

Cowichan Valley Regional District Municipality of North Cowichan Housing Needs Assessment Data Report



BACKGROUND.....	3
KEY FINDINGS	4
1. Demographic Profile.....	4
2. Income and Economy.....	5
3. Housing Profile	5
4. Projections.....	6
5. Housing Needs.....	6
6. Affordability of New Development.....	7
THE FINDINGS.....	8
1. Demographic Profile.....	8
2. Income and Economy.....	12
3. Housing Profile	14
4. Projections.....	18
5. Housing Needs.....	20
6. Affordability of New Development.....	26

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 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.

MUNICIPALITY OF NORTH COWICHAN

The Municipality of North Cowichan is one of four member municipalities in the CVRD and a hub for services for the Cowichan Region. North Cowichan consists of multiple distinct communities, including the South End, Chemainus, Crofton and Maple Bay.

North Cowichan is by far the largest jurisdiction in the CVRD by population, with 29,030 residents in 2016 (35% of the CVRD's total). It is therefore not surprising that North Cowichan has a demographic and housing profile very similar to the CVRD as a region.

North Cowichan is slightly more affluent than the regional average. It also contains a higher proportion of multi-family units than the region, particularly ground-oriented multi-family units (townhomes and duplexes), and slightly more renter households than the regional average.

As the largest jurisdiction, North Cowichan also has the largest number of households subsidized by BC Housing (551 households).

In addition, those seeking emergency shelter and supportive services frequently travel to regional and community-level service centres like North Cowichan where most programs, shelters and services exist. As a result, some North Cowichan communities 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 North Cowichan is greater than supply at present. North Cowichan is projected to grow from 30,014 residents in 2019 to 32,656 residents in 2025, an increase of 9% in six years. Given the projected population growth and household size, this report's analysis estimates that there is a need for 1,208 units of new housing in North Cowichan in the next five years with a particular need for one-bedroom units.

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:** North Cowichan increased in population by 7% between 2006 and 2016, from 27,020 to 29,030. North Cowichan is the largest jurisdiction in the CVRD and makes up more than one-third of the regional district's population.
- **Age:** North Cowichan's average age is very close to the regional average and increased from 41.3 to 45.6 from 2006 to 2016. This rate of aging is slightly faster than the CVRD's.
- **Household size:** North Cowichan has an average household size similar to the CVRD's, and it decreased from 2.4 in 2006 to 2.3 in 2016, in line with change across the CVRD.
- **Tenure:** North Cowichan has a greater share of renters compared to the CVRD. This share has increased from 22% in 2006 to 25% in 2016, in line with trends across BC and the CVRD. North Cowichan has a slightly higher share of renter households in subsidized housing than the CVRD, but this has decreased from 4% in 2011 to 3% in 2016, consistent with the regional trend.
- **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. In Chemainus, specifically, there were three people counted as absolutely homeless and 11 people surveyed as hidden homeless.

- **Transportation:** North Cowichan consists of multiple distinct communities spread over a large land area. The South End, with its relatively high number of bus options and its proximity to commercial amenities and jobs, provides a good foundation for lower transportation costs. Other communities, like Chemainus, Crofton and Maple Bay, have less of the infrastructure needed to improve mobility choice and allow residents to use less expensive transportation options, but regional bus service is available.

2. Income and Economy

- **Household income:** North Cowichan's median household income (\$63,879 in 2016) is very close to the regional median. After inflation is removed from the analysis, North Cowichan shows a decrease in median household income between 2006–2016. North Cowichan exhibits slightly less income inequality between tenure groups than the CVRD.
- **Employment:** North Cowichan's participation rate is very close to the CVRD's, declining from 60% to 57% from 2006 to 2016. North Cowichan's unemployment rate is consistently below that of the region, increasing slightly from 5.7% in 2006 to 6.3% in 2016.
- **Industry:** North Cowichan's labour force is similar to that of the region as a whole, although it does include a cluster of healthcare and social assistance workers and retail trade 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. While single-detached homes (64% of units) are the largest portion of the housing supply, North Cowichan also includes a greater share of apartments (12% of units) and ground-oriented multi-unit dwellings, including semi-detached units (7%), row houses (7%) and apartments in duplexes (5%), than the electoral areas or the CVRD. Smaller components of the housing stock include movable dwellings (4%) and other single-detached units (1%). North Cowichan had levels of growth similar to the CVRD, increasing by 13% from 11,295 units in 2006 to 12,770 units in 2016.
- **Dwelling age:** North Cowichan matches the regional and provincial distribution of dwelling age quite closely.
- **Bedroom number:** The CVRD has a much higher share of three-bedroom units and a much lower share of one-bedroom units than BC. North Cowichan closely compares to the CVRD in shares of home sizes.
- **Non-market housing:** In North Cowichan, 551 households are subsidized by BC Housing. This represents 41% of the households subsidized by BC Housing in the CVRD. This includes 251 units subsidized by BC Housing as well as 300 households receiving rent assistance in the private market.
- **Market rental housing:** The most common number of bedrooms for a rental unit in North Cowichan is two bedrooms (37%) followed by one bedroom (28%), then three bedrooms (22%), with smaller numbers of four-bedrooms (8%) and minimal numbers of studio rentals (1%). North Cowichan has higher rental rates compared to Duncan, and similar rental rates compared with Ladysmith, with an average rent of \$952 (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, duplexes, then apartments, and finally manufactured homes. The North Cowichan housing market saw price stability or even decline (depending on product category) in all product categories from 2008 to 2016 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 except manufactured homes.

4. Projections

- **Households projection:** Between 2019 and 2025, North Cowichan is expected to grow from 12,937 households to 14,145 households, an increase of 9% in six years.
- **Population projection:** Between 2019 and 2025, North Cowichan is expected to grow from 30,014 residents to 32,656 residents, an increase of 9% 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), North Cowichan is expected to have a median household income of \$86,901 in the rapid recovery scenario or \$81,440 in the slow recovery scenario.
- **Tenure projection:** Based on the income projection, the split of North Cowichan households by tenure will shift slightly toward owners in the rapid recovery scenario (to 22% renter households and 78% owner households) but not appreciably in the slow recovery scenario (remaining at 24% renter households and 76% owner households).

5. Housing Needs

- **Projection of housing need by number of bedrooms:** It is projected that in 2025 North Cowichan will need an additional 1,208 units of housing of which most should be one-bedroom units because most households today and in 2025 will consist of one person or one couple, generating one bedroom of housing need. *See Table 1: North Cowichan projection of units needed 2020 and 2025.*
- **Homelessness:** The majority of homeless in the CVRD reside in North Cowichan creating heavy demand for social support services in this region. Additionally, individuals experiencing homelessness in electoral areas that lack social services travel to North Cowichan to access programs and services, compounding that municipality’s need for additional supports. North Cowichan needs a spectrum of housing options to meet the varying needs of individuals experiencing homelessness on various levels, and supportive, permanent, long-term care for those aging out of the street entrenched community. Community members indicate the need for services that address concurrent afflictions, such as mental health and addiction.
- **Non-market housing:** The market will struggle to provide new housing that is affordable for lower-income households in North Cowichan. Households with incomes below approximately \$57,000 will not be able to afford renting market rental homes in North Cowichan. 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.
- **Market rental housing:** Renter households in North Cowichan making less than \$42,900 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 41% of North Cowichan’s renter households are in core housing need and 13% are in extreme

core housing need. This is in line with the rates reported in the previous few censuses (39% in 2006, 48% in 2011, and 38% in 2016). Engagement results identified a need for more rental options. Respondents share stories of facing barriers to finding rental options in North Cowichan due to rental restrictions, previous homelessness, owning pets and having young children.

- **Market ownership:** Owner households without mortgages in North Cowichan are not spending more than 30% of their incomes on housing expenses. The majority of owner households with mortgages in North Cowichan making below \$53,300 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 15% of North Cowichan's owner households are in core housing need, in line with the rates evident in recent censuses (14% in 2006, 16% in 2011, then 14% in 2016).
- **Historic and current housing condition (adequacy):** Adequacy of housing in North Cowichan is slightly better than in the CVRD and British Columbia, with 5% of households living in housing below adequacy standards in 2016. Compared to the CVRD, adequacy of housing is slightly better for both owners (4%) and renters (8%). Adequacy of housing has improved slightly for owners and remained similar for renters since 2006.
- **Historic and current overcrowding (suitability):** Slightly less owner households in North Cowichan are below the suitability standard (1%) than in BC (3%). Similarly, less renter households in North Cowichan are below the suitability standard (8%) than in BC (9%). A greater share of renters experience overcrowding compared to owners.
- **Historic and current affordability:** Affordability in North Cowichan is similar for both owners (14%) and renters (38%) to produce an overall share of 20% 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 (21%) of North Cowichan's households are currently in core housing need. This is in line with trends reported in the last several censuses (39% in 2006, 48% in 2011 and 38% 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 North Cowichan 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 North Cowichan'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 North Cowichan's housing market is unlikely to be severely impacted by COVID-19.

In North Cowichan, 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 high demand versus apartments, which are much less desirable in this part of Vancouver Island.

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 North Cowichan 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, 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, North Cowichan increased in population by 7%, from 27,020 to 29,030 residents, slightly slower than the rate of growth across the CVRD.

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.

North Cowichan is the largest jurisdiction in the CVRD and makes up more than one-third of the CVRD's population. From 2006 to 2016, North Cowichan's share of the region's overall population decreased from 36% in 2006 to 35% 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. The CVRD's average age is older than British Columbia's, and it increased during that decade from 41.4 to 45.3.

North Cowichan's average age is close to the CVRD's, and it increased from 41.3 to 45.6 between 2006 and 2016.

See Table 4, Table 5 and Table 6 and Figure 2: Average age by jurisdiction over time from 2006–2016.

North Cowichan has an age distribution similar to the CVRD's with 24% of the population 65 years or older (23% of the CVRD's population is 65 years or older). In North Cowichan, 2% of the population is 85 years or older, which is the same share as the CVRD.

North Cowichan's percentage of children (aged 0–14) is similar to the CVRD's (15%) and British Columbia's (15%) at 15% of its population. North Cowichan's share of residents 15–19 years old (5% of its population) is similar to the CVRD's (5%) and British Columbia's (6%). It also has a similar share of residents aged 20–24 years old at 5% of its population (compared to 4% in the CVRD and 6% in British Columbia).

1.3 Household Size

Household sizes in British Columbia and throughout the CVRD decreased from 2006. Household sizes in North Cowichan are similar (at 2.3 people per household) to those in the CVRD as a region (2.3 people per household). Average household size has decreased from 2.4 in 2006 to 2.3 in 2016, in line with change across 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. 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. North Cowichan has a greater share of renters (at 25%) compared to the CVRD as a whole. This share has increased from 22% in 2006, in line with trends across BC and the CVRD.

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). North Cowichan has a slightly higher share of renter households in subsidized housing than the CVRD as a whole, but this has decreased from 4% in 2011 to 3% in 2016. This decrease is consistent with the trend in the CVRD: the share of renter households in subsidized housing in the CVRD has decreased from 3% in 2011 to 2% in 2016.

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 included five counts sites, of which two include portions of North Cowichan: the Duncan/North Cowichan core area and Chemainus. The count considered Duncan and the North Cowichan core area as one geographic area.ⁱ 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.

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.

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. Three people were counted as “absolutely homeless” in Chemainus.

In Duncan and the North Cowichan core area, 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. In Chemainus, there were 11 people surveyed who were considered “hidden homeless”. Of the people surveyed as hidden homeless, 77% were in Duncan and the North Cowichan core area and an additional 18% were in Chemainus.

There were 28 people surveyed in Duncan and the North Cowichan core area 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. No one in Chemainus was identified as at-risk of being homeless.

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.

When the 2014 winter homeless count occurred, no one homeless was encountered in Chemainus; however, at that same time, service providers were aware of several people who were homeless or struggling with their housing.

Across the CVRD, the Summer Point-in-Time Homeless Count and Homeless Needs Survey Community Report indicated that abuse and conflictⁱⁱ 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 14% decrease in the number of people counted 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 North Cowichan, approximately 89% 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 53 minutes (one-way).

North Cowichan's close proximity to Duncan, which functions as a transit hub for the regional network, means there are numerous bus routes that travel within North Cowichan. Out of the 16 lines, nine of them pass through the district (Routes 2, 3, 4, 6, 7, 8, 9, 34 and 36). Many of these routes converge at the Cowichan Community Centre where transfers allow for connections to various surrounding communities and electoral areas. The 36 is a limited commuter route that provides more direct service to Ladysmith from Cowichan Commons. 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.

On paper, North Cowichan appears to be well-served in relation to transit. However, because it consists of multiple distinct communities spread over a vast land area, access to those bus routes is not consistent. The South End (which borders Duncan) has the best transit access and connectivity to the rest of the region. Other communities like Maple Bay, Chemainus and Crofton have significantly fewer bus routes and transit frequency.

Residential densities, street patterns and mix of uses across North Cowichan's various communities vary, as well. Some rural residential communities are car-oriented and have very little in the way of nearby commercial amenities or industrial lands, which would make them more expensive from a transportation lens. Maple Bay has a tight knit street grid, but few daily needs to which one could walk or bike. Chemainus and Crofton have more substantial employment lands and commercial services in proximity to their population centres, which may encourage more walking, biking or transit use. Finally, the South End has some of the highest residential densities, the most mix of uses and a significant amount of employment lands. Despite limited street connectivity, it is likely the part of North Cowichan where car dependency, and thus transportation costs, are lowest.

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. The South End, with its relatively high number of bus options and its proximity to commercial amenities and jobs, provides a good foundation for lower transportation costs. Other communities like Chemainus, Crofton and Maple Bay lack one or two main ingredients (i.e., mix of uses, residential densities, convenient transit options) to improve mobility choice and allow residents to use less expensive transportation options. This means transportation costs vary with the lowest costs in the South End and the highest costs in North Cowichan's rural residential neighbourhoods.

2. Income and Economy

The following section provides an overview of historic income and economy data for North Cowichan 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, North Cowichan had a median household income of \$63,879 in 2016, close to the regional median. This increased from 2006 to 2016 at a slightly slower pace than the CVRD.

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. North Cowichan 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. North Cowichan is close to the regional trend, with a median household income for owner households of \$75,169. The median household income for owners increased from 2006 to 2016 at a slightly slower pace than the region as a whole.

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 North Cowichan are close to the regional trend, with a median household income for renter households of \$39,268. Renter incomes declined slightly from 2006 to 2011, increasing significantly from 2011 to 2016.

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. North Cowichan exhibits slightly less 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, North Cowichan is very similar to the regional trend, with its participation rate declining from 60.1% in 2006 to 57.3% in 2016.

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) increased during this decade but was highest during the recession in 2011. Unemployment in the CVRD (increasing from 6.5% to 7.4%) has been slightly higher than in BC overall (increasing from 6.0% to 6.7%) except in 2011 (both 7.8%). North Cowichan's unemployment rate is consistently below that of the region as a whole, increasing slightly from 5.7% in 2006 to 6.3% 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. North Cowichan's labour force is similar to that of the region as a whole, although it does include a cluster of healthcare and social assistance workers and retail trade 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 North Cowichan housing data from the Statistics Canada Census, BC Housing and BC Assessment.

3.1 Dwelling Types

From 2006 to 2016, the number of 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 North Cowichan, the number of dwelling units used as usual residences increased by 13% from 11,295 units in 2006 to 12,770 units in 2016—the same rate of growth as the region.

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 North Cowichan are decreasing, so housing supply has increased faster (or decreased slower) than the population.

Along with other municipalities, North Cowichan has a greater share of ground-oriented multi-unit dwellings than the electoral areas, as well as a higher share of apartments and a lower share of single-detached houses. This means that North Cowichan has a higher-density housing composition than the CVRD:

- Single-detached homes are the largest portion of the housing supply at 64% of the housing stock. This is a lower share than any jurisdiction in the CVRD except for Duncan.
- Apartments make up the next largest portion of the housing stock at 12% of units. While this is significantly lower than Duncan (at 44% of units), it is a higher share than any other jurisdiction in the CVRD.
- Ground-oriented multi-unit dwellings make up a significant portion of the housing stock, including semi-detached units (7% of units), row houses (7%) and apartments in duplexes (5%).
- Movable dwellings make up 4% of the housing stock.
- There are minimal numbers of other single-detached units (1%).

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 North Cowichan 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. North Cowichan compares closely with the regional and provincial trend.

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.

North Cowichan compares closely with the CVRD's share of home sizes, having large shares of two-bedroom (25%), three-bedroom (38%) and four-bedroom (27%) units, and a smaller number of one-bedroom units (9%).

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. These four categories form a rough housing continuum such that from left to right the categories become less intensive and have more units. 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.

North Cowichan has the largest number of households subsidized by BC Housing in the CVRD, with a total of 551 households. This is intuitive since it is the CVRD's largest jurisdiction by population. Of those 551 households, 251 units are subsidized by BC Housing, including:

- 39 units in the emergency shelter and housing for the homeless category, amounting to 15 beds in homeless shelters and 24 homeless people housed.
- 54 units in the transitional supported and assisted living category, 38 of which are for people with special needs.
- 158 units in the independent social housing category, 100 of which are for low-income families.

In addition, 300 households are provided rent assistance in the private market, 216 of which are seniors.

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 North Cowichan is two bedrooms (37%) followed by one bedroom (28%), then three bedrooms (22%) with smaller numbers of four-bedrooms (8%) and minimal numbers of studio rentals (1%). North Cowichan has higher numbers of four-bedroom rentals than Ladysmith or Duncan and is the only municipality with studio rentals.

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

North Cowichan has higher rental rates compared to Duncan and rental rates similar to Ladysmith, although this is achieved differently. In North Cowichan, one-bedroom rentals are more expensive than in Ladysmith and two-, three- and four-bedroom rental are less expensive. North Cowichan has an average rent of \$952, 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 North Cowichan, this means that renters in the lowest income quartile (with an income of up to \$21,321) are spending 57% of their income on rent and utilities for a one-bedroom, 66% of their income for a two-bedroom, and 84% of their income for a three-bedroom.

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

Engagement results from North Cowichan 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 North Cowichan due to rental restrictions, previous homelessness, owning pets and having young children.

3.6 Market Ownership Housing

The property assessment rolls were analyzed for the Municipality of North Cowichan. 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 North Cowichan from 2007–2019 and Figure 17: Average value per dwelling other than purpose-built rental by type in North Cowichan over time from 2007–2019.

From 2007 to 2019, the average values of different residential property types in North Cowichan 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 (\$300,000–\$500,000), followed by townhomes (\$200,000–\$300,000), then duplexes (\$200,000–\$300,000), then apartments (\$200,000–\$300,000) and finally, manufactured homes (\$100,000–\$150,000).

This market saw price stability or even decline (depending on product category) in all product categories from 2008–2016 as Vancouver Island’s economy gradually recovered from the financial crisis of 2008. This eight-year period of price stability represents a period of increasing affordability for CVRD residents and prospective residents and suggests that in North Cowichan the supply of available land was adequate to meet residential demand. From 2016 to 2019, prices increased considerably each year for all unit types other than manufactured homes, a widespread trend throughout southern BC.

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, so rising prices, accelerated growth, or some combination of the two may be anticipated. Demand has grown considerably in recent years due to the following factors:

- Demand from Lower Mainland households – many retired – seeking more affordable accommodation.
- 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, 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, North Cowichan is expected to grow from 12,937 households to 14,145 households, an increase of 9% in six years, which would be slightly faster than the 13% growth observed between 2006 and 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

Between 2019 and 2025, North Cowichan is expected to grow from 30,014 residents to 32,656 residents, an increase of 9% in six years, achieving a faster pace than the 7% growth observed between 2006 and 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), North Cowichan is expected to have a median household income of \$86,901 in the rapid recovery scenario or \$81,440 in the slow recovery scenario.

See *Table 45: Estimated number of households by income bracket in 2019 and 2025 by scenario* and *Figure 18: Households in North Cowichan 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 realⁱⁱⁱ income group in 2019 and 2025 is assumed to resemble the split indicated in the 2016 Census in North Cowichan.

Compared to 2019, real income increases in both scenarios by 2025, but increases more rapidly in the rapid recovery scenario, causing the split of North Cowichan's households by tenure to shift slightly toward owners in the rapid recovery scenario (to 22% renter households and 78% owner households) but not appreciably in the slow recovery scenario (remaining at 24% renter households and 76% owner households).

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

5. Housing Needs

The following section 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.

In most CVRD jurisdictions, including North Cowichan, most households in both years need only one bedroom (8,471 households in 2019 and 9,480 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 89% of two-person households in North Cowichan.

According to this definition of need, North Cowichan contains an over-supply of two-bedroom homes and homes containing three or more bedrooms since only 9% of North Cowichan's homes had one bedroom, 25% had two bedrooms and 65% 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 North Cowichan will need an additional 1,208 units of housing, most of which should be one-bedroom units.

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

5.2 Homelessness

A lack of emergency shelters and long-term options for those experiencing homelessness in the broader region was identified through interviews with housing and community organizations. In particular, engagement results point to a lack of safe housing options for youth, First Nations, women and those with mental health challenges.

Broader engagement results suggest that those seeking emergency shelter and supportive services frequently travel to regional and community-level service centres like North Cowichan, where many programs and services exist. As a result, North Cowichan 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 urgent 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 North Cowichan 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. Many respondents felt that supportive services were needed to address concurrent afflictions, like mental health and addictions. Others spoke to the cost of not addressing homelessness. Businesses, 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 North Cowichan, households with incomes below approximately \$57,000 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 North Cowichan spoke to escalating housing prices and the lack of smaller, more affordable dwelling types. 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 North Cowichan in 2019 and Figure 19: Rental rates in the CVRD's electoral areas and Lake Cowichan in 2019.

Note that the data 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 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. Landlords and property owners of 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 North Cowichan making less than \$42,900 per year tend to spend more than 30% of their annual income 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 North Cowichan.

This analysis suggests that 41% of North Cowichan's renter households are in core housing need and 13% are in extreme core housing need. This is in line with the rates reported in the previous few censuses (39% in 2006, 48% in 2011, and 38% and 2016).

Engagement results identified a need for more rental options and spoke to the need for more purpose-built rentals to meet housing challenges in North Cowichan.

In particular, 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 North Cowichan 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 (52%).
- 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
- strata and/or maintenance expenses of \$1,200 per year
- property taxes, factoring 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 North Cowichan.

The majority of owner households with mortgages in North Cowichan making below \$53,300 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.

This analysis suggests that 15% of North Cowichan's owner households are in core housing need, in line with the rates evident in recent censuses (14% in 2006, 16% in 2011 and 14% in 2016).

5.6 Historic and Current Housing Condition (Adequacy)

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 (5%) and in North Cowichan (4%) are similar as for BC (5%) owner households.

For renters in the CVRD, more renter households fall below the adequacy standard (12% in 2006 and 9% in 2016) than in BC. For North Cowichan, 8% of renter households fall below the adequacy standard and this rate has remained steady 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 also observed:

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

For owner and renter households in North Cowichan, suitability has been similar as for the CVRD:

- For owners: from 2% to 1%
- For renters: from 7% to 8%
- Average of all households: from 3% to 2%

More renters than owners experience overcrowding.

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.

North Cowichan is similar for both renters and owners compared to the CVRD, with 14% of owners experiencing affordability challenges compared to 38% of renters in 2016, resulting in an overall share of 20% of households.

Over twice the share of renters experience affordability challenges compared to owners. Affordability has remained at similar levels for owners (14% in 2006, 16% in 2011 and 14% in 2016) and renters (39% in 2006, 48% in 2011 and 38% in 2016) from 2006 to 2016, although affordability decreased for both in 2011.

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, 21% of North Cowichan's households are in core housing need^{iv} and 3% are in extreme core housing need^v. Of these:

- 15% of owners are in core housing need and 0% are in extreme housing need

- 41% of renters are in core housing need and 13% are in extreme housing need

This 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 North Cowichan 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^{vi}, the following housing prices represent the most affordable units that a developer or building could afford to produce in North Cowichan. 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 \$650,000, the price of a new townhouse is about \$450,000 and the price of a new apartment about \$325,000. The monthly rent for new townhomes is about \$1,670 and for new apartments about \$1,195.

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^{vii}, including utilities and property taxes.

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 North Cowichan’s current households (2019) that could afford that housing option was calculated:

- To purchase a new single-detached home would require \$121,000 of annual household income, and about 24% of households could afford to do so
- To purchase a new townhouse would require \$87,000 of annual household income, and about 41% of households could afford to do so
- To purchase a new apartment would require \$65,000 of annual household income, and about 55% of households could afford to do so
- To rent a new townhouse would require \$76,000 of annual household income, and about 48% of households could afford to do so
- To rent a new apartment would require \$57,000 of annual household income, and about

61% 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 and income required to avoid core housing need.

The economic price of new homes in North Cowichan 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 \$746,000
- The economic price of a townhouse will be about \$527,000
- The economic price of an apartment will be about \$368,000
- The economic monthly rent for townhomes will be about \$2,040
- The economic monthly rent for apartments will be about \$1,415.

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 North Cowichan's projected households (2025) that could afford that housing option was calculated:

- To purchase a new single-family home will require \$138,000 of annual household income. About 26% of households will be able to afford to do so under the rapid recovery scenario versus 23% in the slow recovery scenario.
- To purchase a new townhouse home will require \$100,000 of annual household income. About 42% of households will be able to afford to do so under the rapid recovery scenario versus 39% in the slow recovery scenario.
- To purchase a new apartment home will require \$73,000 of annual household income. About 60% of households will be able to afford to do so under the rapid recovery scenario versus 56% in the slow recovery scenario.
- To rent a new townhouse will require \$91,000 of annual household income. About 47% of households will be able to afford to do so in the rapid recovery scenario versus 44% in the slow recovery scenario.
- To rent a new apartment will require \$66,000 of annual household income. About 64% of households will be able to afford to do so in the rapid recovery scenario versus 60% in the slow recovery scenario.

The capacity of North Cowichan'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 North Cowichan's housing market is unlikely to be severely impacted by COVID-19. In North Cowichan, 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.

ⁱ 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.

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

ⁱⁱⁱ “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.

^{iv} 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.

^v 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.

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

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