The Districts of Elkford & Sparwood

Housing Need & Demand Assessments

Executive Summary

March 2012

prepared by

housing strategies inc.

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Executive Summary

1.0 Purpose of This Study

With financial assistance from the Columbia Basin Trust and Teck Coal Ltd. (Teck) and support from the BC Non-Profit Housing Association, the Districts of Elkford and Sparwood have partnered together to commission the creation of a Housing Need and Demand Assessment for each community. The objectives of this study are to:

- Identify current and emerging affordable housing needs including the housing needs of contract industrial workers;
- Generate a greater understanding of local housing and associated issues (i.e., housing prices); and
- Provide direction to the two Districts, the mining industry, and interested stakeholders for resolving housing related issues.

2.0 Elkford's and Sparwood's Permanent and Temporary Populations

Statistics for both permanent and temporary populations residing within the Districts of Elkford and Sparwood show changing demographics and how these changes may relate to housing.

Key Findings:

- Despite a recent slight increase in population (i.e., between 2006 and 2011) Elkford and Sparwood have both experienced steady population decline over time. Between 1991 and 2011, the permanent population declined by an average annual rate of -0.6% in both communities.
- Between 1996 and 2006, the total number of children, youth and working-age adults declined in both communities while the total number of empty nesters and seniors living in both communities increased (demographic data for 2011 is currently unavailable).

- In Elkford, between 2001 and 2006, the total number of couple households living in the community declined slightly, the total number of lone-parent households remained constant, and the total number of both one-person households and “other” households increased. The dynamic was slightly different in Sparwood: during that same period, the total number of couple households, lone-parent households and “other” households living in the community declined slightly, while the total number of one-person households increased.
- If the negative average annual growth rates observed between 1991 and 2011 persist over time, Elkford could see its permanent population decline to between 2,320 and 2,350 residents by 2025 and Sparwood could see its permanent population decline to between 3,370 and 3,420 residents by 2025.
- However, if increased activity in the coal industry leads to population growth consistent with the average annual growth rate observed in both communities between 2006 and 2011, Elkford could see its permanent population grow to 2,705 residents and Sparwood could see its permanent population grow to 3,825 residents by 2025.
- It is unclear what role housing may play in the observed population changes. Some population shifts suggest that housing affordability may be improving over time while other population shifts suggest that housing affordability may be declining over time.
- It is also unclear what impact will occur should Teck formally implement a proposed 7-on/7-off shift structure for its workers.
- One thing is clear: if the populations trends observed between 1996 and 2006 continue into the future, Elkford and Sparwood will each likely require more housing geared towards empty-nesters and seniors as well as more housing geared toward single individuals of all ages.

3.0 Household Incomes in the Districts of Elkford and Sparwood

The changing nature of household incomes within the Districts of Elkford and Sparwood provide a preliminary sense of the degree to which housing affordability may be an issue.

Key Findings:

- Both Elkford’s and Sparwood’s economies appear to be diversifying over time and overall/average incomes appear to be improving over time – but not for all households.
- Between 2001 and 2006, Elkford experienced an increase in the percentage of residents employed in the manufacturing and construction sectors, the wholesale and retail sectors, and the business services sector. Sparwood experienced an increase in the percentage of residents employed in the manufacturing and construction sectors, the wholesale and retail sectors, and the finance and real estate sectors.
- During the same period, Elkford experienced a decrease in the percentage of residents employed in the resource sector, the finance and real estate sectors, the health and education sectors as well as “other services”. Sparwood experienced a decrease in the percentage of residents employed in the resource sector, the health and education sectors, the business services sector, as well as “other services”.
- Overall household incomes have increased over time. Between 2000 and 2005, median incomes changed as follows:
    - Elkford:
        - All households combined: +14.2%;
        - All families combined: +17.1%
        - One-person households: -3.5%.
        - Lone-parent families: -60.9%

- Sparwood:
  - All households combined: +17.2%;
  - All families combined: +21.7%
  - One-person households: +17.8%
  - Lone-Parent Families: +36.4%
- When average incomes for 2005 are compared to the province as a whole:
  - All households combined living in Elkford earned 41.7% more than the provincial average while all households combined living in Sparwood earned 23.6% more than the provincial average;
  - One-person households in Elkford earned more than twice the provincial average, while one-person households in Sparwood earned -8.0% less than the provincial average;
  - Families in Elkford earned 27.0% more than the provincial average, while families in Sparwood earned 22.0% more than the provincial average; and
  - Lone-parent families in Elkford earned 42.0% below the provincial average, while lone-parent families in Sparwood earned a modest 4.0% more than the provincial average.
- A more detailed look at individual household incomes shows that in 2009 both communities had a significantly higher percentage of households earning incomes of $75,000 and more than the province as a whole and a significantly lower percentage of households earning incomes under $75,000 compared to the province as a whole.
- Despite this trend, an estimated 9.8% of households in Elkford and an estimated 19.3% of households in Sparwood were earning incomes less than $25,000 in 2009.
- While improving incomes may suggest declining housing affordability challenges over time, there continues to be a segment of the local population earning significantly lower incomes than either local or provincial averages as well as those households receiving Social Assistance – and, therefore, likely to be experiencing ongoing housing affordability challenges.

4.0 Housing Supply

An analysis of the local housing supply shows how closely the existing supply of housing is meeting the population's needs. Housing can be defined in three ways:

(1) **Market housing:** rental and ownership housing available on the open market;

(2) **Near-market housing:** rental and ownership housing targeted specifically to low- and moderate-income households in the community and often made affordable through the combined efforts of and partnerships between local non-profits, the private sector and government; and

(3) **Non-market housing:** supportive/transitional housing and emergency shelters in which residents' rents are fully subsidized through government and social programs.

Key Findings:

- The majority of homes in both communities are owned. In Elkford, 86.1% of homes were owned in 2006 and 13.9% of homes were rented. In Sparwood, 74.0% of homes were owned and 26.4% of homes were rented.
- Between 1996 and 2006, the total number of rented homes declined by -12.5% (-20 homes) in Elkford and -24.8% (-135 homes) in Sparwood.

- Both communities have a relatively diversified housing supply. In 2006, 57.5% of homes in Elkford were single-detached dwellings, 17.9% were “other dwellings” (i.e., manufactured and mobile homes), and 16.9% were apartment buildings. In Sparwood, 51.1% of homes were single-detached dwellings, 18.6% were “other dwellings”, and 13.5% were apartment buildings.
- As many as 378 homes in Elkford (27.3%) and 358 homes in Sparwood (18.7%) were not occupied by “usual residents” in 2006, but rather were owned by seasonal/non-permanent residents, property investors and/or local employers (e.g., the mines) and used to house temporary workers.
- Average home sale prices in Elkford and Sparwood increased dramatically between 2001 and 2011 based on detached single family dwelling sales data provided by the Kootenay Real Estate Board (on average 20.2% per year in Elkford and 17.6% per year in Sparwood).
- August 2011 MLS listings indicated an overall average “asking price” of $193,436 for homes for sale on the open market in Elkford (which is significantly lower than the average sale price of a home in 2008 and is potentially due to a large number of multi-residential strata condos – possible strata title/condo conversions – available for purchase). In Sparwood, the average “asking price” was $267,412.
- Average asking prices of homes for sale on the open market in August 2011 were as follows:
  - Single detached homes:
    - Elkford: $350,415
    - Sparwood: $369,527
  - Manufactured/mobile homes (owned land):
    - Elkford: $207,513
    - Sparwood: $261,917
  - Manufactured/mobile homes (rented land):
    - Elkford: $120,800
    - Sparwood: $94,267
  - Duplexes:
    - Elkford: $191,750
    - Sparwood: $159,000
  - Row/townhouses:
    - Elkford: $169,000
    - Sparwood: $131,740
  - Apartment/stacked townhouse strata condos:
    - Elkford: $120,107
    - Sparwood: $197,961
- Under current interest rates, average market housing appears to be affordable to households earning incomes between $39,350 and $70,600 in Elkford and between $37,100 and $76,700 in Sparwood. Entry-level market housing (i.e., the cheapest 25% of homes currently on the market) appears to be affordable to households earning incomes between $35,050 and $37,725 in Elkford and between $37,100 and $49,475 in Sparwood. Households living in either community earning incomes below $35,000 are likely unable to enter homeownership without a sizeable downpayment or very low debt.
- There appears to be very few housing units available to rent in Elkford and Sparwood. As a result, there is insufficient data to estimate current average and median rents or the incomes required to afford average and median rents.
- There appear to be limited near- or non-market housing options available in Elkford and Sparwood. Non-market housing consists of supportive/transitional shelters (e.g., group homes

and second stage/transitional family violence shelters) and emergency shelters (e.g., homeless shelters, youth shelters and family violence shelters). Near-market housing includes:

  - Limited/shared equity homeownership:
  - Subsidized employer-owned staff housing;
  - Subsidized rent-geared-to-income rental units; and
  - Seniors' housing:

- Most of the near-market housing in Sparwood is geared towards seniors (an estimated 88 units). However, it is currently projected that Elkford and Sparwood will require a combined total of up to 168 seniors' housing units by 2025 (including Independent Living, Supportive Living, Assisted Living, and Residential/Long-Term Care).
- It is unknown at present how many housing units in both communities are geared specifically towards temporary workers.
- It is unknown at present whether or not there are any specific initiatives underway or under consideration to develop housing that would be considered affordable for low- and modest-income households.
- This apparent lack of affordable housing options suggests that low- and modest-income households have few opportunities to establish themselves in Elkford and Sparwood.

5.0 Housing Need and Demand Analysis

There are four (4) common challenges or hardships that households may be facing:

1. Housing adequacy (physical safety and maintenance of the home);
2. Housing suitability (proper size of the home given the size of the household);
3. Housing accessibility (the degree to which housing meets the needs of persons with health, mobility or stamina limitations); and
4. Housing affordability (the cost of the home related to the household's income).

Housing choice is a fifth common housing challenge that is often difficult to quantify.

Housing affordability is typically the dominant issue for the majority of households experiencing difficulty. However, households unable to afford the average price of market housing (either rental or homeowners) may find themselves choosing (or being limited to) housing that is too small to meet their needs. Alternatively, homeowners that find themselves paying an excessive amount of their before-tax income on their mortgage payments and may not be able to commit to the ongoing upkeep and maintenance required to keep their home in good condition or pay for upgrades to their homes to make them more accessible. Similarly, renters may find themselves with few housing choices available to them other than those rental properties poorly maintained by their owners.

Key Findings:

- Housing adequacy followed by housing affordability appear to be the dominant issues (in order of importance) facing permanent households in Elkford. In Sparwood, housing affordability followed by housing adequacy appear to be the dominant issues in order of importance. Housing availability appears to be the dominant issue facing temporary and seasonal workers in both communities.
- Housing ***adequacy*** refers to the physical safety of an individual dwelling and centers around homes in need of major repair. There may be as many as 85 to 120 homes in

Elkford and as many as 135 to 165 homes in Sparwood in need of major repairs. These homes *could* be considered inadequate.

- Housing ***suitability*** refers to the size of the home in terms of bedrooms compared to the size of the family living in that home and leads to estimates of overcrowding based on National Occupancy Standards. There are currently no published data by Statistics Canada directly related to housing suitability in the Elkford. However, Statistics Canada has identified that, in 2006, homes within the District of Elkford had on average 6.9 rooms per dwelling and that 0.0% of homes in the community *occupied by usual residents* had more than one person per room. This suggests that suitability may be a minor issue in Elkford. Data for Sparwood suggests that as many as 20 to 25 households may be living in overcrowded conditions.
- Housing ***accessibility*** relates to ability of individuals with health, mobility and/or stamina limitations to easily get into and out of their home, and to move around freely while inside their home. There may be between 20 and 30 households in Elkford and between 25 and 45 households in Sparwood potentially in need of more accessible housing (or at least specialized features and equipment to enter, exit and move around within their homes).
- Housing ***affordability*** relates to the ability of individual households to meet their monthly rent or mortgage payments within a reasonable threshold of their income (i.e., 30% of a household's gross monthly income). Data from Statistics Canada indicates that between 2001 and 2006, the total number of households in Elkford paying 30% or more of their income on housing increased from 50 to 65 (including 45 homeowners and 20 renters) – or 6.5% of all households. In Sparwood, the numbers increased from 225 to approximately 250 households (including 130 homeowners and 115 renters) – or 16.0% of all households. If past trends have continued, there *may* be as many as 85 households in Elkford and 280 households in Sparwood currently paying 30% or more of their income on housing and, therefore, potentially in core housing need.
- While the total number of households in Elkford increased by 2.6% and the total number of households in Sparwood increased by 2.0% between 2001 and 2006, the total number of households estimated to be paying 30% or more of their income on housing increased 30.0% in Elkford and 11.1% in Sparwood. This suggests that the number of households experiencing affordability challenges in Elkford and Sparwood is increasing faster than the rate of new household creation (and therefore, population growth alone cannot account for the trend observed in the data).
- In Elkford, tenant households appear to be hardest hit in terms of percentages. In 2001, 12.1% of tenants were paying 30% or more of their income on housing. By 2006, that had increased to 14.8% (while the total number of renters declined from 165 to 135, the total number of renters paying 30% or more of their income on housing remained the same). In Sparwood, the number and percentage of tenant households experiencing affordability challenges has *decreased* over time. However, the number and percentage of homeowners experiencing affordability challenges has increased.
- BC Housing publishes Housing Income Limits (HILs) every three years for communities across the province (the most recent published HILs are for 2011). HILs are used in combination with *Taxfiler* data to estimate the number of households who must pay in excess of 30% of their gross (i.e., before-tax) income in order to acquire safe, adequate and suitable median-rental housing. Comparing 2009 income data (the most recent income data available) to the 2011 HILs suggests that as many as 85 households in Elkford and as many as 230 households in Sparwood may be paying more than 30% of their income to acquire safe, adequate shelter. Of these households, an estimated 10 or more households in Elkford and approximately 90 households in Sparwood may be paying more than 50% of their income on shelter.

- It is unknown how many households are experiencing multiple housing issues (e.g., affordability, adequacy and accessibility challenges) at the same time.

6.0 Community Impact Analysis

The lack of housing affordability and choice can have both direct and indirect impacts on individual households. Housing instability can lead to household instability, which in turn can affect health, education, employment, economic success, community participation and social cohesion. Together, these impacts can have a spiraling effect, with a problem in one area causing problems in other areas and vice versa. While these impacts may not be felt directly by everyone in the community, they can be felt indirectly as community energy is channeled to social supports rather than community building. When individuals in the community fail to thrive, the community as a whole fails to thrive (i.e., fails to live up to its full potential).

Feedback from participants in the Key Person Interviews and the Focus Group Meetings indicates that:

- Housing challenges have less of an impact on local families than the 4-on/4-off structure of the mine work schedules;
- A growing lack of affordable housing options may be causing people to leave the community – thereby reducing opportunities to establish long-term social networks, and reducing participation in community events and community-building activities;
- As the area's labour shortages continue, there will likely be more importing of temporary foreign workers, which could lead to cultural differences and challenges;
- The various fears and stresses associated with not having safe, stable, affordable housing affect many other aspects of one' life, including one's health;
- The lack of sufficient seniors' housing in the area is also affecting the physical and emotional health of a growing number of seniors;
- For some employers, the lack of housing represents the single greatest constraint to them growing their business (i.e., the inability to recruit and retain qualified staff). This is particularly true for businesses offering below-average wages as well as non-profit organizations;
- Staff who come to the community to work but who cannot find suitable housing are more likely to quit their job and leave the community in search of better housing and employment opportunities elsewhere;
- If there were more housing options available, more families could move into the community full-time – resulting in more customers for local businesses (e.g., retail stores and restaurants); and
- The lack of appropriate affordable housing options may be hindering a range of local community and economic development efforts.

7.0 Housing Priorities for the Districts of Elkford and Sparwood

Feedback from participants in the Key Person Interviews, the Focus Group Meetings and the online Survey combined with the statistical data has identified a number of key housing priorities for the Districts of Elkford and Sparwood. The following are the top three (3) housing priorities identified for the area:

#1) Affordable Rental Accommodations: There currently is a severe shortage of rental accommodations to serve the area's permanent population as well as the areas temporary contract workers and those people working for the mines on a 4-on/4-off basis whose permanent homes are located elsewhere. This severe shortage (i.e., a supply and demand imbalance) is leading to escalating rents, some "gauging", and exceptionally low vacancy rents.

While market rents appear to be affordable to those working in the coal mining industry, they are not perceived as affordable for most households *not* working for the coal mines. These households are earning a combination of below-average and modest incomes. Therefore, in terms of rent targets, those in need of *affordable* rental housing will require either rent-geared-to-income units or rental rates that are consistent with BC Housing's published *Housing Income Limits* (HILs) as follows:

Maximum Affordable Rent Targets (Thresholds) for Low- and Modest-Income Households in Elkford and Sparwood

Dwelling Size	HILs [1]	Maximum Affordable Rent
Bachelor	$17,000	$425 (Incl. Util.)
One-Bedroom	$21,000	$525 (Incl. Util.)
Two-Bedroom	$26,400	$660 (Incl. Util.)
Three-Bedroom	$28,600	$715 (Incl. Util.)
Four+-Bedroom	$31,350	$785 (Incl. Util.)

[1] ***Data Source:*** *BC Housing*

#2) Affordable Seniors' Accommodations: Demographic trends are clearly changing in the area as a result of more seniors choosing to remain in Elkford and Sparwood after they retire. Since this trend is new to the area (i.e., in the past, most seniors chose to leave the community after they retired), the local housing industry has not had the opportunity to evolve a full range of housing options for seniors. The particular housing needs of seniors vary greatly and include:

- Market homeownership for seniors who currently own their own homes, have built up significant equity in those homes, and who have healthy pensions and/or other income;
- Affordable homeownership for seniors who currently own their own homes but do not have significant equity and/or do not have sufficient retirement and investment income to afford market homeownership;
- Market rental for those seniors who wish to remain in the community but who do not wish to own their home;
- Subsidized rental for low- and modest-income seniors; and
- Seniors' Supportive and Assisted Living to allow more seniors to "age in place".

While there are an estimated 88 units of seniors-oriented housing in Sparwood, there is currently no seniors-oriented housing in Elkford. There is a proposal underway to expand Lilac Terrace that will provide additional Supportive Living and Assisted Living spaces once operational funding can be secured from the Province. This expansion will increase the supply of seniors' housing in Sparwood but not in Elkford (although Elkford residents will have access to that housing).

#3) Affordable Homeownership for Modest-Income Families and Young People: Elkford and Sparwood is lacking affordable homeownership options for modest-income families and young people – many of whom are first-time homebuyers. Some of these households are earning healthy wages but nowhere near the incomes being earned by those working in the mines. As a result, these households are earning below-average incomes and, therefore, may not be able to compete effectively in the housing market – especially one catering to higher-income mine workers and, increasingly, recreational property investors.

Preferred targets for affordable homeownership will focus on providing a combination of below-market and entry-level housing prices aimed at households earning incomes between $30,000 and $45,000 (i.e., households earning incomes above the published *Housing Income Limits* but below the estimated incomes required to purchase a modest entry-level home in Elkford and Sparwood). Appropriate starter-home prices for households in this category will range from approximately $70,000 to approximately $180,000 based on current mortgage rates and depending on the individual homebuyer's existing debt levels.

Other identified housing needs for Elkford and Sparwood include:

1. Supportive/Assisted Living for special populations;
2. The need to clean up unsightly and/or problematic units (individual homes and rental properties);
3. Supports for contract workers; and
4. Emergency and Transitional Shelters for Homeless Families and Individuals

8.0 Housing Barriers, Opportunities and Potential Solutions for the Districts of Elkford and Sparwood

A number of key barriers were identified that may hamper efforts by organizations within the Elkford and Sparwood area – be they private developers, landlords, government agencies or non-profit housing providers – to address the area's affordable housing needs. These barriers include:

- The global economy (e.g., cyclical fluctuations in the coal mining industry);
- Increasing recreational property investment;
- Greed;
- Limited access to data and information;
- Stricter mortgage laws;
- Lack of commercial and healthcare services;
- Limited government grants (especially operational funding);
- Limited municipal resources;
- Absence of a cohesive housing strategy; and
- NIMBY ("Not In My Back Yard") opposition to affordable housing.

A number of potential opportunities and solutions to overcome the identified barriers and increase the supply of affordable housing in the area were also identified. These opportunities and solutions include:

- Leadership;
- Partnerships;
- Municipal planning policies and incentives;
- Access to information about current and emerging housing "best practices" (including the potential to explore pilot projects);
- Land; and
- Capital grants and other funding including rent subsidies offered through BC Housing.