

CANADIAN HOUSING OBSERVER 2008



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SIXTH IN A YEARLY SERIES

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A Message from Karen Kinsley, President of Canada Mortgage and Housing Corporation

It is my pleasure to present the *Canadian Housing Observer 2008*, Canada Mortgage and Housing Corporation's flagship publication. This 6th edition of the *Observer* provides a detailed review of housing conditions and trends in Canada, as well as the key factors behind them.

CMHC's mandate since 1946 has been to provide safe, adequate and affordable homes to all Canadians. This year's *Observer* features an innovative examination of the dynamics of core housing need, based on data from the CMHC housing cost module in the annual Statistics Canada *Survey of Labour and Income Dynamics*. This marks the first time that the movement of Canadians into and out of core housing need is examined.

The *2008 Observer* also discusses the challenges of providing housing in Canada's North and what is being done to respond to these challenges, including innovations in design and materials to improve energy efficiency, to reduce construction time and costs, to improve the stability of foundations constructed in permafrost, and to make northern housing more culturally appropriate.

We strive to make the *Observer* a "must read", a relevant and useful reference guide to a wide audience in the private, co-operative and government sectors, including housing planners, researchers and policy makers; educators and students; home builders and renovators; and housing finance and real estate professionals.

In addition to the print publication of the *2008 Observer*, a broad range of online statistical information on the housing market and housing conditions is available on CMHC's website, and these data are updated throughout the year. This includes the *Housing in Canada Online* tool, which facilitates users' electronic retrieval and analysis of national, regional and local housing data (visit www.cmhc.ca and follow the link to the *Canadian Housing Observer 2008*).

I would like to thank all of those who have contributed to this edition of the *Observer*. I am confident you will find it to be a wealth of information on the Canadian housing front.

Your comments and suggestions are welcome. Please address them to: *Canadian Housing Observer*, Policy and Research, CMHC, 700 Montreal Road, Ottawa, ON K1A 0P7 or sbaynes@cmhc.ca.



A handwritten signature in black ink, appearing to read 'K. Kinsley'.

Karen Kinsley
President, CMHC

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The State of Canada's Housing An Overview



Recent Trends in Housing Affordability and Core Housing Need

- The CMHC-sponsored addition of a set of housing-related questions in Statistics Canada's *Survey of Labour and Income Dynamics* (SLID) has allowed not only the cross-sectional or "point-in-time" review of urban Canadians' housing conditions for any given intercensal year (2002-2005), but also the longitudinal study or tracking of the housing conditions of the same people over time (2002-2004).
- The incidence of urban core housing need in 2005 (13.5 per cent) remained at about the same level as in 2004 (13.6 per cent), largely as a result of Canada's sustained healthy economy. Almost 8.7 million urban Canadian households either lived in, or had sufficient income to access, acceptable housing in 2005.
- In 2005, urban households in Newfoundland and Labrador, Ontario and British Columbia had the highest incidences of core housing need (at 17.2 per cent, 15.5 per cent, and 14.6 per cent, respectively), higher than the national average of 13.5 per cent. Alberta (at 8.5 per cent) had the lowest incidence of urban core housing need in the country, well below the national average.
- While cross-sectional estimates of people living in an urban household in core housing need (at about 12 per cent) tend to show a similar level of urban core housing need in any single year during 2002-2004, and apparently no change in the composition of households facing this situation, longitudinal estimates reveal that there is a significant turnover among urban Canadians experiencing core housing need over time.
- Of the about 15 per cent of urban Canadians ever in core housing need, only about one-third lived persistently (all three years) in a household in core housing need over the three-year period (2002-2004), while about two-thirds did so occasionally (for one or two years).
- Between 2002 and 2004, individuals who lived in female lone-parent families (at 54.6 per cent), renters (at 39.7 per cent), senior women living alone (at 37.3 per cent), and those who lived in Toronto (at 21.9 per cent), and Vancouver (at 20.9 per cent) were more likely than the average Canadian (at about 15 per cent) to ever (at least one year) live in an urban household in core housing need.
- More than six in 10 people living in subsidized rental accommodations who ever lived in a core housing need household did so occasionally rather than persistently.
- Those who experienced some type of transition during 2002-2004 were also more likely to ever have lived (at least one year) in an urban household in core housing need than the average Canadian. This was the case for individuals who moved between Census Metropolitan Areas or Census Agglomerations (at 25.7 per cent), those whose tenure changed (at 23.9 per cent), and those whose family type changed (at 19.2 per cent).
- The preceding analysis of the dynamic nature of core housing need shows that while about one-third of people in households in core housing need are persistently unable to access acceptable housing, the other two-thirds experience core housing need occasionally.



- A better understanding of the distinct characteristics and housing experiences of these two groups is important to the development of effective policy approaches and programs to assist those in need.

Demographic and Socio-economic Influences on Housing Demand

- Population growth in Canada has been slightly stronger in recent years than in the last half of the 1990s, largely as a result of rising immigration. In 2006, immigrants made up 20 per cent of Canada's population, the highest share in 75 years. Although most newcomers to Canada still settled in Toronto, Montréal, or Vancouver, the geographic distribution of recent immigrants was somewhat less concentrated in 2006 than in 2001.
- Strong employment and income growth continue to bolster homeownership demand in Canada. In 2007, the unemployment rate hit the lowest level in over 30 years, and the rate of participation in the labour force reached a high for the same period.
- There is no obvious evidence however that steady employment and growing incomes made people more likely to move out of shared accommodation than in the past. Although annual household growth went up, from an average of 148,600 between 1996 and 2001, to 174,900 between 2001 and 2006, the increase largely reflected more rapid population growth.
- The strong job market and growing incomes did raise the need for new construction by helping usher in a boom in homeownership. The rate of homeownership in Canada rose from 65.8 per cent in 2001 to 68.4 per cent in 2006, the largest increase between censuses dating back to 1971. Rapid increases in the ownership rate began in the second half of the 1990s when the economy emerged from the effects of the recession in the early 1990s. Households in all stages of life were more likely to own their homes in 2006 than their counterparts in 1996.
- The rush into homeownership positioned increasing numbers of households to benefit from strong house price appreciation. The annual growth in net worth of households in real terms (i.e. after inflation) from 1999

to 2005 (at four per cent) was double that in the previous 15 years, and equity in real estate accounted for almost half of the growth. As a consequence, the large disparities in the net worth of homeowners and renters widened further.

- Changes over time in the composition of Canadian households reflect the influence of aging baby boomers, the youngest of whom entered their early forties between 2001 and 2006. Households headed by persons aged 40 and older accounted for all of the household growth in Canada over the period. Couples with children have represented a declining percentage of all households for decades, and the average size of Canadian households continues to shrink.

Current Market Developments

- The housing market was buoyant in 2007, with starts high, sales strong, price increases at double-digit levels, and renovation spending hitting new highs.
- Housing starts edged up to 228,343 units in 2007, the second best performance in two decades. Multiple starts were particularly strong, rising 3.2 per cent to the highest level in 29 years, while single-detached starts declined by two per cent. The largest percentage increases in total starts were in Saskatchewan (61.7 per cent) and Newfoundland and Labrador (18.6 per cent). Starts in Ontario, Nova Scotia and Alberta declined.
- Strong housing demand produced seller's market conditions across most of the country, and sales of existing homes reached a new all-time record level with increases in all provinces except Alberta. The average MLS® home price reached \$307,300 in 2007, up 11 per cent from 2006. New house prices as measured by the New Housing Price Index (which measures the prices of new homes of constant size and quality) rose by 7.8 per cent.
- The national apartment vacancy rate remained virtually unchanged at 2.6 per cent in October 2007. Rent increases were moderate in most centres, but high in some that had low vacancy rates. The highest average rent increases for two-bedroom apartments in the existing stock were in Edmonton (18.8 per cent), Calgary (15.3 per cent) and Saskatoon (13.5 per cent).

- The solid performance of the housing market, strong employment and income growth, and low interest rates have contributed to strength in renovation spending in recent years. The uninterrupted growth since 1999 continued in 2007, with total spending on alterations, improvements and repairs increasing nine per cent from 2006.

Housing Finance

- In spite of turmoil on the world stage due to the U.S. sub-prime mortgage crisis, the Canadian housing finance market continued its steady growth, with average mortgage credit outstanding rising to \$774 billion in 2007, up 11.5 per cent from 2006.
- Canada did not experience the same problems as the U.S. for a number of reasons – it has a negligible sub-prime mortgage sector; it is characterized by prudent underwriting both in the portion of the market funded by direct deposits and in its securitized sector (which is also much smaller than in the U.S.); and marginal borrowers here have not been aggressively targeted with more “exotic” mortgage instruments as they were across the United States. Further, the mandatory use of mortgage insurance in Canada for high-ratio (over 80 per cent) loans provides a second check on the quality of the loan.
- Mortgage arrears in Canada remain low. In 2007 (as in 2006), slightly more than one in 400 households (0.26 per cent) fell three or more months behind in their mortgage payments, the lowest rate since 1990. By contrast, in the U.S., delinquencies for sub-prime loans made in 2005 and 2006 are approaching 40 per cent.
- The Canadian five-year posted mortgage rate averaged 7.07 per cent in 2007, up slightly from 6.66 per cent in 2006. The spread between fixed- and variable-rate mortgages widened in 2007, resulting in an increase in the share of variable-rate mortgages to 29 per cent, up from 22 per cent in 2006, but still below the peak of 36 per cent in 2005.
- Rising house prices brought about a deterioration in the affordability of new home purchase, with the ratio of monthly mortgage payment to average after-tax household income increasing to 37 per cent in 2007 compared to 32 per cent in 2006. Even with this deterioration, housing affordability in 2007 remains at the average of the period from 1980 to 2007.
- Based on responses to CMHC’s 2007 *Mortgage Consumer Survey*, mortgage consumers are generally comfortable with their debt load. In addition, four out of 10 intend to reduce their amortization period on their next renewal, and three out of 10 have at some point made a lump sum payment on their mortgage.
- Uncertainty in credit markets, and limited funding sources for non-deposit taking institutions, fuelled institutional interest in Canada Mortgage Bonds (CMB) as a mortgage funding mechanism in 2007, contributing to a 61 per cent increase in total issuance of CMB and NHA Mortgage-Backed Securities.

Sustainable, Healthy Communities

- Improvements in district planning and infrastructure have contributed to increasing the lifespan of Canadians by 30 years since the early 1900s. Infectious diseases, often caused and spread through unhealthy living conditions in communities, account currently for only two per cent of deaths.
- Sustainable community development can foster active lifestyles and enhance the health of residents. Approaches can include a more efficient use of land and infrastructure, a mix of land uses and housing types, transit-oriented development, brownfield redevelopment, and green space preservation.

- Appropriate urban planning can reduce automobile use, the community impacts of which go well beyond ill health caused by air pollution. The reduction of traffic in neighbourhoods has been shown to produce positive results on many fronts, including increased children's play, more social interaction, reduced noise, more walking, and collision reduction—all leading to a healthier, less stressful lifestyle.
- Sustainable approaches include regulating traffic flow to minimize stop and go movements (which increase emissions); alternative street network designs that favour pedestrian and cyclist safety; and paths to amenities separate from other traffic and pollution sources. Neighbourhoods that achieve optimal density for services and other meaningful destinations within walking or cycling distance can also significantly reduce automobile usage in residential neighbourhoods.
- Green roofs and reductions in impermeable street surfaces can improve water quality.

Northern Housing

- There are multiple challenges to providing housing in Canada's North. These include the harsh climate, permafrost, the impacts of climate change, geographical isolation, high costs, limited transportation infrastructure, community capacity issues and diverse cultural and socio-economic influences.
- In examining the challenges and the outcomes, the Northern Housing chapter focuses on the three territories north of the 60th parallel—Yukon, the Northwest Territories and Nunavut—and the Inuit regions of Nunavik in northern Quebec and Nunatsiavut in Labrador. This total area, representing over 40 per cent of Canada's land mass, is home to about 115,000 people living in some 90 communities.
- The northern population is young and growing rapidly, especially the Aboriginal population which represents nearly 60 per cent of Northerners. Over 16 per cent of Northern households were overcrowded in 2006, compared to just over six per cent in Canada as a whole. In 2001, close to a quarter of the households were in core housing need, compared to less than 14 per cent for the country as a whole.
- The rate of homeownership is low. There is little incentive to take the risk of home purchase where there is no active housing market; i.e., outside of major centres such as Yellowknife and Whitehorse. Private rental outside these centres is also typically unavailable and rental housing is predominantly either social housing owned by territorial/provincial housing corporations, or government staff housing.
- Many communities in the North are remote and inaccessible by road, resulting in high construction costs. Building materials are transported by barge or ship during the late summer months, on seasonal ice roads or by air. The cold and long winters limit the length of the construction season and contribute to high home heating and electricity costs.
- Innovative foundation techniques, such as thermal piles and space frame foundations, have been developed to respond to the challenges of building on permafrost. Although permafrost provides a stable base as long as it remains frozen, loss of heat from underneath the house can cause melting and structural problems if the house is not elevated from the ground.
- Aboriginal people who still follow traditional lifestyles have unique housing needs. Design charrettes and consultations with local communities have resulted in house designs that are more suited to a hunting culture, including space for skinning animals at home, room for traditional large gatherings to eat country food and cold storage areas.

Recent Trends in Housing Affordability and Core Housing Need

2

Prior to 2002, CMHC's reviews of Canadian housing conditions and core housing need (see *Acceptable Housing and Core Housing Need text box*) were for the most part based on housing data collected every five years by Statistics Canada's Census of Population which is sponsored by CMHC. In 2002, CMHC began sponsoring a housing cost module in the *Survey of Labour and Income Dynamics*

(see *SLID text box*) to complement the housing data gathered by the Census and enable the monitoring of housing conditions of Canadians during intercensal years.

The *Canadian Housing Observer 2007*¹ chapter on housing affordability presented the first ever detailed review of cross-sectional² single year estimates of urban³ housing affordability and core housing need for intercensal years, specifically 2002-2004. SLID data⁴ were used to assess

Acceptable Housing and Core Housing Need

The term **acceptable housing** refers to housing that is adequate in condition, suitable in size, and affordable.

- **Adequate** dwellings are those reported by their residents as not requiring any major repairs.
- **Suitable** dwellings have enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there

are two opposite sex children under five years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e. a unit with no bedroom).

- **Affordable** dwellings cost less than 30 per cent of before-tax household income.

Households which occupy housing that falls below any of the dwelling adequacy, suitability or affordability standards, and which would have to spend 30 per cent or more of their before-tax income to pay for the median rent of alternative local market housing that meets all three standards, are said to be in **core housing need**.

1 See www.cmhc.ca.

2 A cross-sectional estimate refers to a snapshot of a condition at a particular time (for example, in 2002).

3 Housing conditions of households living in Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs) with core populations over 100,000 and 10,000, respectively, as defined by the 2001 Census geography. SLID data for 2002-2005 are based on 2001 Census geography. Whitehorse, YK and Yellowknife, NWT are excluded as they are not part of the SLID sample. Comprising almost all of urban Canada, the cities included in this study housed 23.8 million people or nearly 80 per cent of the national population in 2001.

4 Since the SLID sample of some 30,000 households is much smaller than the 2001 Census sample which gathered data from some 2.3 million households, SLID-based estimates would have less precision than estimates based on census data. Census and SLID data are not completely comparable. Nonetheless, SLID-based estimates can provide useful high-level insights into housing trends.

housing adequacy, suitability and affordability (see definitions in *Acceptable Housing and Core Housing Need text box*) and CMHC's *Rental Market Survey* data were used to determine the income levels required to access acceptable rental housing. The first section below adds 2005 SLID-based cross-sectional estimates of urban housing affordability and core housing need to that examination.

The second section below provides the first ever review of longitudinal⁵ estimates of core housing need. As SLID follows the same people for up to six years (see *SLID text box*), it is possible to track their housing conditions over that time, not just for a single year. From year to year, individuals and households may experience changes in their housing conditions. This section examines the dynamics of core housing need; that is, movements into and out of core housing need over 2002-2004.

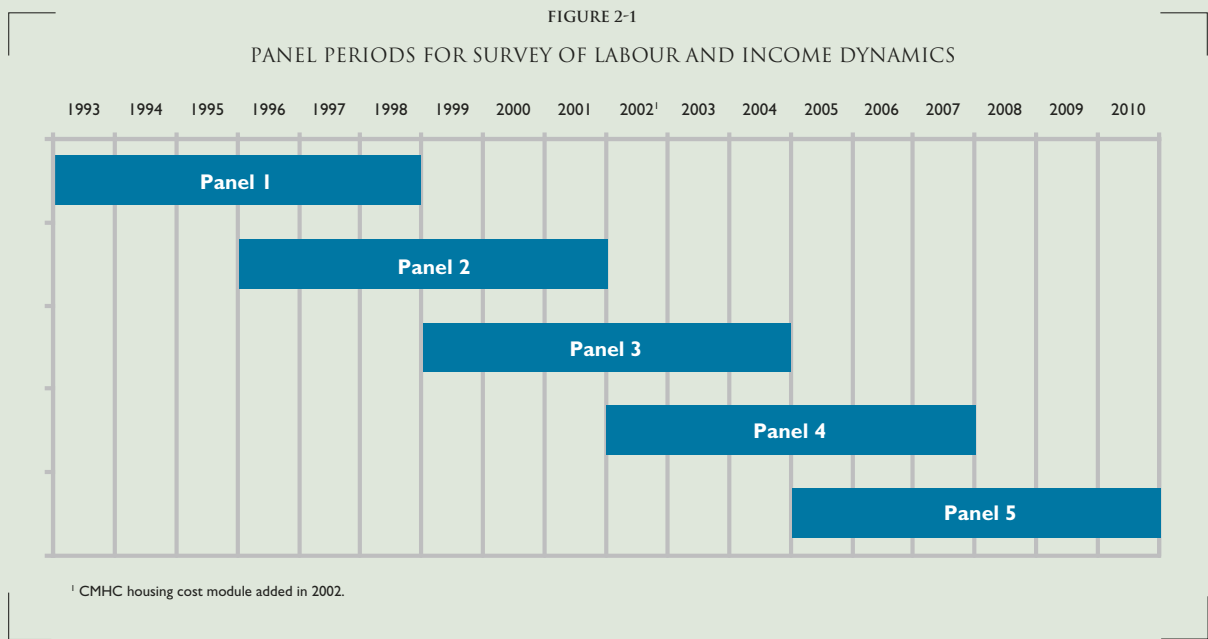
The Survey of Labour and Income Dynamics (SLID)

SLID is a survey conducted annually by Statistics Canada to collect information on the labour and income characteristics of Canadians. SLID covers the 10 Canadian provinces but excludes those Canadians living in the territories, in institutions or collective dwellings, in military barracks and on Indian reserves. According to Statistics Canada, these exclusions amount to less than three per cent of the Canadian population (see www.statcan.ca). SLID also excludes the homeless.

SLID collects information for two groups or panels of people who are tracked over a period of six consecutive years. Each panel comprises a sample

of about 15,000 households. A new panel begins every three years and thus the two panels overlap for three years (see *Figure 2-1*).

In 2002, a housing cost module was added to SLID as a result of CMHC sponsorship. Until then, SLID had collected only a few housing characteristics. As part of the housing cost module, over 20 housing-related questions were added to SLID. The addition of this module enables the review of most Canadians' housing conditions between censuses as well as the tracking of their housing conditions over time.



5 A longitudinal estimate is based on data collected for the same person over a period of time. This makes it possible to track, for example, that person's housing conditions over a number of years.

FIGURE 2-2
HOUSING CONDITIONS IN CENSUS METROPOLITAN AREAS AND CENSUS AGGLOMERATIONS,¹
CANADA, 2002-2005

Year	SLID Panel	All households ²		Living in acceptable housing ²		Living in housing below one or more standards ²			
		Total (millions)	Per cent	Total (millions)	Per cent	Able to access acceptable housing		Unable to access acceptable housing – in core housing need	
						Total (millions)	Per cent	Total (millions)	Per cent
2005	4 and 5	9.9	100	6.8	68.2	1.8	18.2	1.3	13.5
2004	3 and 4	9.6	100	6.7	69.9	1.6	16.5	1.3	13.6
2003	3 and 4	9.5	100	6.7	69.8	1.6	16.3	1.3	13.9
2002	3 and 4	9.4	100	6.6	69.7	1.5	16.4	1.3	13.9

¹ Household counts for CMAs and CAs do not include Whitehorse, YK and Yellowknife, NWT.

² Includes only private, non-farm, non-band, non-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100 per cent. All figures are rounded.

Source: CMHC (SLID-based Housing Indicators and Data)

2005 urban core housing need: little change from 2004

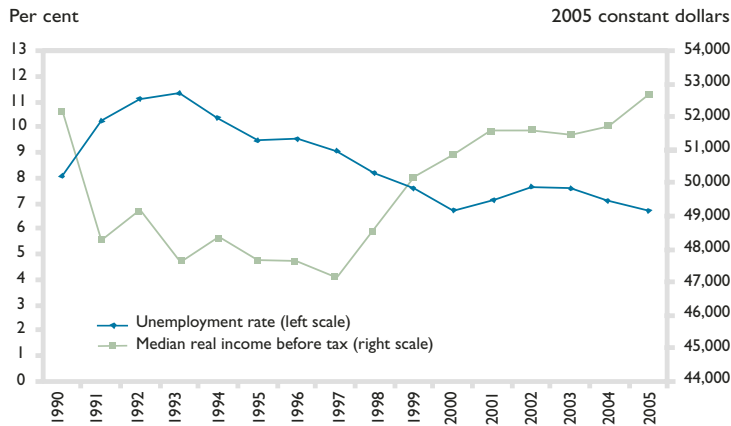
Urban core housing need changed very little from 2004 to 2005. In 2005, almost 6.8 million households⁶ in urban Canada lived in acceptable housing (see *Acceptable Housing and Core Housing Need text box*), up very slightly from 2004 (see *Figure 2-2*). In addition, there were about 1.8 million households which, although living in housing below one or more standards, could have obtained acceptable housing in their cities at a cost of less than 30 per cent of before-tax household income. In total, 86.5 per cent of urban Canadian households either lived in, or had

sufficient income to access, acceptable housing in 2005, compared to 86.4 per cent in 2004. Although shelter costs increased in 2005, higher incomes and lower unemployment helped to keep the incidence of core housing need among urban Canadian households at 13.5 per cent, about the same level as in 2004 (13.6 per cent). Canada's economy continued to be healthy in 2005: households' median real before-tax incomes⁷ grew from \$51,700 in 2004 to \$52,700 and the unemployment rate went below seven per cent for the first time since 2000 (see *Figure 2-3*).

6 The universe of urban households reviewed in this chapter includes only private, non-farm, non-band, off-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100 per cent. Shelter costs cannot be collected for farm households as carrying costs for farm residences are not always separable from expenses related to other farm structures. Shelter costs cannot be collected for on-reserve households as it is the band that pays most of the housing costs and these costs are not always known by the occupant households. CMHC regards shelter-cost-to-income ratios of 100 per cent or more as uninterpretable and therefore households with such ratios along with those reporting zero or negative incomes are excluded from the analysis.

7 Household real incomes are adjusted for inflation and expressed in 2005 dollars.

FIGURE 2-3
HOUSEHOLD MEDIAN REAL INCOME BEFORE TAX
AND UNEMPLOYMENT RATE, 1990-2005



Source: Survey of Consumer Finances (1990-1995), Survey of Labour and Income Dynamics (1996-2005)

As in 2004, failing to meet the housing affordability standard was the principal reason for urban households falling into core housing need in 2005 (see Figure 2-4). Only one per cent of all urban households fell into core housing need by failing to meet the suitability and/or adequacy housing standards alone.

In 2005, female lone-parent renters had the highest incidence (at about 48 per cent) of core housing need, significantly above the national average of 13.5 per cent. One-person households (including both renters and owners) accounted for almost half (49.7 per cent) of all households in core housing need in 2005.

FIGURE 2-4
PERCENTAGE OF URBAN HOUSEHOLDS BELOW HOUSING STANDARDS, 2004-2005

Housing standard(s) not met	Total				Able to access acceptable housing				Unable to access acceptable housing - in core housing need			
	2004		2005		2004		2005		2004		2005	
	Per cent	Cumulative Per cent	Per cent	Cumulative Per cent	Per cent	Cumulative Per cent	Per cent	Cumulative Per cent	Per cent	Cumulative Per cent	Per cent	Cumulative Per cent
Affordability only	20.1	20.1	20.8	20.8	9.2	9.2	10.1	10.1	10.9	10.9	10.8	10.8
Affordability and adequacy	1.5	21.6	1.8	22.7	0.6	9.8	0.8	10.9	0.9	11.8	1.0	11.8
Affordability and suitability	1.2	22.8	0.9	23.5	0.3	10.1	0.2	11.1	0.9	12.7	0.6	12.4
Affordability, suitability and adequacy	0.1	22.8	0.1	23.6	0.0	10.1	0.0	11.1	0.1	12.8	0.1	12.5
Suitability only	3.2	26.0	3.8	27.4	2.8	12.9	3.2	14.3	0.4	13.2	0.6	13.1
Adequacy only	3.8	29.8	4.0	31.4	3.4	16.2	3.7	18.0	0.4	13.6	0.3	13.4
Suitability and adequacy	0.2	30.0	0.3	31.7	0.2	16.4	0.2	18.2	0.0	13.6	0.1	13.5

All figures are rounded.

Source: CMHC (SLID-based Housing Indicators and Data)

Canadian Urban Households by Income Group

Households were ranked by their before-tax nominal income (i.e. not adjusted for inflation) and divided into five equally sized groups (quintiles). Income groups for 2002-2005 were constructed using data from the *Survey of Labour and Income Dynamics*

(SLID) for urban households. For descriptive purposes, these groups are referred to as follows: low income, moderate income, middle income, upper income and high income (*see Figure 2-5*).

FIGURE 2-5
URBAN HOUSEHOLD INCOME¹ GROUPS (QUINTILES), CANADA, 2002-2005

Income Group	2002 ²			2003 ²			2004 ²			2005		
	Income range	Median shelter costs	Core housing need incidence	Income range	Median shelter costs	Core housing need incidence	Income range	Median shelter costs	Core housing need incidence	Income range	Median shelter costs	Core housing need incidence
		Median income			Median income			Median income			Median income	
		Median STIR ³		Median STIR ³			Median STIR ³			Median STIR ³		
High	\$91,898 and up	\$12,740	0.0%	\$94,659 and up	\$13,655	0.0%	\$98,182 and up	\$13,687	0.0%	\$101,391 and up	\$14,537	0.0%
		\$120,000			\$123,251			\$127,696			\$132,276	
		10.0%			10.4%			10.2%			10.3%	
Upper	\$62,265 to \$91,897	\$10,956	0.0%	\$64,501 to \$94,658	\$11,766	0.0%	\$66,065 to \$98,181	\$11,944	0.0%	\$67,545 to \$101,390	\$12,339	0.0%
		\$75,251			\$77,279			\$79,801			\$82,622	
		14.6%			15.2%			15.0%			15.2%	
Middle	\$42,000 to \$62,264	\$8,751	2.2%	\$43,174 to \$64,500	\$9,022	1.5%	\$44,272 to \$63,064	\$9,365	1.1%	\$45,519 to \$67,544	\$9,790	1.3%
		\$51,358			\$53,187			\$54,615			\$56,035	
		16.9%			17.0%			17.2%			17.7%	
Moderate	\$24,949 to \$41,999	\$7,056	13.6%	\$25,702 to \$43,173	\$7,315	12.7%	\$26,463 to \$44,271	\$7,538	12.4%	\$27,023 to \$45,518	\$8,248	11.8%
		\$33,197			\$34,289			\$35,172			\$36,010	
		21.7%			21.6%			22.0%			23.1%	
Low	up to \$24,948	\$5,731	53.7%	up to \$25,701	\$5,864	55.1%	up to \$26,462	\$6,060	54.3%	up to \$27,022	\$6,204	54.5%
		\$16,548			\$17,213			\$17,500			\$17,831	
		36.8%			37.1%			37.8%			36.7%	
ALL	NA	\$8,129	13.9%	NA	\$8,478	13.9%	NA	\$8,776	13.6%	NA	\$9,183	13.5%
		\$51,358			\$53,187			\$54,615			\$56,035	
		17.8%			18.2%			18.1%			18.5%	

1 Nominal dollars, not adjusted by inflation.

2 Revised estimates.

3 Shelter-cost-to-income ratio.

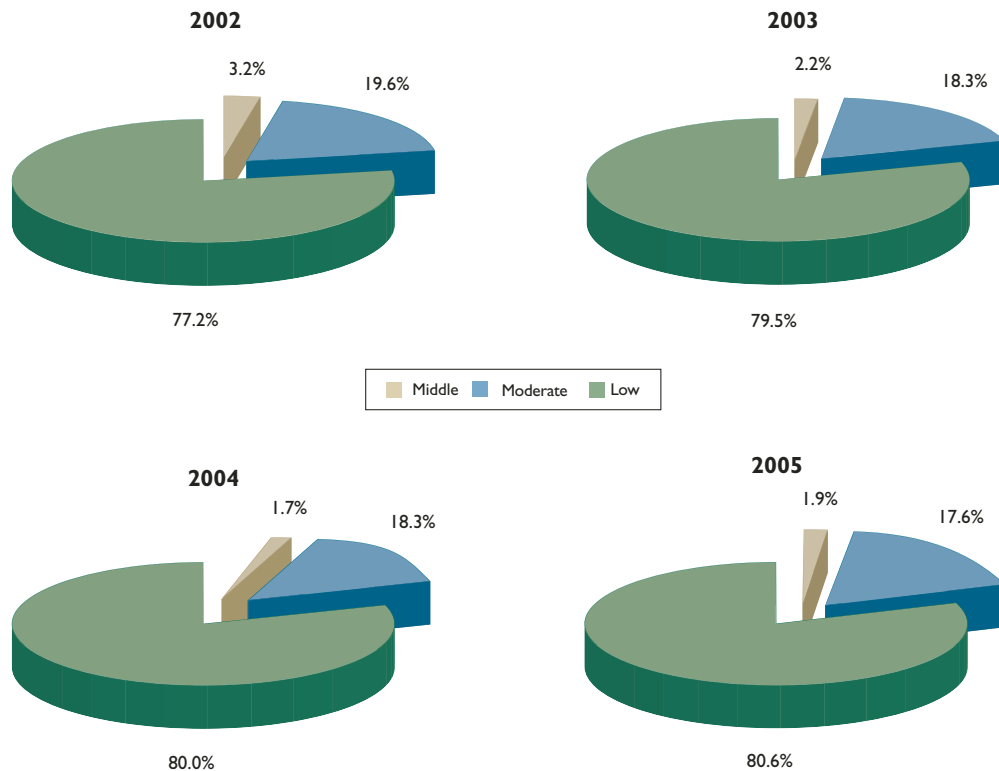
Source: CMHC (SLID-based Housing Indicators and Data)

As in 2004, core housing need in 2005 was very unevenly distributed across households with different income levels (see *Canadian Urban Households by Income Group text box*). Over half (54.5 per cent) of low-income households experienced core housing need (see *Figure 2-5*). These accounted for 80.6 per cent of all households in core housing need in 2005 (see *Figure 2-6*), a share that has been increasing since 2002. Most of the remaining households in core housing need, with an incidence of 11.8 per cent and a share of 17.6 per cent, were of moderate income.

In 2005, more than a quarter (27.8 per cent) of households renting their accommodations experienced core housing need compared to 6.2 per cent of owner households (see *Figure 2-7*).

In 2005, about six in 10 (59.6 per cent) low-income renters and over four in 10 (44.2 per cent) low-income owners were in core housing need. The incidence of core housing need among low-income owners has trended upwards, from some 39 per cent in 2002 and 2003, and their share among households in core housing need increased to almost 22 per cent in 2005, up from about 18 per cent in 2002 and 2003 (see *Figure 2-7*). While in most years low-income owners had slightly higher increases in their incomes than low-income renters, low-income owners faced much higher annual increases in their shelter costs than low-income renters. The shelter-cost-to-income ratios of low-income owners increased substantially in both 2004 and 2005, while those of low-income renters were decreasing (see *Figure 2-8*).

FIGURE 2-6
SHARE OF URBAN HOUSEHOLDS IN CORE HOUSING NEED,
BY INCOME QUINTILE, 2002-2005¹



¹ There are no households in core housing need in the high and upper income quintiles.

Source: CMHC (SLID-based Housing Indicators and Data)

FIGURE 2-7
INCIDENCE AND SHARE OF URBAN HOUSEHOLDS IN CORE HOUSING NEED,
BY INCOME QUINTILE AND TENURE, 2002-2005

Income Quintile	Tenure	2002			2003			2004			2005		
		Share of total households (%)	Incidence of core housing need (%)	Share of total households in core housing need (%)	Share of total households (%)	Incidence of core housing need (%)	Share of total households in core housing need (%)	Share of total households (%)	Incidence of core housing need (%)	Share of total households in core housing need (%)	Share of total households (%)	Incidence of core housing need (%)	Share of total households in core housing need (%)
High	Owner	18.1	0.0	0.0	18.4	0.0	0.0	18.4	0.0	0.0	18.5	0.0	0.0
	Renter	1.9	0.0	0.0	1.6	0.0	0.0	1.6	0.0	0.0	1.5	0.0	0.0
Upper	Owner	16.0	0.0	0.0	16.2	0.0	0.0	16.4	0.0	0.0	16.5	0.0	0.0
	Renter	3.9	0.0	0.0	3.8	0.0	0.0	3.6	0.0	0.0	3.5	0.0	0.0
Middle	Owner	13.0	1.9	1.8	13.3	1.3	1.2	13.8	1.2	1.2	13.6	0.9	0.9
	Renter	7.0	2.9	1.4	6.7	1.9	0.9	6.2	1.0	0.5	6.3	2.2	1.0
Moderate	Owner	10.5	10.5	7.9	10.8	10.4	8.1	11.3	10.1	8.4	10.7	9.2	7.3
	Renter	9.5	17.1	11.7	9.2	15.4	10.2	8.7	15.4	9.9	9.4	14.8	10.3
Low	Owner	6.5	39.2	18.4	6.4	38.8	17.9	6.6	43.8	21.2	6.7	44.2	21.9
	Renter	13.5	60.8	58.8	13.6	62.8	61.6	13.4	59.5	58.8	13.3	59.6	58.6
ALL	Owner	64.2	6.1	28.1	65.1	5.8	27.3	66.6	6.3	30.8	66.1	6.2	30.1
	Renter	35.8	27.9	71.9	34.9	28.8	72.7	33.4	28.1	69.2	33.9	27.8	69.9

All figures are rounded.
Source: CMHC (SLID-based Housing Indicators and Data)



FIGURE 2-8
SHELTER COSTS, INCOME, AND SHELTER-COST-TO-INCOME
RATIOS (STIR) OF LOW-INCOME HOUSEHOLDS,
2002-2005

	Low-income renters				Low-income owners			
	2002	2003	2004	2005	2002	2003	2004	2005
Median shelter cost	\$6,212	\$6,246	\$6,385	\$6,381	\$4,672	\$5,068	\$5,267	\$5,652
Median household income	\$15,532	\$16,039	\$16,557	\$16,615	\$18,017	\$18,913	\$19,428	\$19,852
Median STIR (%)	40.5	40.6	40.0	38.6	28.1	28.1	30.7	32.5
	Per cent change from previous year				Per cent change from previous year			
Median shelter cost	NA	0.5%	2.2%	-0.1%	NA	8.5%	3.9%	7.3%
Median household income	NA	3.3%	3.2%	0.4%	NA	5.0%	2.7%	2.2%

Source: CMHC (SLID-based Housing Indicators and Data)

Newfoundland and Labrador, Ontario and British Columbia had the highest incidences of core housing need; Alberta, Saskatchewan and Manitoba the lowest

Newfoundland and Labrador had the highest incidence of urban core housing need (17.2 per cent) in 2005 (see Figure 2-9).

At 15.5 per cent in 2005, Ontario's incidence of urban core housing need was the second highest followed by British Columbia at 14.6 per cent. All other provinces were below the national average of urban core housing need (13.5 per cent).

At 12.8 per cent in 2005, Quebec's urban incidence of core housing need was higher than in 2004 (10.8 per cent).

New Brunswick also experienced an increase in its incidence of urban core housing need, from 8.1 per cent in 2004 to 12.5 per cent in 2005.

Nova Scotia's incidence of urban core housing incidence fell from 13.5 per cent in 2004 to 10.6 per cent in 2005.

Prince Edward Island's incidence of urban core housing need went up slightly from 11.7 per cent in 2004 to 12.5 per cent in 2005.

In 2005, the Prairie provinces again experienced the lowest incidences of urban core housing need in the country. Alberta's incidence was the lowest at 8.5 per cent, followed by Saskatchewan at 9.4 per cent and Manitoba at 10.1 per cent.

Large cities followed the provincial trend

From 2004 to 2005, large cities followed the changes of core housing need experienced in their own provinces (see Figure 2-10). Toronto's incidence of urban core housing need remained high at 18.9 per cent in 2005, just slightly down from 19.1 per cent in 2004. Montréal's incidence of core housing need was 14 per cent in 2005 (just above the national average), up from 12.1 per cent in 2004. Vancouver's incidence of core housing need was 15 per cent in 2005, down from 17.4 per cent in 2004. Ottawa-Gatineau's incidence of core housing need in 2005 (13.9 per cent) remained just above the national average. Calgary's incidence of core housing need decreased from 8.8 per cent in 2004 to 7.3 in 2005 while Edmonton's fell from 11.3 per cent in 2004 to 9.6 per cent in 2005. Winnipeg's and Regina's incidences remained at 10 per cent or below in 2005. Halifax's core housing need incidence was 10.2 per cent in 2005, down from 13.6 per cent in 2004.

