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Cowichan Valley Regional District
Electoral Area G - Saltair
Housing Needs Assessment
Data Report

CVRD

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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.

ELECTORAL AREA G – SALTAIR

Electoral Area G – Saltair is one of nine electoral areas in the CVRD. Electoral area G's main population centre is Saltair, a small rural and suburban village located between the larger centres of Chemainus and Ladysmith. The rest of the electoral area consists of rural resource lands and includes the gulf islands of Thetis, Reid, Penelakut, Hudson and Dayman. Note that these islands are part of the Thetis Island Trust Area and therefore excluded from this analysis unless otherwise indicated.

Saltair is almost entirely composed of single-detached homes (92% of units), with small portions of manufactured homes (4% of units) and minimal amounts of semi-detached homes (1%), duplexes (2% of units) and apartments (1%).

Saltair grew by 2% from 2006 to 2016, slower than the CVRD as a whole. It has 1,900 residents and is one of the more affluent jurisdictions, with an average household income of $88,398. It is the oldest and fastest aging jurisdiction in the CVRD, with an average age of 53.7, and has the lowest labour force participation rates (45.9%). It has the lowest share of renters across the CVRD, with renters composing just 10% of households—and one of the highest rates of income inequality between owner households and renter households. It is estimated that the majority (43%) of Saltair's renter households are in core housing need and 18% are in extreme core housing need.

Interviews with 11 local developers and realtors indicate that housing demand in electoral area G is greater than supply at present and that new development will be inhibited by lack of services such as sewer and water.

Electoral area G (in this case *including* the Thetis Island Trust Area due to data limitations) is projected to grow much faster than its historical rate, from 1,060 households in 2019 to 1,449 households in 2025, an increase of 37% in six years. Given the projected population growth and household size, this report's analysis estimates that there is a need for 387 units of new housing in electoral area G 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.

*Note that we refer to ***Saltair*** when describing electoral area G excluding the Thetis Island Trust Area and ***Electoral Area G*** when describing electoral area G including the Thetis Island Trust Area.

1. Demographic Profile

- **Population:** Saltair has grown, increasing in population from 1,855 in 2006 to 1,900 in 2016. This growth was less rapid (2% from 2006 to 2016) than the CVRD (8%) and the province (12%).
- **Age:** Saltair is the oldest and fastest aging jurisdiction in the CVRD. Its average age increased from 45 to 53.7 from 2006 to 2016.
- **Household size:** The average household size in Saltair decreased slightly from 2.4 in 2006 to 2.2 in 2016, in line with the region.

- **Tenure:** Saltair is the jurisdiction with the smallest share of renters (at 10%) in the CVRD, and this share has decreased since 2006.
- **Unhoused population:** It can be hard to locate and count people in more rural areas. The 2017 Summer Point-in-Time Homeless Count and Homeless Needs Survey Community Report did not provide data specific to electoral area G. Many people who are homeless in the CVRD tend to stay close to a community hub where they can access vital services. Electoral area G has relatively few of these vital services. However, electoral area G is adjacent to the incorporated Town of Ladysmith and Municipality of North Cowichan, so people who are homeless or at risk of becoming homeless may locate in electoral area G close to these larger centres.
- **Transportation:** Electoral area G does not participate in the CVRD's Transit function and has few transportation options, and 88% of commuters used a private automobile to get to work. In comparison to other areas, however, residents travel by car for shorter durations. This means transportation costs in electoral area G are high, but residents aren't travelling as far as their peers who live in the South Cowichan.

2. Income and Economy

- **Household income:** Saltair is one of the more affluent jurisdictions in the CVRD, with an average household income of $88,398 in 2016. Saltair has greater income inequality between owners and renters than the CVRD.
- **Employment:** Saltair has the lowest participation rates in the CVRD (45.9% in 2016), which decreased significantly from 2006 (59.5%).
- **Industry:** Within the CVRD, the labour force is somewhat geographically clustered. Saltair includes a cluster of workers in the professional, scientific and technical and real estate fields. There are notably few workers in the arts, entertainment, and recreation industry as well as few managers.

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. This holds true in Saltair, with single-detached dwellings composing 92% of housing units. There are small portions of mobile homes (4% of units), and minimal amounts of semi-detached houses (1%), duplexes (2%) and apartments (1%).
- **Dwelling age:** Saltair has an older housing stock than the CVRD, with a greater share of housing units built before 1961 and between 1961–1980, and a smaller share of housing units built between 2001–2005.
- **Bedroom number:** Saltair has a very similar share of unit sizes as the CVRD as a whole.
- **Non-market housing:** Electoral area G has no non-market units
- **Market rental housing:** There is limited data on the supply of market rental housing, and most of the supply is likely provided through the secondary rental market.
- **Market ownership housing:** Single-detached homes have been the most desirable and expensive form of housing, followed by manufactured homes then duplexes and finally townhomes. It is unusual for manufactured homes to be more valuable than townhomes; it is assumed that this reflects Saltair's manufactured homes being located on larger or better-located parcels of land than its townhome supply. It could also indicate that the electoral area's townhome supply is old and deteriorated. This market saw price stability 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 townhomes. This suggests that since 2017 Saltair's supply of available land

has been insufficient to meet growing demand for single-detached homes, manufactured homes and duplexes.

4. Projections

- Note that all future projections described here include the Thetis Island Trust Area as well as Saltair. The reason for this is that this study's methodology uses population and household projections from rennie intelligence[i], and this projection included the Thetis Island Trust Area.
- **Households Projection:** Between 2019 and 2025, electoral area G is expected to grow from 1,060 households to 1,449 households, an increase of 37% in six years, which would be significantly faster than the 10% growth observed between 2006 and 2016.
- **Population Projection:** Between 2019 and 2025, electoral area G is expected to grow from 2,332 residents to 3,273 residents, an increase of 40% in six years, which would be significantly faster than the 6% growth observed between 2006 and 2016.
- **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 the COVID-19 pandemic, while the other assumes a slower economic recovery. In 2025 (and in 2025 dollars), electoral area G is expected to have a median household income of $92,706 in the rapid recovery scenario or $88,431 in the slow recovery scenario.
- **Tenure Projection:** Based on the income projection, the split of electoral area G's households by tenure will shift slightly toward owners in the rapid recovery scenario (to 8% renter households and 92% owner households) but not appreciably in the slow recovery scenario (remaining at 9% renter households and 91% owner households).

5. Housing Needs

- **Projection of housing need by number of bedrooms:** A large majority of households in 2019 and 2025 need only one bedroom for the composition of their household. Many households possess more bedrooms than they need, according to the strict definition of housing need. It is projected that in 2025 electoral area G (including the Thetis Island Trust Area) will need an additional 387 units of housing of which most should be one-bedroom units. *See Table 1: Electoral area G projection of units needed 2020 and 2025.*
- **Homelessness:** There are no emergency shelters or long-term options for those experiencing homelessness in electoral area G. As a result of this, many are seeking shelter options outside of their communities.
- **Non-market housing:** The market will struggle to provide new housing that is affordable for lower income households in electoral area G. Households with incomes below approximately $57,000 will not be able to afford renting market rental new homes.
- **Market rental housing:** Renter households in electoral area G making less than $48,400 per year tend to spend more than 30% of their annual income on housing expenses, placing these households in core housing need. Renter households making less than $26,600 per year tend to spend more than 50% of their annual income on housing expenses, placing them in extreme core housing need. This analysis suggests that 43% of Saltair's renter households are in core housing need and 18% are in extreme core housing need. Engagement results identified a need for more rental options, such as basement suites or tiny homes.
- **Market ownership:** Owner households without mortgages were analyzed but we found that according to this model none of them would be spending more than 30% of their

incomes on housing expenses. The majority of owner households with mortgages in electoral area G making below $68,800 per year spend more than 30% of their annual income on housing expenses, placing these households in core housing need. This analysis suggests that 16% of Saltair's owner households are in core housing need, in line with trends evident in the census (12% in 2006, 18% in 2011, then 11% in 2016). Saltair is the only electoral area where this analysis shows owners with mortgages earning $26,200 or less paying 50% or more of their income on housing expenses.

- **Historic and current housing condition (adequacy):** Adequacy of housing in Saltair is worse than the CVRD and British Columbia, with 9% of households living in housing below adequacy standards. More owners (10%) live in housing below adequacy standards than renters (0%), and this increased from 2006 to 2016.
- **Historic and current overcrowding (suitability):** Saltair has similar levels of crowding for owners (0%) and less for renters (0%) compared to the CVRD.
- **Historic and current affordability:** In 2016, compared to the CVRD, affordability in Saltair is better for both owners (11%) and about the same for renters (41%), to produce an overall share of 13% of households across tenures experiencing affordability challenges. Affordability decreased for renters from 2006–2011 but did not change significantly for owners. Renters face significantly greater affordability challenges than owners.
- **Core housing need and extreme core housing need:** A significant number (19%) of Saltair's households are in core housing need. This is in line with the rates reported in the last several censuses (17% in 2006, 22% in 2011 and 18% 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 electoral area G 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 electoral area G's households to afford new construction was calculated. This capacity will decrease slightly in both scenarios; however, the overall difference between the two scenarios is not huge, suggesting that the electoral area's housing market is unlikely to be severely impacted by COVID-19.

  In electoral area G 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 Saltair as collected from the Statistics Canada Census, Summer Point-in-Time Homeless Count, Homeless Needs Survey Community Report and BC Transit. Note that this profile excludes the Thetis Island Trust Area unless otherwise indicated.

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. Compared to the CVRD, Saltair grew less rapidly—2%, from 1,855 to 1,900 between 2006 and 2016.

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, Saltair maintained its share (2%) of the region's overall population.

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

1.2 Age

Saltair is the oldest and the fastest aging jurisdiction in the CVRD. Its average age increased from 45 to 53.7 from 2006 to 2016. It has a far higher share of population 65–84 years old, and a lower share of population under 14 years old than the CVRD.

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

Note that differences in the pace of aging between jurisdictions mostly reflect migration trends.

Saltair has the oldest average age in the CVRD, in part due to a much higher percentage of seniors—34% of the population is 65 years or older in Saltair, meanwhile 23% of the CVRD's population is 65 years or older.

Saltair has a lower percentage of children (aged 0–14) at just 7% of its population than both the CVRD as a region (15%) and British Columbia (15%). Saltair also has slightly lower shares of residents 15–10 years old (3% of its population) compared to the CVRD (5%) and British

Columbia (6%), and residents aged 20–24 years old, at 4% 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 to 2016. Household sizes in Saltair are slightly smaller (at 2.2 people per household) compared to those in the CVRD as a region (2.3 people per household). Average household size has decreased slightly from 2.4 in 2006 to 2.2 in 2016, in line with change across the CVRD as a region.

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 slightly from about 30% to about 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. Saltair bucked the trend with a decreasing renter share (from 13% in 2006 to 10% in 2016), making it the jurisdiction with the lowest rental share 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 Saltair, renter households in subsidized housing make up 1% of households, increasing from 0% in 2011. In many cases, the total number of households in subsidized housing in smaller jurisdictions, such as individual electoral areas, is ten or fewer. Note that census data is rounded to the nearest five, so there may be some small rounding errors.

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

1.5 Unhoused Population

The most recent data that provides information at a finer detail than across the entire CVRD was the Summer Point-in-Time Homeless Count and Homeless Needs Survey Community Report completed in 2017. There was no data provided for electoral area G.[ii]

However, it is hard to locate and count people who are homeless in rural areas, so there may be more people who are homeless in electoral area G, especially people who may be considered “hidden homeless” who are more difficult to locate and count. Examples of hidden homelessness include people staying with family or friends (e.g., couch surfing), staying in trailers or cars, or accessing transitional or temporary housing.

People who are homeless throughout the CVRD tend to stay close to a community hub where they can access vital services, such as a food bank. Its main population centre is Saltair, a small rural and suburban village located between the larger centres of Chemainus and Ladysmith, with

very little in the way of daily commercial needs. However, electoral area G is adjacent to the incorporated Town of Ladysmith and Municipality of North Cowichan, so people who are homeless or at risk of becoming homeless may locate in electoral area G close to Ladysmith or North Cowichan. Across all electoral areas there are places that homeless people could camp out and few people might know they are there.

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.

According to the 2016 Census, in electoral area G, approximately 88% of commuters use a private automobile to get to work. Traveling to work by car takes an average of 28 minutes (one way). Electoral area G does not participate in the CVRD's transit function.

Electoral area G's main population centre is Saltair, a small rural and suburban village located between the larger centres of Chemainus and Ladysmith. The rest of the Electoral Area consists of rural resource lands. There is very little in the way of commercial amenities or employment lands.

Overall, electoral area G has few transportation options and very little mix in uses. Without bus service the car is the only choice to perform daily activities. In comparison to other areas, however, residents travel by car for shorter durations – likely to Ladysmith and Chemainus where there are more jobs, shops, and services. This means transportation costs in electoral area G are high relative to jurisdictions with more transportation options, but residents aren't traveling as far as their peers who live in the South Cowichan.

2. Income and Economy

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

2.1 Household Income

Average annual household income in both British Columbia and the CVRD increased from 2006 to 2016, with the region remaining less affluent than the province throughout this period. BC's average income rose from $80,000 to $90,000 and the CVRD's rose from $73,000 to $79,000. The gap between the region's average income and the province's average income has increased: BC was about $7,000 per year per household more affluent than the CVRD in 2006 and in 2016 was about $11,000 per year per household more affluent.

See Table 12, Table 13 and Table 14: Share of households by annual income 2006–2016 and Figure 6: Average annual household income from 2006–2016.

Within the CVRD, Saltair is one of the more affluent jurisdictions, with an average household income of $88,398 in 2016. Saltair exhibited a "u-shaped" trend with income decreasing from 2006 to 2011 and then increasing significantly from 2011 to 2016. This may be a result of the 2008 financial crisis and consequent recession.

Many other jurisdictions in the CVRD also had "u-shaped" trends, with income either decreasing from 2006 to 2011 and then increasing again from 2011 to 2016, or vice versa. Typically, the more affluent communities did *better* during the post-crisis recession and the less affluent communities did worse.

Saltair has an average household income for owner households of $88,398, above the average income across the CVRD.

See Table 16, Table 17 and Table 18: Share of Owners Households by Annual Income 2006–2016 and Figure 8: Average 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 $48,000 for CVRD renters versus about $58,000 for BC renters; about $79,000 for CVRD households versus about $90,000 for BC households).

Average renter incomes in Saltair were similar to the average across the CVRD, with an average household income for renter households of $48,737.

See Table 19, Table 20 and Table 21: Share of Renter Households by Annual Income and Figure 9: Average 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. Saltair exhibits more income inequality between tenure groups than the CVRD does as a whole, with just electoral area I showing greater income inequality.

See Figure 10: Average income in 2016 by household tenure.

2.2 Employment

Participation in the labour force during this decade was 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, Saltair has the lowest participation rate in 2016 at 45.9%. This has declined dramatically from 59.5% in 2006.

See Table 22: Labour force (employed or unemployed but seeking employment) from 2006–2016, Table 23: 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%). The unemployment rate in Saltair was lower than the regional average at 4.7% in 2006, but unemployment data for Saltair was unavailable in 2011 and 2016.

See Table 24: 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. Saltair includes a cluster of workers in the professional, scientific and technical and real estate fields. There are notably few workers in the arts, entertainment, and recreation industry as well as few managers.

See Table 25, Table 26 and Table 27: Share of Labour Force by Industry Sector in 2016.

3. Housing Profile

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

3.1 Dwelling Types

From 2006 to 2016, British Columbia's housing supply grew from about 1.6 million to about 1.9 million, an increase of about 15%. By comparison, the CVRD's housing supply grew slightly more slowly, from 31,000 to 35,000 for a total of 13% growth during this decade., Saltair had less rapid housing growth than the CVRD, with homes increasing by 10% from 785 housing units in 2006 to 865 housing units in 2016.

See Table 28: Housing units by jurisdiction over time from 2006-2016 and Figure 13: Five-year growth 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 Saltair are decreasing, so housing supply has tended to increase faster than population.

Saltair has a lower-density housing composition than the CVRD's, which has a much lower-density housing composition than BC:

- Single-detached homes make up the vast majority of the housing supply at 92% of the housing stock
- Movable dwellings make up a slightly higher share of the housing stock (4%) compared to BC (3%)
- Semi-detached units, apartments in duplexes, and apartments (1–4 storeys) are a minimal component of the housing supply (2% for duplexes and 1% for each of apartments and semi-detached units, respectively) compared to BC's 10%–12% for these categories.

See Table 29, Table 30 and Table 31: Share of total housing units by type 2006–2016 and Figure 14: Housing units by type over time in Saltair 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. Saltair has an older housing stock than the CVRD, with a greater share of housing units built before 1961 (25%) and between 1961–1980 (36%). In Saltair, there were fewer units built between 2001–2005 (1%).

See Table 32: 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 4+ 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.

Saltair has a very similar share of unit sizes as the CVRD in general.

See Table 33, Table 34 and Table 35: 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.

Electoral area G (including the Thetis Island Trust Area) has no units subsidized by BC Housing and 11 households that are provided rent assistance in the private market. There are no other non-market units within electoral area G.

See Table 36: Number of units under BC Housing Administration by Service Allocation Group in 2020.

3.5 Market Rental Housing

CMHC has a minimum population threshold to complete its rental market survey. As electoral area G is under this threshold, there is no information on the inventory of the purpose-built rental market.

In primarily rural areas, such as electoral area G, most rental stock is provided through the secondary rental market (e.g., owners renting condominium apartments, houses, etc.). There is limited information on the secondary rental market in Canada, including electoral area G, so the true size of the rental market is hard to determine. In addition, units in the secondary rental market can easily “flip” tenures—rented units become owner-occupied, or owners decide to rent out their units.

See Table 37: Number of renter households in the CVRD and Saltair from 2006–2016.

3.6 Market Ownership Housing

The property assessment rolls were analyzed for Saltair. 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 reported below 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 38: Average value per dwelling unit by type in Saltair from 2007–2019 and Figure 17: Average value per dwelling other than purpose-built rental by type in Saltair over time from 2007–2019.

From 2007 to 2019, the average values of different residential property types in Saltair have tended to fluctuate 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 ($400,000–$600,000), followed by manufactured homes ($150,000–$300,000) then duplexes ($100,000–$200,000) and finally townhomes (around $100,000). Saltair had no apartments during this time period. It is unusual for manufactured homes to be more valuable than townhomes. It is assumed that this reflects Saltair's manufactured homes being located on larger or better-located parcels of land than its townhome supply. It could also indicate that the electoral area's townhome supply is old and deteriorated.

This market saw price stability or even decline in all product categories from 2007–2016 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 Saltair the supply of available land was adequate to meet residential demand. From 2017 to 2019, prices increased considerably each year for all unit types other than townhomes. This is beneficial to the homeowner households but detrimental to aspiring homeowners and suggests that since 2017 the electoral area's supply of available land has been insufficient to meet growing demand for single-detached homes, manufactured homes and duplexes.

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, 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.

Note that the projections used for this Housing Needs Assessment is based on rennie intelligence's Long-range Projections of Population, Housing, and Employment in the Cowichan Valley Regional District. rennie's projections do not separate Saltair from the Thetis Island Trust Area, instead providing a single projection for all of electoral area G. As such, this section includes the Thetis Island Trust Area.

4.1 Households Projection

Between 2019 and 2025, electoral area G is expected to grow from 1,060 households to 1,449 households, an increase of 37% in six years, which would be significantly faster than the 10% 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 39: Projected households 2019–2025.

We understand that the Saltair Water Area matches the portion of electoral area G that excludes the Gulf Islands (including Thetis Island) and that this area contains 875 housing units in 2020. Subtracting this total from Environics' 2019 household estimate of 1,060 would imply a rough household count of 185 on Thetis Island in 2019.

4.2 Population Projection

Between 2019 and 2025, electoral area G is expected to grow from 2,332 residents to 3,273 residents, an increase of 40% in six years, achieving a much faster pace than the 6% 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 40: 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 COVID-19, 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), electoral area G is expected to have a median household income of $92,706 in the rapid recovery scenario or $88,431 in the slow recovery scenario.

See Table 41: Estimated number of households by income bracket in 2019 and 2025 by scenario and Figure 18: Households in electoral area G 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, split between owner households and renter households by real[iii] income group in 2019 and 2025 is assumed to resemble the split indicated in the 2016 Census in electoral area G.

Compared to 2019, real income increases in both scenarios by 2025, but increases more rapidly in the rapid recovery scenario, causing the split of electoral area G's households by tenure to shift slightly toward owners in the rapid recovery scenario (to 8% renter households and 92% owner households) but not appreciably in the slow recovery scenario (remaining at 9% renter households and 91% owner households).

See Table 42: 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 Canadian Mortgage and Housing Corporation.

5.1 Projection of Housing Need by Number of Bedrooms

This section includes the Thetis Island Trust Area because it is based on the rennie Intelligence projection.

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.

A large majority of households in both years need only one bedroom (794 households in 2019 and 1,038 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 96% of two-person households.

According to this definition of need, electoral area G contains a significant over-supply of two-bedroom homes and homes containing three or more bedrooms since only 9% of the electoral area's homes had one bedroom, 29% had two bedrooms and 63% 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 1% 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 electoral area G will need an additional 387 units of housing of which most should be one-bedroom units.

See Table 43: Housing need by number of bedrooms in electoral area G in 2019 and 2025.

5.2 Homelessness

As with much of the rest of the region, there is a marked lack of emergency shelters and long-term options for those experiencing homelessness in electoral area G. In particular, there is a lack of safe housing options for youth, First Nations, women and those with mental health challenges. As a result, many are seeking shelter options outside of their communities. Those seeking emergency shelter as well as supportive services frequently travel to Duncan or North Cowichan (particularly the South End), where most programs, shelters and services exist. These areas are overwhelmed by the demand incurred by out of area residents seeking shelter, with many community organizations indicating a desperate need for additional supports.

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 Saltair, 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.

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 as well as the cost of utilities and are in line with the findings of the Engagement Survey and with current rental listings on Craigslist and similar websites.

See Table 44: Rental rates in the CVRD's electoral areas and Lake Cowichan in 2019 and Figure 19: Rental rates in the CVRD's electoral areas and Lake Cowichan in 2019. These indicate which are the rental rates at which 10% of units are more affordable, 20% of units are more affordable, 30% of units are more affordable, etc.

The CVRD's electoral areas and the Town of Lake Cowichan, unlike the City of Duncan, the Municipality of North Cowichan and the Town of Ladysmith, all have no-to-limited quantitative data on the rental market. Therefore, available data was insufficient to detect meaningful differences between rental housing cost trends in the CVRD's electoral areas and Lake Cowichan.

However, 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.

Note also that the data presented above 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.

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 in 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 Saltair making less than $48,400 per year tend to spend more than 30% of their annual income on housing expenses, placing these households in core housing need. The same data suggest renter households making less than $26,600 per year tend to spend more than 50% of their annual income on housing expenses, placing them in extreme core housing need.

See Table 45: Estimated housing costs versus household income for renter households.

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

This analysis suggests that 43% of Saltair's renter households are in core housing need and 18% are in extreme core housing need. This is within the range of rates reported in the previous few Censuses (22% in 2006, 57% in 2011, and 32% in 2016).

Engagement results from electoral area G respondents are consistent with the broader engagement results that suggest the CVRD is in a state of acute rental shortage with almost no vacancy. Engagement results identified a need for more rental options, such as basement suites or tiny homes.

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 Saltair 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 (44%).
- 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 46: 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 Saltair.

The majority of owner households with mortgages in Saltair making below making below $68,800 per year spend more than 30% of their annual income on housing expenses, placing these households in core housing need. Only in Saltair among households earning $27,300 or less are owners with mortgages paying 50% or more of their income on housing expenses. 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 16% of Saltair's owner households are in core housing need, in line with the trend evident in the census (12% in 2006, 18% in 2011, then 11% 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, the share of owner households living in inadequate conditions in the CVRD (5%) is similar to that of the province (5%).

Compared to the CVRD, adequacy in Saltair is worse for owners (10% in 2016) and better for renters (0% in 2016), with the share of households requiring major repair slightly increasing for owners (from 9% in 2006 to 10% in 2016) and remaining at 0% for renters.

See Table 47: 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%

In Saltair, there are similar levels of crowding for owners and less for renters (both 0%) compared to the CVRD.

See Table 48: 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.

Saltair is more affordable than the CVRD for owners and less affordable for renters, with 11% of owners experiencing affordability challenges compared to 41% of owners, with an overall share of 13% of households. Almost four times the share of renters experience affordability challenges compared to owners. Affordability decreased for renters from 2006–2011 but did not change significantly for renters.

See Table 49: 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, 19% of Saltair's households are in core housing need [iv]and 5% are in extreme core housing need[v]. Of these:

- 16% of owners are in core housing need and 3% are in extreme housing need
- 43% of renters are in core housing need and 18% are in extreme housing need

This is in line with trends reported in the last several censuses, which showed 13% of households in core housing need in 2006, 23% in 2011 and 13% 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 (this is called the "economic price") was identified. These minimum prices and rental rates imply what levels of household income would be required to purchase or rent new units in electoral area G 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 electoral area G. More affordable new units may exist, but these would arise from exceptional circumstances such as unusually cheap land.

The price of a new single-detached home is about $650,000, the price of a new townhouse is about $448,000 and the price of a new apartment about $320,000. The monthly rent for new townhomes is about $1,670 and for new apartments about $1,180.

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 50: The most affordable new units by type and jurisdiction in 2020 and Table 51: Minimum household income required to purchase or rent a new home by unit type in 2020.

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 Saltair's current households (2019) that could afford that housing option was calculated:

- To purchase a new single-detached home would require $117,000 of annual household income, and about 30% of households could afford to do so
- To purchase a new townhouse would require $85,000 of annual household income, and about 49% of households could afford to do so
- To purchase a new apartment would require $82,000 of annual household income, and about 65% of households could afford to do so
- To rent a new townhouse would require $76,000 of annual household income, and about 54% of households could afford to do so
- To rent a new apartment would require $57,000 of annual household income, and about

69% 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 tend to go to the highest bidder, increasing the price and income required to avoid core housing need.

The economic price of new homes in electoral area G (including the Thetis Island Trust Area) in 2025 was also projected based on the escalation assumptions presented above.

See Table 52: 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 $524,000
- The economic price of an apartment will be about $362,000
- The economic monthly rent for townhomes will be about $2,035
- The economic monthly rent for apartments will be about $1,400.

See Table 53: 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 electoral area G's projected households (2025) that could afford that housing option was calculated:

- To purchase a new single-detached home will require $132,000 of annual household income. About 29% of households will be able to afford to do so under the rapid recovery scenario versus 27% in the slow recovery scenario
- To purchase a new townhouse home will require $96,000 of annual household income. About 48% of households will be able to afford to do so under the rapid recovery scenario versus 45% in the slow recovery scenario
- To purchase a new apartment home will require $69,000 of annual household income. About 68% of households will be able to afford to do so under the rapid recovery scenario versus 64% in the slow recovery scenario
- To rent a new townhouse in the region will require $91,000 of annual household income. About 51% of households will be able to afford to do so in the rapid recovery scenario versus 48% in the slow recovery scenario.
- To rent a new apartment in the region will require $66,000 of annual household income. About 71% of households will be able to afford to do so in the rapid recovery scenario versus 67% in the slow recovery scenario.

The capacity of electoral area G's households to afford new construction will tend to decrease slightly in both the rapid recovery scenario and the slow recovery scenario. The overall difference between the two scenarios is not huge, suggesting that the electoral area's housing market is unlikely to be severely impacted by the COVID-19 pandemic. In electoral area G, 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] rennie (2019). Long-range Projections of Population, Housing, and Employment in the Cowichan Valley Regional District

[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] "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.