

RESEARCH HIGHLIGHT

2011 Census/National Household Survey Housing Series: Issue 7 – Households in Core Housing Need and Spending at Least 50% of Their Income on Shelter

February 2016

Socio-economic Series

INTRODUCTION

This *Research Highlight* examines households in core housing need in 2011 (see appended Glossary) that spent 50% or more of their income on shelter. Throughout this Research Highlight, such households are referred to as being *in severe housing need*.

RESULTS

A larger percentage of Canadian households were in severe housing need in 2011

From 2006 to 2011, the incidence of Canadian households in severe housing need increased, going back to its 2001 level (see figure 1) and reaching 5.3% (655,380 households). Also from 2006 to 2011, shelter costs for all Canadian households increased more rapidly, on average, than household income before tax (see figure 2), which could partially explain the increase in the number and percentage of households in severe housing need during this period.

At the provincial level, British Columbia still ranked at the top, and Ontario ranked second among provinces with the highest incidence of households in severe housing need. The province that experienced the largest increase in the percentage of households in severe housing need from 2006 to 2011 was Alberta. Alberta was also one of the provinces where shelter costs increased most rapidly compared to income during this period and where population growth was most rapid. Alberta's population increase may have contributed to a more rapid increase in housing demand than in housing supply and could partially explain the rise in shelter costs observed during this period.

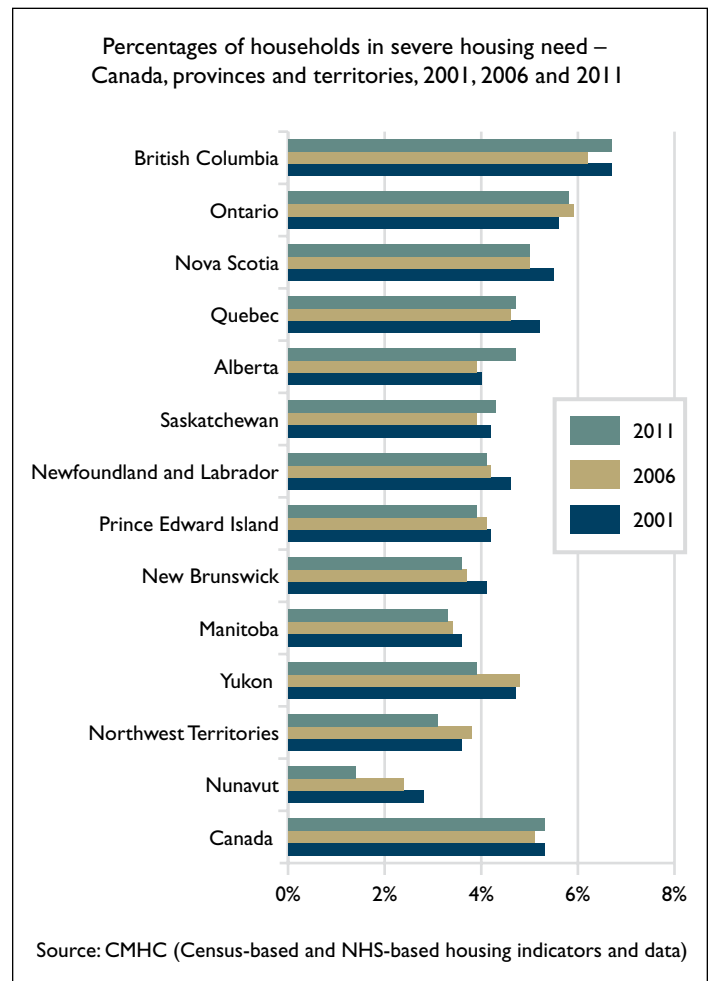


Figure 1 Between 2006 and 2011, Alberta recorded the greatest increase in the percentage of households in severe housing need

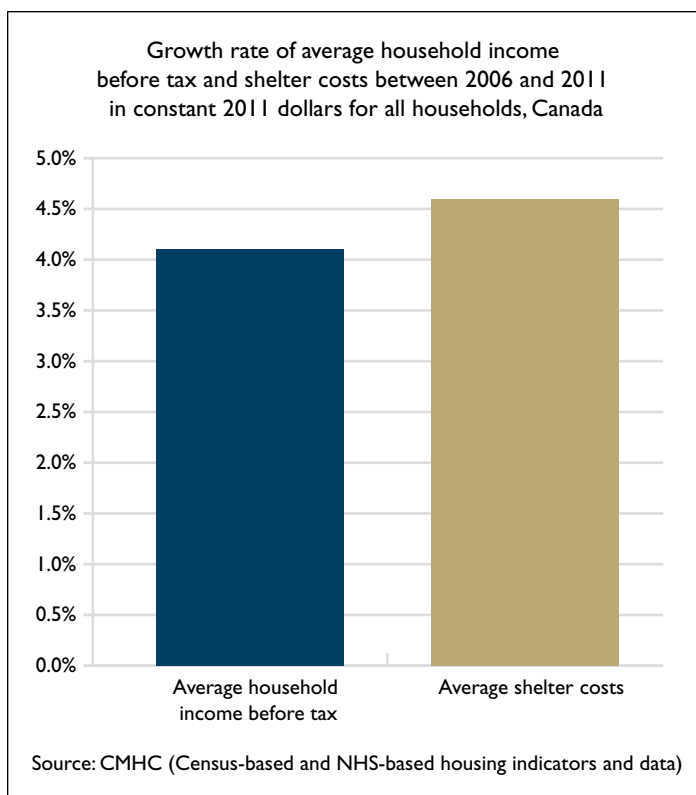


Figure 2 Shelter costs for all Canadian households had, on average, increased more rapidly than household incomes before tax

The incidence of households in severe housing need decreased in Yukon, the Northwest Territories and Nunavut between 2006 and 2011. The economic situation in these regions during this period as well as government investments in the housing sector in the North could be contributing factors to this decrease.

In 2011, among census metropolitan areas (CMAs), the major cities with the highest percentages of households in severe housing need were still Vancouver and Toronto (see figure 3). From 2006 to 2011, Vancouver rose to first place and Toronto moved to second place. During the same period, several major cities in Western Canada, such as Victoria, Kelowna, Saskatoon, Calgary and Edmonton, experienced significant increases in their incidence of households in severe housing need.¹ During this period, the rise in shelter costs for households in these cities was greater than the increase in income. The incidence of households in severe housing need increased in Regina even though income growth was greater than the increase in shelter costs.

¹ Visit Housing in Canada Online (HICO), an interactive Web tool, at <http://cmhc.beyond2020.com/>.

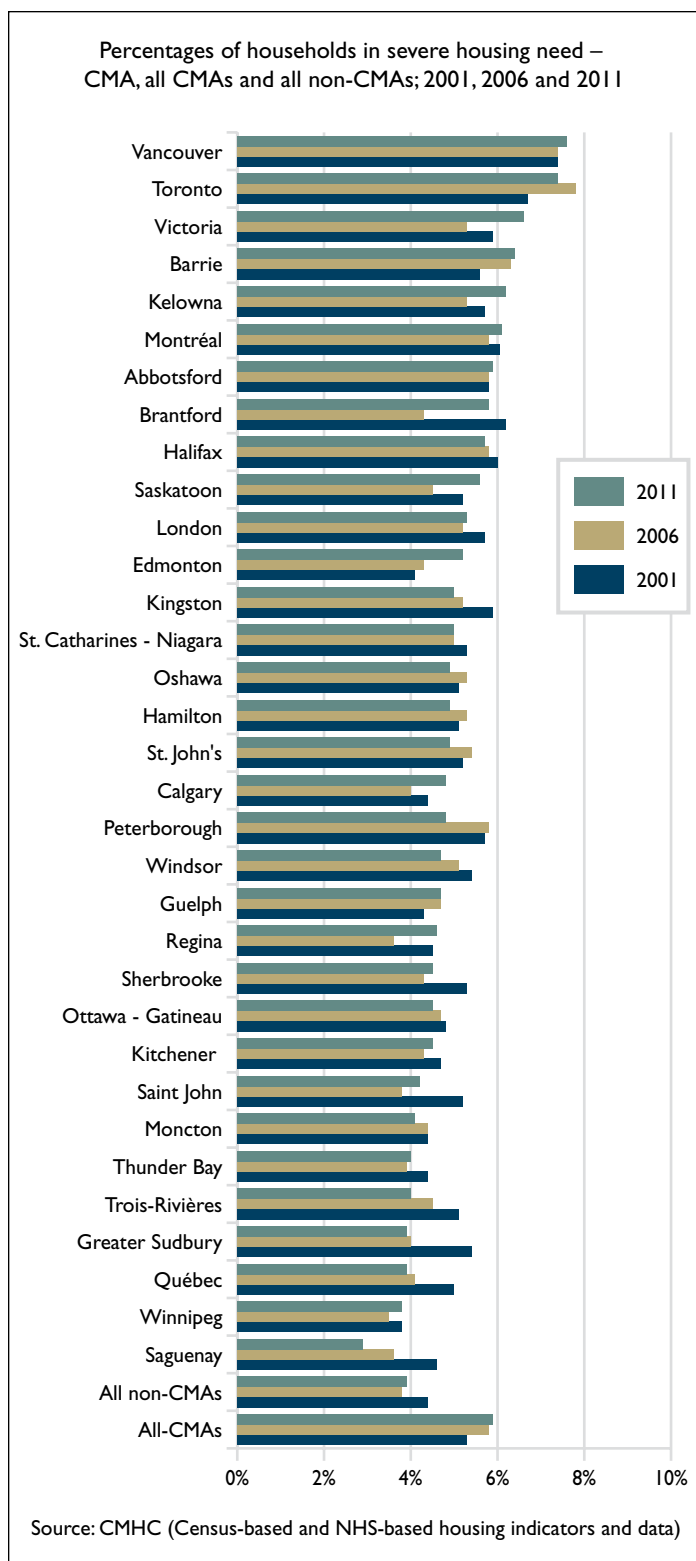


Figure 3 In 2011, the major cities with the highest percentage of households in severe housing need were once again Vancouver and Toronto

Housing conditions deteriorated slightly for many of the more vulnerable households

Households in severe housing need have significantly lower incomes than other households, which is not surprising considering that affordability is the main factor. Of all low-income households,² about one quarter (23.4%) are in severe housing need. However, low-income households account for the vast majority of households in severe housing need (see figure 4).

Certain households that are at greater risk of being low income are also more likely to be in severe housing need. This is the case, for example, for single-parent families, one-person households, households in which the primary household maintainer is not in the labour force and

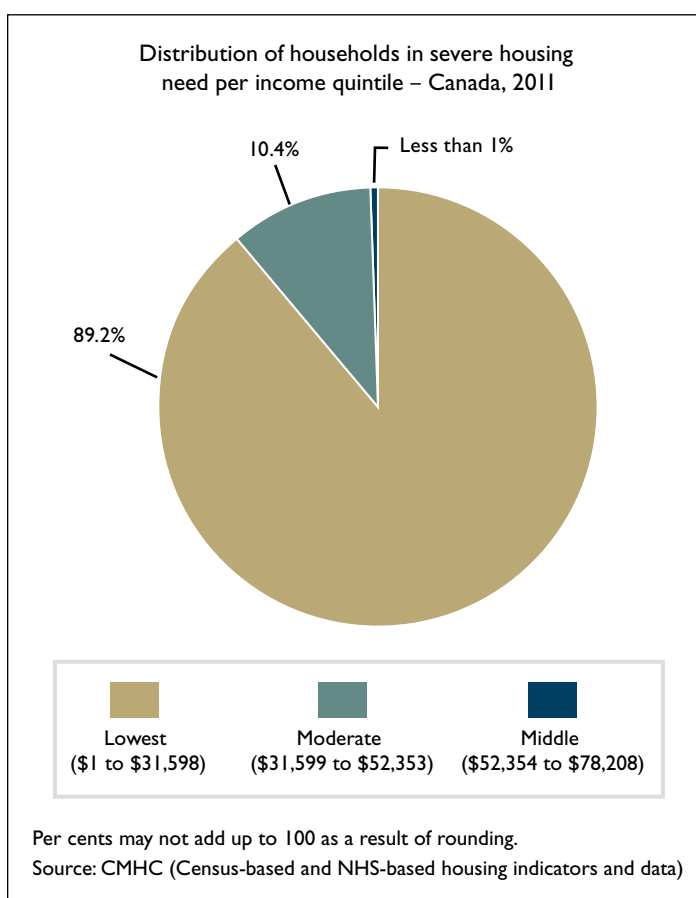


Figure 4 In 2011, 89% of households in severe housing need were in the lowest-income quintile

households whose primary maintainer is a recent immigrant,³ an Aboriginal person living off-reserve or an individual aged 15 to 29 (see figure 5).

Between 2006 and 2011, the incidence of severe housing need decreased for households whose primary maintainer was a recent immigrant. Despite this improvement, households whose primary maintainer was a recent immigrant had the highest percentage of households in severe housing need.

The situation of single-parent families and households whose primary maintainer was not in the labour force worsened compared to 2006. The situation of one-person households, households whose primary maintainer is an Aboriginal person living off-reserve and households whose primary maintainer is aged 15 to 29 underwent some changes but remained at close to the same level compared to 2006.

Several factors can influence the housing conditions of the most vulnerable groups. For example, some of these households may have more difficulty accessing affordable housing because they need housing with more bedrooms. Whatever the difficulties these households are facing, housing affordability is still at the centre of the issue.

Most households in severe housing need are renters

Most households in severe housing need are renters (see figure 6), which is not surprising since the vast majority of them are low-income households with more restricted access to homeownership. The proportion of households in severe housing need which rent decreased between 2006 and 2011, as did the proportion of renters among all Canadian households.

Renter households in severe housing need had higher shelter costs than all renter households

The difficulty faced by renter households in severe housing need is that they have very low incomes and higher shelter costs than households in a similar or better financial situation (see figure 7).

² For the purposes of this research, we consider low-income households to be those whose income is in the bottom quintile (\$1 to \$31,598).

³ Households whose primary maintainer immigrated to Canada in the five years preceding the census.

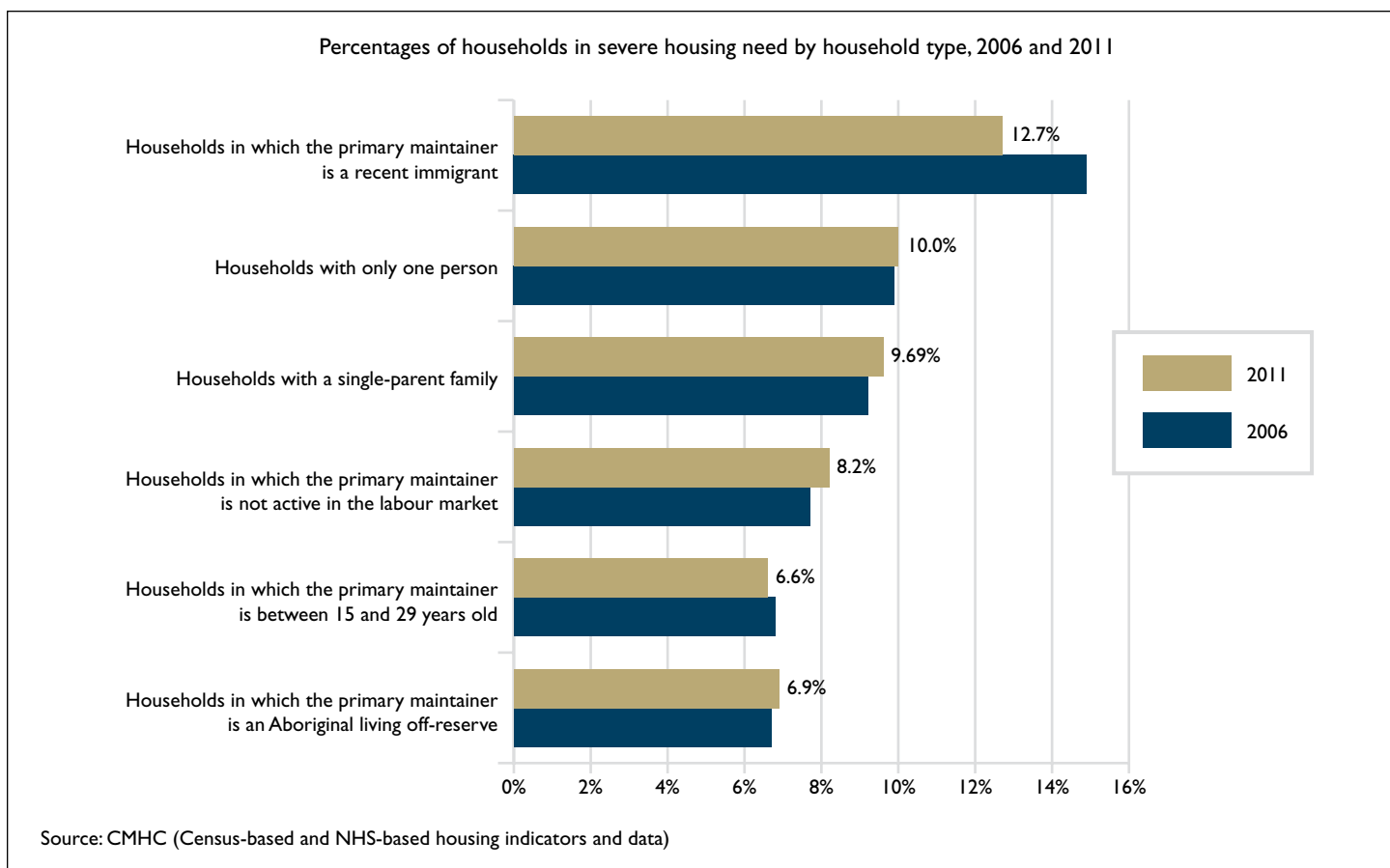


Figure 5 Among those households most likely to be in severe housing need, recent immigrants remain the most affected

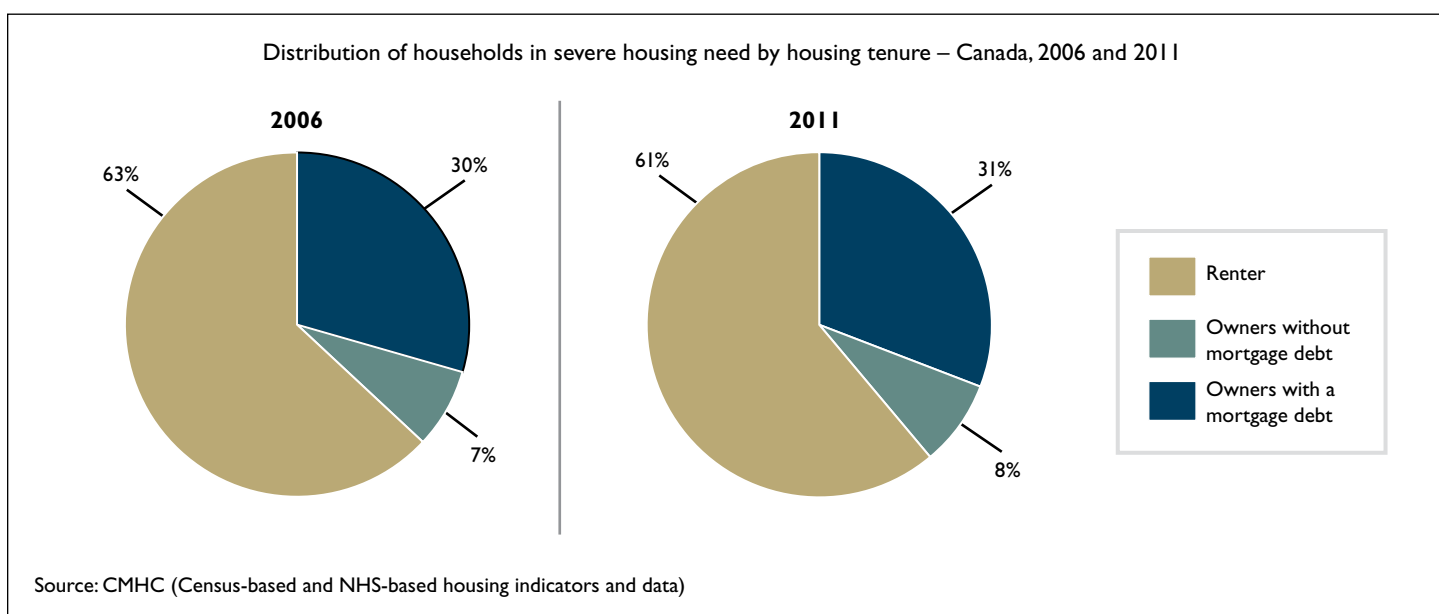


Figure 6 Most households in severe housing need are renters

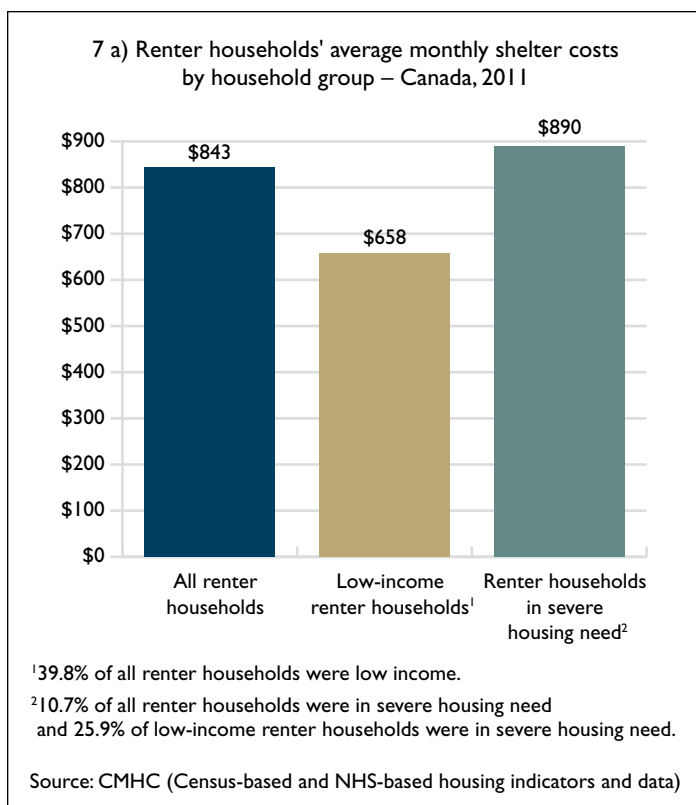
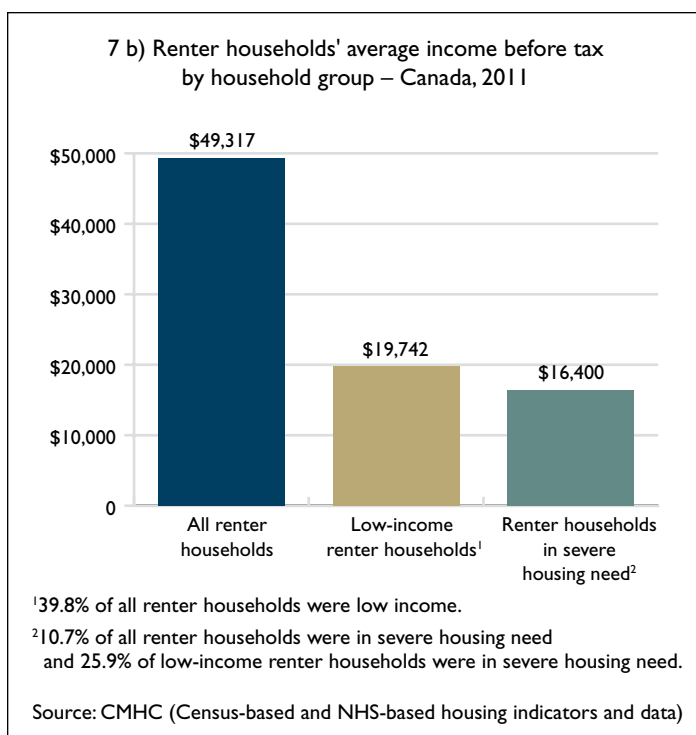


Figure 7 Renter households in severe housing need had higher shelter costs than all Canadian renter households...



...and income that was three times lower

One in three households in severe housing need owned their home

While the majority of households in severe housing need are renters, a little over one third of such households own their home, and most of these owners have a mortgage (see figure 6). Like renter households in severe housing need, homeowner households in this group have low incomes yet they have the same or higher shelter costs as other households in a similar or better financial situation.

Mortgage loan approval criteria prevent any household from spending 50% or more of its income on shelter costs. These households therefore had a higher income when they obtained their loan. Household transitions, such as loss of employment or family dissolution, can leave households in a more difficult position to access acceptable housing than before.

For households in severe housing need, the shelter cost-to-income ratio has gradually increased since 2001

For households in severe housing need, the proportion of income allocated to shelter costs increased slightly from 2001 to 2011 (see figure 8). This was the case primarily for households in severe housing need that own their home.

Households in severe housing need have little income for other expenses

As previously indicated, households in severe housing need have shelter costs similar to all Canadian households but have much lower incomes. Once shelter costs are paid, these households' disposable income for other expenses is significantly lower than that of all other households, and of all low-income households (see figure 9).

What we are doing to support new housing

The Government of Canada, through CMHC, works with its provincial and territorial partners to reduce the number of Canadians in need by improving access to affordable housing. Since 2011, new federal funding for affordable housing across Canada has been provided through the Investment in Affordable Housing (IAH).

The federal government has committed to an investment of more than \$1.9 billion through the IAH over eight years. Provinces and territories are cost-matching the federal investment. In recognition of the distinctive needs of Nunavut, an additional \$100 million over two years (2013-2015) has been invested by the Government of Canada to support new affordable housing in Nunavut.⁴

Through the IAH the Government of Canada recognizes that provinces and territories are best positioned to decide how to target funding in order to make a lasting difference. Under bilateral agreements⁵ with CMHC, provinces and territories are responsible for choosing the programs they design and deliver to address local housing needs and priorities.

As housing needs can vary across the country, under the IAH provinces and territories have the flexibility to invest in a range of programs and initiatives in order to reduce the number of Canadians in housing need, including northern Canadians. Initiatives can include new construction, renovation, homeownership assistance, rent supplements, shelter allowances, accessibility modifications and accommodations for victims of family violence.

Each year, the federal government provides support to nearly 600,000 Canadian households living in existing social housing, both on- and off-reserve. The majority of the off-reserve social housing portfolio is administered by provinces and territories under various long-term

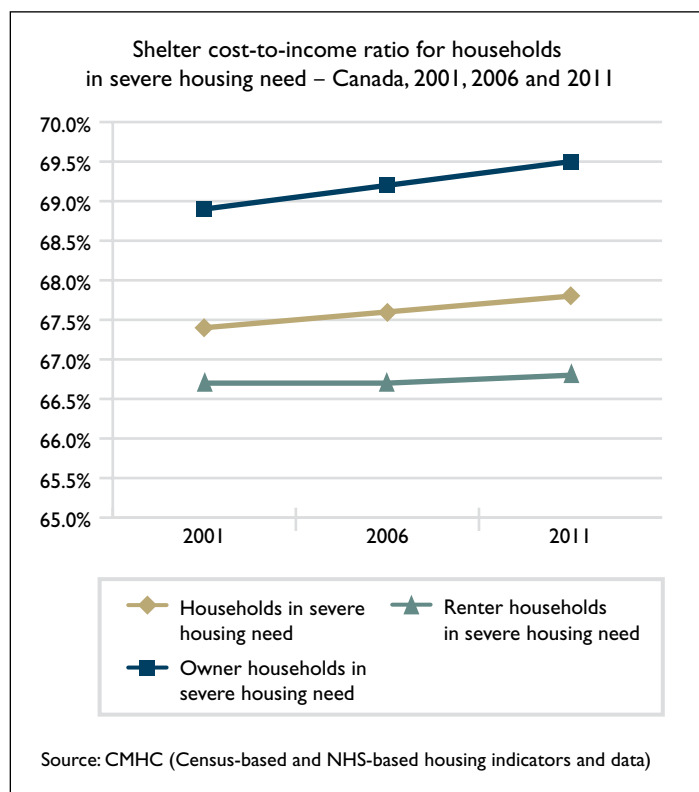


Figure 8 For households in severe housing need, the shelter cost-to-income ratio has gradually increased since 2001

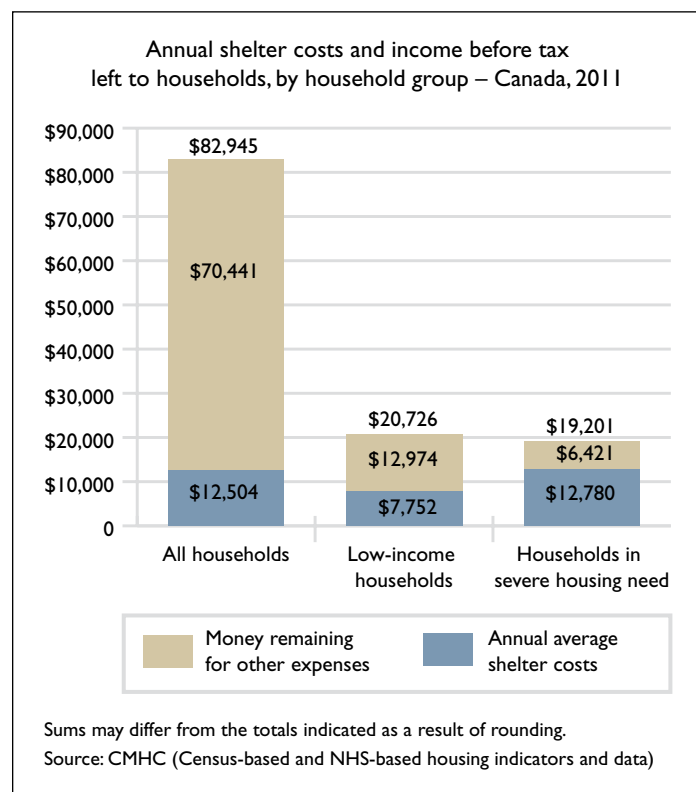


Figure 9 Households in severe housing need have little income for other expenses

⁴ This additional amount is not cost-matched by the Government of Nunavut.

⁵ Please see Investment in Affordable Housing Bilateral Agreements and Public Reporting: http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fuafho/iah/iah_003.cfm

agreements. These agreements set out the guidelines and conditions for the funding of housing programs, while leaving the administration in the hands of those who are most in touch with local needs. The rest of the portfolio is administered directly by CMHC. Ongoing subsidies help ensure that lower-income families living in these units do not pay a disproportionate amount of their income on housing.

CMHC also offers the Housing Internship Initiative for First Nations and Inuit Youth (HIIFNIY), which provides work experience and on-the-job training for First Nations and Inuit youth across Canada interested in pursuing a career in the housing industry. We receive a budget of \$1 million per year from Employment and Social Development Canada for this purpose.

To support sustainable housing design in the North, we have worked with northern housing providers to conceptualize, design, build and monitor innovative highly energy-efficient housing projects (Northern Sustainable Houses) in each of the three territories. We are now conducting research into the cost optimization of energy-efficient homes in the North.

Construction is underway on the new Canadian High Arctic Research Station (CHARS) in Cambridge Bay, Nunavut. We have been working with CHARS and other partners to assess heat recovery ventilation systems (HRVs), which are vital in maintaining the health of buildings in the North and their inhabitants. Data are being collected and analyzed to determine which features are required to make the optimum HRV for northern conditions.

ANNEX

I. Glossary

Acceptable housing: housing which is adequate in condition, suitable in size, and affordable.

Core housing need: a household is in core housing need if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to access local housing that meets all three standards.

- **Adequate housing** does not require any major repairs, according to residents. Major repairs include defective plumbing or electrical wiring, or structural repairs to walls, floors, or ceilings.
- **Suitable housing** has enough bedrooms for the size and makeup of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; lone parent; unattached household member age 18 or older; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (that is, a unit with no bedroom).
- **Affordable housing** costs less than 30% of before-tax household income. For renters, shelter costs include, as applicable, rent and payments for electricity, fuel, water and other municipal services. For owners, shelter costs include, as applicable, mortgage payments (principal and interest), property taxes, condominium fees, and payments for electricity, fuel, water and other municipal services.

Not all households in below-standard housing are in core housing need

If a household not living in acceptable housing can access acceptable local housing for less than 30% of its before-tax income, it is not in core housing need; it is in core housing need only if acceptable local housing would cost 30% or more of its before-tax income. In communities where market rents can be estimated, the cost of acceptable housing is calculated using the median rent of rental units with the number of bedrooms the household requires. Elsewhere, the cost of acceptable housing is based on the estimated monthly carrying cost of a newly constructed home with the number of bedrooms the household requires.

Households assessed for core housing need

Only private, non-farm, non-band, non-reserve households with incomes greater than zero and shelter cost-to-income ratios (STIRs) less than 100% are assessed for core housing need. Farms are excluded because shelter costs for farm households are not separable from costs related to other farm structures. Band households are excluded because shelter costs are not collected for households whose housing costs are paid through band housing arrangements. For the purpose of measuring affordability, CMHC regards STIRs of 100% or more, STIRs for households with incomes of zero or less, and STIRs of households living in non-band housing on reserves⁶ as uninterpretable.

Incidence of core housing need: the percentage of households in core housing need.

Co-operative (or co-op) housing: housing which is owned and managed by the people who live there.

⁶ Given communal land tenure in most reserve communities, the distinction among different tenures as reported on-reserve may be less clear than off-reserve.

ANNEX (CON'T)

Government-assisted housing: any housing created through government assistance such as social or public housing, housing created under federal-provincial/territorial (F-P/T) agreements under the Affordable Housing Initiative (2001–2011) and the Investment in Affordable Housing (2011–2014; 2014–2019), and housing provided unilaterally by governments outside of F-P/T agreements.

Housing allowances: subsidies paid by the government to a tenant to reduce the cost burden of housing, and rent subsidies, which are provided by landlords or property management companies to employees as part of their job benefit. Subsidy levels can be geared to income or a fixed amount.

Non-profit housing: rental housing built and managed by a community group, such as a faith group, labour union, or ethnic group. Non-profit housing can use both private funds and government subsidies to support subsidized rent for low-income tenants.

Public housing: housing which has been created under a variety of social housing programs between 1946-1993 that receive subsidy under federal-provincial-territorial agreements that is owned and operated by a government entity. Typically all of the units are rent geared to income (RGI).

Rent geared to income (RGI): housing where the rent is calculated based on a percentage of gross household income, typically 25%-30%. RGI housing is typically found in social or public housing.

Rent supplements: subsidies paid by the government to private landlords who house low-income tenants. Subsidy levels can be geared to income (that is, the difference between negotiated market rent and the geared-to-income rent the household is able to pay).

Social housing: federally assisted housing created under a variety of social housing programs between 1946-1993 that receive subsidy under federal-provincial-territorial agreements. Depending on the program, some or all of the units may be RGI. Social housing can also include market rent units. This housing is typically owned and operated by non-profit and co-operative societies or government agencies.

Shelter cost-to-income ratio (STIR): the STIR is calculated for each household by dividing its total shelter cost by its total household income. Shelter costs include, as applicable, rent, mortgage payments (principal and interest), property taxes, condominium fees, and payments for electricity, fuel, water and other municipal services. The average STIR for a particular group is the average of the STIRs recorded for each household in that group; it cannot be calculated by dividing the group's total average shelter cost by the group's total average income.

ACKNOWLEDGEMENTS

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For further information on CMHC's NHS/Census-based housing data, refer to *Housing in Canada Online* on the CMHC website, at www.cmhc.ca. To inquire or comment on this Highlight or make suggestions for further research, please contact us.

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Housing Research at CMHC

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Alternative text and data for figures

Figure 1 Percentages of households in severe housing need – Canada, provinces and territories, 2001, 2006 and 2011

Provinces and territories	2001 (%)	2006 (%)	2011 (%)
Canada	5.3	5.1	5.3
Nunavut	2.8	2.4	1.4
Northwest Territories	3.6	3.8	3.1
Yukon	4.7	4.8	3.9
Manitoba	3.6	3.4	3.3
New Brunswick	4.1	3.7	3.6
Prince Edward Island	4.2	4.1	3.9
Newfoundland and Labrador	4.6	4.2	4.1
Saskatchewan	4.2	3.9	4.3
Alberta	4.0	3.9	4.7
Quebec	5.2	4.6	4.7
Nova Scotia	5.5	5.0	5.0
Ontario	5.6	5.9	5.8
British Columbia	6.7	6.2	6.7

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 2 Growth rate of average household income before tax and shelter costs between 2006 and 2011 in constant 2011 dollars for all households, Canada

All households	Average household income before tax 2011 (%)	Average shelter costs 2011 (%)
Canada	4.1	4.6

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 3 Percentages of households in severe housing need – CMA, all CMAs and all non-CMAs 2001, 2006 and 2011

Regions	2001 (%)	2006 (%)	2011 (%)
All CMAs	5.3	5.8	5.9
All non-CMAs	4.4	3.8	3.9
Saguenay	4.6	3.6	2.9
Winnipeg	3.8	3.5	3.8
Québec	5.0	4.1	3.9
Greater Sudbury	5.4	4.0	3.9
Trois-Rivières	5.1	4.5	4.0
Thunder Bay	4.4	3.9	4.0
Moncton	4.4	4.4	4.1
Saint John	5.2	3.8	4.2
Kitchener	4.7	4.3	4.5
Ottawa-Gatineau	4.8	4.7	4.5
Sherbrooke	5.3	4.3	4.5
Regina	4.5	3.6	4.6
Guelph	4.3	4.7	4.7
Windsor	5.4	5.1	4.7
Peterborough	5.7	5.8	4.8
Calgary	4.4	4.0	4.8
St. John's	5.2	5.4	4.9
Hamilton	5.1	5.3	4.9
Oshawa	5.1	5.3	4.9
St. Catharines-Niagara	5.3	5.0	5.0
Kingston	5.9	5.2	5.0
Edmonton	4.1	4.3	5.2
London	5.7	5.2	5.3
Saskatoon	5.2	4.5	5.6
Halifax	6.0	5.8	5.7
Brantford	6.2	4.3	5.8
Abbotsford	5.8	5.8	5.9
Montréal	6.0	5.8	6.1
Kelowna	5.7	5.3	6.2
Barrie	5.6	6.3	6.4
Victoria	5.9	5.3	6.6
Toronto	6.7	7.8	7.4
Vancouver	7.4	7.4	7.6

Source: CMHC (Census-based and NHS-based housing indicators and data)

Research Highlight

2011 Census/National Household Survey Housing Series: Issue 7 – Households in Core Housing Need and Spending at Least 50% of Their Income on Shelter

Figure 4 Distribution of households in severe housing need per income quintile – Canada, 2011

Distribution of households	Private households	Percentages of households in severe housing need per income quintile
Lowest (\$1 to \$31,598)	584,355	89.20
Moderate (\$31,599 to \$52,353)	68,340	10.40
Middle (\$52,354 to \$78,208)	2,680	0.4
2 nd quintile (\$78,209 to \$117,160)	10	0.0
1 st (highest) quintile (\$117,161 or more)	0	0.0

Per cents may not add up to 100 as a result of rounding

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 5 Percentages of households in severe housing need by household type, 2006 and 2011

Distribution of households	2006 (%)	2011 (%)
Households in which the primary maintainer is an Aboriginal living off-reserve	6.7	6.9
Households in which the primary maintainer is between 15 and 29 years old	6.8	6.6
Households in which the primary maintainer is not active in the labour market	7.7	8.2
Households with a single-parent family	9.2	9.6
Households with only one person	9.9	10.0
Households in which the primary maintainer is a recent immigrant	14.9	12.7

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 6 Distribution of households in severe housing need by housing tenure – Canada, 2006 and 2011

Distribution of households	2006		2011	
	Number of households	Percentage of private households	Number of households	Percentage of private households
Owners with a mortgage debt	178,725	29.6	203,390	31.0
Owners without mortgage debt	45,170	7.5	52,380	8.0
Renter	380,615	63.0	399,610	61.0
Total	604,510	100.0	655,380	100.0

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 7a Renter households' average monthly shelter costs by household group – Canada, 2011

Renters	Average shelter costs (\$)
All renter households	843
Low-income renter households ¹	658
Renter households in severe housing need ²	890

¹ 39.8% of all renter households were low income.² 10.7% of all renter households were in severe housing need and 25.9% of low-income renter households were in severe housing need.

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 7b Renter households' average annual income before tax by household group – Canada, 2011

Renters	Household's average income before tax (\$)
All renter households	49,317
Low-income renter households ¹	19,742
Renter households in severe housing need ²	16,400

¹ 39.8% of all renter households were low income.² 10.7% of all renter households were in severe housing need and 25.9% of low-income renter households were in severe housing need.

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 8 Shelter cost-to-income ratio for households in severe housing need – Canada, 2001, 2006 and 2011

	2001 (%)	2006 (%)	2011 (%)
Households in severe housing need	67.4	67.6	67.8
Owner households in severe housing need	68.9	69.2	69.5
Renter households in severe housing need	66.7	66.7	66.8

Source: CMHC (Census-based and NHS-based housing indicators and data)

Figure 9 Annual shelter costs and income before tax left to households, by household group – Canada, 2011

	All households	Low-income households	Households in severe housing need
Annual average shelter costs	12,504	7,752	12,780
Money remaining for other expenses	70,441	12,974	6,421

Sums may differ from the totals indicated as a result of rounding.

Source: CMHC (Census-based and NHS-based housing indicators and data)