

Cowichan Valley Regional District City of Duncan Housing Needs Assessment Data Report



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BACKGROUND

The Cowichan Valley Regional District (CVRD) is developing a Regional Housing Needs Assessment in partnership with its member municipalities and nine electoral areas. A housing needs assessment will help us understand what kinds of housing are most needed in our region's communities now and in the future, which will help inform the official community plan and development decisions.

Effective April 16, 2019 the Province of British Columbia (BC) requires all local governments to complete housing needs reports for their communities by April 2022 and every five years thereafter. These reports will help local governments and the BC government better understand and respond to housing needs in communities throughout the province. As a basis for determining current and projected housing needs, local governments are required to collect approximately 50 kinds of data about current and projected population, household income, significant economic sectors, and currently available and anticipated housing units. This information has been collected for each of the following areas:

- Electoral Area A – Mill Bay/Malahat
- Electoral Area B – Shawnigan Lake
- Electoral Area C – Cobble Hill
- Electoral Area D – Cowichan Bay
- Electoral Area E – Cowichan Station/Sahtlam/Glenora
- Electoral Area F – Cowichan Lake/Skutz Falls
- Electoral Area G – Saltair
- Electoral Area H – North Oyster/Diamond
- Electoral Area I – Youbou/Meade Creek
- Town of Ladysmith
- Municipality of North Cowichan
- City of Duncan
- Town of Lake Cowichan

One report has been prepared for the region, one for each electoral area and one report for each of the four municipalities within the CVRD. Each will include the following sections:

1. Demographic Profile
2. Income and Economy
3. Housing Profile
4. Projections
5. Housing Needs
6. Affordability of New Development

The regional report provides additional information, such as a glossary of terms, project overview and context, a description of the housing spectrum and a detailed description of the methodology.

This report now turns to a summary of the key findings in the six areas listed above. This is followed by a comprehensive review of the findings in the six areas. The tables and figures to support the research are listed in Appendix I.

CITY OF DUNCAN

The City of Duncan is one of four member municipalities in the CVRD and a hub of services for the Cowichan Region. It is a fairly compact community with a downtown core, a mix of uses and a fine-grain grid street network. The predominant housing form is apartments (44% of units) and it is the only jurisdiction in the CVRD where this out-numbers single-detached houses (43%).

It is by far the lowest-income jurisdiction in the CVRD, with a median household income of \$40,177. Compared to the rest of the region, it has an exceptional number of renter households (46%).

It also has high housing-needs indicators. For example, in 2016 52% of Duncan's renter households spent more than 30% of their income on housing. It contains a disproportionate share of the region's existing BC Housing-funded housing, with 391 households subsidized by BC Housing, second only to North Cowichan in the CVRD.

In addition, those seeking emergency shelter and supportive services frequently travel to regional and community-level service centres such as Duncan, where most programs, shelters and services exist. As a result, Duncan and North Cowichan (particularly the South End) are overwhelmed by the demand incurred by out-of-area residents seeking shelter, with many community organizations indicating a desperate need for additional supports.

Interviews with 11 local developers and realtors indicate that housing demand in Duncan is greater than supply at present. Duncan is projected to grow from 4,632 residents in 2019 to 5,219 residents in 2025, an increase of 13% in six years, which would be a reversal of the city's downward trend. Given the projected population growth and household size, this report's analysis estimates that there is a need for 156 units of new housing in Duncan in the next five years.

KEY FINDINGS

The key findings are now presented in six key areas: Demographic Profile, Income and Economy, Housing Profile, Projections, Housing Needs and Affordability of New Development. The findings are provided in greater detail within this report in the Findings section.

1. Demographic Profile

- **Population:** Duncan decreased in population by 7%, from 4,820 in 2006 to 4,475 in 2016. This differs from growth in both the CVRD (8%) and the province (12%).
- **Age:** Duncan is slightly older than average across the CVRD. Its average age increased from 45.2 to 47.7 from 2006 to 2016 and was the jurisdiction that aged the least quickly in the CVRD.
- **Household size:** Duncan has the smallest average household size in the CVRD, and it decreased slightly from 2.0 in 2006 to 1.9 in 2016, in line with change across the CVRD as a region. In general, jurisdictions with smaller households tend to be more senior in age composition.
- **Tenure:** Duncan has, by far, the largest share of renters (at 46%) in the CVRD. This share has increased slightly from 44% in 2006. Duncan is the only jurisdiction in the CVRD with a greater share of renter households than British Columbia. Duncan also has, by far, the largest share of renters in subsidized housing, which made up 9% of households in 2016, increasing from 6% in 2011.
- **Unhoused population:** In Duncan and the North Cowichan core area in the 2017 Summer Point-in-Time Homeless Count and Homeless Needs Survey Community Report,

there were 76 people counted as absolutely homeless, 47 people surveyed as hidden homeless and 28 people surveyed as at-risk of being homeless, for a total of 151 people.

- **Transportation:** As a compact community with a mix of uses, a fine-grain grid street network and a number of bus options, Duncan has many ingredients to reduce car dependency and transportation costs for households. While served by transit, there are minimal bike lanes and driving is still the most convenient option, as determined by travel times.

2. Income and Economy

- **Household income:** Duncan is distinctly the least affluent jurisdiction in the CVRD, with a median household income of \$40,177 in 2016 and no major change since 2011. After inflation is removed from the analysis, Duncan shows a decrease in median household income between 2006–2016. Duncan exhibits more income inequality between tenure groups than the CVRD.
- **Employment:** Duncan is among the jurisdictions with the lowest participation rates in the CVRD at 49.4%. Unlike other jurisdictions with low participation rates, Duncan showed no significant change in participation rate since 2006, remaining between 49%–51%. Duncan has generally had one of the higher unemployment rates in the CVRD at 8.9% in 2016.
- **Industry:** Duncan includes a cluster of retail workers, health care and social assistance workers and construction workers. There are notably few public administration workers and agriculture, forestry, fishing and hunting workers.

3. Housing Profile

- **Dwelling types:** The CVRD has a much lower-density housing composition than BC, with single-detached dwellings making up a larger share and apartments making up a smaller share. Duncan's housing composition is unique in the CVRD, with a far greater share of apartments and a lower share of single-detached houses. Apartments are the largest portion of the housing stock, at 44% of units; with similar numbers of single-detached houses at 43% of units. The remainder of the housing stock is made up of row houses (9%), semi-detached units (4%) and apartments in duplexes (1%).
- **Dwelling age:** Duncan has an older housing stock than the CVRD, with a disproportionate share of housing units built before 1961 and between 1961–1980, and a lower share of housing units built after 2000.
- **Bedroom number:** Duncan has a significantly higher share of one-bedroom and two-bedroom units and a lower share of four-bedroom units than any other jurisdiction in the CVRD. This is intuitive since Duncan has a much greater share of apartment units than any other jurisdiction.
- **Non-market housing:** In Duncan, 407 households are subsidized by BC Housing, second only to North Cowichan in the CVRD. This includes 284 units subsidized by BC Housing (the most of any jurisdiction in the CVRD) as well as 123 households receiving rent assistance in the private market. BC Housing's support is oriented toward seniors in Duncan.
- **Market rental housing:** The most common number of bedrooms for a rental unit in Duncan is two bedrooms (42%) followed by one bedroom (40%), then three bedrooms (16%), with no studio rentals or four-bedroom rentals. Rental rates in Duncan are generally lower than in North Cowichan or Ladysmith, with an average rent of \$830 (compared to \$940 for the CVRD). Among renters throughout the CVRD, lower-income households spend a greater share of their income on rent and utilities.
- **Market ownership housing:** Single-detached homes have been the most desirable and

expensive form of housing, followed by townhomes and apartments, then manufactured homes and finally duplexes. Prices increased between 2007 and 2008, but then this market saw price stability from 2008 to 2017 as Vancouver Island's economy gradually recovered from the financial crisis of 2008. From 2017 to 2019, prices increased considerably each year for all unit types.

4. Projections

- **Households projection:** Between 2019 and 2025, Duncan is expected to grow from 2,400 households to 2,557 households, an increase of 7% in six years.
- **Population projection:** Between 2019 and 2025, Duncan is expected to grow from 4,632 residents to 5,219 residents, an increase of 13% in six years.
- **Household income projection:** Due to the uncertainty of the COVID-19 pandemic, two income projections were done to 2025. One projection assumes a rapid economic recovery from COVID-19, while the other assumes a slower economic recovery. In 2025 (and in 2025 dollars), Duncan is expected to have a median household income of \$59,459 in the rapid recovery scenario or \$53,582 in the slow recovery scenario.
- **Tenure projection:** Based on the income projection, the split of Duncan's households by tenure will shift slightly towards owners in the rapid recovery scenario (to 46% renter households and 54% owner households) but not appreciably in the slow recovery scenario (remaining at 48% renter households and 52% owner households). Purpose-built rental space is not expected to change tenure, but the City's tenure mix may shift slightly due to shifts within the more flexible secondary market and because of new construction.

5. Housing Needs

- **Projection of housing need by number of bedrooms:** It is projected that in 2025 Duncan will need an additional 156 units of housing. As for bedroom count, the need for two-bedroom units will increase the most between the present and 2025 due to an increase in average household size, whereas the need for one-bedroom units will remain about the same. However, the City today has a surfeit of two-bedroom units and a need for one-bedroom units, so between now and 2025 it is one-bedroom units that are most needed as the increase in demand for two-bedroom units is only expected to catch up with existing two-bedroom supply. See *Table 1: Duncan projection of units needed 2020 and 2025*.
- **Homelessness:** Those seeking emergency shelter and supportive services frequently travel to Duncan and North Cowichan (particularly the South End) where most programs, shelters and services exist. As a result, these municipalities are overwhelmed by the demand and many community organizations indicate a desperate need for additional supports. There is need for a spectrum of housing options to meet the varying needs of different groups experiencing homelessness. There is an additional need for supportive, permanent, long term care for those aging out of the street entrenched community.
- **Non-market housing:** The market will struggle to provide new housing that is affordable for lower income households in Duncan. Households with incomes below approximately \$53,000 will not be able to afford renting market rental new homes.
- **Market rental housing:** Renter households in Duncan making less than \$37,600 per year tend to spend more than 30% of their annual income on housing expenses, placing these households in core housing need. This analysis suggests that currently (2019) 39% of Duncan's renter households are in core housing need and 9% are in extreme core housing need.ⁱ This is a significant improvement compared to previous censuses (47% in 2006, 49% in 2011, and 52% in 2016). Engagement results identified a need for more rental

options, especially for young families, those with mental health challenges, singles and seniors. Many respondents feel that the size of their dwellings is not adequate to meet their needs, but rental costs prevent them from seeking larger homes.

- **Market ownership:** Owner households without mortgages are not spending more than 30% of their incomes on housing expenses. The majority of owner households with mortgages in Duncan making below \$46,100 per year spend more than 30% of their annual income on housing expenses, placing these households in core housing need. This analysis suggests that currently 22% of Duncan's owner households are in core housing need, continuing an upward trend evident in the census (18% in 2006, 17% in 2011, then 19% in 2016).
- **Historic and current housing condition (adequacy):** Adequacy of housing in Duncan is worse than the CVRD and British Columbia, with 9% of households living in housing below adequacy standards in 2016. Compared to the CVRD, adequacy of housing is similar for owners (5%) and worse for renters (13%) in Duncan. Adequacy of housing has improved for both tenures since 2006.
- **Historic and current overcrowding (suitability):** Duncan has slightly worse suitability for owners (2%) and has slightly better suitability for renters (5%) compared to the CVRD.
- **Historic and current affordability:** Compared to the CVRD, affordability in Duncan is worse for both owners (19%) and renters (52%), to produce an overall share of 34% of households across tenures experiencing affordability challenges. Affordability decreased for both tenures from 2006–2011. Renters face significantly greater affordability challenges than owners.
- **Core housing need and extreme core housing need:** A significant number (30%) of Duncan's households are currently (2019) in core housing need. This is in line with trends reported in the last several censuses (30% in 2006, 31% in 2011 and 34% in 2016).

6. Affordability of New Development

- **Financial Analysis Results:** The analysis reviewed incomes required and percentages of households who will be able to afford buying or renting in new developments in Duncan in 2020 and 2025.

Based on a calculation of the household income that would be required to purchase or rent a new unit in 2025 paying no more than 30% of one's income on housing expenses, the capacity of Duncan's households to afford new construction was calculated. This capacity will increase slightly in the rapid recovery scenario and decrease slightly in the slow recovery scenario; however, the overall difference between the two scenarios is not huge, suggesting that Duncan's housing market is unlikely to be severely impacted by the COVID-19 pandemic.

In Duncan, the cost of constructing new townhomes will increase faster than the region's incomes, and the cost of constructing new apartments will tend to increase more slowly. This is probably the result of land price increases for patio homes (a particularly desirable type of townhome) being in such short supply and in higher demand than apartments.

THE FINDINGS

Introduction to the Work

The following section of the report presents the full findings organized by six key topic areas:

1. Demographic Profile
2. Income and Economy
3. Housing Profile
4. Projections
5. Housing Needs
6. Affordability of New Development

The tables and figures that accompany these results can be found in Appendix I.

1. Demographic Profile

The following demographic profile presents historic data for Duncan as collected from the Statistics Canada Census, Summer Point-in-Time Homeless Count, Homeless Needs Survey Community Report and BC Transit.

1.1 Population

From 2006–2016, British Columbia (BC) grew in population from 4.1 million to 4.6 million, an increase of 12%. By comparison, the CVRD grew somewhat slower, from 75,000 to 82,000 for a total of 8% growth during this decade. Within the CVRD, Duncan decreased in population by 7%, from 4,820 to 4,475 residents. This decline took place entirely in the 2006–2011 period and may be the result of a statistical error. Between 2011–2016 none of the CVRD's jurisdictions decreased in population.

See Table 2: Population over time from 2006–2016 and Figure 1: Five-year growth and ten-year population growth by jurisdiction from 2006–2016.

From 2006 to 2016, Duncan's share of the region's overall population slightly decreased from 6% in 2006 to 5% in 2016.

See Table 3: Share of CVRD population over time from 2006–2016.

1.2 Age

From 2006 to 2016, the average age in British Columbia increased from 39 to 42.

Duncan is slightly older average across than the CVRD, in part due to a higher percentage of seniors—29% of the population is 65 years or older in Duncan, meanwhile 23% of the CVRD's population is 65 years or older. Notably, Duncan has a higher share of the population older than 84 years old—6% of Duncan's population is 84 or older, compared to 2% across the CVRD.

Duncan has a similar percentage of children (aged 0–14) as both the CVRD as a region (15%) and British Columbia (15%) at 15% of its population. Duncan has a lower share of residents 15–19 years old (4% of its population) compared to the CVRD (5%) and British Columbia (6%), and a similar share of residents aged 20–24 years old at 4% of its population (compared to 4% in the CVRD and 6% in British Columbia).

See Table 4-6: Age distribution by jurisdiction in 2006, 2011 and 2016.

1.3 Household Size

Household sizes in British Columbia and throughout the CVRD decreased from 2006. Household sizes in Duncan are smaller (at 1.9 people per household) compared to those in the CVRD as a region (2.3 people per household). Average household size has decreased from 2.0 in 2006 to 1.9 in 2016, in line with change across the CVRD. Duncan has the smallest average household size in the CVRD.

See Table 7, Table 8 and Table 9: Distribution of households by number of persons between 2006–2016 and Figure 3: Average household size by jurisdiction over time from 2006–2016.

Note that, in general, jurisdictions with smaller households tended to be more senior in age composition and Duncan has a higher proportion people over 65. This is intuitive since families with children are typically larger.

1.4 Tenure

During the decade under analysis, renters as a share of all households in British Columbia increased from 30% to 32%. A smaller share of households in the CVRD are renters, but the same upward trend is present: renters increased from 20% to 22% of all households. Duncan has, by far, the largest share of renters (at 46%) in the CVRD. Duncan is the only jurisdiction in the CVRD with a greater share of renter households than British Columbia. The same upward trend as in BC and the CVRD is present: renters increased from 44% in 2006 to 46% in 2016.

See Table 10 and Figure 4: Share of households renting from 2006–2016.

As a share of all households, renter households in subsidized housing in British Columbia made up about 4% in both 2011 and 2016 (2006 data is unavailable for this variable). They make up a lower and decreasing share of households in the CVRD (from 3% in 2011 to 2% in 2016). In Duncan, renter households in subsidized housing make up 9% of households, increasing from 6% in 2011.

See Table 11 and Figure 5: Renters in subsidized housing as share of total households from 2011–2016.

1.5 Unhoused Population

Homelessness data for Duncan and North Cowichan is available at a finer detail than for other jurisdictions across the CVRD. The Summer Point-in-Time Homeless Count and Homeless Needs Survey Community Report completed in 2017 considers Duncan and the North Cowichan core area as one geographic area for this count.ⁱⁱ Note that point-in-time counts are known to be undercounts and represent only those individuals identified during a 24-hour period. This is because not everyone experiencing homelessness can be found and not everyone who is found is willing to be surveyed.

In Duncan and the North Cowichan core area, there were 76 people counted as “absolutely homeless,” of which 53% were sleeping rough, 34% were at Warmland Emergency Shelter, 34% were at Somenos Transition House and 8% had other places they had stayed the night before. Of the people counted as absolutely homeless, 85% were in Duncan and the North Cowichan core area, 7% were in Chemainus, 5.6% were in Ladysmith and 2.2% were in Lake Cowichan.

There were 47 people surveyed who were considered “hidden homeless,” of which 36% were living in transitional housing units on- and off-site at Warmland Emergency Shelter, 61% were staying with friends or family (e.g., couch surfing, where people do not have security of tenure and could be required to leave at any time) and 2% were staying in a trailer. Of the people surveyed as hidden homeless, 77% were in Duncan and the North Cowichan core area.

There were 28 people surveyed who were at-risk of being homeless, all of which were renting. Of the people surveyed as at-risk, 72% were in Duncan and the North Cowichan core area.

In the Duncan and North Cowichan core area, homelessness increased by 36% from 2014–2017. Men represent the majority (65%) of the people counted as absolutely homeless, while women represent the majority (64%) of the people surveyed as at-risk of homelessness. In all categories, Indigenous people make up 43%–58% of people counted or surveyed, and most people (60%–92%) have lived in the region two years or longer.

Across the CVRD, the Summer Point-in-Time Homeless Count and Homeless Needs Survey Community Report indicated that abuse and conflictⁱⁱⁱ remain at the top of the list of reasons for the loss of housing for all subgroups. For people experiencing hidden homelessness and people at-risk of homelessness, there was an increase in the number of concerns expressed about the safety and quality of rental units and problems with landlords.

The full results of the 2020 Homeless Count, completed in March 2020, are not yet available. Preliminary results show that there was a decrease in the number of people counted by 14% across the CVRD.

Broader engagement results in the Housing Needs Assessment suggest that those seeking emergency shelter and supportive services frequently travel to Duncan and North Cowichan (particularly the South End), where most programs, shelters and services exist.

1.6 Transportation

For a more fulsome understanding of housing affordability in a region, it’s important to study its transportation networks. Transportation costs are a key part of the affordability equation because a home’s location and its surrounding land use patterns dictate whether a resident needs a personal vehicle. While rent or a mortgage may seem more affordable in rural areas, the need to drive for employment, services, parks, schools and other daily needs places a significant burden on resident pocketbooks. For this reason, the relative affordability in more remote parts of the Cowichan Valley may be masking the actual costs of rural living.

In Duncan, approximately 77% of commuters used a private automobile to get to work in 2016. Travelling to work by car took an average of 21 minutes (one way) and those who took the bus travelled an average of 50 minutes (one way). Duncan is one of the better served communities in the CVRD in relation to transit. Out of the 16 routes, 11 of them pass through the city (Routes 2, 3, 4, 5, 6, 7, 8, 9, 36, 44 and 66). Duncan essentially functions as the hub to the Cowichan Valley’s transit system, with many of the routes converging at Canada Avenue in downtown Duncan. The system connects Duncan to various surrounding communities and electoral areas. Routes 36 and 66 are limited commuter routes that provide direct service to Ladysmith (Route 36) and Victoria (Route 66) in the mornings and comes back in the evenings. Route 44 provides a similar service from Duncan to Victoria but only on Saturdays. Frequencies vary significantly with Route 2 being the region’s most frequent bus line with 14 arrivals/departures from Village Green Mall on a typical

day. Ridership also varies significantly between lines, though Route 2 is the most popular route in the CVRD with over 70,000 rides taken per year.

See Table 12: Annual rides and trips by bus route in the CVRD in 2019.

With minimal cycling infrastructure and more work to be done on creating complete streets, less expensive transportation options like biking are not ideal. Many key services such as the hospital and large-scale retail are outside of Duncan which can increase car dependency. While Duncan is a fairly compact community with a mix of uses and a fine-grain grid street network, overall, many residents travel by car to perform their daily activities. It may be more expensive, but it is the most convenient option, as determined by travel times.

Nonetheless, the number of bus options paired with the proximity of homes to commercial areas and jobs in Downtown Duncan provide a good foundation for lower transportation costs. The grid street patterns make walking and biking more direct and with improvements to the public realm, these could become more attractive transportation options. This means transportation costs in Duncan are likely the lowest in the CVRD despite high car dependence. Duncan is currently implementing an Active Transportation Plan (2014) and will start a Master Mobility Strategy for vehicles and active transportation in 2021.

2. Income and Economy

The following section provides an overview of historic income and economy data for Duncan from the Statistics Canada Census.

2.1 Household Income

Median annual household income in both British Columbia and the CVRD increased from 2006 to 2016, with the region remaining slightly less affluent than the province throughout this period. BC's median income rose from \$62,000 to \$70,000 and the CVRD's rose from \$60,000 to \$65,000. The gap between the region's median income and the province's median income has increased: BC was about \$2,000 per year per household more affluent than the CVRD in 2006 and in 2016 was about \$5,000 per year per household more affluent.

See Table 13, Table 14 and Table 15: Share of households by annual income 2006–2016 and Figure 6: Median annual household income from 2006–2016.

Within the CVRD, Duncan had a median household income of \$40,177 in 2016 and is distinctly the least affluent jurisdiction by almost \$25,000.

The value of money tends to decrease over time (inflation), so that it takes more units of currency (nominal income) to achieve the same lifestyle (real income). Shifts in real income may be estimated by removing the impact of inflation, creating a more accurate sense of where income has effectively increased and where it has not.

After inflation is removed from the analysis, median household incomes in BC show basically no change between 2006 and 2016. Duncan and the CVRD show downward trends.

See Table 16 and Figure 7: Median real annual household income (constant 2019 dollars) from 2006–2016.

Compared to all households, households in this jurisdiction that own their own homes are wealthier, but the broad differences in wealth between jurisdictions are approximately the same. Duncan has the lowest median household income for owner households of \$54,949. The median household income for owners increased from 2006 to 2016, declining slightly in 2011, which could be due to the 2008 financial crisis and consequent recession.

See Table 17, Table 18 and Table 19: Share of owners households by annual income 2006–2016 and Figure 8: Median annual household income among owner households from 2006–2016.

Compared to renters in BC, renters in the CVRD are less affluent and by a larger margin than all households (about \$38,000 for CVRD renters versus about \$46,000 for BC renters; about \$65,000 for CVRD households versus about \$70,000 for BC households).

Median renter incomes in Duncan are much lower than average across the CVRD, with a median household income for renter households of \$26,922. Renter incomes declined slightly from 2006.

See Table 20, Table 21 and Table 22: Share of renter households by annual income and Figure 9: Median annual household income among renter households from 2006–2016.

The ratio of owner to renter income, which is a rough indicator of the degree of income inequality between these two groups, was calculated. A higher ratio indicates more pronounced inequality. By this measure, the CVRD exhibits slightly more inequality between tenure groups than BC in general. Duncan exhibits more income inequality between tenure groups than the CVRD.

See *Figure 10: Median income in 2016 by household tenure*.

2.2 Employment

Participation in the labour force during this decade was generally higher in BC than in the CVRD and declined (from 66% to 64% in BC and from 60% to 57% in the CVRD). Within the CVRD, Duncan is among the jurisdictions with the lowest participation rates (49.4% in 2016). Unlike other jurisdictions in this category, Duncan showed no significant change in participation rates since 2006, remaining between 49%–51%.

See *Table 23: Labour force (employed or unemployed but seeking employment) from 2006–2016*, *Table 24: Participation rate (labour force as share of working-age population) from 2006–2016* and *Figure 11: Participation rate over time from 2006–2016*.

The unemployment rate (reflective of those seeking employment but unable to find it) generally increased during this decade but was highest during the recession in 2011. Unemployment in the CVRD (increasing from 6.5% to 7.4%) has generally been slightly higher than in BC overall (increasing from 6.0% to 6.7%) except in 2011 (both 7.8%). Duncan has generally had one of the higher unemployment rates in the CVRD at 8.9% in 2016. The unemployment rate has been above the CVRD average and increased slightly from 7.4% in 2006 to 8.9% in 2016.

See *Table 25: Unemployment rate (share of labour force unemployed) from 2006–2016* and *Figure 12: Unemployment rate over time from 2006–2016*.

2.3 Industry

Within the CVRD, the labour force is somewhat geographically clustered. Note that this refers to the residential locations of workers in these sectors rather than where this employment takes place and that only 30% of residents reside and work in Duncan.

Duncan includes a cluster of retail workers, health care and social assistance workers and construction workers. There are notably few public administration workers and agriculture, forestry, fishing and hunting workers.

See *Table 26, Table 27 and Table 28: Share of labour force by industry sector in 2016*.

3. Housing Profile

The following section provides an overview of historic and current Duncan housing data from the Statistics Canada Census, BC Housing and BC Assessment.

3.1 Dwelling Types

From 2006 to 2016, British Columbia's housing units used as usual residences grew from about 1.6 million to about 1.9 million, an increase of about 15%. By comparison, the CVRD's housing units used as usual residences grew slower from 31,000 to 35,000 for a total of 13% growth during this decade. In Duncan, the number of dwelling units used as usual residences decreased by 2% from 2,445 units in 2006 to 2,385 units in 2016. Note that this does not mean that there are fewer units in Duncan—simply that there are fewer units used as usual or permanent residences.

See Table 28: Housing units by jurisdiction over time from 2006-2016 and Figure 13: Five-year and ten-year housing supply growth by jurisdiction from 2006–2016.

These trends are all similar to trends in population, except that household sizes in BC, the CVRD and Duncan are decreasing, so housing supply has increased faster (or decreased slower) than population.

Duncan's housing composition is unique in the CVRD, with a far greater share of apartments and a lower share of single-detached houses. This means that Duncan has a higher-density housing composition than the CVRD:

- Apartments in buildings one to four storeys high is the largest portion of the housing supply at 44% of the housing stock. This is by far the largest share of housing units of all jurisdictions in the CVRD and is more than double the share across BC.
- Single-detached homes make up a significant portion of the housing supply at 43% of the housing stock. This share is the lowest of all jurisdictions in the CVRD (73%) and is similar to the share across BC.
- Row houses make up 9% of the housing stock, which increased by 3% since 2006. This share is the highest of all jurisdictions in the CVRD and is similar to the share across BC.
- Semi-detached units make up a small portion of the housing stock at 4% of housing units, similar to the CVRD.
- There are minimal numbers of apartments in duplexes (1%) and no movable dwellings or apartments in buildings with five or more storeys.

This housing composition did not significantly change from 2006 to 2016.

See Table 30, Table 31 and Table 32: Share of total housing units by type 2006–2016 and Figure 14: Housing units by type over time in Duncan from 2006–2016.

3.2 Dwelling Age

In 2016, BC and the CVRD had similar distributions of dwellings by age with dwellings in the CVRD being only slightly older:

- Built before 1960: 14% in BC and 17% in the CVRD
- Built 1961–1980: 30% in BC and 28% in the CVRD
- Built 1981–1990: 15% in BC and 14% in the CVRD
- Built 1991–2000: 18% in BC and 20% in the CVRD

- Built 2001–2005: 7% in BC and 6% in the CVRD
- Built 2006–2010: 9% in BC and in the CVRD
- Built 2011–2016: 7% in BC and 5% in the CVRD.

In summary, about 60% of dwellings were built before 1990. Duncan has an older housing stock than the CVRD, with dwellings older than 1961 making up 30% of the housing stock and dwellings built between 1961–1980 making up 32% of the housing stock. Duncan has fewer dwellings built between 2001–2005 (2%), 2006–2010 (3%) and 2011–2016 (2%).

See Table 33: Share of dwellings by year of construction in 2016 and Figure 15: Composition of housing stock by age of construction and jurisdiction in 2016.

3.3 Bedroom Number

Compared to BC, the CVRD has a much higher share of three-bedroom apartments (39%) and a much lower share of one-bedroom apartments (9%) but similar shares of two-bedroom and four-plus-bedroom apartments. Studio apartments make up a negligible share. It might be said that the CVRD has a narrower range of home sizes available than BC in general.

Duncan has a significantly higher share of one-bedroom (20%) and two-bedroom units (46%) and a lower share of four-bedroom units (8%) than any other jurisdiction in the CVRD. This is intuitive since Duncan has a much greater share of apartment units than any other jurisdiction.

See Table 34, Table 35 and Table 36: Share of housing units by bedroom count 2006–2016 and Figure 16: Composition of housing stock by room count and jurisdiction in 2016.

3.4 Non-Market Housing

BC Housing breaks down the types of housing support it provides into four high-level categories: emergency shelter and housing for the homeless, transitional supported and assisted living, independent social housing and rent assistance in the private market. Within these four categories there are also ten low-level categories having to do with the justification for funding rather than the degree of funding (for example, families versus seniors). Seniors make up the largest funding group in the three largest high-level categories and therefore receive the majority of BC Housing support in the CVRD.

Duncan has the highest number of non-market units subsidized by BC Housing in the CVRD, with a total of 284 units, many of which are oriented towards seniors. These units include:

- 55 units in the emergency shelter and housing for the homeless category
- 43 units in the transitional supported and assisted living category, 25 of which are supportive seniors housing
- 186 units in the independent social housing category, 150 of which are for low-income seniors

In addition, 123 households are provided rent assistance in the private market, of which 104 are seniors. In total, 407 households (BC Housing units in addition to rent assistance households) are subsidized by BC Housing, second only to North Cowichan in the CVRD.

See Table 37: Number of units under BC Housing Administration by Service Allocation Group in 2020.

3.5 Market Rental Housing

The Canadian Rental Housing Index identifies some additional rental market characteristics for 2016 not present in the census data for Duncan, North Cowichan and Ladysmith.

The most common number of bedrooms for a rental unit in Duncan is two bedrooms (42%) followed by one bedroom (40%), then three bedrooms (16%) with no studio rentals or four-bedroom rentals. One- and two-bedroom rentals are more prominent in Duncan than in Ladysmith or North Cowichan.

See Table 38: Number of renter households in the CVRD and Duncan from 2006–2016 and Table 39: Households by renter household income quartile and bedrooms in Duncan in 2016.

Rental rates in 2015 in Duncan are generally lower than in North Cowichan or Ladysmith (both about \$950), with an average rent of \$830 (compared to \$940 for the CVRD). Among renters throughout the CVRD, lower-income households spend a greater share of their income on rent and utilities. For a given income group, renting a larger dwelling creates greater financial strain, increasing the share of income required.

In Duncan, this means that renters in the lowest income quartile (with an income up to \$18,142) are spending 52% of their income on rent and utilities for a one-bedroom, and 75% of their income for a two-bedroom.

See Table 40: Average rent by renter household income quartile and bedrooms in Duncan in 2016 and Table 41: Share of income spent on rent and utilities in Duncan in 2016.

Engagement results from Duncan respondents are consistent with the broader engagement results that suggest that the CVRD is in a state of acute rental shortage, with almost no vacancy. Respondents share stories of facing barriers to finding rental options in Duncan due to rental restrictions, previous homelessness and having young children. Many respondents feel that the size of their dwellings is not adequate to meet their needs, but rental costs prevent them from seeking larger homes. Young families, youth, Indigenous people, those with mental health challenges, singles and seniors face additional pressure to find rental housing.

3.6 Market Ownership Housing

The property assessment rolls were analyzed for the City of Duncan. Property assessment data relates directly to housing affordability for owner-occupant households but does not directly reflect housing affordability for renter households. This is because property values are the main cost factor for owner-occupants whereas rent is the main cost factor for renters. As such, the properties considered specifically exclude purpose-built rental buildings and focus instead on single-detached homes, manufactured homes, duplexes and stratified multi-family. Note that these properties could still be occupied by renters through the secondary market.

See Table 42: Average value per dwelling unit by type in Duncan from 2007–2019 and Figure 17: Average value per dwelling other than purpose-built rental by type in Duncan over time from 2007–2019.

From 2007 to 2019, the average values of different residential property types in Duncan have fluctuated in sync, reflecting market forces that impact the property market as a whole, most notably:

- The local employment economy
- Demand spillover from other regions such as the Capital Regional District (CRD) and Metro Vancouver
- Land supply constraints such as zoning and servicing catchments
- Investor and developer attitudes.

Throughout this time period, single-detached homes have been the most desirable and expensive form of housing (\$225,000–\$360,000), followed by townhomes and apartments (\$200,000–\$320,000), and finally duplexes (\$125,000–\$200,000).

Prices increased between 2007 and 2008 but then this market saw price stability from 2008–2017 as Vancouver Island’s economy gradually recovered from the financial crisis of 2008. This ten-year period of price stability represents a period of increasing affordability for CVRD residents and prospective residents and suggests that in Duncan the supply of available land was adequate to meet residential demand. From 2017 to 2019, prices increased considerably each year for all unit types.

Interviews were held with 11 local developers and realtors to gain an understanding of the CVRD’s residential market. Local experts agree that the CVRD is a highly desirable residential environment with significant unmet demand. Demand has grown considerably in recent years due to the following two factors:

- Although the CVRD used to be outside of Greater Victoria’s commuter catchment, high residential prices in the CRD have driven a growing number of households to seek housing further afield. According to one interview subject, traffic counts on Highway 1 in South Cowichan totalled about 10,000 per day in each direction ten years ago, but that number has increased to about 25,000, an increase of 150%, indicating significant growth in the commuting population
- More recently, demand for housing in the CVRD and throughout Vancouver Island has increased due to COVID-19 for several reasons:
 - Since more people are working from home, living close to key employment centres such as Victoria and the Lower Mainland is less of a priority, liberating many households to seek more affordable, spacious and desirable housing in peripheral areas.
 - Vancouver Island is perceived as a safer environment during the pandemic than more permeable mainland communities.
 - Some “snowbirds” who would normally make a habit of spending their summers in Canada and winters in warmer parts of North America (most notably Florida, Arizona and Mexico) are expecting to have more difficulty entering other countries in the near future and have opted instead to move to Vancouver Island, Canada’s most temperate region.

4. Projections

While all of the information provided to date represents the current housing situation in the CVRD and City of Duncan, the following sections focus on projections for what will happen over the next five years. This section includes four projections: Household, Population, Household Income and Tenure based on Statistics Canada Census Data, Rennie Intelligence's Long-range Projections of Population, Housing, and Employment in the Cowichan Valley Regional District and Environics Analytics Demostats Income and Housing Projections.

4.1 Households Projection

Between 2019 and 2025, Duncan is expected to grow from 2,400 households to 2,557 households, an increase of 7% in six years, which would be a reversal of the city's downward trend (it decreased in household count by 3% from 2006 to 2016). In comparison, the CVRD is expected to grow from 34,744 households to 39,967 households, an increase of 15% in six years.

See Table 43: Projected households 2019–2025.

4.2 Population Projection

From 2016 to 2019, Duncan is estimated to have grown from 4,475 to 4,632 or 3.5% growth over three years. Between 2019 and 2025, Duncan is expected to grow from 4,632 residents to 5,219 residents, an increase of 13% in six years, which would be a reversal of the city's downward trend (it decreased in population by 7% from 2006 to 2016). By comparison, the CVRD is expected to grow from 80,404 residents to 93,071 residents, an increase of 16% in six years.

See Table 44: Projected population 2019–2025.

4.3 Household Income Projection

Two scenarios were considered when projecting income to 2025, producing two income projections that are used in this report:

- Rapid recovery scenario: This projection assumes a rapid economic recovery from COVID-19, putting household incomes in 2025 close to where they might have been if the pandemic had not occurred.
- Slow recovery scenario: This projection assumes a slower economic recovery from the COVID-19 pandemic, reducing household incomes significantly compared to the first scenario.

The reality is likely to be somewhere between these two scenarios.

The amount of residential growth that is assumed to occur is identical between scenarios because COVID-19 does not appear to have a negative impact on housing demand in the CVRD. However, the distribution of these households by income varies by scenario: households in the rapid recovery scenario are generally more affluent. In 2025 (and in 2025 dollars), Duncan is expected to have a median household income of \$59,459 in the rapid recovery scenario or \$53,582 in the slow recovery scenario. Note that this increase is almost entirely nominal (due to inflation). In 2016 dollars, this translates to about \$44,898 and \$49,822 respectively, which are much smaller increases in real income (2016 had a median household income of \$40,177 in 2016).

See Table 45: Estimated number of households by income bracket in 2019 and 2025 by scenario and Figure 18: Households in Duncan by income bracket in 2019 and in 2025 by scenario.

4.4 Tenure Projection

Tenure is correlated with income: wealthier households tend to be homeowners and less affluent households tend to rent.

To create a projection of housing tenure, the split between owner households and renter households by real^{iv} income group in 2019 and 2025 is assumed to resemble the split indicated in the 2016 Census in Duncan. Purpose-built rental space is not expected to change tenure, but the City's tenure mix may shift slightly due to shifts within the more flexible secondary market and because of new construction.

Compared to 2019, real income increases in both scenarios by 2025, but increases more rapidly in the rapid recovery scenario, causing the split of Duncan's households by tenure to shift slightly towards owners in the rapid recovery scenario (to 46% renter households and 54% owner households) but not appreciably in the slow recovery scenario (remaining at 48% renter households and 52% owner households).

See Table 46: Share of households renting in 2019 and in 2025 by scenario.

5. Housing Needs

The following section now comments on housing needs based on assessed values of ownership housing from BC Assessment, rental values from Canadian Rental Housing Index and Canada Mortgage and Housing Corporation and public and stakeholder engagement.

5.1 Projection of Housing Need by Number of Bedrooms

For the purpose of this exercise, housing need by bedroom count is defined as one bedroom per cohabitating couple plus one bedroom per individual (including children) not in a cohabitating couple. Average people per household is based on Environics data and in the 2025 projection is adjusted to be compatible with the population per household defined by rennie intelligence. Assumptions about how many households contain couples is based on the 2016 Census data.

If housing need is defined as a function of household size and composition as described above, then a large majority of households in Duncan in both years need only one bedroom (1,705 households in 2019 and 1,707 households in 2025). The reason for this is that one bedroom of need corresponds with households that include one person and with households that include one couple, which according to the 2016 Census, comprise about 73% of two-person households in Duncan.

According to this definition of need, Duncan contains an over-supply of two-bedroom homes and homes containing three or more bedrooms since only 20% of the city's homes had one bedroom, 46% had two bedrooms and 32% had three or more bedrooms. This only implies that many households possessed more bedrooms than they needed according to this strict definition. This does not prevent or indicate a contradiction with 3% of households experiencing overcrowding: it is simply the case that despite the absolute surfeit of bedrooms, some households still had less than they needed.

In 2025, it is projected that Duncan will need an additional 156 units of housing of which most should be one-bedroom units because although the need for two-bedroom units will increase more than other types, at present the City has a surfeit of two-bedroom units and a shortage of one-bedroom units, and in 2025 the number of two-bedroom units needed will still fall short of the present supply.

See Table 47: Housing need by number of bedrooms in Duncan in 2019 and 2025.

5.2 Homelessness

Engagement results suggest that those seeking emergency shelter as well as supportive services frequently travel to Duncan and North Cowichan where most programs, shelters and services exist. As a result, Duncan is overwhelmed by the demand incurred by out of area residents seeking shelter, with many community organizations indicating a desperate need for additional supports.

Interviews with housing and community organizations highlighted the need for a spectrum of housing options to meet the varying needs of different groups experiencing homelessness. There is an additional need for supportive, permanent, long-term care for those aging out of the street entrenched community.

Respondents in Duncan indicated that low-income households were having the most difficulty meeting their housing needs in this community, and many spoke to the need to find housing

solutions for those experiencing homelessness. While residents recognize the need to house and support those experiencing homelessness, some feel that the safety and enjoyment of their neighbourhoods is or will be reduced as a result of shelters and associated services in their immediate communities. Others spoke to the cost of not addressing homelessness. Businesses in Duncan, especially along the highway corridor in Duncan and North Cowichan, report public safety impacts to their businesses relating to homelessness.

5.3 Non-Market Housing

As per the calculation on affordability of new development, the market will struggle to provide new housing that is affordable for lower income households. In the case of Duncan, households with incomes below approximately \$53,000 will not be able to afford renting new homes. Some households with income below this amount will still be able to find housing in the rental market, as older rental homes can be more affordable.

The affordability of existing supply and continuing tenancies will depend principally on policies such as rent control legislation, vacant home taxes, and general housing supply growth. The affordability of non-market housing will depend on the magnitude of housing subsidies present.

Respondents in Duncan indicated that recent housing price increases are not commensurate with wages, making the prospect of purchasing a home or downsizing in the future a challenge. Young families, youth, Indigenous people, those with mental health challenges, singles and seniors were identified as facing additional pressures to accessing market housing.

5.4 Market Rental Housing

Rental rate data was integrated from the following sources to produce a model of rental housing costs throughout the CVRD:

- The Canadian Rental Housing Index (2016)
- The Canadian Mortgage and Housing Corporation Housing Data Portal
- Interviews with local property managers.

These results include subsidized rental properties and the cost of utilities and are in line with the findings of the Housing Needs Assessment engagement questionnaire and with current rental listings on Craigslist and similar websites.

See Table 48: Rental rates in Duncan in 2019 and Figure 19: Rental rates in the CVRD's electoral areas and Lake Cowichan in 2019.

Note that the data rates presented in Table 48 and Figure 19 of Appendix I reflects rental rates that are currently paid by households rather than the rates those same units might be able to achieve if they were vacated and placed on the market today. British Columbia's *Residential Tenancy Act* only permits rental rates for a particular tenant to be increased by a limited amount each year. The impact of this policy is that renter households who remain in the same dwelling for many years tend to pay less rent than more recently arrived renter households. Currently listed rental units will therefore tend to ask higher rents than those represented here, as these rates are varyingly subject to rent control.

All data sources suggest that the CVRD is in a state of acute rental shortage, with almost no vacancy. Households seeking rent in the region are locating where housing is available rather than where they would prefer, which tends to equalize rental rates throughout the region.

Housing affordability for renter households was analyzed by assuming that the wealthiest 1% of households will occupy the most expensive 1% of homes, the wealthiest 10% of households will occupy the most expensive 10% of homes, etc. Assigning homes to income groups in this way reveals which income groups might struggle to pay for housing in which jurisdictions.

As noted above, this is only an approximation. In reality, some households will occupy more expensive or less expensive homes than this assumption would assign to them. However, because homes are limited, if a household occupies a more affordable unit than this model would assign and therefore has lower housing costs, that means that another household has to occupy a more expensive unit than this model would assign, and therefore has higher housing costs. As such, the deviations from this model that would exist in real life should cancel each other to produce something close to the averages indicated here.

Renter households in Duncan making less than \$37,600 per year tend to spend more than 30% of their annual income (about \$940 per month) on housing expenses, placing these households in core housing need.

See Table 49: Estimated housing costs versus household income for renter households.

See Figure 20: Estimated housing costs versus household income for renter households in Duncan.

This analysis suggests that at present (actually 2019), 39% of Duncan's renter households are in core housing need and 9% are in extreme core housing need. This is a significant improvement compared to recent trends in the censuses (47% in 2006, 49% in 2011 and 52% in 2016)^v. A greater portion than 39% of Duncan's households have income below 37,600 but many of these live in subsidized rental units, supported by BC Housing.

Engagement results identified a need for more rental options, especially for young families, those with mental health challenges, singles and seniors. Many respondents feel that the size of their dwellings is not adequate to meet their needs, but rental costs prevent them from seeking larger homes. Young families, youth, Indigenous people, those with mental health challenges, singles and seniors face additional pressure to find rental housing.

5.5 Market Ownership

Combining the property assessment data with the income estimate allowed the relationship between income and housing expenses for owner households in Duncan to be estimated. This requires certain assumptions:

- The share of owner households with a mortgage in 2019 resembles the share indicated in the 2016 Census (55%).
- Renter households and owner households of the same income are likely to live in units with similar property value. That is, more affluent households of either tenure will live in higher-value units.
- Similarly, owner households with and without mortgages are assumed to occupy units of similar value.

- For the purposes of this analysis, housing expenses include:
 - mortgage payments, if applicable, using a 20% down payment, 3.5% interest rate, 25-year amortization and the property prices of ten years earlier (2009)
 - \$1,212 per year in hydro per household, the BC average
 - municipal service fees of \$465^{vi}
 - strata and/or maintenance expenses of \$1,200 per year
 - property taxes, using Duncan rates, factoring in the BC Homeowner's Grant.

As with renter households, housing affordability was analyzed for owner households by assuming that the wealthiest 1% of households will occupy the most expensive 1% of homes, the wealthiest 10% of households will occupy the most expensive 10% of homes, etc. Assigning homes to income groups in this way reveals which income groups might struggle to pay for housing.

See Table 50: Estimated housing costs versus household income for owner households with mortgages.

See Figure 21: Estimated housing costs versus household income for owner households with mortgages in Duncan.

The majority of owner households with mortgages in Duncan making below \$46,100 per year spend more than 30% of their annual income on housing expenses, placing these households in core housing need. Owner households without mortgages were analyzed but found that according to this model none of them would be spending more than 30% of their incomes on housing expenses.

Based on estimated income in 2019 (EnviroNics) compared with property prices from the 2019 property assessment roll, this analysis suggests that 22% of Duncan's owner households are in core housing need, continuing an upward trend evident in the census (18% in 2006, 17% in 2011, then 19% in 2016). Although more than 22% of Duncan's owner households have incomes below \$45,000, this analysis assumes that a portion of these do not have mortgages (45%, based on the 2016 Census) so their housing costs are lower.

5.6 Historic and Current Housing Condition (Adequacy)

In BC, the share of all households requiring major repair (the adequacy standard) remained constant in BC between 2006 and 2016:

- For owners: from 6% to 5%
- For renters: from 8% to 7%
- Average of all households: 6%

In 2016, adequacy for owner households in the CVRD and in Duncan is the same as for BC owner households.

For renters in the CVRD, more renter households fall below the adequacy standard (12% in 2006 and 9% in 2016). For Duncan, 19% of renter households fall below the adequacy standard (19% in 2006 and 13% in 2016). The share of households requiring major repair is improving for both tenures since 2006.

See Table 51: Share of household by tenure below adequacy standard (major repairs required) from 2006–2016 and Figure 22: Share of household by tenure below adequacy standard (major repairs required) in 2016.

5.7 Historic and Current Overcrowding (Suitability)

The share of all households experiencing overcrowding (the suitability standard) in BC decreased between 2006 and 2016:

- For owners: from 4% to 3%
- For renters: from 12% to 9%
- Average of all households: from 7% to 5%

Compared to BC, households in the CVRD are less crowded for both tenure groups, and improvement was observed since 2006:

- For owners: from 2% to 1%
- For renters: from 8% to 6%
- Average of all households: from 3% to 2%

For owner households in Duncan, suitability has been improving since 2006 (from 4% in 2006 to 2% in 2016). Slightly more owner households in Duncan experience overcrowding than in the CVRD.

For renter households in Duncan, suitability has been improving (from 11% in 2006 to 5% in 2016). Less renter households in Duncan are experiencing overcrowding than in the CVRD.

See Table 52: Share of households by tenure below suitability standard (overcrowded) from 2006–2016 and Figure 23: Share of households by tenure below suitability standard (overcrowded) in 2016.

5.8 Historic and Current Affordability

The share of all households falling below the affordability standard (housing expenses equal to 30% of household income) remained fairly constant in BC between 2006 and 2016:

- For owners: from 18% to 17%
- For renters: from 34% to 35%
- Average of all households: from 23% to 22%.

Compared to BC, affordability in the CVRD is somewhat better for owners (14% in 2006 and 16% in 2016) and somewhat worse for renters (38% in 2006 and 2016 and 42% in 2011 during the recession), to produce a slightly more favourable overall share of 19% of households across tenures experiencing affordability challenges.

Duncan is worse for both owners and renters compared to the CVRD as a whole, with 19% of owners experiencing affordability challenges and 52% of renters, with an overall share of 34% of households in 2016.

Over twice the share of renters experience affordability challenges compared to owners, and Duncan is the jurisdiction with the greatest share of total households falling below the affordability standard in the CVRD.

Affordability has decreased for both renters (from 47% of households experiencing affordability challenges in 2006 to 52% in 2016) and for owners (from 18% of households experiencing affordability challenges in 2006 to 19% in 2016).

See Table 53: Share of household by tenure below affordability standard from 2006–2016 and Figure 24: Share of households by tenure below affordability standard in 2016.

5.9 Core Housing Need and Extreme Core Housing Need

In 2019, 30% of Duncan’s households are in core housing need^{vii} and 4% are in extreme core housing need^{viii}. Of those in core housing need:

- 22% of owners are in core housing need
- 39% of renters are in core housing need

Over time less households are in core housing need, which is in line with trends reported in the last several censuses, which showed 30% of households in core housing need in 2006, 31% in 2011 and 34% in 2016.

6. Affordability of New Development

A financial model analyzing the cost of residential development for a variety of housing types and tenures was created considering the Altus Construction Cost Guide, development costs by jurisdiction (permit fees, development cost charges, etc.), parking requirements by jurisdiction as defined by zoning bylaw and market research drawn from current listings on realtor.ca.

Using this model, the lowest sale price or rental rate per unit that a builder could afford to charge for the finished product while still achieving a minimal level of profit was identified. This is called the “economic price”. These minimum prices and rental rates imply what levels of household income would be required to purchase or rent new units in Duncan without paying more than 30% of one’s household income. This analysis is performed for 2020 and 2025.

6.1 Financial Analysis Results

Based on the construction cost assumptions detailed in our methodology^x, the following housing prices represent the most affordable market units that a developer or builder could afford to produce in Duncan. Higher construction costs increase the price that a developer or builder would need to charge for a finished market product. More affordable new units may exist, but these would arise from exceptional circumstances such as unusually cheap land or government subsidies and incentives.

The price of a new single-detached home is about \$651,000, the price of a new townhouse is about \$452,000 and the price of a new apartment about \$293,000. The monthly rent for new townhomes is about \$1,670 and for new apartments about \$1,090.

To produce an estimate of the minimum income that would allow a household to purchase or rent one of these new units without spending more than 30% of its household income, the following assumptions are used:

- Purchasers will have a mortgage with the following characteristics:
 - 20% down payment
 - 3.5% stated annual interest rate
 - 25-year amortization
- Owners and renters will both pay additional housing expenses as detailed in our methodology^x, including utilities for both groups and property taxes for owners.

See Table 54: The most affordable new units by type and jurisdiction in 2020 and Table 55: Minimum household income required to purchase or rent a new home by unit type in 2025.

The household income that would be required to purchase or rent a new unit, paying no more than 30% of one’s income on housing expenses, and the percentage of Duncan’s current households (2019) that could afford that housing option was calculated:

- To purchase a new single-detached home would require \$126,000 of annual household income, and about 9% of households could afford to do so
- To purchase a new townhouse would require \$90,000 of annual household income, and about 20% of households could afford to do so
- To purchase a new apartment would require \$62,000 of annual household income, and about 37% of households could afford to do so
- To rent a new townhouse would require \$76,000 of annual household income, and about

- 27% of households could afford to do so
- To rent a new apartment would require \$53,000 of annual household income, and about 44% of households could afford to do so.

For each of these categories, note that this is the least affluent demographic that could be served by the new-build market. If supply constraints exist and less housing is built, then that new housing will go to the highest bidder, increasing the price of housing and therefore the income required to avoid core housing need.

The economic price of new homes in Duncan in 2025 was also projected based on the escalation assumptions presented above.

See Table 56: The most affordable new units by type and jurisdiction in 2025.

Compared to 2020, the price of construction in 2025 is expected to increase so that:

- The economic price of a single-detached home will be about \$747,000
- The economic price of a townhouse will be about \$528,000
- The economic price of an apartment will be about \$332,000
- The economic monthly rent for townhomes will be about \$2,040
- The economic monthly rent for apartments will be about \$1,290.

The rental rates for existing townhomes and apartments are expected to remain much lower than these amounts due to BC's rent control regime.

See Table 57: Minimum household income required to purchase or rent a new home by unit type in 2025.

The household income that would be required to purchase or rent a new unit in 2025, paying no more than 30% of one's income on housing expenses, and the percentage of Duncan's projected households (2025) that could afford that housing option was calculated:

- To purchase a new single-family home will require \$143,000 of annual household income. About 10% of households will be able to afford to do so under the rapid recovery scenario versus 8% in the slow recovery scenario.
- To purchase a new townhouse home will require \$104,000 of annual household income. About 21% of households will be able to afford to do so under the rapid recovery scenario versus 18% in the slow recovery scenario.
- To purchase a new apartment home will require \$69,000 of annual household income. About 43% of households will be able to afford to do so under the rapid recovery scenario versus 38% in the slow recovery scenario.
- To rent a new townhouse will require \$91,000 of annual household income. About 27% of households will be able to afford to do so in the rapid recovery scenario versus 24% in the slow recovery scenario.
- To rent a new apartment will require \$61,000 of annual household income. About 48% of households will be able to afford to do so in the rapid recovery scenario versus 43% in the slow recovery scenario

The capacity of Duncan's households to afford new construction will increase slightly in the rapid recovery scenario and decrease slightly in the slow recovery scenario. The overall difference between the two scenarios is not huge, suggesting that the Duncan's housing market is unlikely

to be severely impacted by COVID-19. In Duncan, the cost of constructing new townhomes will increase faster than the region's incomes, and the cost of constructing new apartments will tend to increase more slowly. This is probably the result of land price increases for patio homes (a particularly desirable type of townhome) being in such short supply and in higher demand than apartments. Even under the rapid growth scenario, the majority of Duncan's households in 2025 will be unserved by the new-build market.



ⁱ This estimate accounts for households receiving rental subsidies by assuming that a certain portion of lower-income renter households who would otherwise be in a state of core housing need are not. This portion amounts to 277 households, reducing the number of renter households in core housing need from 732 to 455. These 277 households are drawn directly from BC Housing statistics based on the following assumptions:

- All 55 individuals receiving homeless rent supplements are in this group
- Half of the 43 households receiving Transitional Supported and Assisted Living are in this group (with the rest either continuing to experience core housing need in spite of supports due to high costs, or falling outside of the renter category due to living in shelters, group homes, etc.)
- Half of the 186 households in BC Housing-supported Independent Social Housing are in this group (with the rest outside of this group for the reasons listed in the above bullet)
- All 107 households receiving rent assistance in the private market are in this group.

ⁱⁱ At the time of writing this report, data from the point-in-time homeless count completed in March 2020 was not available for individual jurisdictions.

ⁱⁱⁱ Abuse/conflict in the 2017 Homeless Count questionnaire was described as: abuse by parent/guardian or spouse/partner or conflict with roommates/other.

^{iv} “Real” here means that currency inflation is removed so that household incomes can be compared directly between time periods because they have been brought to parity in terms of true spending power.

^v See endnote i

^{vi} A ballpark estimate drawn from online municipal sources. In reality, municipal service costs will vary

^{vii} A household is said to be in core housing need if its housing falls below at least one of the adequacy, affordability or suitability standards and the household would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that meets all three housing standards.

^{viii} A household is said to be in extreme housing need if its housing falls below at least one of the adequacy, affordability or suitability standards and the household would have to spend 50% or more of its total before-tax income to pay the median rent of alternative local housing that meets all three housing standards.

^{ix} See the regional CVRD housing needs report methodology section for detailed assumptions behind cost of new development.

^x See the regional CVRD housing needs report methodology section for detailed assumptions behind expenses.