent in Mount Pearl, where 71% of homeowners reported having three bedrooms. Over one-third (36.6%) of homeowners reported having four or more bedrooms.

3.1.2 Owners/Occupants of Single Detached Houses with an Accessory Apartment (One Unit)

The household size of this group was typically between two and four people as reported by 77.7% of respondents. The dominant household composition was that of two adults, married, with one or more children. Over one-half (58.9%) of the total CMA reported this household composition. In particular, almost eight out of ten (79.4%) homeowners in other municipalities reported this family composition.

Overall, almost one-half (43.9%) of households reported their annual income to be \$50,000 or greater. This statistic is virtually identical to that reported by owners of single family dwellings (43.9% versus 44.6%). Twenty-eight percent (28%) reported an annual income of between \$35,000 and \$49,999; in comparison, only 20% of single family homeowners fell into this income range. The inclusion of the accessory unit in the

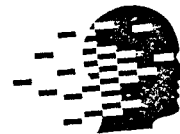


dwelling may provide middle-income homeowners with a greater opportunity for homeownership than would, otherwise, be possible.

Almost three-quarters (72%) of these homeowners reported having three bedrooms in their dwelling.

3.1.3 Homeowners of Dwellings with Two or More Accessory Units

While this housing classification was not identified in the Terms of Reference, the incidence of these rental units identified in the telephone survey deemed it necessary to define this form of housing tenure. This group includes the homeowners (occupants) of dwellings which contain two or more rental units. The total survey sample included only seven (7) cases and, as a result, it was not possible to formulate valid conclusions based on statistical results. Socio-economic data for this group is presented in Appendix B.



3.2 Renters

This section will include a discussion of renters. For discussion purposes, renters were divided into two categories in order to facilitate comparison of the socio-economic characteristics of the households. The first group of renters includes those who live in accessory apartments in owner-occupied dwellings (two units). The second category includes renters of all other forms of housing in the St. John's CMA. The geographic distribution of renters is outlined in Table 3.2 below.

Table 3.2
Geographic Distribution of Renter Households in
the St. John's CMA

Region	Renters of Owner Occupied Accessory Units		Renters of Other Units		Accessory Unit Renters as a Proportion of Total Renters (%)	Total CMA	
	(#)	(%)	(#)	(%)		(#)	(%)
St. John's	124	64.6	785	82.4	13.6	909	79.4
Mount Pearl	30	15.6	64	6.7	31.9	94	8.2
C.B.S.	16	8.3	46	4.8	25.8	62	5.4
Other Mun.	22	11.5	58	6.1	27.5	80	7.0
Total	192	100.0	953	100.0	16.8	1,145	100.0

As illustrated in Table 3.2, the greatest concentration of renter households is found in St. John's for both renter categories. Of the total renter population in a study region, Mount Pearl has the highest proportion of basement apartment renters (31.9%). There



is a higher proportion of basement apartment tenants in owner-occupied dwellings living in Mount Pearl than renters of other accessory units (15.6% versus 6.7%). The inclusion of an accessory unit within an owner-occupied dwelling has implications for affordability of homeownership in that city. In-depth interviews were conducted with 192 renters of accessory units in owner-occupied dwellings and 494 renters of other accessory forms for the purpose of developing a socio-economic profile.

The household size of renters in owner-occupied households (basement apartment households) generally ranged from one to three persons, with 43.8% reporting a household size of two. There was a substantially higher proportion of two-person basement apartment households in Mount Pearl (56.7%) and Other Municipalities (50%). It is not surprising that an overall larger household size was reported by renters of other accessory units, with a greater proportion of three and four person households in comparison to basement apartment households. Three and four person households were particularly prevalent in C.B.S. (65.8%) and Other Municipalities (54.7%). Based on the smaller household size of basement apartment occupants, the space constraints of a basement apartment may limit the number of occupants that can be accommodated while renters of other units may enjoy the benefits of spacious living quarters.

Consistent with the prevalence of two-person basement apartment households is the household composition. Almost one-third (31.3%) reported that their household consisted of a married couple with no children. Within St. John's, there was a greater



proportion of single person households than any other form (29.8%). Single parent households were also prevalent as occupants of basement apartments. Almost one-third (31.3%) of these renters surveyed in C.B.S. reported the household composition of one adult with children.

Among occupants of other rental units, the nuclear family was the dominant household composition with almost one-third (31%) describing their household as consisting of two married adults with children. This composition was most prevalent in C.B.S. (57.9%), followed by Mount Pearl (48.8%). Consistent with the reported household sizes, available living space in a dwelling may be the limiting factor for the types of households which occupy each housing form.

There was a significantly higher proportion of low income households renting other accessory units in comparison with basement apartment households. Within the CMA, 36% of renter households living in other forms of rental units reported an annual income of less than \$16,000 compared to only 22.2% of basement apartment households. In both renter groups, C.B.S. had the greatest proportion of low income tenants, with 50% of basement apartment households surveyed and 38.3% of other renter households reporting an income of less than \$16,000 per annum. The incidence of low income households indicates that rental housing is an important option for the affordable housing of these families and that C.B.S. appears to offer affordable rental rates.



One half (50%) of basement apartments were reported to have two bedrooms with 39.5% having only one bedroom. Mount Pearl was the only region with more one bedroom than two bedroom basement apartments (63.6% versus 33.3%). Among all other rental units, three bedrooms were more prevalent with 38.7% reporting this dwelling size. Bachelor apartments accounted for only 0.4% of the other rental accommodations as only two (2) were interviewed, both in the City of St. John's.

3.3 First-Time Buyers

Among all homeowners, 58.4% (of 570 surveyed) reported that their current dwelling is the first home that they have purchased. As previously discussed, the data on first-time buyers is restricted in that it did not include how long the homeowner has owned the home. As a result, the rationale for purchasing the house may be substantially different from the current motivations of the homeowner. Over two-thirds (69%) of homeowners of single family dwellings reported their house to be the first home purchased. One half (50.4%) of owners of single detached units with one accessory apartment and six out of seven (85.7%) of homeowners of dwellings with two or more accessory units were also identified as first time buyers. The geographic distribution of first time home buyers is presented below in Table 3.3.



Table 3.3
Geographic Distribution of First Time
Home Buyers in the St. John's CMA

Region	Single Family Homeowners		Homeowners with One Accessory Unit		Proportion of First-Time Homeowners with Accessory Units (%)	Total CMA	
	(#)	(%)	(#)	(%)		(#)	(%)
St. John's	97	47.8	77	62.1	44.3	174	53.2
Mount Pearl	25	12.3	20	16.1	44.4	45	13.8
C.B.S.	22	10.8	7	5.6	24.1	444	8.9
Other Mun.	59	29.1	20	16.1	25.3	846	24.1
Total	203	100.0	124	100.0	37.9	327	100.0

Note: Of the 7 homeowners with two or more accessory units, 6 were identified as first-time buyers.

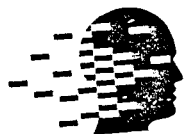
As presented in Table 3.3, 37.9% of first time buyers in the St. John's CMA have purchased a dwelling with an accessory unit. In particular, almost one-half (44%) of first time buyers in both St. John's and Mount Pearl have purchased dwellings containing an accessory unit.

Over half (54.1%) of first time buyers surveyed reside in St. John's, followed by the other municipalities (23.7%). Three quarters (74.9%) reported their household size to include two to four people. In Mount Pearl, however, 40% reported having a two person household. The nuclear family was reported by 56.2% of households and is the most prevalent form of household composition in the CMA.



Four out of ten (40.7%) first time buyer households reported an annual income in excess of \$50,000. In excess of one-quarter (26.9%) of first-time buyers residing in C.B.S. reported their annual income to be less than \$25,000 per annum. Housing affordability in C.B.S. provides the opportunity for households to purchase a home more readily than in the urban markets of St. John's and Mount Pearl.

Over two thirds (68.2%) of first buyer homes have three bedrooms, while the bungalow is the dominant form of housing style as reported by 60.1% (200) homeowners.



All respondents were questioned regarding the effects of apartments on their respective neighbourhoods. This was done in an effort to ascertain the acceptance of subsidiary/accessory apartments as a housing option in the St. John's CMA. Tabular data is presented in Appendix C of this report.

4.1 Homeowners' Perceptions of Subsidiary/Accessory Apartments

Homeowners were questioned regarding their opinions concerning the effects of houses with one or more accessory units on their neighborhood. Overall, homeowners view houses with rental units favorably. Among homeowners surveyed in St. John's, 57.4% expressed agreement with the statement "Two-apartment houses are desirable in my neighborhood." Similarly, 70.8% of homeowners in Mount Pearl also held the same opinion. In C.B.S., homeowners were split over the desirability of two-apartment houses in their neighbourhoods.

It was virtually unanimously agreed (95.3%) by all homeowners surveyed in the CMA that two-apartment houses make homeownership affordable. This was consistent across



all municipalities. Similarly, 90.7% of respondents expressed the opinion that two-apartment houses make housing affordable to tenants.

Focusing on the effect of two-apartment houses on property value, 56% of homeowners in the CMA expressed the opinion that this form of housing can add to the overall property values in their neighborhood. The belief that two-apartment homes contribute to the property value was widely held by homeowners in Mount Pearl where 67.7% expressed this opinion. Homeowners in C.B.S. held an opposite opinion of those from Mount Pearl, as 67.5% expressed disagreement with the statement that "two-apartment houses add to the overall property values in my neighborhood". This implies that this form of housing was perceived to negatively affect property values in that municipality. Homeowners in St. John's and the other municipalities held similar opinions regarding the effect on property value of two-apartment homes. Over one-half (54.9%) of homeowners in St. John's and 57% of homeowners in other municipalities held the opinion that this form of housing can add to the overall property values in a neighborhood, while a substantial proportion of homeowners in both regions expressed the opposite opinion.

Increased traffic and the creation of parking problems in the neighborhood were perceived to be caused by two-apartment houses in the opinion of almost three-quarters of homeowners. In particular, 71% of all homeowners surveyed expressed the opinion that two-apartment houses increase traffic in their neighbourhoods. Similarly, 57.7%



of homeowners surveyed hold the opinion that two-apartment houses create parking problems. In terms of two-apartment houses resulting in too many people living in the neighborhood, 63.7% of all homeowners surveyed in the CMA did not perceive this to be a problem. This was especially true for St. John's and Mount Pearl homeowners, however in C.B.S. and other municipalities 52.5% and 57.4% of homeowners respectively had the opinion that two-apartment houses result in too many people.

While overall, homeowners appear to accept two-apartment houses as a viable housing option, they do have concerns regarding property values, over-crowding, parking and traffic. Their opinions will have implications concerning the zoning regulations that a municipality may adopt either to facilitate the proliferation of multiple unit dwellings or to reduce their occurrence. As taxpayers, homeowners collectively can lobby municipal governments to influence such decisions in an effort to protect property values and maintain the integrity of a neighborhood. It is interesting to note that homeowners in the urban areas of St. John's and Mount Pearl were, overall, more accepting of dwellings with accessory apartments in their neighborhood in comparison to the homeowners in the more rural areas. These differences may be the result of urban and rural lifestyles. Furthermore, land utilization in a densely populated area will often result in the establishment of accessory units in an effort to expand the housing market. Higher housing costs in urban areas may result in the inclusion of an accessory unit to enhance the affordability of ownership.



4.2 Renters' Perceptions of Subsidiary/Accessory Apartments

All renters were questioned about their opinions regarding houses containing one or more apartments. For discussion purposes, the opinion of renters of owner-occupied dwellings with the subsidiary/accessory apartment (basement apartment) will be compared with the opinions of renters of other forms of rental units.

Overall, all renters view homes with one or more accessory apartments favorably. In particular, three-quarters (75.6%) of renters of basement apartments surveyed and 73.6% (310 of 421 surveyed) of renters of other units consider two-apartment homes in their neighbourhoods to be desirable. This is not surprising, as these groups are currently utilizing this rental housing option, and it would be expected that they hold a favorable opinion towards these forms of housing. This opinion was consistent across each of the municipalities.

On the affordability issue, dwellings with apartments were considered to make housing affordable to both homeowners and tenants by both rental groups. Almost all (92.0%) renters of basement apartments and 89.8% of renters of other units expressed agreement with the statement that two-apartment houses make housing affordable to home-buyers. Two-apartment houses were also perceived to provide affordable housing for tenants. Almost nine out of ten renters in both groups held this opinion.



Over 71% of basement apartment tenants surveyed and 64.2% of renters of other units expressed the opinion that two-apartment homes add to the overall property values in their neighbourhoods. The greatest level of agreement with this statement was expressed by both renter groups residing in Mount Pearl. This high level of agreement is not surprising given that Mount Pearl had the highest proportion of basement apartment renter households in the CMA based on both the findings of the physical inventory and the survey results. The high incidence of basement apartments and rental housing in Mount Pearl can be attributed to the high level of acceptance of this housing option among residents.

Focusing on parking problems as a result of two-apartment homes in a neighborhood, renters of basement apartments expressed mixed views about this problem. Overall, 51.6% of renters of accessory units surveyed believed that two-apartment homes created parking problems. This is consistent with the opinions of those renters in St. John's and Mount Pearl. In C.B.S., 81.3% of renters surveyed perceived two-apartment homes to create parking problems. Among renters of other units, those residing in Mount Pearl, C.B.S. and other municipalities did not perceive two-apartment homes as creating parking problems in their neighbourhoods.

Almost two-thirds (63.6%) of all renters of other units agreed that two-apartment homes result in increased traffic in their neighbourhoods. However, 61.5% of these renters did not feel that two-apartment houses resulted in too many people in their



neighborhood. Similar opinions were expressed by renters of accessory units in owner-occupied dwellings. Over one-half (59.2%) of these renters surveyed reported increased traffic as a result of having two-apartment houses in their neighborhood. However, 71.5% of these renters did not feel that two-apartment houses resulted in too many people in their neighbourhoods.

As anticipated, renters have an overall positive opinion of accessory apartments in the St. John's CMA. These opinions are consistent between renters of accessory apartments in owner-occupied dwellings and renters of all other rental units. The availability of these forms of rental units provide tenants with an affordable housing option, and thus play a significant role in the total CMA housing stock.



In assessing the role of subsidiary/accessory apartments in terms of affordability, it is important to analyze mortgage payments, rental income and household income. According to the CMHC, St. John's is considered to be the most affordable CMA in Canada with 56.4% of renter households being able to afford buying an average starter home in December 1991. This was determined based on loer interest rates, a decline in housing prices and lower annual heating costs. Mortgage and rental rate data of homeowners with accessory units were reviewed in terms of the contribution of rental income towards the homeowner's mortgage.

5.1 Mortgages Supported by Rental Income

Focusing on owners of single detached dwellings with a subsidiary/accessory apartment, average rental rates and average mortgage payments were analyzed relative to household income. The results are summarized below in Table 5.1.



Table 5.1
Average Monthly Mortgages and Rental Rates of Owner Occupied
Dwellings with One Accessory Unit in the St. John's CMA

Household Income	St. John's		Mount Pearl			C.B.S.			Other		
	Rent	Mortgage %	Rent	Mortgage %		Rent	Mortgage %		Rent	Mortgage %	
Less than \$10,000	\$300										
\$10,000 - \$15,999	374	\$515 73	\$393								
\$16,000 - \$24,999	430	560 77	350	\$1,000 35		\$375	\$750 50		\$375	\$500 75	
\$25,000 - \$34,999	410	959 43	399	904 44		375	880 43		392	702 56	
\$35,000 - \$49,999	420	738 57	412	1,164 35		467	869 54		393	778 51	
\$50,000 - \$74,999	415	881 47	411	991 41		381	680 56		358	920 39	
\$75,000 and over	450	925 49	400	720 56					425	900 47	

Note: Percent (%) refers to the proportion of the monthly mortgage payment which is supported by rental income. Refer to Table 6B of Appendix B for the income distribution of homeowners with one accessory unit.

This analysis revealed the significance of rental income as a supplement to the monthly mortgage payment. This was of particular importance to lower income households within the City of St. John's. Among St. John's homeowners with an annual income of less than \$25,000, rental income contributes a substantial proportion - in excess of three-quarters - of the monthly mortgage payment, significantly enhancing the affordability of homeownership among residents of this income bracket. In particular, 73% of the mortgage for homeowners earning between \$10,000 and \$15,999 was contributed from the rental income of an accessory unit in the dwelling. Without rental income, the annual mortgage payment would comprise, at best, 39% of the annual income, exceeding the recommended 32% gross debt service ratio by financial institutions. The importance of rental income to supplement the mortgage is also evident among higher income households as evidenced by those homeowners whose



annual income is in the range of \$50,000 to \$74,999, with 47% of the monthly mortgage payment being contributed from rental income.

Surprisingly, the second highest average monthly mortgage payments were reported by homeowners earning \$16,000 to \$24,999 per annum living in Mount Pearl. In this situation, the rental income is necessary to make homeownership possible. Without the rental income, the annual mortgage for the household would be approximately 50% (12 months at \$1,000 per month) of the annual income, exceeding the 32% gross debt service ratio guideline. The addition of the accessory unit in the dwelling contributes 35% of the monthly mortgage payment, reducing the gross debt service ratio to 31.2% of the household income, hence making homeownership feasible.

For higher income households, the monthly rental income typically contributes to less than one-half of the monthly mortgage payment. In this situation, the additional income realized through an accessory apartment may allow the homeowner to purchase a more expensive home than would have been possible without the benefit of the mortgage being supplemented by rental income.

These findings strongly support the theory that an accessory unit in a dwelling enhances the affordability of homeownership, particularly among lower income households. The rental income supplements the mortgage payment thereby reducing the carrying costs (principal, interest, utilities, property taxes) of homeownership to a level that can be serviced within the limit of the annual household income.



5.2 Mortgages Without Rental Income

Homeowners of single family dwellings without subsidiary accessory apartments must rely on the household income to meet the mortgage and other living expenses of the household.

Table 5.2
Average Mortgage Payments for Homeowners
of Single Family Dwellings
in the St. John's CMA

Household Income	St. John's	Mount Pearl	C.B.S.	Other	Total CMA
Less than \$10,000	\$386	\$350			\$377
10,000-15,999	\$340			\$420	\$380
16,000-24,999	\$417	\$368	\$368	\$568	\$488
25,000-34,999	\$520	\$613	\$433	\$605	\$553
35,000-49,999	\$613	\$637	\$730	\$600	\$625
50,000-74,999	\$644	\$784	\$709	\$622	\$687
75,000 and over	\$849	\$837		\$750	\$838

Note: Income distribution of homeowners is presented in Table 5B of Appendix B.

As outlined above in Table 5.2, homeowners of single family dwellings reported their monthly mortgage payments to be less than those reported by owners of dwellings with accessory units. This was consistent across each income category and municipality in the CMA, with the exception of owners of single family dwellings residing in Mount Pearl with an annual income in excess of \$75,000. These homeowners reported an average mortgage payment of \$837 while those with accessory apartments reported an average mortgage payment of \$720 with 56% being contributed by the rental income. Among single family homeowners in C.B.S. there was no average monthly mortgage payment reported for those with an annual income of \$50,000 to \$74,999, indicating that the mortgage for this group has been completely amortized.



Comparison of mortgage payments for these groups of homeowners further supports the role of rental income in housing affordability for homeowners. Rental income enhances affordability among lower income strata while providing the opportunity for higher income groups to purchase more expensive homes or to reduce the size of their initial downpayment through enabling the household to support higher monthly carrying charges. It must also be noted that the term of the mortgage, frequency of payment, interest rate and initial downpayment influence the mortgage that the household (with or without an accessory unit) can support.

5.3 Homeowners' Purchase Decision

To effectively assess the role of subsidiary/accessory apartments in the St. John's CMA, the influence, if any, that this form of housing has on the purchase of a home must be reviewed.

Three-quarters (74.8%) of owners of dwellings with an accessory apartments stated that it was either very important or somewhat important to purchase a house with a (basement) apartment.

In C.B.S., homeowners of dwellings with an accessory apartment placed greater importance on purchasing a house with a basement apartment. While this municipality



comprised (5%) of the total sample of homeowners of single detached dwellings with one accessory unit, over nine out of ten (91.7%) stated that it was important for the dwelling to have a rental unit. Supporting data is presented in Appendix D of this report.

While it has been determined that the presence of an accessory apartment is an important factor in the decision to purchase a dwelling within this group, the reasons for this degree of importance must also be addressed. Over six out of ten (63.0%) homeowners surveyed identified a financial reason for purchasing a house with a subsidiary/accessory apartment. In particular, over two thirds (71.7%) of homeowners surveyed in Mount Pearl stated the main reason for the purchase of the house with a rental unit was financial. This supports the earlier conclusion that an accessory unit in a dwelling enhances the affordability of home ownership.

The need for an in-law apartment for family and relatives was also identified as a main factor in the purchase of the dwelling by 26.4% of respondents. Only 3% of this group of homeowners viewed their house with an apartment as an investment property.

For homeowners of dwellings with one accessory unit, the presence of the rental unit in the dwelling is considered to be an important purchase criterion. This may be related to financial reasons and satisfying the need for an in-law apartment. From a financial perspective, the accessory/subsidiary apartment can contribute significantly to



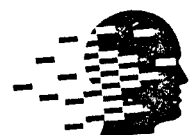
the mortgage payments as earlier analysis has revealed. Subsequently, the rental unit may make homeownership more affordable for some families. The fact that the population is aging also influences the availability and accessibility of housing options for senior citizens. Similarly, the accessory apartment may provide newly formed households with an affordable housing option.

5.4 Renters' Choice of Housing Tenure

The availability of subsidiary/accessory apartments provides renters with the opportunity for affordable housing, and choice in the location of the home.

Renters were asked to identify the main factor influencing their decision to rent. For all renters surveyed, the main factor was identified as the inability to afford their own homes. This was reported by 43.8% of basement apartment renters and 45.7% of renters of other forms of housing. The location of the rental unit was also identified as a significant factor in the rental decision. Location was reported by 15.1% of basement apartment renters and 17.7% of other renters.

Subsidiary/accessory apartments provide an affordable housing option for those who can not afford to purchase their own home. The rising costs of land in central areas affects housing costs while compromising the existence of affordable housing in these



areas. Subsequently, the opportunity to rent a subsidiary/accessory apartment in a convenient location for the tenant may not, otherwise, be possible.

Rental housing can provide tenants with the opportunity to save money for the purchase of a house. Over one-third (34.7%) of all renters surveyed have no plans to move, while over one-quarter (26.9%) of renters in owner-occupied, single detached units stated that they plan to purchase a single unit (house). The expressed desire to purchase a single family house is surprising, given that 92% of basement apartment tenants and 89.8% of other renters surveyed hold the opinion that two-apartment homes make houses affordable to homeowners. This suggests that, in spite of the advantage of the mortgage payment being supplemented by rental income, renters who can support a mortgage without the additional income would prefer to own a single family dwelling.



6.1 The Need for Regulations

Respondents were asked a series of questions relating to the awareness, knowledge, understanding and opinions towards a wide range of municipal regulations issues. These regulations included apartment zoning, building codes, floor area requirements and parking laws. The following sections highlight the key results, with data presented in Appendix E. Accessory apartments create two types of concerns for residents in a municipality.

First, accessory apartments have a physical impact on a neighborhood through increased traffic, parking problems and through the alteration of the appearance of buildings in certain circumstances. The second type of concern arises from the social impact of this form of housing. Accessory apartments represent changes in the traditional image of housing, family and neighborhood. This form of housing changes the way in which single family houses have been used and, as a result, present deviations from the traditional definition associated with residential zoning.



While analysis of homeowners and renters opinions towards accessory apartments revealed that residents in the St. John's CMA are generally accepting this form of housing in their neighbourhoods, municipal zoning by-laws provide a degree of control over the proliferation of accessory units in the housing market. By-laws are intended to protect both the homeowners through maintaining the continuity of their neighbourhoods and the tenants by ensuring housing which satisfies building codes for health and safety concerns.

6.2 Written Regulations

In reviewing municipal regulations concerning accessory apartments, at the time of this study the larger municipalities of St. John's, Mount Pearl, Conception Bay South, St. John's Metropolitan Area and the Goulds have established regulations concerning subsidiary/accessory apartments. These regulations are at two levels. First, zoning by-laws established as part of city and town planning will identify areas that can have dwellings with accessory apartments or apartment buildings. Secondly, the National Building Codes are enforced regarding the structure, ceiling height and water and sewage regulations, among others. Any accessory apartment must meet National Building Codes before it can be registered and rented.



Among the other municipalities in the CMA, the regulations vary by community. These municipalities rely on the National Building Codes and the Provincial Department of Health regarding water and sewage. All municipalities issue permits for subsidiary/accessory apartments. At the time of the study, subsidiary/accessory apartments were not permitted in the Town of Wedgewood Park. Exceptions to this rule are made only in the event of an elderly relative being cared for in an "in-law suite". To receive the permission of the Town Council, the homeowner must do considerable lobbying and incur legal expenses. In light of the recent amalgamation of several towns with the City of St. John's, it has yet to be determined how, if at all, zoning regulations will be reorganized.

Zoning regulations differentiate between residential and commercial activities including sub-classes of each of these. Ideally, regulations are intended to limit the amount of activity that can occur on any given unit of land area, controlling population density and limiting the demands placed on basic municipal services such as water and sewerage, among others. They are also intended to enhance the comfort of those living and working in an area.

Within St. John's, the zoning regulations for residential areas differentiate between single-family (detached) dwellings and zones which permit single-detached dwellings to contain an accessory apartment (Zone R1) and multi-unit dwellings (residential high density). Zoning by-laws also establish the land area requirements and frontage within



different residential zones. The Land Use Zoning and Subdivision Regulations, 1988, for the City of St. John's, describes 15 residential, 9 commercial, 8 industrial, 3 public and 6 special use zones. Housing units are permitted in 32 of the 41 zone types: Residential, Special, Agricultural, Urban Reserve and Rural zones permit only single-detached dwellings. The remaining zones include provisions for multiple-unit/family dwellings. Reduced-Lot-Housing developments are permitted only in 4 residential zones and are exclusive to single detached dwellings.

Restrictive covenants are in place by real estate developers for some subdivisions. These covenants restrict the inclusion of accessory apartments in the dwellings. Tracey Estates and Woodlands are two such subdivisions in St. John's which were developed under restrictive covenants. The zone in which Tracey Estates falls is classed as R1 - single detached dwellings with accessory apartments. However, the real estate developer enforced a requirement of home purchasers in the subdivision to not include the accessory unit. Restrictive covenants can also establish a minimum square footage for the home.

Similarly, the Mount Pearl Land Use Zoning, Subdivision and Advertisement Regulations 1988 (also known as the Development Regulations) divides the Mount Pearl area into a number of residential, commercial, industrial, recreational and special use zones.

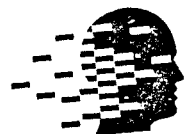


The residential portion of the regulations allows for a range of housing forms and residential densities. Certain of these residential zones restrict the housing form to single dwellings only or apartment buildings only, while other zones are more inclusive and allow for a range of housing forms including single dwellings with a subsidiary apartment.

Approximately 10.4% of residential lands are zoned exclusively for single dwellings (no subsidiary apartments permitted). These zones are identified as Residential Single Detached (RSU-1 to RSU-3) and Residential Infilling (RINF). The majority of these zones are found in Admiralty Wood and Westminster neighborhoods.

There is one residential zone, the Residential Low Density (RLD) Use one, which permits single dwellings to have a subsidiary apartment, but it is subject to the discretion of Council. This zoning amounts to 11.7% of the lands zoned as residential, and is found within the Admiralty Wood neighborhood.

The majority of the residentially zoned lands within Mount Pearl permit single dwellings with subsidiary apartments. The Residential Medium Density (RMD) and the Residential High Density (RHD) Use Zones which permit a single dwelling with a subsidiary apartment constitute 77.1% of residentially zoned lands within Mount Pearl.



In addition to these zones, there is also an exclusive Apartment (A) Use Zone which only permits apartment buildings (0.8% of residentially zoned lands). This zone is within the PearlGate East Neighborhood.

6.3 Assessment of Municipal Regulations by Homeowners

All homeowners were questioned regarding municipal regulations governing accessory apartments; in particular, zoning, building codes and the availability of accessory apartments in the neighborhood.

As was anticipated, few (10%) homeowners of single family homes in the CMA have checked with their municipal councils regarding whether or not accessory apartments are permitted in their neighborhood. Similarly, the availability of subsidiary/accessory apartments had very little impact on the homeowner's decision to purchase within the neighborhood. Only 3.2% of homeowners in the study area reported that the reason for moving into their neighborhood was because accessory apartments were prohibited. However, among homeowners in Mount Pearl, 9.6% reported moving to the area because accessory apartments were prohibited. Given that Mount Pearl has the greatest incidence of dwellings containing an accessory unit, the zoning regulations may have an impact on the availability (supply) of areas zoned exclusively for single family dwellings.



Focusing on municipal rules and regulations for apartments, the majority of homeowners were satisfied with zoning regulations concerning apartments. As would be expected, a significant proportion (36%) of homeowners did not know or have an opinion concerning apartment zoning. Building codes were also considered to be satisfactory among homeowners. In C.B.S., however, 29% of homeowners surveyed felt that municipal building codes (in general) were too prohibitive as compared to only 13% of the total sample.

Regulations concerning floor area requirements for houses were also deemed to be satisfactory among the majority of single family homeowners, while a significant proportion (42.0%) did not have an opinion concerning these regulations. Almost one half (45.5%) of those residing in St. John's did not have any opinion concerning floor area regulations. Parking requirements were considered to be satisfactory by 57.7% of homeowners surveyed. This was especially true among homeowners in other municipalities (63.8%) and of those residing in Mount Pearl (61.5%)

In contrast to owners of one unit dwellings, 46.7% of homeowners of single-detached homes with accessory apartments have checked with the municipal council regarding whether or not apartments were permitted in their neighbourhoods. However, their reasons for moving to the neighborhood were not heavily influenced by municipal regulations. Within St. John's and Mount Pearl, 13.8% and 16.4%, respectively, stated



that their primary reason for purchasing in the neighborhood was because municipal regulations permitted apartments in the area.

Regulations concerning apartment zoning were generally considered to be satisfactory by almost two-thirds (64.2%) of owners of single detached homes with one accessory unit in all geographic areas of the CMA. Building codes were also considered to be satisfactory, as only 10.2% of homeowners surveyed in the CMA reported building codes to be too prohibitive, and in particular among residents of other municipalities (17.6%). Both floor area requirements and parking regulations were also viewed as satisfactory.

Overall regulations were viewed as satisfactory by homeowners of single family homes and dwellings with accessory apartments. In excess of three quarters (76.0%) of owners of dwellings with accessory apartments expressed satisfaction with regulations. This was consistent across the municipalities of the CMA, in particular almost eight out of ten (78.2%) of those Mount Pearl homeowners surveyed held this opinion. Among homeowners of single family dwellings, 73.8% were satisfied with municipal regulations. The proportion of satisfied residents was greatest in Mount Pearl (80.8%) and the lowest in CBS (61.3%).



7.1 Rental Rates

Rental rates of subsidiary/accessory apartments were analyzed in terms of housing tenure, location and bedroom composition.

Analysis of average monthly rental rates revealed that St. John's renters pay the highest level of rent in the CMA. This was true for renters of accessory units in owner-occupied dwellings as well as among renters of other forms of housing.

The average monthly rent for an accessory apartment in an owner-occupied dwelling was highest for those units containing three bedrooms while other forms of rental accommodations with four bedrooms had the highest monthly rent for that particular group.

Rental rates also varied depending on the services and amenities included in the rental unit. Among renters of accessories in owner-occupied dwellings (basement apartments), over one-third (67%) of these units in the CMA include a refrigerator and stove, while slightly more than one-half (52.4%) include heat expenses in the monthly rent. Also,



the majority (85.9%) of these apartments are unfurnished (i.e. no living, dining and bedroom furniture), similarly 87.4% of units include general maintenance in the rent. Among other forms of rental accommodations in the CMA, 90% are unfurnished units, three-quarters (75.8%) include a refrigerator and stove (77.2%) and general maintenance is included in the rent in 87.8% of these units. Rental rates by services included are outlined in Appendix F.

Analysis of average rental rates based on the repairs needed revealed that, within the CMA, rental accommodations that are in need of major repairs have the lowest average monthly rent. The need for major repairs was reported by only 3.1% of occupants of accessory units in owner-occupied dwellings and 8.7% of renters of other forms of rental accommodations.

The CMHC Rental Market survey reports average rental rates of apartments in structures of three units and over. The survey of occupants revealed that average rental rates of accessory units in owner-occupied dwellings are less than the rental rates of apartment structures with three units and over. For example, a two-bedroom apartment in an owner-occupied dwelling has an average rental rate of \$426 per month, while a two-bedroom apartment in a building with three or more units rents for \$561 per month, a 32% increase. This reinforces the theory that accessory units (basement apartments) are an important form of affordable housing in the St. John's CMA.



As illustrated below in Table 7.12, accessory units in owner-occupied dwellings provide an affordable housing option.

Table 7.1
Average Monthly Rental Rates in the
St. John's CMA by Bedroom Type

Number of Bedrooms	Owner-Occupied Dwellings with one Accessory Unit	Other Rental Accommodations	*CMHC Rental Market Survey October 1991
One	\$383	\$379	\$466
Two	426	436	561
Three	550	491	580
Four	383	553	-
Bachelor			389

*Average rental rates in apartment structures three units and over that are privately initiated.

7.2 Vacancy Rates

Vacancy rates of subsidiary/accessory apartments were reviewed based on the number of bedrooms, and location.

Overall, the current vacancy rate for accessory units in owner-occupied dwellings in the CMA is 14.6%. The geographic distribution of apartment vacancies and occupancies is presented in Table 7.2 below.



Table 7.2
Vacancy and Occupancy Rates
of Subsidiary/Accessory Apartments
in Single Detached Dwellings (One Unit)

Geographic Area	Occupancy		Vacancy	
	#	%	#	%
St. John's	118	81.4	27	18.6
Mount Pearl	51	92.7	4	7.3
Conception Bay South	11	91.7	1	8.3
Others	30	88.2	4	11.8
Total CMA	210	85.4	36	14.6

St. John's has the highest vacancy rate in the CMA (18.6%). In analyzing vacancy rates, seasonality influences must be considered. Data was collected during the summer months and may reflect the annual out-migration of students from the post secondary institutions in the City.

Analysis of vacancy rates for subsidiary/accessory apartments in the St. John's CMA revealed that a higher incidence of vacancy was reported in one and two bedroom subsidiary/accessory apartments in St. John's, Mount Pearl and other municipalities. In St. John's, 21.4% of one bedroom and 16.7% of two-bedroom apartments were reported to be vacant as compared to 11.1% of one-bedroom accessory units and 3.7% two-bedroom units in Mount Pearl. Vacancy data is summarized in Appendix F of this report.



Vacancy rates of owner-occupied dwellings with one accessory unit were compared to the findings of the CMHC Rental Market Survey Report. This report reviews vacancy rates in April and October of each year and focuses on apartment structures of three units and over and six units and over. In April 1991, the vacancy rate for structures with three units and over was 4.8% or 202 units in the St. John's CMA. This rate increased in October 1991 to 6.9% (302 units) and it is forecasted by CMHC Market Analysts that the vacancy rate will increase further in April, 1992. The anticipated increase in vacancies can be attributed to the out-migration of students and others leaving the Province in search of employment, given the worsening economic conditions.

Combined with the 14.6% vacancy rate for accessory units in owner-occupied dwellings, there does not appear to be a shortage of rental housing. Furthermore, in 1991, single detached two-apartment homes constituted 92.3% of multiple housing starts in the CMA, a 28% increase over the 1990 figure. As a proportion of new construction in 1991, the 420 single detached homes with an accessory apartment represented 37.9% of the 1,108 reported housing starts. Historical housing starts are presented below in Table 7.3.

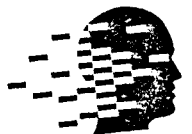


Table 7.3
Historical Housing Starts
in the St. John's CMA

Year	Singles	Multiples (total units)		Total
		Single Detached with Accessory Unit	Two or more Units	
1989	1,195	180	131	1,506
1990	903	340	191	1,434
1991	653	420	35	1,108

Source: Canada Mortgage and Housing, 1992

While housing starts have declined since 1989, the construction of single detached dwellings with accessory units has increased dramatically over the same period. The proliferation of this housing form also appears to be at the expense of the development of multiple unit structures (other than social housing). Multiple unit building construction has declined by 81.6% since 1989. The relatively low production of multiple unit developments can be attributed to several factors. These include the production costs, the availability of other investment opportunities with greater potential as compared to the rental market and the escalating vacancy rates of the existing buildings with three or more units. The rising production of accessory units in "new" single detached dwellings has substantially increased the supply of this form of housing tenure. Combined with the lower average rental rates in comparison to structures with three or more units, the accessory unit construction has had an impact on the marketability of multi-unit apartment structures in the St. John's CMA.



Research has shown that, historically in other Canadian CMAs, that the supply of accessory apartments rises at times when homeownership is least affordable for both prospective and existing homeowners. Within the St. John's CMA, the rising unemployment coupled with poor economic conditions of the past 24 months coincides with the increased development of accessory units in existing and new homes. The economic benefits provided by these units to the household will only accrue if demand from potential tenants continues as they seek more affordable housing.

7.3 Absorption of Subsidiary/Accessory Apartments

Absorption is a measure of the rate of take-up of new housing or the consumption of new housing (i.e. the rate at which new units are occupied). The analysis of absorption in the St. John's CMA is important, given the proliferation of single detached dwellings with one accessory unit. The absorption rate can provide an estimate of the future demand of housing and tenure forms.

The absorption of single detached homes with one accessory unit was determined from the CMHC monthly absorption surveys for row and apartment completions.



To determine the absorption of single detached dwellings with one accessory unit, row and apartment completions were deducted from the monthly completions resulting in the number of dwellings with one accessory unit. The monthly absorption rates are outlined below in Table 7.4.

Table 7.4
Absorption of Single Detached Dwellings
with One Accessory Unit

Year	Completions	Absorptions	Monthly Rate (units per month)	% of Units absorbed
1989	259	208	17.3	80.3
1990	282	268	22.3	95.0
1991	476	392	32.7	82.4

ASSUMPTIONS:

1. A 45-unit multiple project development was completed in September 1989, all units were deducted from the monthly completions, and the 13 units absorbed were deducted from the monthly figures for occupied upon completion.
2. A 40-unit multiple project development, as of March 1992, had 30 units absorbed - it was assumed that 20 units were absorbed in 1990 and 10 units were absorbed in 1991, and were deducted from the final absorption for those years.
3. A 6-unit private structure completed in 1989 was deducted from the final absorption figure for that year.
4. A 4-unit private structure completed in 1991 was deducted from the final absorption figure for 1991.
5. Monthly absorption was calculated based on the following formula: Completed and unoccupied units from the previous month + completions in current month - completed and unoccupied of the current month.
6. Absorption in 1989 exceeds the housing starts for that year as two-apartment houses started prior to 1989 were reported as a single detached dwelling start and, upon completion, were recorded as two-apartment homes (28 units) in 1989.

Consistent with the rising number of single detached dwellings with one accessory unit, the annual absorption of these units has also increased between 1989 and 1991. The



rate of absorption has increased from the monthly rate of 17.3 units in 1989 to 32.7 units in 1991 signifying an increase in demand for this form of housing. To meet the apparent growing demand for dwellings with the accessory unit, the supply has also increased as evidenced by the growing trend in housing starts over the same period. The growing demand for these forms of housing indicates the desire of homeowners and tenants to have affordable housing.

The continued addition of this form of housing to the total CMA housing stock will have an impact on the total supply of rental accommodations. Rental viability concerns and an increased supply of accessory apartments has limited the demand and supply of larger multiple unit rental projects. The development of accessory units may, ultimately, be at the expense of larger multi-unit rental developments indirectly placing the responsibility for affordable rental housing in the hands of homeowners. Within the past three years the largest multi-unit developments have been condominiums. In 1991, a total of 47 non-accessory rental units that were privately initiated were added to the housing stock. In comparison only one six-unit privately initiated structure was added to the CMA in 1990, resulting in a total of 53 non-accessory rental units over two years. Conversely, 380 accessory units in single detached dwellings (a total of 760 units) have been developed in 1990 and 1991, seven times the volume of apartments developed in multi-unit structures.



The growth of dwellings with accessory units should be monitored to track the potential for over-supply. Housing and municipal authorities should monitor the vacancy rate as they relate to the availability of affordable housing. Given that the current vacancy rate for these units as reported by homeowners was 14.6%, the increased supply in an area with stable population could result in an increase in vacancies, ultimately defeating the purpose of the units to enhance the affordability of homeownership.

7.4 Conversion of Rental Housing

Homeowners of single detached units with subsidiary/accessory apartments were asked to comment on their likelihood to continue to have an apartment in their dwelling on one-year and five-year horizons. Close to 97% of the homeowners surveyed in the CMA stated that it is either very likely or somewhat likely that they will continue to have the apartment within the next year. This was also consistent at the municipality level.

On a five-year horizon, nearly 84% of homeowners surveyed stated that they will continue to have accessory apartments in their dwellings, while less than 11% stated that it is not at all likely that their dwellings will have apartments. The incidence of existing subsidiary/accessory apartments should not decline during the next five years as a result of deconversions.



A review of the building and demolition permits for the City of St. John's for the years of 1989 to 1991 was conducted and revealed that in 1991, 41 conversions were reported on the permits representing the addition of 39 accessory units and the de-conversion of 2 units to the total housing stock of the City. No conversions were reported in 1989 or 1990. This may be due, in part, to terminology and reporting procedures. These conversions represent 14% of the total accessory units added to the CMA housing stock in 1991. The rationale for conversion is not known and could be attributed to the addition of a unit for an elderly relative or to enhance the affordability of home ownership.



8.1 Renters' Perception of Quality

All renter groups were questioned regarding the quality of their dwelling or apartment. In assessing the quality of rental units in the CMA it is important to note that this focused on the perceived quality as reported by the tenant currently residing in the unit. Tabular data is presented in Appendix G.

Respondents were asked to rate the condition of the outside of their home. Among renters of owner-occupied accessory units, 91.1% of respondents in all geographic areas perceived the condition of the outside of the house to be in good to excellent condition. This view was consistent among other renter groups. Over seven out of ten (71.9%) renters of other rental units also rated the condition of the outside of their home as good to excellent, while only 7.5% described the outside of the house to be in poor condition or beyond repair.

The condition of the inside of the home or unit was also assessed. The vast majority (90.1%) of renters of basement apartments perceived the inside of their home to be in good to excellent condition. This was consistent for all renters of other rental units



throughout the CMA where 79.6% hold the same opinion. The electrical, plumbing and heating systems were generally rated to also be in good to excellent condition by both renter groups in the CMA. Furthermore, 90.6% of basement apartment tenants and 79.6% of renters of other units perceived the overall condition of the unit to be good to excellent.

Generally, the condition of the rental units in the St. John's CMA is reported to be good by tenants. However, in the situation where there is an absentee landlord, the apartment quality was reported to be lower. Accessory units in owner-occupied dwellings are considered to be of higher quality, perhaps the result of the owner taking pride in the property. This view is reinforced by the reported maintenance needed for the accessory unit. Only 3.1% of renters of basement apartments surveyed reported that major repairs were needed, while 8.7% of renters of other units expressed the need for major repairs. The quality of all of the rental units in C.B.S. (based on the repairs required) appears to be the lowest. In this municipality, 18.8% of basement apartment tenants and 13.2% of renters of other units reported that major repairs were needed.

In examining other Canadian CMAs, interesting relationships between the types and quality of the units were observed. In a study completed on accessory apartments in Montreal, Toronto and Vancouver, accessory units in inner-city areas tended to be of lower quality due, in part, to being in older buildings and absentee landlords. In suburban areas, apartments tended to be of higher quality because the dwellings are



newer and basements are made more habitable. In these cities, many of the units in the suburban areas were illegal, providing the landlord with an incentive to maintain the unit in good condition.

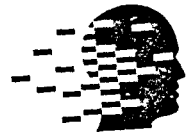
The overall level of satisfaction with rental units in the St. John's CMA was also examined. Within St. John's, 90.1% of all renters surveyed were either very satisfied or somewhat satisfied with the condition of the rental unit. The level of satisfaction was high among tenants of basement apartments in owner-occupied dwellings where 98.4% were either very or somewhat satisfied with the unit. The level of renter satisfaction was highest among renters in Mount Pearl with 93.2% expressing satisfaction with the unit. The highest level of dissatisfaction with the quality of the rental unit was expressed by renters of non-owner occupied (one unit) dwellings where 17.3% of renters were either somewhat or very dissatisfied with the dwelling.

It can be concluded that rental units within the St. John's CMA are, generally, of good quality. Owners have maintained the systems and structures of units such that, in the majority of cases, either regular maintenance or only minor repairs are required.



8.2 Owners' Perception of Quality

Almost eight out of ten (79.7%) of homeowners of subsidiary/accessory apartments generally reported that their rental units required only regular maintenance. Minor repairs were necessary for only 18% of the rental units. It can be concluded that homeowners perceive their rental units to be of good quality, based on the extent to which maintenance is required.



The findings of this study highlight the prominent role of subsidiary/accessory apartments in the St. John's CMA housing market. This form of housing provides homeowners and tenants with the opportunity for choice in housing options and enhanced housing affordability. The key findings are:

- Survey findings reveal the incidence of dwellings containing one unit subsidiary/accessory in the St. John's CMA is 5.7% and, in particular, the occurrence of this form of housing is greatest in Mount Pearl where 14.9% of the housing stock is comprised of single detached, owner occupied dwellings with one accessory unit.
- Homeowner households with accessory apartments are typically families with almost one-half (44%) reporting income in excess of \$50,000 per annum. Twenty eight percent (28%) reported an annual income between \$35,000 and \$49,999 in comparison to only 20% of single family homeowners falling in this range. The inclusion of the accessory unit in the dwelling may provide middle-income homeowners with a greater opportunity for affordable homeownership.
- Attitudes towards dwellings with accessory units are generally positive for homeowners in Mount Pearl (70.8%) and St. John's (57.4%). Homeowners in C.B.S., however, were divided on the desirability of these dwellings in their neighbourhoods.
- Homeowners expressed concerns regarding increased traffic and parking problems as a result of having two apartment dwellings in their neighborhood. Two-thirds (67%) of homeowners in Mount Pearl held the opinion that two apartment homes add to the overall property values in their neighbourhoods, while an equal proportion of homeowners in C.B.S. held the opposite opinion.
- Renters of both accessory units and other forms of housing generally perceive dwellings containing accessory units in their neighborhood to be desirable. However, 51.6% of renters reported concerns about parking problems.



- Analysis of monthly mortgage payments and rental income strongly supports the theory that an accessory unit in a dwelling enhances affordability of homeownership. Rental income supplements the monthly mortgage payment, thereby reducing the carrying costs of ownership to a level that can be serviced within the limits of household income.
- The inclusion of an accessory unit in a dwelling is an important purchase criterion for homeowners with an accessory unit. Respondents attributed the importance of this unit to financial reasons (63%) and the need for an in-law apartment (26.4%).
- Subsidiary/accessory units provide an affordable housing option for those who cannot afford to purchase their own home. It was also determined that these units have lower monthly rents than apartments in multiple unit projects, enhancing the availability of accessory units as an important housing option. The main factors influencing the decision to rent were identified as the inability to afford a home and the desire to live in a convenient location in the CMA.
- Overall, the current vacancy rate of accessory units in owner-occupied dwellings in the CMA is estimated to be 14.6%. The survey was conducted during the summer months and the annual out-migration of students may have contributed to this high vacancy rate. Combined with a 28% increase in two-unit housing starts since 1990, there is no shortage of rental housing. The development of these units and rental viability concerns has limited the demand for multiple-unit apartment structures whose construction has declined since 1989. This shift in the rental housing market has indirectly placed the responsibility for the provision of affordable housing in the hands of homeowners of accessory units.
- The monthly absorption rate of two-unit dwellings in 1991 was estimated to be 32.7 units per month, almost twice the 1989 rate. The supply of these units has not yet out-paced the market demand, however, the continued growth of dwellings with accessory units should be monitored to track the potential for over-supply.
- The vast majority (90%) of renters of basement apartments perceived the inside of their home to be in good to excellent condition.
- The condition of rental units in St. John's is reported to be good by tenants. However, in the situation of the absentee landlord, the apartment quality was reported to be lower.
- Problems with the quality of the data available in assessment records for the municipalities in the St. John's CMA can not be underestimated as it can provide Town Councils with valuable information concerning housing trends in their municipalities.



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