CANADIAN HOUSING OBSERVER 2011

With a feature on Housing Finance

Canada

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A MESSAGE FROM KAREN KINSLEY,

PRESIDENT AND CEO OF CANADA MORTGAGE AND HOUSING CORPORATION

It is my pleasure to present the *Canadian Housing Observer 2011*, the flagship publication of Canada Mortgage and Housing Corporation (CMHC). This 9th edition of the *Observer* provides an in-depth review of housing conditions and trends in Canada and describes the key factors that influence these developments.

This year, the *Observer* features a review of developments—both domestic and international—which are affecting the Canadian housing finance sector. Many of these developments are aimed at promoting greater stability following the international financial crisis. The *Observer* includes data which provide a more comprehensive view of Canadian residential mortgage lending practices, as recommended by the Financial Stability Board, an international body which promotes effective regulatory, supervisory and other financial sector policies in the interest of global financial stability.

This year's *Observer* also provides examinations of household indebtedness and seniors' housing, and an overview of the evolution of social housing.

The *Observer* includes updated information on the progress of both CMHC's EQuilibrium™ Sustainable Housing Demonstration Initiative, and the EQuilibrium™ Communities Initiative that CMHC is carrying out in partnership with Natural Resources Canada. These EQuilibrium™ initiatives are supporting advancements in sustainable housing and neighbourhood design practices.

We strive to make the *Observer* highly useful and relevant to many people throughout the private, non-profit and government sectors. This includes housing policy makers, housing finance and real estate professionals, home builders and renovators, and educators and students. We welcome your comments and suggestions on how we can improve future editions: please send them to Canadian Housing Observer, Policy and Research, CMHC, 700 Montreal Road, Ottawa ON K1A 0P7 or to observer@cmhc.ca.

CMHC's website offers a broad range of statistical information on housing conditions from national, regional and local perspectives. I am pleased to inform you that, in response to your suggestions, CMHC has added local interactive charts and tables for over 100 municipalities across Canada to the other interactive information on its website. CMHC's *Housing in Canada Online* tool (HiCO) provides ready access to housing conditions data for your community and permits the user to create and save data profiles.

As Canada's national housing agency for 65 years, all of us at CMHC are proud of our role in helping to provide Canadians with quality, environmentally friendly and affordable housing. We trust that the 2011 *Canadian Housing Observer* will provide you with a wealth of information and insight on this vital economic sector.

Karen Kinsley
President and CEO, CMHC

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1

Housing Finance

- The Canadian housing finance sector began to recover in 2010 and 2011. Outstanding residential mortgage credit continued to grow, reaching $1.042 trillion as of March 2011. The Bank of Canada raised its overnight lending rate from 0.25% in early 2010 to 1.0% by September 2010, where it remained as of July 2011. Underlying interest rates remained low by historical standards and mortgage rates remained stable; the average of five-year fixed term mortgage rates in 2010 was very similar to that of the previous year.
- Through the Insured Mortgage Purchase Program (IMPP), the Government of Canada provided $69 billion in stable, long-term funding to lenders. The program was instrumental in safeguarding Canada's economy during a time of severe economic stress. Public securitization, which grew strongly during the global financial crisis due to market uncertainty, resumed a more moderate growth rate. While private securitization remained weak, covered bonds—a fairly new mortgage funding source in Canada—increased. Covered bond issuance rose from $1.5 billion in 2009 to $17.3 billion in 2010.
- The Government of Canada tightened the prudential standards for government-backed insured mortgages in April 2010 and again in March/April 2011. It introduced legislation in June 2011 to formalize existing mortgage insurance agreements and oversight. The Government is in the process of developing covered bond legislation, and has introduced new measures in support of financial literacy.
- International developments in housing finance will also impact the Canadian system. As of January 2011, Canada changed its accounting system to the International Financial Reporting Standards (IFRS). This will have important implications on the use of securitization for mortgage funding in Canada. In late 2010, international agreement was reached on Basel III, which is a framework for new capital, leverage and liquidity standards for financial institutions. Canada's financial regulator issued plans for how Basel III's guidelines will be implemented in Canada over the next few years.

Household Indebtedness

- In 2010, residential mortgages represented about 68% of total household debt. This compares to a low of 63% in 1971 and a high of 75% in 1993 during the 1971-2010 period.
- Personal lines of credit held by chartered banks have been growing consistently at double-digit average annual rates since 1986. Moreover, personal lines of credit have increased at higher growth rates than any other sub-component of household debt held by chartered banks.
- Household liabilities increased faster than assets, net worth, and disposable income in the 2000-2010 period.
- Mortgage and consumer debt-service costs as percentages of personal disposable income were low and trending modestly downward.

Housing Markets

- After a strong start in 2010, housing starts moderated in the second half of the year. Housing starts in 2010 reached 189,930 units, up from 149,081 units in 2009.
- Over half of all housing starts in Vancouver, 48% in Montréal and 45% in Toronto were intended for condominium tenure.
- After moderating in the first half of the year, sales of existing homes through the Multiple Listing Service® (MLS®) rebounded in the second half of 2010. Overall, MLS® sales reached 446,577 units in 2010, down from 464,547 in 2009.
- The sales-to-new-listings ratio ended the year averaging 55.3% in December, near the threshold between a balanced and sellers' market. For 2010 as a whole, the sales-to-new-listings ratio averaged 52.3%, indicating a balanced resale market. This compares to the sales-to-new-listings ratio average of 58.5% in 2009, indicating a sellers' market in 2009.
- Historical lows in interest rates, coupled with a small inventory of existing homes listed for sale, helped to push the average MLS® price up by 5.8% in 2010 to $339,042.
- The New Housing Price Index (NHPI) increased 2.2% in 2010. The NHPI is a measure of change in the prices of new homes of constant size and quality. Renewed housing demand was the major contributor to the increase in the NHPI.
- Rents across CMAs increased by 2.4% between October 2009 and October 2010, virtually the same as the increase over the previous 12 months (2.3%), and slightly above the inflation rate.
- The national apartment vacancy rate for existing units in the purpose-built rental market for all centres of population 10,000 or more moved down to 2.9% in October 2010 compared to 3.0% in October 2009.
- The momentum of 2009 coupled with a strong first quarter was enough to send renovation spending 10.6% higher in 2010 for a total of $44.6 billion. However, as 2010 progressed, the trend turned negative as renovation spending flattened in the second quarter and dropped by an average of 1.2% in the final two quarters.
- In 2010, housing-related spending contributed about $330 billion (not adjusted for inflation) to the Canadian economy, up 7.1% from about $308 billion in 2009. This is somewhat higher than the 6.2% increase in Canada's nominal Gross Domestic Product (GDP). Housing-related spending accounted for 20.3% of GDP in 2010, up from 20.1% in 2009.

Demographic and Socio-economic Influences on Housing Demand

- The economic recovery that began in the second half of 2009 continued in 2010. Employment grew, income growth strengthened, and the real collective net worth of households rose. The unemployment rate dropped only slightly, and real per capita net worth was about $5,000 below the pre-recession peak.
- Despite widespread increases in employment in 2010, unemployment rates in each of the provinces and territories remained above pre-recession levels.
- Canada's population grew faster in 2008, 2009, and 2010 than at any other time since the early 1990s. The strong population growth in these three years was attributable to rising immigration, increasing births, and growing numbers of non-permanent residents.
- In 2010, the number of immigrants landing in Canada reached 271,000, the highest total in the past four decades. Compared to non-immigrants, households maintained by recent immigrants (those who arrived within the previous five years) have lower incomes, are more likely to be crowded, and spend higher fractions of their incomes on shelter. In 2006, 35.3% of recent immigrant households owned their homes, compared to 68.7% of non-immigrant households.

- Long-term projections suggest that the population aged 65 or older will more than double by 2036. Aging baby boomers will generate demand for condominiums and for home adaptations and support services aimed at allowing them to continue living comfortably in their homes. In addition, the population housed in institutions, such as nursing homes and hospitals, could potentially double by 2036 given the expected growth of the senior population.
- Collectively, Census Metropolitan Areas (CMAs) are growing faster than the rest of Canada, but growth is highly uneven. Migration is the factor that differentiates fast-growing and slow-growing cities. From 2008 to 2010, Saskatoon had the strongest rate of population growth of any CMA, followed by Vancouver, Calgary, Regina, and Edmonton. The five slowest-growing CMAs were in Ontario. The rate of housing completions per capita is much higher in fast-growing cities than in slow-growing centres.
- Population aging is expected to curb the pace of household growth and raise the share of non-family households, which are comprised mainly of one-person households. Persons living alone could become the single largest type of household by the 2020s, accounting for about 28% of all households.
- From just over one-third (37%) in 2006, households headed by persons aged 55 and older are projected to account for about half of all households by 2036.

Recent Trends in Housing Affordability and Core Housing Need

- The incidence of urban core housing need in 2008 was 13%, an improvement from 13.9% in 2002, the first year for which annual core need estimates are available for urban households. About 87% of urban Canadian households either lived in, or had sufficient income to access, acceptable housing in 2008. (Urban households are households residing in Census Metropolitan Areas or provincial Census Agglomerations).
- In 2008, the median depth of need was $2,100 and the depth ratio was 27.6%, not significantly different from 2002 after adjustment for inflation.
- Most households fall into core housing need because of their inability to meet the housing affordability standard.
- Households in the lowest-income quintile are most likely to experience core housing need. They accounted for about 83% of all urban households in core housing need in 2008. In urban Canada, about 58% of lowest-income renters were in core housing need, compared to about 43% of lowest-income owners.
- Lone-parent households (at 32.9%) and one-person households (at 22.8%) had the highest incidences of urban core housing need in 2008.
- The provinces with the highest incidences of urban core housing need in 2008 were Newfoundland and Labrador (at 16.7%), Ontario and Nova Scotia (both at 15.1%). Prince Edward Island and New Brunswick (each at just above 7%) had the lowest incidences of urban core housing need.
- Toronto (at 17.2%), and Halifax and Vancouver (both at 16%), had the highest incidences of urban core housing need in 2008.
- In 2008, subsidized dwellings represented 17% of urban renter households. About 52% of these subsidized households were one-person households and 14% were lone-parent households.

- Almost half of subsidized one-person renter households were seniors, a group that represented only 23% of non-subsidized one-person households. Also, about 64% of subsidized one-person renter households were women, compared to 49% of non-subsidized one-person households.
- Previous research that examined the six-year period (2002-2007) showed that about 1.4% of all urban individuals were in core housing need for all six years while 11.5% of all urban individuals lived in this situation for only one or two years.
- An analysis of individuals' year-to-year movements into or out of core housing need for pairs of years in the period 2002 to 2007 found that about two-thirds of individuals in core housing need in the first year remained in core housing need in the next year. About one-third of individuals in core housing need each year were new entrants into core housing need, more or less replacing those who had exited core housing need. Movements into or out of core housing need were associated with life transitions that resulted in changes in household type, housing tenure, interurban mobility, and household income.
- Knowledge of the factors and events that trigger movements into or out of core housing need can inform decisions about which policy instruments or mechanisms may be most effective in addressing housing need among low-income Canadians.

Sustainable Housing and Communities

- Interest in sustainable housing and communities continues to grow in Canada. Innovative teams of housing design professionals, homebuilders, planners and developers are showing how progressively higher levels of environmental performance can be achieved in new homes and communities. Growing interest in sustainability is also reflected in the development and deployment of a range of rating and labelling systems that characterize and communicate the environmental features and performance of housing and communities.
- The EQuilibrium™ Housing Initiative is working with leading builders to demonstrate approaches to highly energy-efficient, low-environmental impact housing that provides healthy indoor living environments and aims to produce as much energy as it consumes on a yearly basis.
- Construction has been completed on eleven of the EQuilibrium™ Housing homes. Performance monitoring has been initiated in the occupied homes to assess the extent to which the homes meet their original performance objectives.
- The EQuilibrium™ Communities Initiative is a 3-year demonstration project to accelerate the adoption of sustainable approaches to neighbourhood design. The Initiative is jointly managed and funded by CMHC and Natural Resource Canada's CanmetENERGY Research and Development Energy Technology Centre under the Government of Canada's ecoACTION program.
- Funding for four EQuilibrium™ Communities projects has been announced. Funded activities are underway in each of the projects. For Improvement projects—those in the planning and design phases—this includes research, feasibility studies and design, visioning and alignment activities aimed at improving performance. For Showcase projects—those that are complete and occupied—this includes performance monitoring and information sharing.
- Both initiatives complement the voluntary residential energy-efficient and "green" labelling programs in place across Canada that are being used to identify and evaluate higher performing houses and communities. These programs have been developed to help consumers make informed choices about the environmental performance of the new homes they purchase, the renovation of their existing homes or the neighbourhoods they live in. The programs also support builders and developers seeking to distinguish the environmental benefits of their housing and community product and to demonstrate their capacity to respond to a range of environmental needs.

- House-level programs are available across Canada that make use of labelling, rating and certification systems to provide information on performance indicators such as energy efficiency, environmental impact, resource efficiency, healthy environments and other environmental or "green" attributes of new houses, and renovations. Community-level labelling programs are also available and include a similar, but extended, list of performance indicators that may also include liveability and connectivity.
- Both the EQuilibrium™ initiatives and the availability of labelling and rating programs for housing and communities provides consumers with an opportunity to learn more about different environmental features of sustainable housing and communities and to take steps to balance their housing needs with those of our environment.

Seniors' Housing

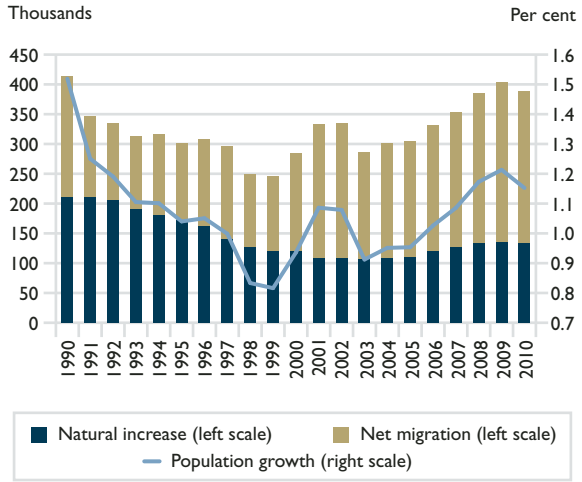
- In 2006, senior households were more likely to be in core housing need than non-senior households. Yet between 2001 and 2006, the housing conditions of senior households improved more substantially than those of non-senior households.
- Senior urban households and senior rural households face different challenges. There is a growing availability of housing designed specifically for seniors and of services that meet the needs of seniors in urban areas. The availability of such housing and services varies in rural areas.
- The mobility rates for senior households are substantially lower than for non-senior households and confirm the tendency of many seniors to age in place.
- Home modifications can greatly enhance independence and safety at home for persons with disabilities. Because seniors are more likely than non-seniors to have a disability, population aging is leading to an increasing demand for home modifications. The growing field of gerontechnology is developing tools that can support independent living and increase the potential for aging in place by making it possible for seniors to continue living at home without sacrificing safety and needed care.
- Alternative housing approaches can provide new options for seniors who are aging in place. One such approach is intergenerational homesharing, where two households representing two generations of the same family share a home. Since the two households often live in separate units in the same house, intergenerational housing is more feasible in locations where municipal bylaws permit the construction of secondary suites.
- The successful coordination of housing and support services is key to seniors' health and safety and to maintaining their housing situation. Support services for seniors can be provided by non-profit seniors groups, community organizations or for-profit providers. Seniors' housing developers and sponsors are increasingly collaborating with service providers and with governments to ensure the delivery of services for their residents.
- Seniors need not only their housing but also their communities to be age-friendly and supportive of their needs. Planning and zoning changes that would make communities age-friendly are among those that would also facilitate Smart Growth and increased liveability for everyone. Urban planners and policy makers are increasingly showing interest in age-friendly cities and communities, a trend that promises to enhance the ability of Canadian municipalities to address the housing, transportation, and service needs of senior residents in the future.

The Evolution of Social Housing in Canada

- Social housing is housing subsidized by governments that is made available to those who would otherwise be unable to afford to obtain suitable and adequate housing in the private market. As of 2010, there are about 613,500 units in the social housing portfolio that are receiving long-term subsidies from the federal government.
- Federal government involvement in social housing began in 1938 with the proclamation of the first *National Housing Act (NHA).* Central Mortgage and Housing Corporation was incorporated in 1946, the same year that the federal government completed the first subsidized housing development in Canada—Benny Farm in Montréal.
- The first Public Housing Program was established in 1949 as a joint ownership program between CMHC and the provincial and territorial governments. Rents were geared to income (RGI), and up-front costs and operating losses were shared. In 1964, the NHA was amended to allow CMHC to make long-term loans to provinces and territories, municipalities or public housing agencies to build or acquire public housing.
- In 1973, the federal government introduced two programs to assist non-profit and co-operative sponsors to provide social housing for mixed-income households: the Non-Profit Housing Program and Co-operative Housing Program.
- Beginning in 1974, federal housing programs for Aboriginal households living off-reserve included the Rural and Native Housing Program for families living in communities of fewer than 2,500 people and, in 1982, the Urban Native Non-Profit Housing Program for Aboriginal families living in cities.
- During the period 1986 to 1993, many federal social housing programs were discontinued or merged with other programs. The delivery of federal programs was largely transferred to provinces and territories as part of the 1986 Social Housing Strategy. CMHC began negotiating Social Housing Agreements with the provinces and territories and by the end of the 1990s, the administration of more than half of the federal social housing portfolio had been transferred to provinces and territories.
- In 2001, the federal government introduced the Affordable Housing Initiative (AHI) to create new affordable housing via federal up-front capital grants instead of on-going subsidies. Under the AHI, provinces and territories could design and deliver housing programs based on their specific priorities. The Investment in Affordable Housing 2011-2014 Framework announced in July 2011 provides the provinces and territories with greater flexibility in the use of federal funding.
- Additional one-time federal investments in housing were also made through the 2006 affordable housing trusts to provinces and territories, as well as Canada's Economic Action Plan announced in 2009 that invested in the construction of new, and the renovation and energy retrofit of existing, social housing.
- In recent years, there have been several initiatives to revitalize the aging social housing stock. For example, the Canada Lands Company led the redevelopment and renovation of the Benny Farm site in Montreal and Toronto Community Housing is revitalizing Regent Park.
- Provinces and territories are taking a lead role in housing program design and delivery, and many are developing comprehensive approaches to address housing needs as part of their larger poverty reduction strategies. There is also increased involvement of the non-profit, voluntary and private sectors in developing and redeveloping housing.

1

Immigration supports population growth

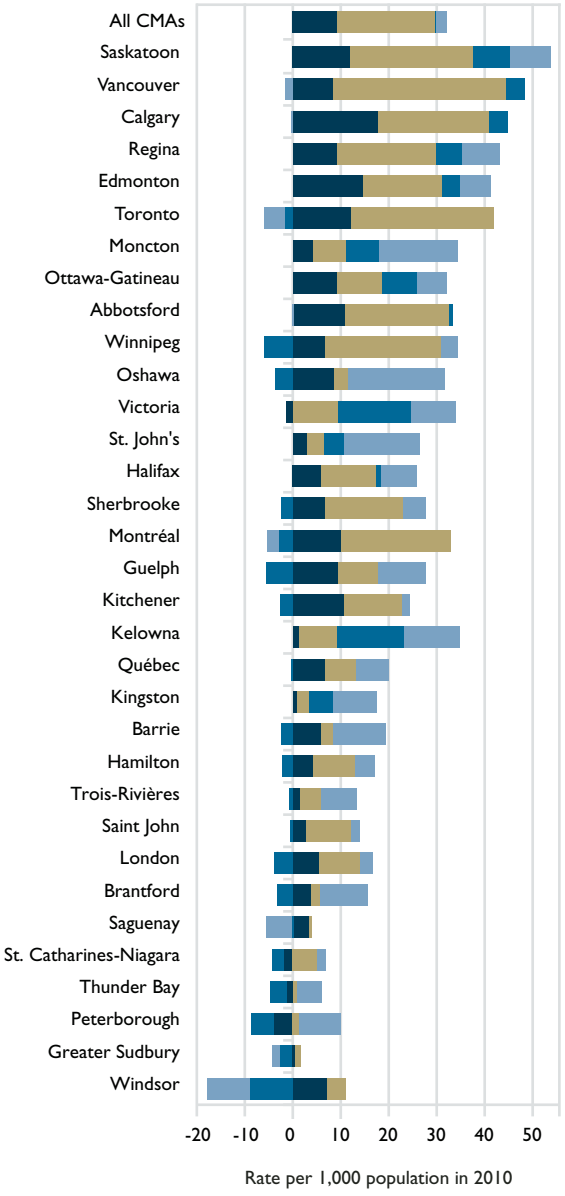


Data are for the 12-month period ending on June 30 of stated year.
Natural increase is the difference between births and deaths.
Net migration is the difference between population growth and natural increase.

Source: CMHC, adapted from Statistics Canada (CANSIM)

2

Saskatoon led CMA population growth from 2008-2010

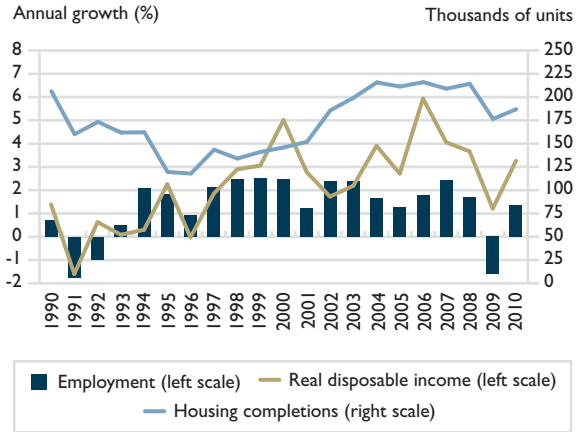


CMAs ranked from fastest to slowest population growth from July 1, 2008 to July 1, 2010. Total components of change for 2008-2010 are expressed as rates per 1,000 population in 2010.
Natural increase is the difference between births and deaths.

Source: CMHC, adapted from Statistics Canada (CANSIM)

3

Employment, incomes and housing completions rebounded in 2010



Employment growth calculated from average monthly employment during the year.
Income growth based on quarterly average during the year.
Real disposable income = disposable income/consumption deflator.

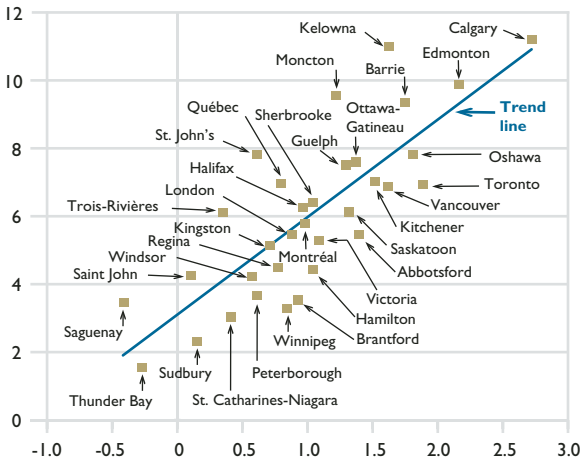
Source: CMHC (Starts and Completions Survey) and adapted from Statistics Canada (CANSIM)

CANADIAN HOUSING AT A GLANCE

4

Housing completions are linked to population growth

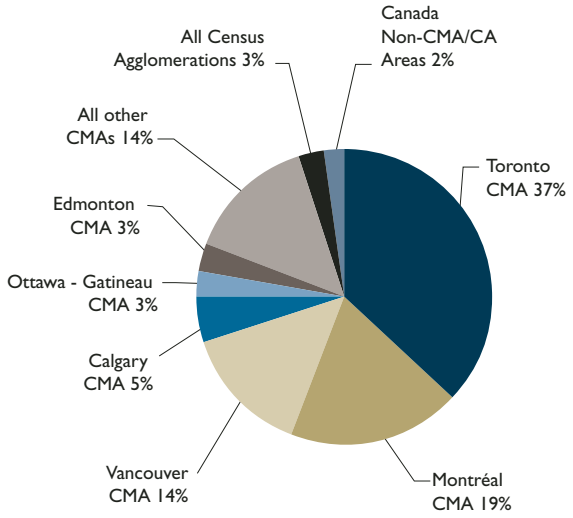
Average annual housing completions per 1,000 population, 2001-2010



Source: CMHC *(Starts and Completions Survey)* and adapted from Statistics Canada (CANSIM)

5

Nearly all recent immigrant households live in Canada's largest centres

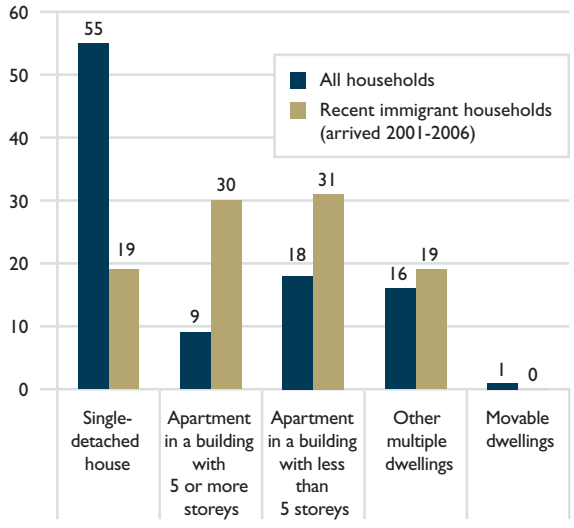


Source: CMHC, adapted from Statistics Canada (Census of Canada)

6

Recent immigrant households tend to live in apartments and other multiple dwellings

Per cent

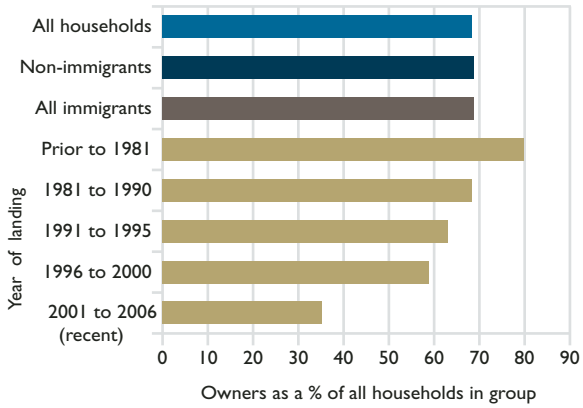


Source: CMHC, adapted from Statistics Canada (Census of Canada)

7

Immigrants' home ownership rates rise with length of Canadian residence

Household by type of maintainer and period of immigration

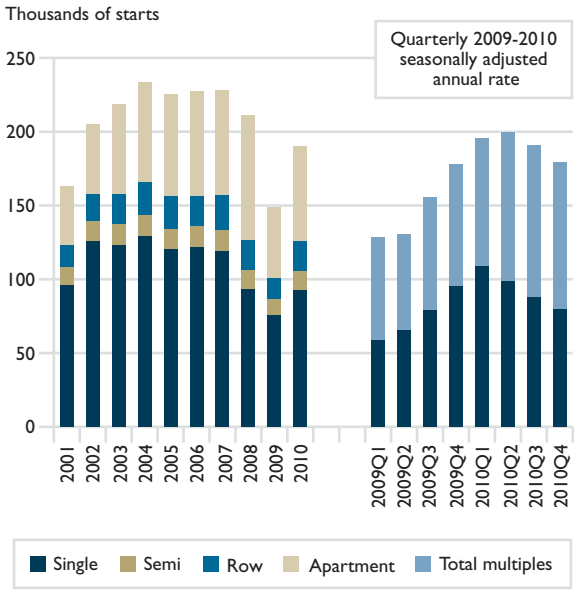


Year of landing describes the year in which the primary household maintainer landed in Canada.
"Recent" refers to maintainers who landed in Canada from January 1, 2001 through May 16, 2006.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

8

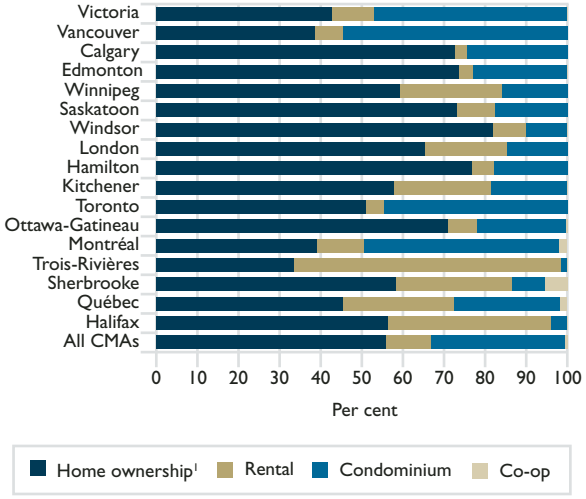
Housing starts rose in 2010



Source: CMHC

10

Condominium share of starts was highest in Vancouver in 2010

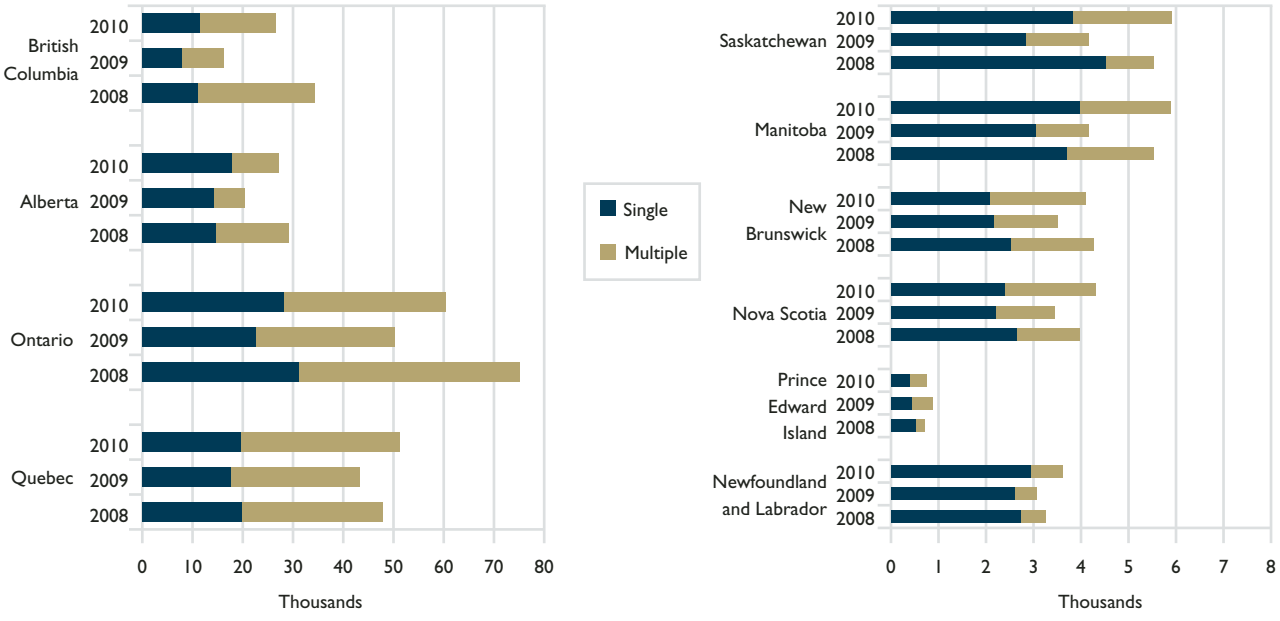


[1] Refers to units for fee-simple tenure (neither condominium nor co-operative ownership).

Source: CMHC

9

Provincial housing starts rose in 2010 except in Prince Edward Island

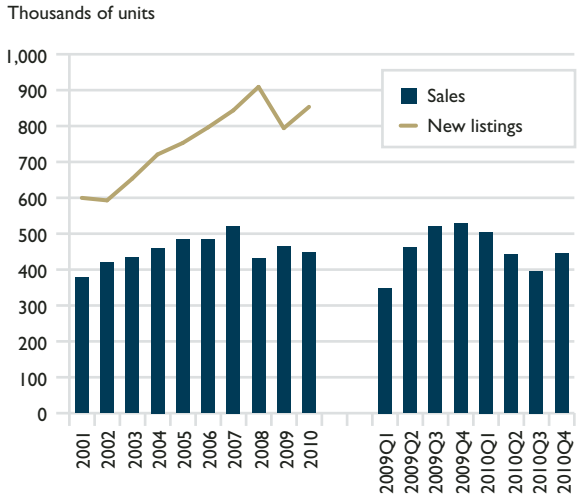


Source: CMHC

CANADIAN HOUSING AT A GLANCE

11

New listings rebounded and MLS® sales moderated in 2010

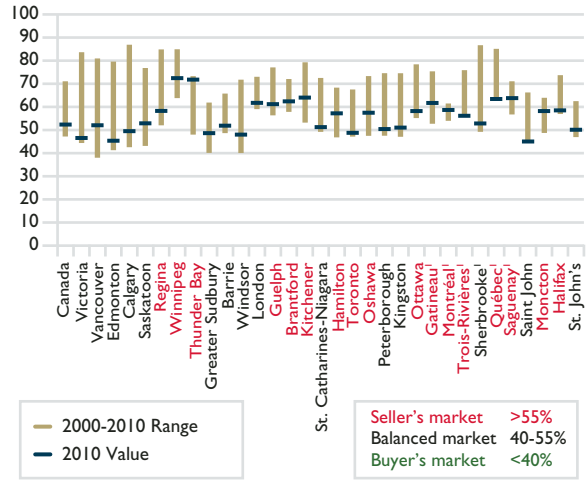


Note: Quarterly data are seasonally adjusted at annual rate (SAAR).

Source: Canadian Real Estate Association.
MLS® is a registered trademark for CREA.

12

Resale markets became more balanced in 2010

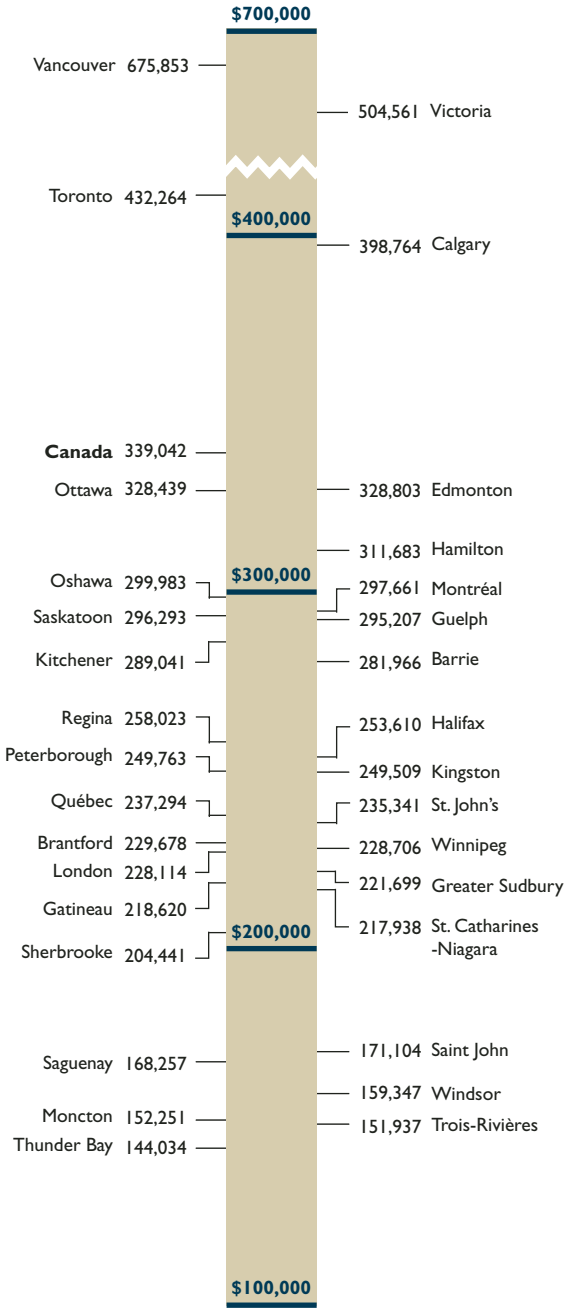


[1] Minimums and maximums for Quebec CMAs are for the 2002-2010 period.

Source: CREA. MLS® is a registered trademark for CREA.

13

MLS® average prices were highest in Vancouver in 2010

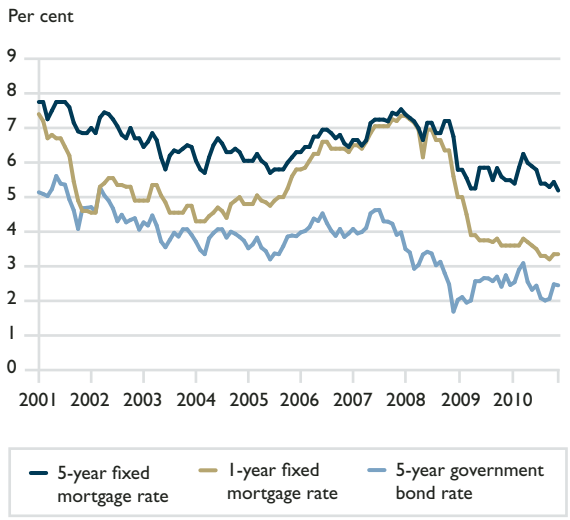


MLS® is a registered trademark of the Canadian Real Estate Association. The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFREB by Centris®

14

Mortgage rates[1] and government bond yields remained low in 2010

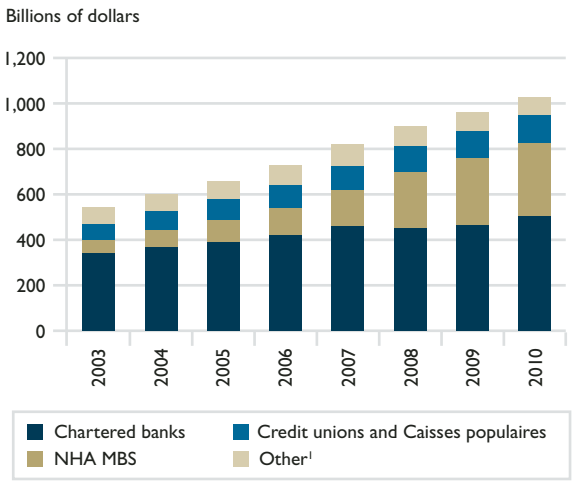


[1] Chartered bank administered posted interest rates.

Source: Bank of Canada

15

NHA MBS share of total residential mortgage credit outstanding has grown

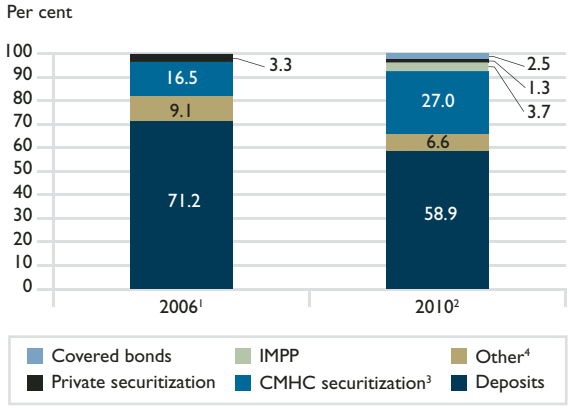


[1] Includes trust and mortgage loan companies, life insurance companies, pension funds, special purpose corporations, non-depository credit intermediaries and other financial institutions.

Source: CMHC, adapted from Statistics Canada (CANSIM)

16

Deposits share of mortgage funding sources has fallen

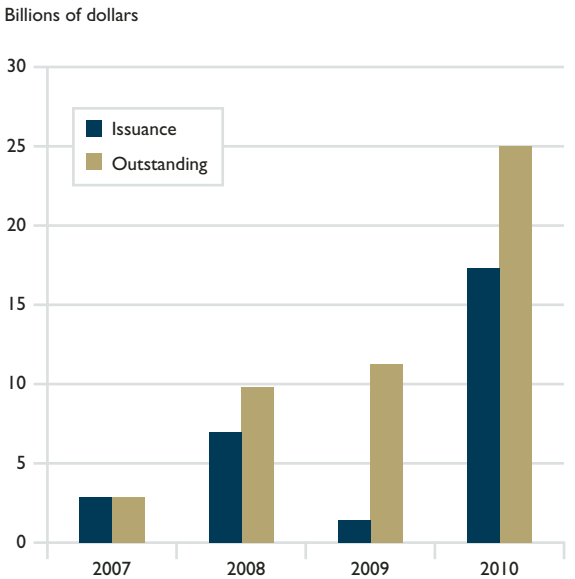


[1] As of December 31, 2006.
[2] As of October 31, 2010.
[3] Includes Canada Mortgage Bonds and market NHA Mortgage-Backed Securities.
[4] Includes trusts and mortgage loan companies, life insurance companies, pension funds, and non-deposit taking financial institutions.

Source: CMHC and adapted from Bank of Canada and Issuers' Covered Bond Monthly Investor Reports

17

Canadian mortgage-covered bonds issuance increased significantly in 2010

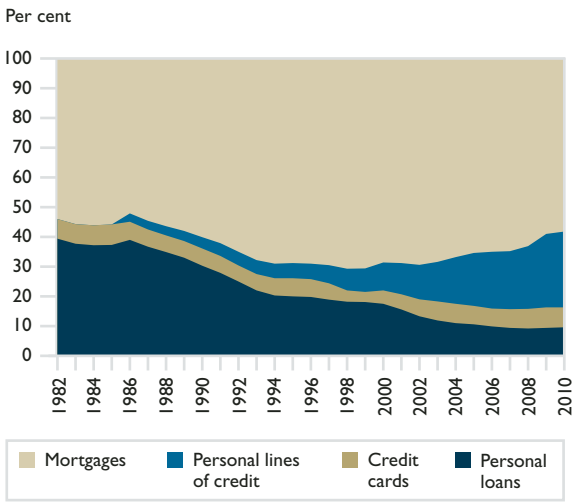


Source: CMHC and Issuers' Covered Bond Monthly Investor Reports

CANADIAN HOUSING AT A GLANCE

18

Personal lines of credit have increased in popularity

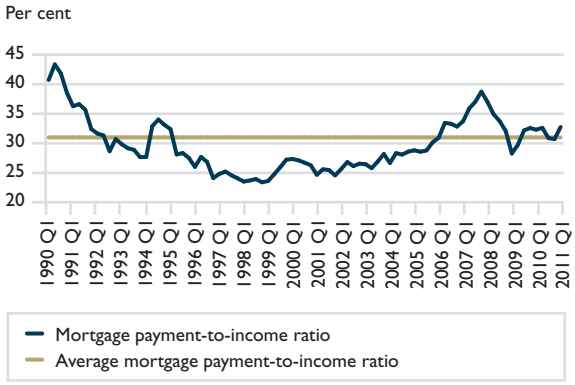


Note: Data on personal lines of credit are only available since 1986. Before that time personal lines of credit were negligible in size.

Source: Bank of Canada

19

Average mortgage payment[1] as percentage of personal disposable income per worker is close to its long-term average

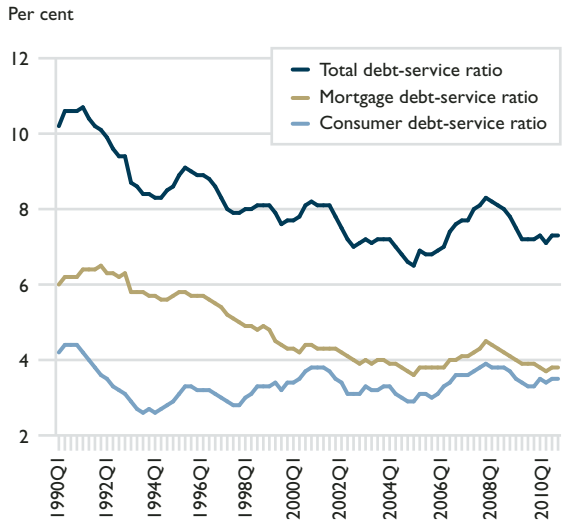


[1] The monthly mortgage payment is calculated using the prevailing average MLS® price and the five-year fixed mortgage posted rate prevailing in each period, assuming a 25 per cent down payment and 25 year amortization. The income figure is personal disposable (after tax) income per worker.

Source: CMHC, adapted from Statistics Canada (CANSIM), unpublished data, and CREA (MLS®)

20

Debt-service ratios[1] remained stable in 2010

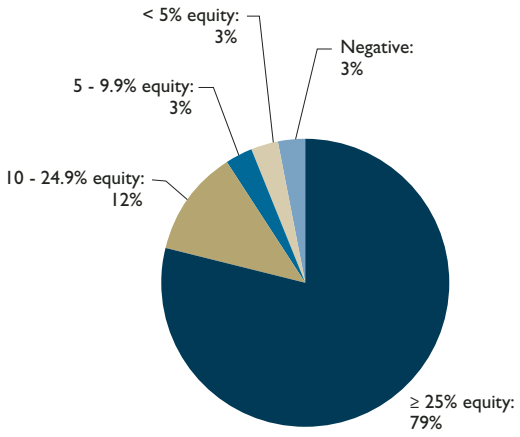


[1] Debt-service costs as a percentage of personal disposable income.

Source: Statistics Canada

21

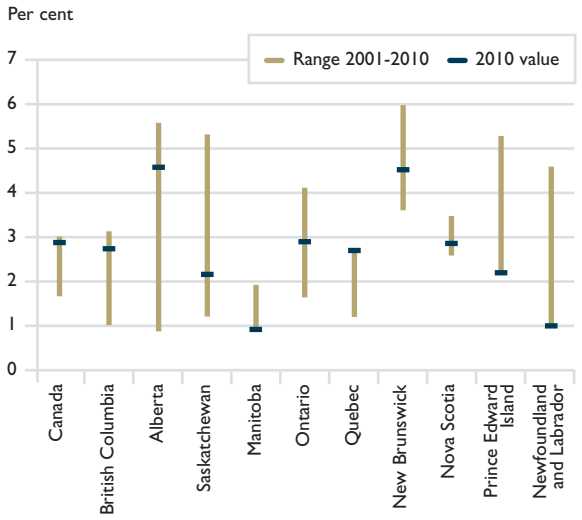
Most mortgage holders have substantial equity in their homes



Source: CAAMP *Annual State of the Residential Mortgage Market Survey*, May 2011

22

Rental vacancy rates were highest in New Brunswick and Alberta in 2010[1]

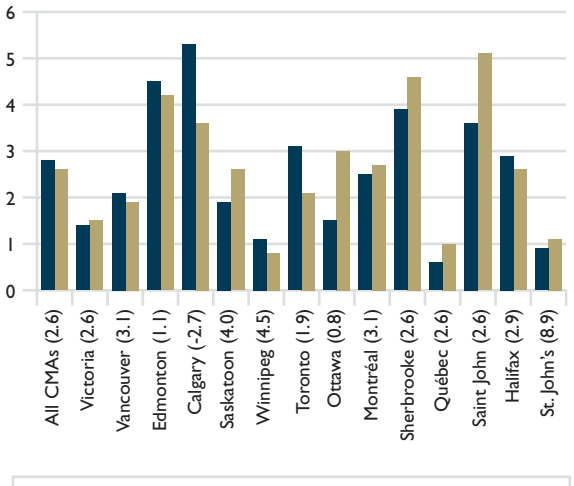


[1] In privately initiated apartment structures with at least three units.

Source: CMHC (*Rental Market Survey*)

23

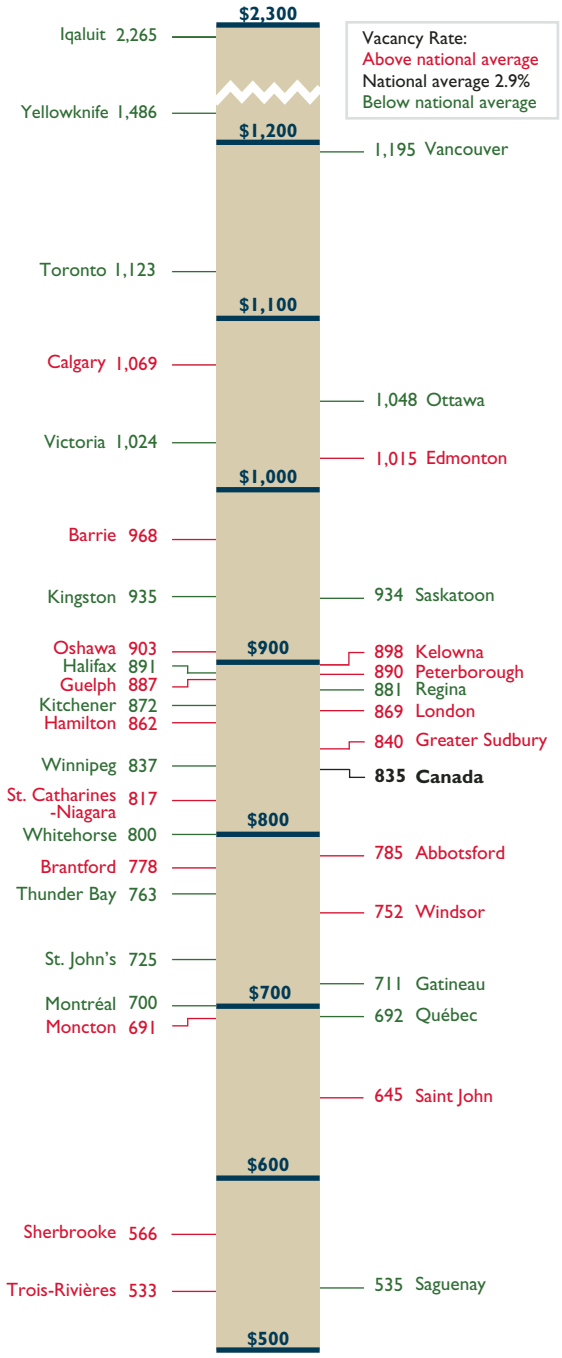
Vacancy rates varied across Canada



Source: CMHC

24

Average rents[1] for a two-bedroom apartment varied widely in 2010



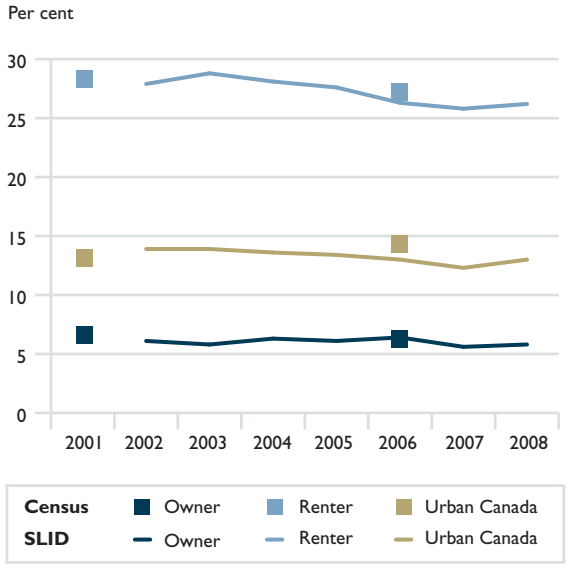
[1] In privately initiated apartment structures with at least three units.

Source: CMHC *(Rental Market Survey)*, Yukon Bureau of Statistics

CANADIAN HOUSING AT A GLANCE

25

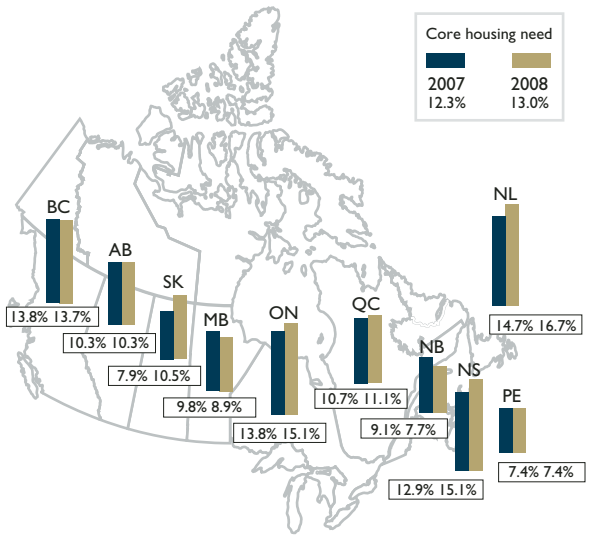
Urban renters have consistently high core housing need



Source: CMHC (Census- and SLID-based housing indicators and data)

26

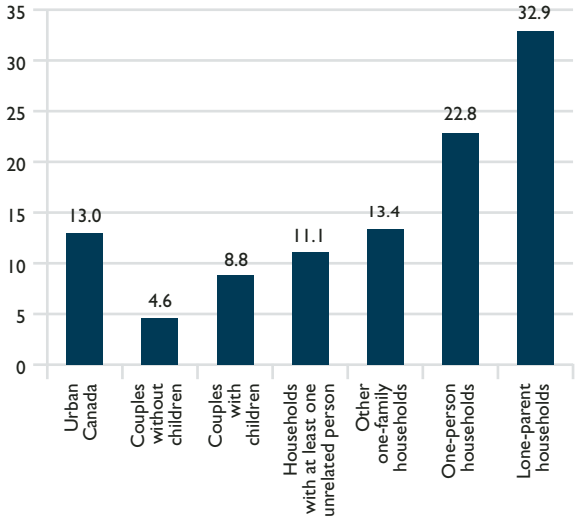
Newfoundland and Labrador had the highest incidence of urban core housing need in 2007 and 2008



Source: CMHC (SLID-based housing indicators and data)

27

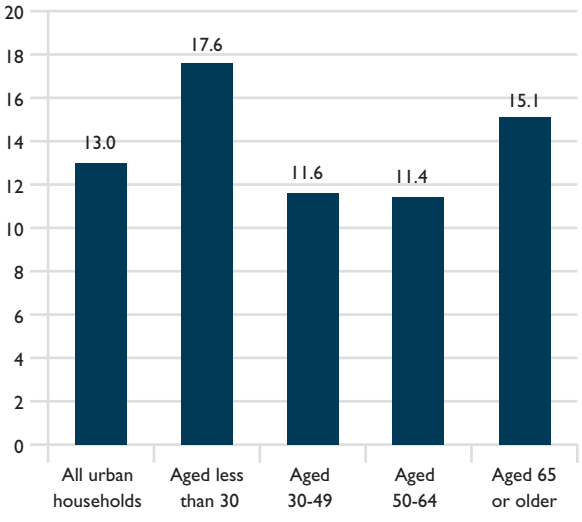
Lone-parent households had relatively high core housing need in 2008



Source: CMHC (SLID-based housing indicators and data)

28

Urban households under 30 years of age had relatively high core housing need in 2008

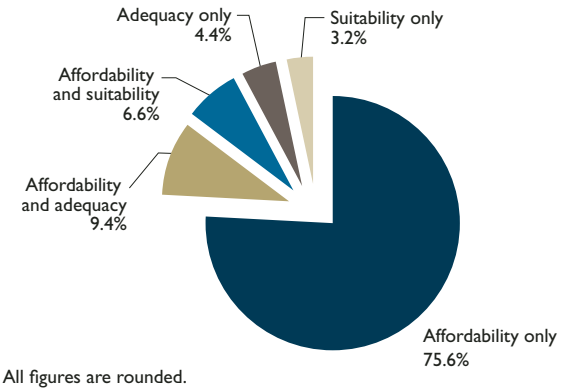


Source: CMHC (SLID-based housing indicators and data)

29

Not meeting the affordability standard remained the most important reason for being in core housing need in 2008

Urban households[1]



All figures are rounded.
Affordability, adequacy and suitability; and adequacy and suitability are together less than 1%.

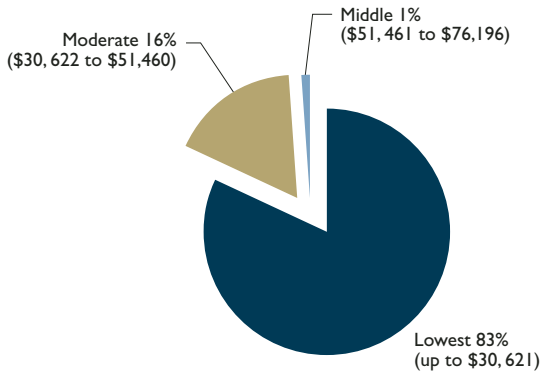
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

30

Most urban households[1] in core housing need are in the lowest-income quintile

2008



There are no households in core housing need in the upper- and highest-income quintiles.

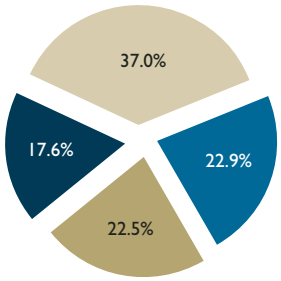
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

31

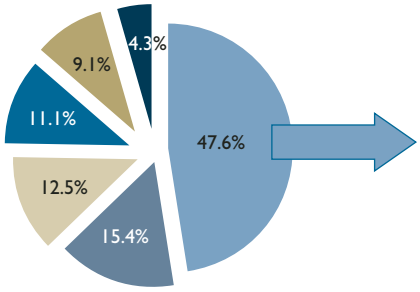
The largest shares of urban households in core housing need in 2008 were made up by ...

a) households with maintainers aged 30 to 49



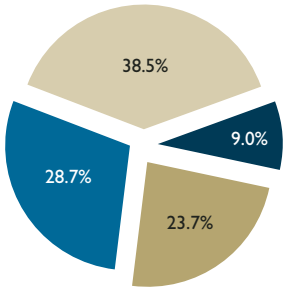
- Aged 30-49
- Aged 50-64
- Aged 65 or older
- Aged less than 30

b) one-person households



- One-person households
- Couples with children
- Lone-parent households
- Couples without children
- Other one-family households
- At least one unrelated person

c) non-senior men (among one-person households)



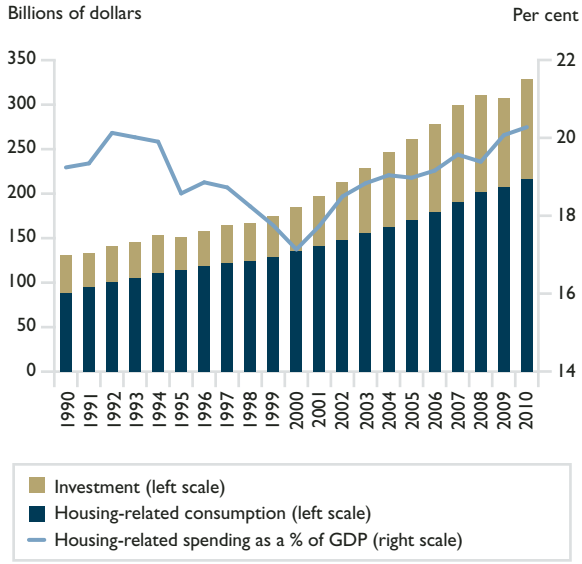
- Non-senior men
- Senior men
- Senior women
- Non-senior women

Source: CMHC (SLID-based housing indicators and data)

CANADIAN HOUSING AT A GLANCE

32

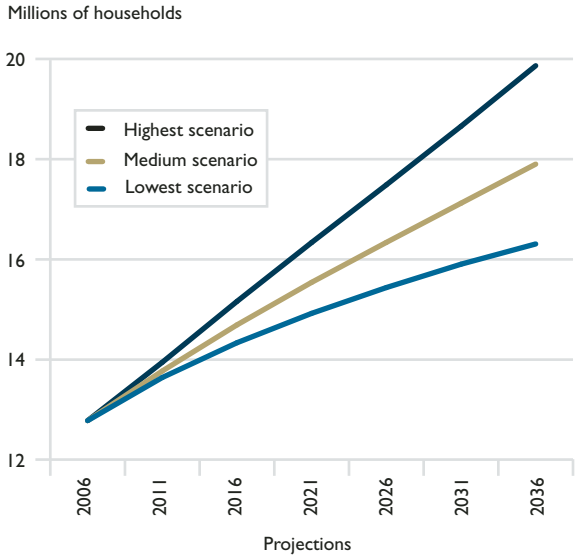
Housing-related consumption and investment grew in 2010



Source: CMHC, adapted from Statistics Canada (CANSIM)

33

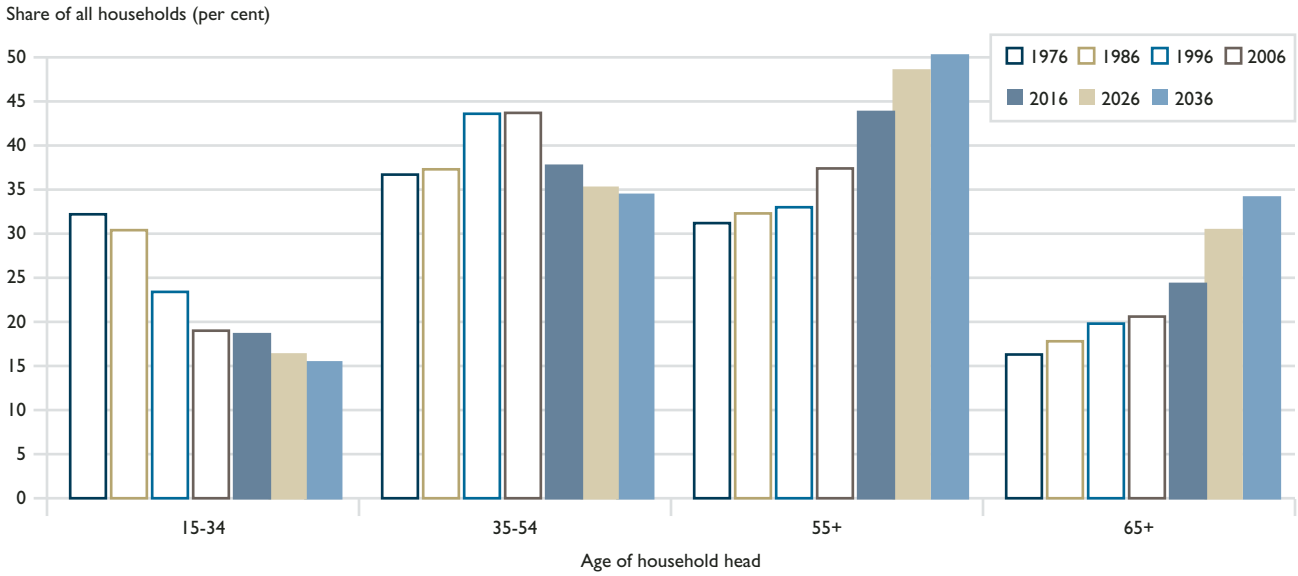
Growth is projected in the overall number of households in Canada to 2036



Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

34

The share of households headed by older persons is projected to rise



Based on medium household growth projection scenario.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

HOUSING FINANCE

2

As the global financial crisis receded and economic conditions began to improve, the Canadian housing finance sector began to recover in 2010 and early 2011. Overall mortgage credit grew at a solid rate. Although interest rates began to rise in 2010, mortgage rates and funding costs remained fairly stable, keeping debt-service ratios stable during the year and into 2011. Mortgage loan insurance continued to be a key factor in maintaining a strong housing finance sector. As financial markets recovered, in early 2010 the Government of Canada terminated the Insured Mortgage Purchase Program (see below), which was a facility to help financial institutions maintain access to longer-term funds. This resulted in public securitization resuming growth rates closer to trend levels. Private securitization has yet to recover from the crisis; however, an alternative capital market funding source, covered bonds, experienced rapid growth in 2010.

There were many recent notable regulatory and policy developments in the Canadian housing finance sector, many instigated as a result of the financial crisis. Each of these is discussed in this chapter. The Government of Canada adjusted its rules for government-backed insured mortgages in April 2010 and again in March/April 2011 (following a previous set of changes in late 2008), in order to promote stability in the housing finance sector. The Government of Canada also introduced legislation in June 2011 to formalize mortgage loan insurance agreements and oversight. A new global framework for capital adequacy and prudential financial regulations was released in late 2010, new accounting standards were adopted in Canada at the start of 2011, and several new or revised international financial regulations and standards were announced. Progress continues on a number of other policy fronts, including covered bonds legislation and implementation of financial literacy recommendation.

Highlights of Canadian residential mortgage lending

Mortgage credit grew as mortgage rates remained low

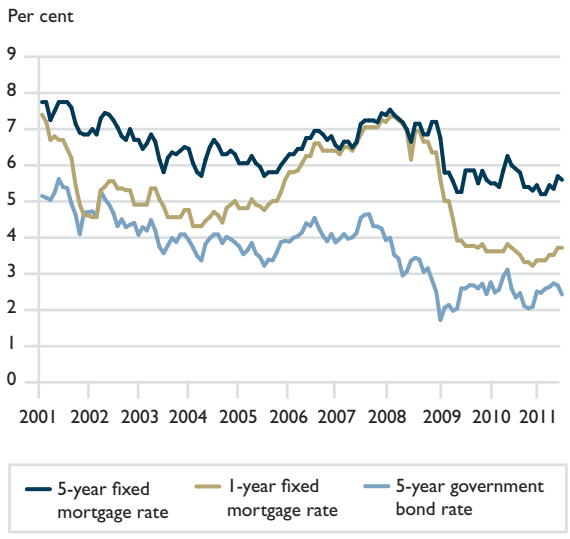
Total outstanding mortgage loans reached $1.042 trillion by March 2011, growing 7.7% over twelve months earlier. This growth rate is below the average annual growth rate of 9.7% for the previous decade. A recovering economy and low interest rates were key factors in propelling mortgage market growth during 2010 and the first half of 2011.

The Bank of Canada maintained a low interest rate policy, with an overnight rate at 0.25% until the second quarter of 2010, providing considerable monetary stimulus in order to meet its inflation objective during a period of very weak economic conditions and major downside risks to the global and Canadian economies. Subsequently, the overnight lending rate was increased by 25 basis points (100 basis points equal one percentage point) three times, ending the year at 1%. However, the average one-year fixed mortgage rate declined 53 basis points from 2009 (to 3.49%).

Owing to the relative stability of funding costs, the posted 5-year fixed mortgage rate was also quite stable, with the 2010 average of 5.61% only slightly below the 2009 average of 5.63%. The spread between the government bond yield and posted 5-year mortgage rates was largely maintained; it stood at 3.16 percentage points in 2010 and 3.22 percentage points in 2009 *(see Figure 2-1)*.

FIGURE 2-1

Monthly mortgage rates[1] and the five-year government bond yield, 2001-2011



[1] Chartered bank administered posted interest rates.

Source: Bank of Canada

Fixed-rate mortgages continue to appeal to those taking out insured high-ratio mortgages, according to the Canadian Association of Accredited Mortgage Professionals (CAAMP)[1] *(see text box Snapshot of Canadian residential mortgage characteristics)*. Fixed-rate mortgages accounted for 79% of loans funded in 2010 which were covered by mortgage loan insurance, and variable-rate and adjustable-rate mortgages together accounted for the remaining 21%.[2]

Snapshot of Canadian residential mortgage characteristics

- The most common type of mortgage is a fixed-rate mortgage where the interest rate is set for five years. After the 5-year term, the borrower typically negotiates another interest rate and term.
- Mortgages are most often amortized over 25 years.
- Partial prepayment of mortgages is usually allowed, but there are often prepayment penalties for large or full prepayments.
- A high-ratio mortgage has a loan-to-value (LTV) ratio greater than 80%. High-ratio mortgages for federally regulated lenders are required to carry mortgage loan insurance from either a public or private approved mortgage insurer *(see Role of mortgage loan insurance in the Canadian mortgage market below)*. Mortgages over 95% LTV ratio are not permitted.
- While mortgages with LTV ratios of 80% or less (known as conventional mortgages) do not require mortgage loan insurance, lenders often choose to purchase it themselves.[1]
- Interest on homeowner mortgages is not generally tax deductible.
- Mortgages are "full recourse" loans in almost all jurisdictions, meaning that the borrower remains responsible for the mortgage even in the case of foreclosure.[2]

[1] This is known as portfolio insurance.

[2] Certain types of uninsured mortgages in Alberta and Saskatchewan are non-recourse.

[1] Canadian Association of Accredited Mortgage Professionals. "Revisiting the Canadian Mortgage Market - The Risk is Minimal" (Update from January 2010 Report) www.caamp.org/meloncms/media/Revisiting%20Cdn%20Mortgage%20Mkt%20Booklet.pdf (June 2, 2011).

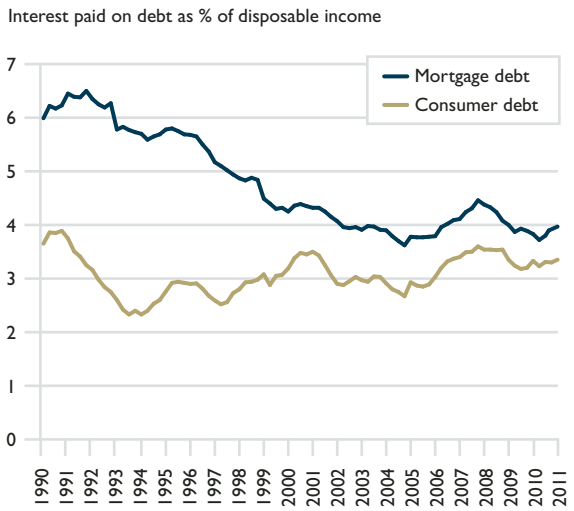
[2] Ibid.

Household debt-service costs are below average

Interest paid on mortgage debt as a share of monthly household disposable income has been decreasing since 2008, due to a continued low mortgage rate environment. In 2010, households with mortgages paid 3.8% of their disposable income in mortgage interest debt service, while a slightly larger share (3.9%) was paid a year earlier. The ratio observed in 2010 is 1 percentage point below the average historical ratio of 4.8% *(see Figure 2-2).*

FIGURE 2-2

Quarterly household debt-service ratios, 1990-2011 YTD



Source: Statistics Canada (CANSIM)

Mortgage term preferences

While variable-rate and short-term mortgages have become more popular in recent years, the most common mortgage term remains a 5-year fixed-rate mortgage (amortized over 25 years). This preference has evolved for two main reasons.

One is prepayment costs. Canada's *Interest Act* imposes a maximum prepayment penalty of three months of interest on loans after the first five years of the term has elapsed. While minimizing prepayment fees is beneficial for borrowers, it imposes costs on lenders. Lenders have to manage the risk associated with foregone interest income from debt service in an uncertain future interest rate environment. Lenders therefore pass on the cost of hedging prepayment risk on longer-term mortgages to borrowers, in the form of higher mortgage rates for terms longer than five years. Borrowers therefore commonly choose a 5-year term.

FastFacts

- Close to 44% of mortgage loan insurance underwritten by CMHC in 2010 covered areas or housing options that were less, or not at all, served by private mortgage insurers.
- In 2010, deposits continued to represent the largest funding source for mortgage lenders (58.9%).
- Despite a temporary rise in Canada Mortgage Bond (CMB) spreads during the global financial crisis, CMBs remain a highly cost-effective funding source for large and small lenders post-crisis.
- As of 2010, Canada's five largest banks' potential covered bond issuance, based on OSFI's statutory limit, was an estimated $99 billion, of which $25 billion had been used.
- In February 2011, the Government of Canada's Task Force on Financial Literacy published its report to the Minister of Finance containing 30 recommendations for improving financial literacy. On November 30, 2011, the Government tabled legislation to deliver on a key Task Force recommendation by creating the framework to appoint a Financial Literacy Leader to the Financial Consumer Agency of Canada.

The second reason is mortgage funding *(see Focus on mortgage funding below).* Fixed-term deposits remain the largest source of mortgage funding in Canada. As deposit insurance provided by the Canada Deposit Insurance Corporation (CDIC) covers deposits only up to 5-year terms, depositors provide few (and more costly) deposit commitments beyond five years. Lenders can reduce asset-liability mismatching risk by aligning the mortgage terms they offer to their most common source of funding, thus contributing to the availability of 5-year mortgage terms.

The high demand by lenders for mortgage funding at 5-year terms led the main securitization program *(see CMHC securitization programs below)* to issue mostly 5-year bonds; likewise, over half of the new covered bonds *(see Covered bonds below)* have 5-year terms. As securitization became more established in Canada, its funding costs fell, which strengthened the ability of lenders to offer the best mortgage rates on 5-year terms.

However, these other funding sources also offer lenders the opportunity to increase their other term options. The Canada Mortgage Bond (CMB) securitization program *(see CMHC securitization programs below)* began issuing 10-year bonds in 2008, and one covered bond to-date has also had a 10-year term. Low interest rates have also increased borrower demand for shorter terms and variable rates. While these newer funding sources and other factors will not likely eliminate the 5-year term preference, they may improve the availability and pricing of other term lengths in the Canadian mortgage market.

Role of mortgage loan insurance in the Canadian mortgage market

Mortgage loan insurance plays an important role in Canada's housing finance system. It helps protect lenders against mortgage default, and enables consumers to purchase homes with a minimum down payment of 5%—with interest rates comparable to those with a 20% down payment.

CMHC mortgage loan insurance

CMHC is the only insurer of large multi-unit rental properties, including nursing and retirement homes, and a significant percentage of CMHC's insured high-ratio homeowner loans is in rural areas and smaller communities that are traditionally not as well-served by private insurers. Together, these market segments made up about 44% of mortgage loan insurance underwritten by CMHC in 2010.

Under the *Bank Act,* which applies to federally regulated lenders, mortgages issued with less than a 20% down payment (also called high loan-to-value ratio loans) are required to be insured against mortgage default. Although the obligation to purchase mortgage loan insurance belongs to the lender, in practice the mortgage loan insurance premium is added to the loan and paid by the borrower, usually amortized over the life of the loan. Lenders can also obtain mortgage loan insurance for loans with over 20% equity. In this case, loans are generally pooled into a portfolio and then insured. Portfolio insurance is motivated primarily by capital management and liquidity benefits (i.e., creating securitization-ready assets and for use as collateral). For this portfolio insurance, the lender pays the insurance premium.

Another advantage of government-backed mortgage loan insurance is its impact on prudent mortgage lending, through the standardization of underwriting practices among Canadian mortgage insurance providers. The Government's mortgage loan insurance guarantee framework sets rigorous national guidelines for the risk assessment of insurable loans and the eligibility of Approved Lenders for mortgage loan insurance.

Government involvement

CMHC is an agent corporation of the Crown which means that its obligations are fully backed by the government. The Corporation's assets and liabilities are also the assets and liabilities of the government.

In order to ensure fair competition between the public and private mortgage loan insurers, the Government of Canada also provides the private sector with a government guarantee on their insurance-in-force. The government guarantee for private insurers is subject to a deductible equal to 10% of the original principal amount of the loan. Private sector mortgage insurers have the ability to select the markets in which they operate. CMHC has a mandate to provide qualified Canadians with access to all forms of housing—home ownership, rental, and housing in rural areas and smaller markets.

CMHC operates its insurance business on a commercial basis with no assistance from the Government of Canada. CMHC covers its mortgage loan insurance claims and business-related expenses with the monies received from insurance premiums, fees and interest on investments, and is expected to earn a reasonable return on capital.

Private mortgage loan insurers in Canada are overseen by the Office of the Superintendent of Financial Institutions (OSFI), which ensures that they are adequately capitalized. CMHC also adheres to the capital guidelines that are applied to its private counterparts.[3]

As of December 2010, CMHC's capital level was more than double that of the minimum requirement. From 2009 to 2010, retained earnings set aside for the capitalization of CMHC's insurance operations grew by 38.1% for a year-end total of $8.2 billion, not including earnings set aside for CMHC's securitization activities.[4]

The government role in the housing finance system differs from country to country *(see text box Facts on differences between Canadian and Australian housing finance).* The International Monetary Fund (IMF) examined the role of the United States government interventions that help Americans achieve home ownership.[5] The study also compared the role of governments in other countries, including Canada, to that in the United States. The IMF found that the Canadian system is "less complicated and less costly" than that in the United States. Furthermore, the IMF concluded that the explicit government guarantees on mortgage funding in Canada have "shielded the system from the ambiguities suffered by the pre-crisis public/private status of Government Sponsored Enterprises in the United States".

Government changes to mortgage loan insurance guarantee framework

The Government of Canada plays a significant role in regulating mortgage loan insurance operations through its power to set underwriting standards for government-backed insured mortgages.

In February 2010, the Government of Canada announced three changes to the standards governing government-backed insured mortgages. The following adjustments came into force on April 19, 2010:

- Requiring borrowers to qualify for a 5-year fixed-rate term even if they chose a lower rate and shorter term;
- Lowering the maximum withdrawal amount when refinancing a mortgage, from 95% to 90% of the property value; and
- Requiring a minimum 20% down payment for rental properties.

[3] *CMHC Annual Report 2010.*

[4] Ibid.

[5] International Monetary Fund. "Home Sweet Home: Government's Role in Reaching the American Dream" (August 2011).

Facts on differences between Canadian and Australian housing finance

Canada and Australia are often cited as countries that have different approaches to housing finance but which both fared well through the financial crisis. Below are highlights of key factual differences between housing finance systems in Canada and Australia.

Government involvement in housing finance

In Canada, the government plays a direct role in the system, mainly through its mortgage loan insurance and securitization activities. Since mortgage insurance and securitization activities are carried out on a commercial basis in Canada, CMHC, and hence the Government of Canada, earns income to compensate for its risk exposure, which has contributed to reducing the federal deficit by some $14 billion between 2001 and 2010. As well, CMHC maintains reserves that can be drawn upon as required to meet liabilities. Moreover, private mortgage loan insurers make payments to the Canadian government to compensate it for the backstopping they receive.

In Australia, the government does not have a similar direct role in the marketplace, and the approach has largely been to regulate financial institutions.

Financial sector challenges during the crisis

During the financial crisis, private capital market-based funding in general and private mortgage securitization in particular contracted sharply in both Australia and Canada, reducing the volume and raising the cost of funding available for mortgage lending.

In Australia, where there was more reliance on private securitization for mortgage funding, and which has no public securitization, a severe contraction of its private securitization market significantly affected both the availability and the cost of funding in the financial system. Some small lenders had to cease lending or scale back their operations, or were bought by larger institutions. As a result, Australia's largest banks' share of the mortgage market increased sharply and the Australian government provided an A$20 billion RMBS purchase program to maintain funding for small lenders and to facilitate competition.

In Canada, private mortgage securitization also declined abruptly and some U.S.-based lenders withdrew from the Canadian market or scaled back their operations during the global financial crisis. However, Canada's financial institutions, large and small, had continued access to capital market-based funding via public mortgage securitization. As well, building upon the existing public mortgage securitization programs, the Insured Mortgage Purchase Program (IMPP) was efficiently set up to provide an additional longer-term funding support for lenders during the financial crisis by purchasing approximately $69 billion of insured mortgage securities from lenders.

Share of major banks in mortgage lending

In both Australia and Canada, a small number of large banks accounts for the bulk of the mortgage lending activity. The six biggest banks' mortgage assets accounted for about 55% of total mortgage credit outstanding in the financial system in Canada in 2010, while in Australia, the comparable figure was about 82%.

As well, the mortgage business accounts for a higher share of the bank business in Australia compared to Canada, e.g. residential mortgages as a share of total bank assets were 20% in Canada and 36% in Australia (top six banks each).

In January 2011, the government announced further tightening to the standards that apply to loans that have government-backed mortgage loan insurance. The following changes were made:

- Reducing the maximum amortization period from 35 years to 30 years;
- Lowering the maximum refinancing amount for owner-occupied property, from 90% to 85% of the property value; and
- Withdrawing government insurance backing on non-amortizing lines of credit secured by home equity (referred to as home equity lines of credit or HELOCs).[6]

The first two changes listed above came into effect on March 18, 2011 and the third one on April 18, 2011.

These changes were intended to reduce the total interest payments made on mortgages; allow for more rapid build-up of home equity and promote saving through home ownership.

On June 14, 2011, the government introduced legislation to formalize existing mortgage loan insurance agreements with private mortgage loan insurers and add to the framework governing CMHC, including the rules for government-backed insured mortgages. Once brought into force, this legislation and amendments to the *National Housing Act* will put into law arrangements that are already in place.[7]

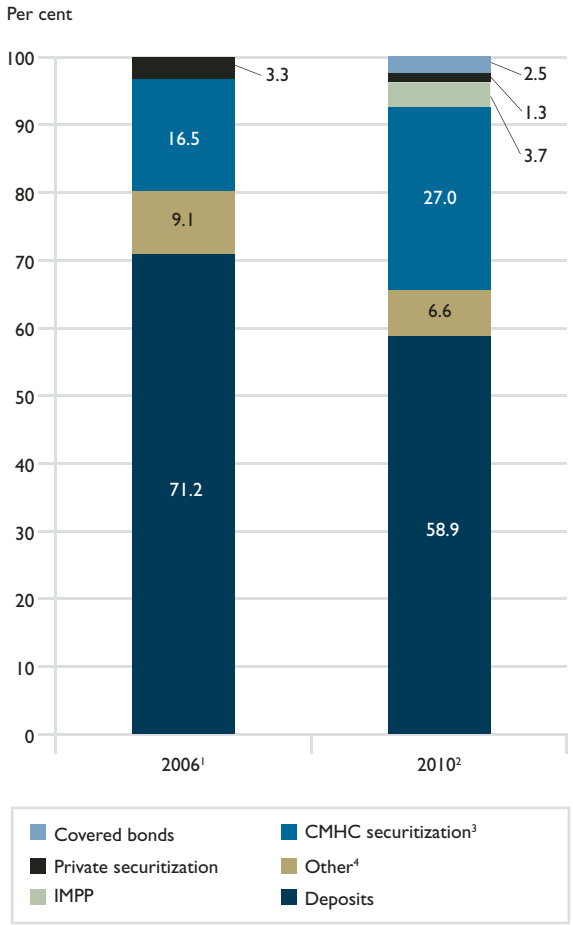
Focus on mortgage funding

Financial institutions need to obtain funds in order to make a mortgage loan; this is known as mortgage funding. Different sources of mortgage funding are available to mortgage lenders, such as deposits and funds raised through capital markets, including mortgage-backed securities.

The majority of funding for Canadian mortgage lending comes from deposits held by financial institutions, including demand deposits and term deposits such as guaranteed investment certificates (GICs). In 2010, deposits represented the largest funding source for mortgage lenders, but to a lesser degree than in previous years *(see Figures 2-3 and 2-5)*.

FIGURE 2-3

Mortgage funding sources



[1] As of December 31, 2006.
[2] As of October 31, 2010.
[3] Includes Canada Mortgage Bonds and market NHA Mortgage-Backed Securities.
[4] Includes trusts and mortgage loan companies, life insurance companies, pension funds, and non-deposit taking financial institutions.

Source: CMHC and adapted from Bank of Canada and Issuers' Covered Bond Monthly Investor Reports

[6] See Department of Finance Backgrounder, *Supporting the Long-Term Stability of Canada's Housing Market* www.fin.gc.ca/n11/data/11-003_1-eng.asp (June 2, 2011).

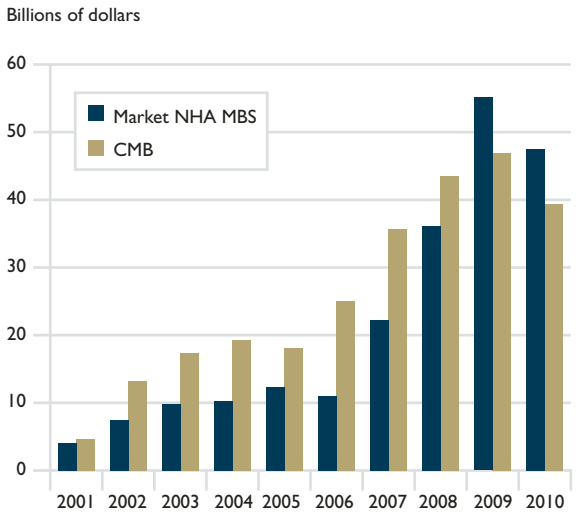
[7] See www.budget.gc.ca/2011/plan/chap4a-eng.html (June 20, 2011).

As investors have shifted from traditional deposits to investing in the capital market, financial institutions have turned to the capital market to access mortgage funding. For deposit-taking financial institutions, this meant a lower dependency on short-term deposits for long-term mortgage lending. This also gave rise to the evolution of specialized mortgage "monoline" lenders who are non-deposit-taking institutions that rely predominantly on capital markets for funding their mortgage lending.

One capital market funding tool is securitization—the sale of mortgage-backed securities. During the economic downturn of 2008, investors shied away from private mortgage securitization, resulting in a significant surge of publicly backed mortgage securitization in Canada, as well as in most other developed capital markets *(see Figure 2-4).*

FIGURE 2-4

Annual issuance of NHA Mortgage-Backed Securities and Canada Mortgage Bonds, 2001-2010



Source: CMHC

Mortgage lenders remain interested in further diversifying their funding sources and better managing the timing mismatch between their assets and liabilities. Canada's larger banks have begun issuing mortgage-covered bonds *(see Covered bonds below)*—an alternative source of funding extensively used in Europe and introduced into Canada in 2007.

Deposits

While other forms of mortgage funding have grown significantly during the last decade, deposits have been, and remain, the cheapest and primary mortgage funding source for Canadian deposit taking institutions.[8]

From 2006 to 2010, the overall deposit level grew steadily. However, as a result of economic uncertainty caused by the global financial crisis and the low interest rate environment that followed, depositors began to favour more liquid forms of deposits (chequing and saving accounts) over less liquid forms (fixed-term deposits).

CMHC securitization programs

CMHC offers two mortgage securitization programs: *National Housing Act* Mortgage-Backed Securities (NHA MBS) and Canada Mortgage Bonds (CMB) (see below). These programs allow large and small Canadian mortgage lenders to access market funding at close to sovereign AAA[9] costs, while investors are offered an opportunity to invest in the secondary mortgage market through the bond market.

NHA MBS and CMB carry CMHC's guarantee of timely payment of principal and interest to investors; in return, CMHC charges a guarantee fee to the issuers of NHA MBS and to the sellers of the NHA MBS to the Canada Housing Trust (see below). CMHC also administers the rules, policies, practices and requirements under which these mortgage-backed instruments are issued, and manages the ongoing operational requirements to monitor and ensure proper performance by all program participants.

[8] When comparing the cost of different funding sources, the typical method used is to compare the benchmark spread. This is the difference between the interest rate paid for one funding option against the rate of a benchmark source, such as sovereign bonds, for a similar maturity term. For example, the interest rate on a 5-year covered bond or term deposit note could be compared against that on a 5-year Government of Canada bond.

[9] A "sovereign" rating refers to the credit rating of a sovereign entity; i.e., a national government. A credit rating is an independent evaluation of the credit worthiness of an entity. AAA is the highest rating, indicating very little risk of default. The interest costs are therefore lower for those entities achieving a AAA rating. Sovereign AAA debt therefore usually has the lowest cost of debt in a country.

FIGURE 2-5

Mortgage funding data

	Deposits	CMB	Covered bonds	Other[1]	NHA MBS	Private securitization
2010 outstanding volumes ($ billions)	606.4	195.5	25.0	67.8	130.3	13.2
2010 issuance ($ billions)	–	39.4	17.3	–	55.7[2]	0.6
% change in annual issuance 2009-2010	–	-16%	1,096%	–	-14%	-11%

[1] Other includes trusts and mortgage loan companies, life insurance companies, pension funds, and non-deposit taking financial institutions.
[2] 2010 issuance of market NHA MBS was $47.5 billion and NHA MBS for IMPP was $8.2 billion.
Note: Columns are arranged in order, from left to right, from lowest funding cost to highest.

Source: CMHC; Bank of Canada; Issuers' Covered Bond Monthly Investor Reports; DBRS

In Canada, the use of public mortgage securitization increased during the global financial crisis when investors favoured more secure investments.

National Housing Act Mortgage-Backed Securities

CMHC's *National Housing Act* Mortgage-Backed Securities (NHA MBS) program improves the availability of low-cost funding for mortgages. NHA MBS are securities backed by pools of residential mortgages insured by CMHC or private mortgage insurers.

Investors in NHA MBS receive monthly installments of principal and interest from the cash flows of the underlying mortgages. For mortgage lenders, the proceeds from the sale of NHA MBS provide an additional source of mortgage funding.

Under the NHA MBS guarantee, CMHC guarantees the timely payment of interest and principal to the investors; i.e., that CMHC will make payment of interest and principal if the NHA MBS issuers (financial institutions) default on their obligations of timely payment to investors. As all of the underlying mortgages in NHA MBS pools are required to be insured, the underlying assets are mostly credit risk-free, although investors in NHA MBS still face prepayment risk. NHA MBS issuers must also meet stringent eligibility requirements.

Canada Mortgage Bonds

Introduced in 2001, the Canada Mortgage Bonds (CMB) program complements CMHC's NHA MBS program. It fosters competition in the residential mortgage market by ensuring an adequate supply of low-cost mortgage funding to both large and small financial institutions, which ultimately translates into lower mortgage costs for Canadians.

Under the CMB program, the Canada Housing Trust (CHT) issues bonds and uses the proceeds to purchase NHA MBS. Financial institutions then use the funds obtained through the sale of NHA MBS for lending, including to mortgage borrowers. As with NHA MBS, CMHC guarantees the timely payment of interest and principal of CMB to investors.

A key feature of CMB is that they are bullet bonds; the program effectively converts the monthly and amortizing cash flows of the NHA MBS into typical bullet bond payments to investors; i.e., semi-annual or quarterly interest payments and repayment of principal at maturity. There is no prepayment risk for CMB investors. As a result, investors enjoy certainty regarding the stream of payments. Thus, CMB appeal to a broad investor base. CMB enjoy a high level of liquidity with large benchmark issues that are actively traded in the secondary market.

The appeal to investors means that funding via CMB can be achieved at relatively low costs for lenders. In fact, CMB are the second most cost-effective source of mortgage funding after retail deposits. They usually trade at a small spread over Government of Canada debt of similar maturity. Prior to the global financial crisis, the 5-year CMB spread was as low as 7 basis points (bp), but climbed to over 80 bp during the fall of 2008 at the height of the financial crisis, and then fell back to 25 bp at the end of 2010.

Despite the temporary rise of CMB spreads during the global financial crisis, CMB remained a highly cost-effective funding source at the time, as the yield spread rose even higher for other capital-market sources of funding. Major foreign mortgage-backed securities markets saw spreads rising by 250-750 bp over their respective benchmarks.

The CMB program was expanded to include 10-year maturity bond issues in November 2008. To date, CMB are all issued in Canadian dollars with bullet maturities on either 5-year or 10-year notes. As of May 2011, 88% ($175.5 billion) of the $199.1 billion total CMB outstanding were fixed-rate bonds and about 12% ($23.6 billion) were floating-rate bonds.

Insured Mortgage Purchase Program (IMPP)

Between October 2008 and March 2010, the Government of Canada offered the Insured Mortgage Purchase Program (IMPP), under CMHC's management. The IMPP maintained the availability of longer-term credit in Canada during the global financial crisis by allowing Canadian financial institutions to sell NHA MBS to CMHC through auctions.

Through the Insured Mortgage Purchase Program (IMPP), the Government committed to purchase up to a total of $125 billion in insured residential mortgage pools from Canadian financial institutions to help facilitate continued lending to Canadian consumers and businesses. The program was instrumental in safeguarding Canada's economy during a time of severe economic stress. Moreover, it had the added benefit of operating at no financial cost or additional risk to taxpayers since the mortgages were already contingent liabilities of the Government of Canada. In fact, the IMPP, which provided $69 billion in stable, long-term funding to lenders, has generated more than $1.6 billion in net revenues since its inception. By the time the program ends in 2014–2015, it will have generated an estimated $2.5 billion in net revenues that will benefit Canada's budgetary balance.

Private mortgage securitization

Before the global financial crisis, private securitization provided a funding source for Canadian mortgage lenders, especially small and specialized mortgage lenders (in the non-bank sector), e.g. through the issuance of residential mortgage-backed securities (RMBS) (backed by uninsured mortgages), asset-backed securities (ABS), and asset-backed commercial paper (ABCP). The financial crisis completely halted the non-bank ABCP market. Similarly, other private-label securitization, such as uninsured RMBS, had no new issuance in 2010. It remains unclear if, or how quickly, the non-bank ABCP market and the private mortgage securitization sector will recover.

Bank-backed ABCP has continued at a much smaller scale. In 2010 there were some new issuances of ABCP in the Canadian market, in which residential mortgages accounted for 8% or approximately $588 million of their underlying assets.[10]

Covered bonds

A covered bond is a corporate bond with an important enhancement: recourse to a pool of assets that secures or "covers" the bond if the originator (usually a financial institution) becomes insolvent. With a covered bond, the debt (bond) and the underlying asset pool remain on the issuer's balance sheet, and issuers must ensure that the pool consistently backs the covered bond. This is an

[10] "Canadian Structured Finance 2010 Year in Review and 2011 Outlook", DBRS, April 2011.

advantage for the investor, as it means that in the event of a default of the issuer, the investor has recourse to both the specific pool of assets and the issuer.

In 2007, OSFI issued a guideline permitting Canadian covered bond issuance provided that the aggregate amount issued by any deposit-taking financial institution does not exceed 4% of its total assets.

Prior to 2010, only three Canadian banks had issued mortgage-covered bonds. During 2010, based on the strong performance of both mortgage collateral in Canada and the banking system in general, five of the six big banks marketed 12 new issuances totalling $17.3 billion, compared to $1.5 billion in 2009 *(see Figure 2-6)*.

In terms of mortgage collateral type, 86% (by value) of covered bonds issued in 2010 were backed by pools of CMHC-insured residential mortgages (including home-equity lines of credit or HELOCs) and NHA MBS which carried an explicit government guarantee, and 14% had conventional (uninsured low-ratio loans) residential mortgages as their underlying assets.[11]

The majority of mortgage-covered bonds issued in 2010 were denominated in U.S. dollars (about 88% or $15.3 billion), while a few were denominated in Canadian dollars (about 5%), Australian dollars (about 4%) and Swiss francs (about 3%).

As of 2010, based on OSFI's limit, the total issuance capacity for the five covered bond issuers was estimated at $99 billion, of which $25 billion was used. The available covered bond issuance capacity signals that there is still significant growth potential for this funding instrument. Covered bonds should continue to serve as a cost-effective funding tool, helping financial institutions to access a potentially wider array of investors.

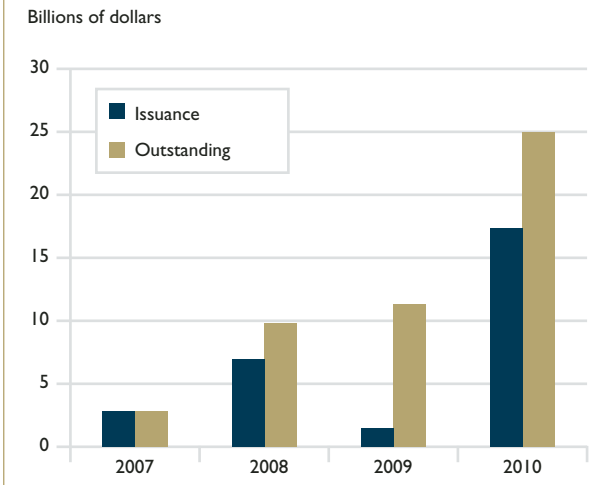
Policy developments in housing finance

Covered bonds legislation

As discussed above, covered bonds have been emerging as a new private funding form in Canada since 2007.

FIGURE 2-6

Canadian mortgage-covered bonds annual issuance and outstanding, 2007-2010



Source: CMHC and Issuers' Covered Bond Monthly Investor Reports

While Canada's covered bond market is nascent in its size and development relative to established markets such as those in Europe, recent policy developments signal that this funding source is set to become a permanent feature of Canadian capital markets.

In Canada, unlike many European countries, there is no explicit legislation for covered bonds that ensures that covered bond holders have priority rights to the specific assets backing the covered bonds in the event of the issuer's bankruptcy. To date, Canadian covered bond transactions use contractual provisions to achieve this protection for covered bond investors. However, in the March 2010 budget, the federal government announced its intention to develop a legislative framework for covered bonds. The legislation will increase legal certainty for investors in these debt instruments, thereby making it easier for Canadian financial institutions to access this low-cost source of funding. In May 2011, the Government of Canada released a consultation paper on the proposed framework for covered bond legislation.[12]

[11] Effective April 18, 2011, non-amortizing HELOCs are no longer insurable in Canada.

[12] See www.fin.gc.ca/activty/consult/cb-os-eng.pdf (June 2, 2011).

Prudential bank regulation: Basel

The Basel Committee on Banking Supervision, formed by representatives from over 20 central banks and financial regulatory authorities, formulates broad supervisory standards and guidelines and recommends best practices in banking supervision. The Basel I Accord and Basel II Accord, issued in 1988 and 2004, respectively, were international standards which focused on the capital adequacy of financial institutions, supervisory review, and market discipline. In the wake of the financial crisis, work began on a new Accord. In late 2010, international agreement—Basel III— was reached on the main elements of new capital rules, liquidity requirements, and leverage standards. The new framework requires banks and other deposit-taking institutions (DTIs) to maintain higher minimum levels of capital and to improve the quality of their capital, and imposes a new (non-risk-based) leverage constraint on them as well as two new liquidity standards, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

The new capital, leverage and liquidity standards will be phased in over several years to ensure that the changes are not detrimental to the banking industry, and more generally, to the national economies in which the rules are to be implemented. In February 2011, OSFI issued its plan for the implementation of Basel III in Canada and provided some guidance as to how the rules will be interpreted and when they will be enforced in Canada.[13]

OSFI anticipates "… a new capital guideline, reporting requirements, and possible disclosure guidance that implement Basel III should be in place before the end of calendar 2012, for implementation in the first fiscal quarter in 2013". OSFI expects that its minimum capital requirements will follow the Basel III transition plan. Canada's banks will be required to transition from OSFI's current leverage ratio (Asset-to-Capital Multiple) to the Basel III international leverage ratio in 2018. OSFI confirmed that it will amend its liquidity guidelines in order to introduce new minimum quantitative standards for liquidity risk.[13]

International Financial Reporting Standards (IFRS)

Beginning in 2011, all federally regulated entities in Canada, including mortgage lenders and other housing finance institutions, were required to implement International Financial Reporting Standards (IFRS). The transition to IFRS changes the accounting treatment for mortgage securitization transactions. Under the new IFRS standards, mortgage assets sold by financial institutions through CMHC's existing securitization programs; i.e., NHA MBS and CMB, will not achieve off-balance sheet treatment in most cases, and thus mortgage lenders are required to consolidate securitized mortgages on their balance sheets. This change will increase the cost of securitization to lenders, as they will be required to hold capital against securitized assets that remain on their balance sheet. To facilitate compliance with OSFI's leverage ratio under IFRS and permit an orderly transition, mortgages, as well as subsequent top-ups, sold through CMHC programs prior to March 31, 2010 will be excluded from the calculation of the ratio.

Revised "Minimum Capital Test" guideline for property and casualty insurers

In December 2010, OSFI published a revised Minimum Capital Test (MCT) guideline for property and casualty insurers, which includes private mortgage insurers.[14] The guideline outlines the capital adequacy regime for these insurers, using a risk-based formula for minimum capital required, and defining the types of capital that may be used to meet the minimum standard. The revised guideline aims to ensure that the capital test accurately reflects the risks of the insurer. The revised guideline came into effect on January 1, 2011.

In draft regulations issued in May 2011, OSFI proposed consolidating the MCT Guideline with its Branch Adequacy of Assets Test Guideline, in order to simplify regulations for capital requirements.[15] OSFI expects to finalize the guideline in 2011, for implementation in 2012.

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[13] See www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/cptlq_e.pdf (June 2, 2011).

[14] See www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/guidelines/mct2011_e.pdf (June 2, 2011).

[15] See www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/guidelines/mct2012_e.pdf (June 2, 2011).

Mortgage loan insurance business and disclosure regulations

In April 2010, the Government of Canada published two regulations: the Mortgage Insurance Business and Disclosure Regulations.[16] The overall purpose of the regulations is to ensure that borrowers are properly charged for mortgage loan insurance and to increase transparency in the industry through enhanced disclosure.

To meet these objectives, the types of disclosures required include information to borrowers and the public on the nature of the arrangements involving payments and benefits to lenders, and information on the mortgage loan insurance premium charged and the manner in which it is calculated. The Mortgage Insurance Business Regulations took effect on July 1, 2010 and are administered by OSFI. The Disclosure Regulations took effect on January 1, 2011 and are administered by the Financial Consumer Agency of Canada.

Financial Stability Board's recommendation on disclosure of mortgage market data

The Financial Stability Board (FSB) was established by the Finance Ministers and Central Bank Governors of the Group of Seven[17] in February 1999, and its mandate was broadened by the Heads of State and Government of the Group of Twenty[18] in April 2009. The FSB has the following objectives:

"to coordinate at the international level the work of national financial authorities and international standard setting bodies in order to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. In collaboration with the international financial institutions, the FSB will address vulnerabilities affecting financial systems in the interest of global financial stability."

In March 2011, the FSB published a peer review report on residential mortgage underwriting and origination practices in FSB member jurisdictions,[19] including Canada. The FSB report[20] provides a comprehensive view of existing practices and oversight—including crisis-related reforms—from which it draws lessons from current experience, highlights best practices, and illustrates some general principles that could set the stage for future standard setting. The FSB report also contains six recommendations to promote sound residential mortgage underwriting practices, and financial stability. The FSB's sixth recommendation relates to the disclosure of mortgage market data *(see Figure 2-7):*

"Authorities should collect and [publicly] disclose enough detailed data to allow a comprehensive view of residential mortgage lending activities. Regular reporting of developments in the residential property market should be published at least annually, either in a publication devoted entirely to that subject or, where relevant, in a financial stability report."

The purpose of mortgage market data disclosure is to allow lenders to benchmark whether their practices are outliers compared with industry, and to allow market observers such as regulators, to identify or monitor the evolution of risk in the mortgage market.

While the report indicates that most countries (including Canada) did not, in its assessment of the time period prior to the report, fully satisfy this recommendation, it does not prescribe the specific types of information to be published. Rather, the report indicates that public disclosure of mortgage market data should include the following:

- Market-wide residential mortgage origination practices and underwriting practices;
- A comprehensive review of trends, including potential vulnerabilities; and
- Comprehensive housing price and home sales data.

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[16] See www.gazette.gc.ca/rp-pr/p2/2010/2010-04-14/html/sor-dors68-eng.html and www.gazette.gc.ca/rp-pr/p2/2010/2010-04-14/html/sor-dors69-eng.html (June 2, 2011).

[17] U.S., Japan, Germany, France, U.K., Canada and Italy.

[18] Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States of America, and the European Union.

[19] For more information about FSB members visit www.financialstabilityboard.org/members/links.htm. (July 26, 2011).

[20] *Thematic Review on Mortgage Underwriting and Origination Practices Peer Review Report.* Basel, Switzerland: Financial Stability Board, March 2011, www.financialstabilityboard.org/publications/r_110318a.pdf. (July 26, 2011).

FIGURE 2-7

Financial Stability Board recommendations versus data reported in *Canadian Housing Observer 2011*

The table below indicates how the housing finance data reported in CMHC's *Canadian Housing Observer 2011* (CHO) has responded to the Financial Stability Board's (FSB) data disclosure recommendations.[1] The left column lists all the data fields cited as examples in the FSB's report and the other columns reflect CMHC's ability to comply based on the availability of such data as of August 2011.

FSB recommended data disclosure	Disclosed data on loans insured by CMHC	Disclosed data for entire market
Outstanding value of residential mortgages	✓	✓
Value of residential mortgages originated annually	✓	
Loans by loan-to-value (LTV) ratio	✓	
Loans by fixed versus floating rate	✓[2]	
Home equity loans (HELOCs)	NA[3]	
Loans by prime versus other (e.g. alternative or Alt-A, low-documentation, subprime)	✓[4]	
Loans by owner-occupied versus investment	NA[5]	
Loans by first or second home	NA	
Loans by first or second lien	NA[6]	
Negative amortization loans	NA	
Number or value of loans written off annually	✓[7]	
Mortgage delinquency rates by origination year	✓[8]	✓[8]
Mortgage delinquency rate by type of loan (type of loan as appropriate to country's mortgage market)	NA[9]	
Descriptions of originators' practices such as document verification, credit history checks, third party references, documents used as proof of income	✓[10]	
Property price trends by property type (property type as appropriate to country's mortgage market)		✓[11]
Number of residential property transactions		✓
Number of housing starts		✓
Number of housing completions		✓
Overall debt-service ratios (e.g. debt-to-income (DTI) or total debt-service ratios (TDS))		✓
Overall loan-to-income (LTI) or payment-to-income (PTI) ratios		✓
Ratio of household debt to GDP		✓

[1] FSB report, *"Thematic Review on Mortgage Underwriting and Origination Practices"* - March 17, 2011.
[2] CMHC reports data for fixed versus non-fixed rate mortgage loans. The non-fixed rate loans include loans with variable and adjustable rates, which may have fixed and/or capped payment structures.
[3] Effective April 18, 2011, HELOCs are no longer insurable in Canada.
[4] There is no common market definition for prime and other loan types in Canada. CMHC discloses CMHC insured loans broken down by credit score, which gives some sense of loan quality.
[5] Changes to the Department of Finance's mortgage insurance guarantee parameters, which became effective in 2010, restricted mortgage loans on non-owner-occupied properties (1-4 units) purchased for speculation to a maximum of 80% LTV. As a result, only a very small percentage of this type of investment property transactions ever obtains mortgage insurance.
[6] For CMHC, both the first and second lien loans are insured by CMHC, so the risk is the same for CMHC on both first and second lien.
[7] CMHC reports the loss on mortgage insurance claims as a proxy for the value of loans written off annually.
[8] Aggregate mortgage delinquency rate only.
[9] The Office of the Superintendent of Financial Institutions (OSFI) collects but does not publish data for insured, uninsured and HELOC loan types.
[10] Insurance underwriting practices are represented by the policy parameters for government-backed insured mortgages and CMHC's underwriting practices for insured mortgages.
[11] Price trends for new house prices and resale prices are reported.

Given this context, CMHC has compiled a series of tables of the data that are available in Canada that fall within the broad areas covered by the FSB's recommendation, including:

- Housing Market Indicators;
- National Mortgage Market Highlights;
- CMHC Mortgage Loan Insurance Highlights;
- Canadian Mortgage Funding Sources;
- Covered Bond Market in Canada;
- CMHC NHA Mortgage-Backed Securities Program;
- CMHC Canada Mortgage Bonds Program; and
- Canada Mortgage Bonds 5-Year Spread over the Constant Maturity Over the Counter Curve;

(see Appendix A: Key Housing and Housing Finance Statistics).

Figures 2-8 and 2-9 provide overviews of Government of Canada policy parameters for Canadian government-backed insured residential mortgages (for high-ratio homeowner loans) and CMHC insured homeowner loan underwriting practices.

CMHC also began publishing quarterly financial reports in the third quarter of 2011, providing Canadians with a more frequent look into its operations and activities.[21]

FIGURE 2-8

Overview of Government of Canada policy parameters for Canadian government-backed insured residential mortgages (for high-ratio homeowner loans)

Loan-to-value (LTV) ratio	Maximum 95% LTV for homeowner purchase mortgages; maximum 85% LTV for refinance mortgages.
Amortization period	Maximum amortization period of 30 years.
Debt-service ratios	Requirement for borrowers to meet the standards for a 5-year fixed-rate mortgage in calculation of GDS[1] and TDS ratios,[2] even if they chose a mortgage with a lower interest rate and shorter term.
Credit score	Minimum of 600, with a limited set of exceptions for borrowers that otherwise represent low credit risks.
Loan documentation	Requirement to make a reasonable effort to verify the value of the property, the borrower's income and employment status and that the borrower can afford the loan payment and all other debts and obligations.
Other	Prohibition of loans with no amoritization in initial years, including non-amortizing lines of credit secured by home equity (e.g. HELOCs). Maximum 5-year term applies to variable-rate mortgage products that allow for fluctuations in the amortization period.

[1] Gross debt-service ratio is defined by the DoF as the ratio of the carrying costs of the home, including the mortgage payment, taxes and heating costs, to the borrower's income.
[2] Total debt-service ratio is defined by the DoF as the ratio of the carrying costs of the home and all other debt payments to the borrower's total income.

Source: Government of Canada's Department of Finance (DoF)

[21] See www.cmhc.ca/en/corp/about/core/core_001.cfm.

FIGURE 2-9

Overview of CMHC insured homeowner loan underwriting practices, by type of mortgage

	Purchase mortgage			Refinance mortgage[1]
	With traditional source of down payment	With non-traditional source of down payment	Self-employed without traditional third party income validation	
Mortgage criteria				
Loan-to-value (LTV) ratio	≤ 95% for 1-2 unit dwelling ≤ 90% for 3-4 unit dwelling	90.01% - 95%	≤ 90%	≤ 85%
Number of units	1 - 4	1 - 2	1 - 2	1 - 4
Amortization period	30 years for LTV > 80% 40 years for LTV ≤ 80%	30 years	30 years for LTV > 80% 40 years for LTV ≤ 80%	30 years for LTV > 80% 40 years for LTV ≤ 80%
Interest rate types	Fixed, standard or capped variable, and adjustable rates			
Maximum loan amount	None	None	None	≤ $200,000 of additional financing
Borrower criteria				
Down payment source	Savings, RRSP withdrawal, loan against proven assets, proceeds from other property sale, non-repayable gift from immediate relative, non-repayable government equity grant, sweat equity (< 50% of minimum required equity), unencumbered land/real property, rent-as-equity.	Any source that is arms-length to and not tied to the purchase/sale of the property, such as borrowed funds, gifts, lender cash-back incentives.	Traditional down payment source (with the exception that gifts from an immediate relative cannot be used to satisfy minimum down payment requirements).	NA
Qualifying interest rates[2]	The qualifying interest rate is the interest rate used to assess applicable debt service. The qualifying interest rate to be used for a particular debt service calculation depends on the type of loan.			
Minimum credit score[3]	580 (required) for LTV 60.01% - 80% 600 (recommended) for LTV > 80% 610 (recommended) for standard variable-rate mortgages with LTV 90.01% - 95%	650 (recommended)	600 (recommended) for LTV ≤ 75% 620 (recommended) for LTV 75.01% - 85% 650 (recommended) for LTV 85.01% - 90%	No minimum for LTV ≤60% 580 (required) for LTV 60.01% - 80% 600 (recommended) for LTV 80.01% - 85%

FIGURE 2-9 (continued)

Overview of CMHC insured homeowner loan underwriting practices, by type of mortgage

	Purchase mortgage			Refinance mortgage[1]
	With traditional source of down payment	With non-traditional source of down payment	Self-employed without traditional third party income validation	
Debt service guidelines				
Gross debt-service ratio[4]	35% for credit score < 680 n/a for credit score 680 +			
Total debt-service ratio[5]	42% for credit score < 680 44% for credit score 680 +			
Borrower eligibility[6]	Permanent residents and newcomers to Canada. Non-permanent residents are limited to purchase 1 owner-occupied unit only – max 90% LTV.	Permanent residents and newcomers to Canada.	Permanent residents with < 3 years business operation. Not available for borrowers without a Canadian credit history, commission-based borrowers and non-permanent residents. Income taxes must be paid and up-to-date. For mortgage assumptions, subsequent borrowers must be able to obtain third party income validation, subject to standard policies.	Permanent residents and newcomers to Canada.
Property location and occupancy	The property can be located anywhere within Canada and must be suitable for year-round occupancy.			
Number of insured properties	Maximum of 2 CMHC-insured homeowner properties per borrower.			

[1] For Self-Employed Without Traditional Third Party Income Validation, number of units is 1-2; minimum credit score is 600 (recommended) for LTV ≤ 75%, and 620 (recommended) for LTV 75.01% - 85%; and borrower eligibility is permanent residents with < 3 years business operation, but not available for borrowers without a Canadian credit history, commission-based borrowers and non-permanent residents. Income taxes must be paid and up-to-date. For mortgage assumptions, subsequent borrowers must be able to obtain third party income validation, subject to standard policies.

[2] For loans with LTV ratios between 80.01 to 95%, the qualifying interest rate used to assess applicable debt-service ratios is as follows: Fixed-Rate (FR) Mortgages where the term is less than 5 years, the qualifying interest rate is the greater of the benchmark rate, or the contract interest rate. FR where the term is 5 years or more, the qualifying interest rate is the contract interest rate. Variable-Rate (VR) Mortgage regardless of the term, the qualifying interest rate is the greater of the benchmark rate, or the contract interest rate (or capped rate, as applicable). For loans with LTV ratios equal to or below 80%, the qualifying interest rate used to assess applicable debt-service ratios is as follows: FR or capped VR where the term is less than 3 years, the qualifying interest rate is the greater of the lender's 3-year posted fixed rate, or the contract interest rate (or capped rate, as applicable). FR or capped VR where the term is 3 years or more, the qualifying interest rate is the contract interest rate (or capped rate, as applicable). Standard and adjustable VR regardless of the term, the qualifying interest rate is the greater of the lender's 3-year posted fixed rate, or the contract interest rate.

[3] From one of two Canadian credit rating agencies. Canadian credit scores generally range from 300 to 900.

[4] Gross debt-service ratio is defined as *the annual payments on principal, interest, property taxes and heat (PITH) + 50% of condominium fees (if applicable) / borrower's gross annual income (up to 50% of subject property's gross rental income, if applicable).*

[5] Total debt-service ratio is defined as *the annual payments on PITH + 50% of condominium fees (if applicable) + annual payments for all other debts / borrower's gross annual income (up to 50% of subject property's rental income, if applicable).*

[6] Borrower eligibility — Permanent residents of Canada include Canadian citizens as well as immigrants that intend to remain permanently in Canada. For borrowers without a Canadian credit history, where the LTV is > 80%, CMHC considers alternative sources of information to validate ability and willingness to repay debts. A newcomer to Canada is a permanent resident to Canada but with no established Canadian credit history. A non-permanent resident is a foreign worker with a valid Canadian work permit.

Source: CMHC

Financial literacy

The Government is committed to supporting financial literacy initiatives, in particular, through the Financial Consumer Agency of Canada.

In February 2011, the Task Force on Financial Literacy released its final report containing 30 recommendations on how to move forward with a cohesive national strategy on financial literacy.[22] On November 30, 2011, the Government tabled legislation to deliver on a key Task Force recommendation by creating the framework to appoint a Financial Literacy Leader to the Financial Consumer Agency of Canada.

In Budget 2011, the Government committed an additional $3 million in funding for financial literacy initiatives. This was in addition to the existing $2 million in annual funding to the Financial Consumer Agency of Canada for financial literacy initiatives.[23]

Improving the financial literacy of Canadians is a long term goal and a shared responsibility for federal, provincial and territorial governments, private sector stakeholders, community organisations and the voluntary sector.

[22] See www.financialliteracyincanada.com/canadians-and-their-money.html (June 2, 2011).

[23] See www.budget.gc.ca/2011/plan/chap4a-eng.html (June 13, 2011).

HOUSEHOLD INDEBTEDNESS

3

This chapter examines household indebtedness and analyzes the vulnerability of Canadian households to potential adverse economic shocks, such as a job loss or an increase in interest/mortgage rates. The first section discusses long-term trends in Canadian household debt and its various components. The second section examines commonly-used measures of household indebtedness. Finally, the last section discusses the concept of "financially vulnerable" households.

Such an examination is timely. Increased concerns about household indebtedness[1] motivated the Bank of Canada to issue warnings about the need for Canadian households to properly assess their ability to service their debts,[2] and the Government of Canada to make changes to mortgage insurance rules both in 2010 and 2011.[3]

Trends in Canadian household debt

Household indebtedness is comprised mainly of residential mortgages. In 2010, residential mortgages represented about 68% of total household debt. Residential mortgages comprised a low of 63% of the total stock of household debt in 1971 and peaked in 1993 at about 75%. The proportion of residential mortgage debt to the total stock of household debt has been fairly stable during the 2001-2010 period, fluctuating between 69.0% and 67.7%.

Consumer credit, which makes up the remainder of household debt, grew at a faster rate than mortgage debt in the last two decades, but in particular during the 1991-2000 period *(see Figure 3-1)*. Total household mortgage debt increased by 5.5% in the 1991-2000 period and by 9.3% in the 2001-2010 period, while total household consumer debt increased by 7.2% in the 1991-2000 period and by 9.6% in the 2001-2010 period.

FIGURE 3-1

Annual growth rates[1] of total household debt, consumer debt and mortgage debt, Canada, 1981-2010

	Total household consumer debt	Total household mortgage debt	Total household debt
	(%)	(%)	(%)
1981-1990	8.3	10.7	10.0
1991-2000	7.2	5.5	6.0
2001-2010	9.6	9.3	9.4

[1] Compound average.

Source: CMHC, adapted from Statistics Canada (CANSIM)

[1] "Without a significant change in behaviour, the proportion of households that would be susceptible to serious financial stress from an adverse shock will continue to grow". Remarks by Mark Carney, Governor of the Bank of Canada, Economic Club of Canada, 13 December 2010, Toronto, Ontario.

[2] Ibid.

[3] See the *Housing Finance* chapter for a fuller discussion.

A closer look at consumer credit reveals that during 2007-2010, personal loans were used mainly for car loans (46%) followed by debt repayment (about 17%), investments (11%), and student loans (11%) *(see Figure 3-2)*. This compares to personal lines of credit which were used mostly for debt repayments (25%), consumption[4] (15%), renovations (14%), investments (14%), and purchases of residences/businesses (11%).

Generally, secured lines of credit are more often used for purchases of residences/businesses, investments, renovations and student loans (44% of secured lines of credit versus 27% of unsecured lines of credit), while unsecured lines of credit are directed more towards general consumption and car loans (32% of unsecured lines of credit versus 18% of secured lines of credit).

Over half of personal loans and about a fifth of personal lines of credit are used for vehicle purchases and consumption.

Macroeconomic indicators suggest household debt load currently manageable

The concerns about household indebtedness have been driven in part by the ratio of aggregate household debt-to-disposable income, which climbed to historically high levels in the second quarter of 2011 *(see Figure 3-3)*.

Although Canadian household debt has been rising since the early 1960s, more recent factors include:

- A low interest rate environment has allowed Canadian households to increase their borrowing capacity;
- Rising household income and net worth has allowed Canadian households to borrow larger amounts; and
- Financial product innovations have allowed Canadians to carry a larger debt load, since they have generally led to lower monthly payments.

FIGURE 3-2

Percentage distribution of personal lines of credit and personal loans by purpose of loan, Canada, 2007-2010 averages[1]

Purpose of loan	Secured personal lines of credit (%)	Unsecured personal lines of credit (%)	Secured and unsecured personal lines of credit (%)	Personal loans (%)
Consumption[2]	12.7	24.5	15.1	6.3
Purchase of residence/business	12.6	3.0	10.7	1.2
Renovations	15.2	10.7	14.3	4.4
Investment	15.6	8.1	14.2	10.8
Debt repayment	25.0	23.7	24.8	16.6
Car loan	5.3	7.6	5.8	45.7
Student loan	1.0	5.0	1.8	10.6
Other	10.1	13.3	10.8	2.6
Not stated	2.3	4.0	2.6	2.0
Total	100.0	100.0	100.0	100.0

[1] The survey questions change periodically. Data regarding the use of personal loans and lines of credit have been consistently available only since 2007.
[2] Consumption is defined as spending on living expenses, vacations and consumer durables such as appliances.

Source: CMHC, adapted from Ipsos Reid *(Canadian Financial Monitor)*

[4] Consumption is defined as spending on living expenses, vacations and consumer durables such as appliances.

More recently, the debt-to-disposable income ratio has been increasing over the 1990-2010 period *(see Figure 3-3)*. The annual growth rate of household debt (personal liabilities) was significantly higher (8.0%) in the 2001-2010 period than during 1991-2000 period (5.5%), and it grew at a faster pace than disposable income *(see Figure 3-4)*.

There are two principal reasons why the debt-to-disposable income ratio has increased during the recent economic downturn. First, household debt increased as Canadians took advantage of historically low interest rates. Secondly, the economic downturn put downward pressure on income growth, particularly in 2009 which experienced the lowest annual income growth since 1994. The combination of these two factors led to a deterioration in the ratio.

However, since households typically amortize the purchase of a home over several years, the debt-to-disposable income ratio provides only one measure of the health of household balance sheets. Further, stock-to-income measures are likely to be highly cyclical, since a household's total stock of debt will likely respond much more slowly to changing economic conditions than will its current income. Therefore some deterioration in this ratio would be expected as a result of the economic downturn.

FIGURE 3-4

Annual growth rates[1] of personal disposable income, assets, liabilities and net worth, Canada, 1990-2010

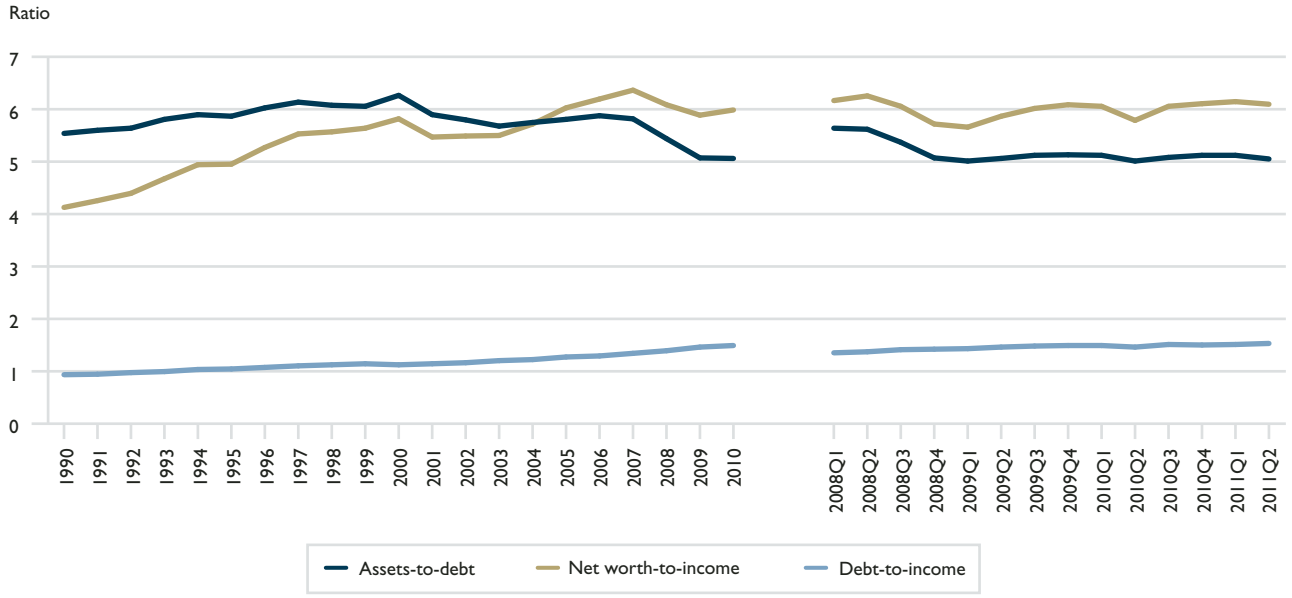
	Personal disposable income	Personal assets	Personal liabilities	Personal net worth
	(%)	(%)	(%)	(%)
1990-2010	4.0	6.1	6.6	6.0
1991-2000	3.4	6.8	5.5	7.1
2001-2010	4.7	6.1	8.0	5.7

[1] Compound average.

Source: CMHC, adapted from Statistics Canada (CANSIM)

FIGURE 3-3

Ratios of debt-to-disposable income, net worth-to-disposable income, and assets-to-debt, Canada, 1990-2011



Source: CMHC, adapted from Statistics Canada (CANSIM)

Another indebtedness measure, which is based on two flows, is the debt-service ratio (DSR), here defined as annual total debt-service costs as a percentage of annual personal disposable income. This measure can be broken down into two components. The consumer DSR indicates how much of disposable income is spent on interest payments for consumer loans, while the mortgage DSR provides a measure of how much of disposable income is directed towards interest payments for mortgages.

The three DSR measures were low by historical standards and trending modestly down in 2010 *(see Figure 3-5)*.

The DSR measures are affected by movement in mortgage interest rates. Historically, increases in the Bank of Canada's target for the overnight interest rate did not create immediate increases in effective mortgage rates or effective rates on consumer debt *(see Figure 3-6)*.[5] This is mainly due to the fact that most mortgage borrowers have fixed interest rate mortgages. As such, when the target overnight rate increases sharply, the effective mortgage rate does not increase in step with the target overnight rate. As Figure 3-6 shows, the effective mortgage rate is much less volatile than the target overnight rate.

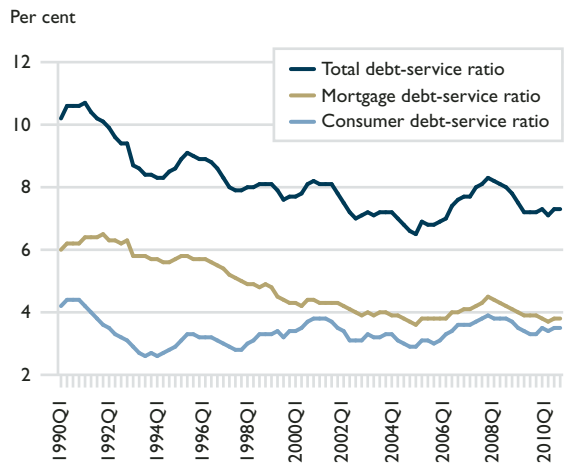
Other indicators also show that the financial condition of households has improved recently. Although the net worth-to-income ratio remains below its pre-recession peak, it remains at historically high levels. Both the asset-to-debt ratio and the net worth-to-income ratio declined during the economic downturn. Since then, the net worth-to-income ratio has recovered and is above historical norms while the asset-to-debt ratio remains below the historic norm *(see Figure 3-3)*.

The proportion of financially vulnerable households is slightly above the historical average

While aggregate macroeconomic data can provide a sense of the financial condition of the average Canadian household, it does not provide information about the underlying distribution of debt, especially information about the proportion of "financially vulnerable" households; i.e., households that could be particularly affected by

FIGURE 3-5

Debt-service ratios,[1] Canada, 1990-2010

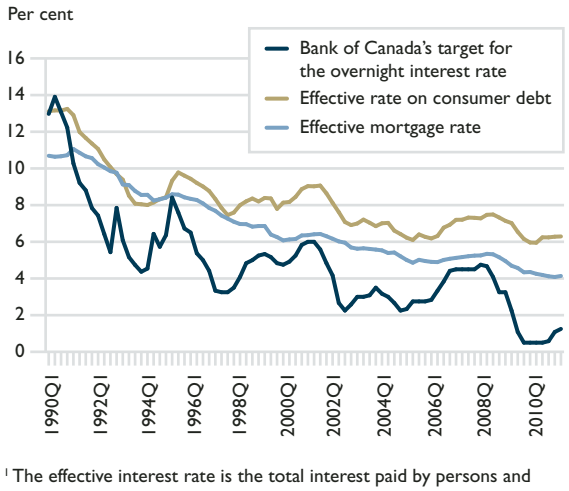


[1] Debt-service costs as a percentage of personal disposable income.

Source: CMHC, adapted from Statistics Canada (CANSIM)

FIGURE 3-6

Target for overnight interest rate and effective interest rates,[1] Canada, 1990-2010



[1] The effective interest rate is the total interest paid by persons and unincorporated sectors as a share of their debt.

Source: CMHC, adapted from Statistics Canada (CANSIM)

[5] The effective interest rate is the total interest rate paid by persons and unincorporated businesses sector as a share of their total debt.

negative economic shocks, such as significant increases in interest rates brought about by inflationary pressures or higher unemployment caused by an economic downturn.

The Bank of Canada uses a measure of the financial vulnerability of Canadian households *(see text box One measure of financial vulnerability)* and assessed it using data from the *Canadian Financial Monitor* (CFM), a survey[6] conducted by Ipsos Reid Canada since 1999 that provides detailed information on household balance sheets.[7]

One measure of financial vulnerability

The Bank of Canada uses a measure of "financially vulnerable" households that includes households which spend 40% or more of their gross (before-tax) income on total debt payments (interest and principal payments on debt).[1] The ratio of *total debt payments divided by gross household income* usually exhibits a counter-cyclical pattern; i.e., when the economy is in expansion and close to full employment, the percentage of vulnerable households with a ratio of 40% or more decreases. On the other hand, the percentage of vulnerable households with a ratio of 40% or more increases as the economy and employment weaken. Apart from cyclical variations, longer term trends in employment, income, and interest rates can cause trend movements in the percentage of vulnerable households.

[1] Bank of Canada, "An Analysis of the Financial Position of the Household Sector using Microdata", *Financial System Review,* December 2006, pp 14-17.

Fast**Facts**

- In 2010, residential mortgages represented about 68% of total household debt. This compares to a low of 63% in 1971 and a high of 75% in 1993 during the 1971-2010 period.
- Personal lines of credit held by chartered banks have been growing consistently at double-digit average annual rates since 1986. Moreover, personal lines of credit have increased at higher growth rates than any other sub-component of household debt held by chartered banks.
- Household liabilities increased faster than assets, net worth, and disposable income in the 2000-2010 period.
- Mortgage and consumer debt-service costs as percentages of personal disposable income were low and trending modestly downward.
- The estimated proportion of financially vulnerable Canadian households with positive debt was about 6.5% in 2010, slightly above the average over the period 1999 to 2010, and below the proportions in 2000 and 2001.

[6] In total, about 12,000 Canadian households are surveyed each year or approximately 1,000 each month.

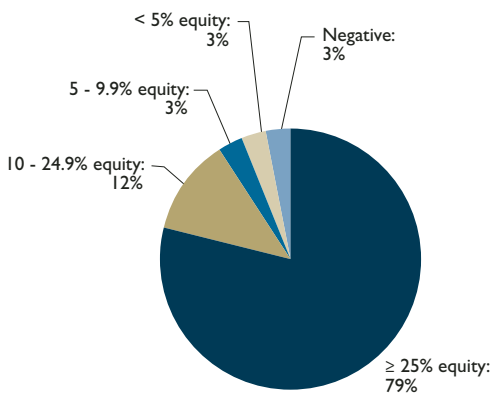
[7] Statistics Canada's *Survey of Financial Security* (SFS) is conducted infrequently and, therefore, the Canadian Financial Monitor is the only survey which provides continuous data and, as such, the only alternative for examining trends in this area. The last two SFS surveys were conducted in 1999 and 2005.

However, the Bank of Canada's analysis of risk from household indebtedness is not confined to this vulnerability measure. It also includes the impact of an economic shock on the distribution of the household debt-service ratio and loans in arrears of financial institutions. Based on the Bank of Canada's measure of financial vulnerability and CFM data, an average over the twelve years from 1999 to 2010 of about 6.3% of Canadian households with positive debt are estimated to have been financially vulnerable (and hence vulnerable to unexpected negative shocks) *(see Figure 3-7)*. In 2010, the percentage of financially vulnerable households (at 6.50%) was up from 6.14% in 2009, and slightly above the average for the 1999 to 2010 period. However, the percentage was much lower than in 2000 (7.41%) and 2001 (7.66%). The increase from 2007 to 2010 was likely a consequence of the recession; a decrease in financial vulnerability is expected to occur as the economy fully recovers.

Most Canadian homeowners with a mortgage have substantial equity in their homes *(see Figure 3-8)*.

FIGURE 3-8

Equity position of Canadian homeowners with a mortgage, Spring 2011



Source: Canadian Association of Accredited Mortgage Professionals *(Annual state of the residential mortgage market survey,* May 2011*)*

FIGURE 3-7

Estimated share of vulnerable households, Canada, 1999-2009

	Estimated proportion of vulnerable households using the Bank of Canada's definition (DSR ≥ 40%)[1] (%)
1999	6.35
2000	7.41
2001	7.66
2002	5.92
2003	6.56
2004	6.12
2005	5.39
2006	6.23
2007	5.54
2008	5.98
2009	6.14
2010	6.50
Average	**6.32**

[1] DSR - Debt-service ratio.

Source: CMHC, adapted from Ipsos Reid *(Canadian Financial Monitor)*

Household debt held by chartered banks

Data available from chartered banks allows a more detailed examination of consumer debt, including data on credit cards, personal loans and personal lines of credit. This text box examines household debt held by chartered banks which represents 55% of total household debt.

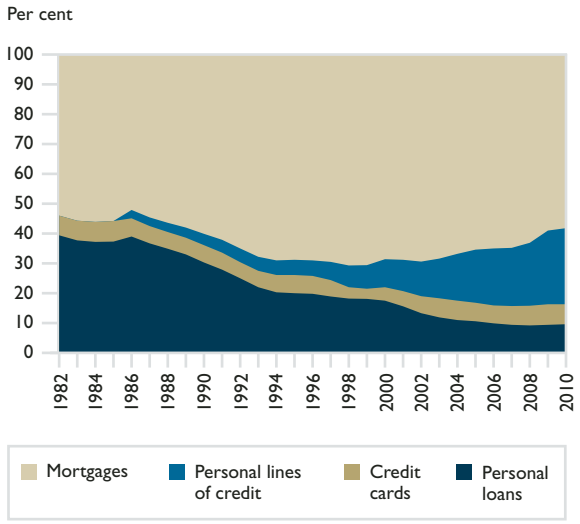
In 2010, residential mortgages represented about 58% of total household debt held by chartered banks, while consumer credit accounted for 42% *(see Figure 3-9)*.

More specifically, credit cards as a share of household debt held by chartered banks remained relatively constant from 1982 to 2010 and stood at about 7% in 2010. The share of personal loans, however, decreased significantly from 39% in 1986 to about 10% in 2010, while the share of personal lines of credit increased from about 3% to slightly over 25% over the same time frame.

Although the distribution of consumer credit has shifted significantly during the 1982 to 2010 period, residential mortgage credit remains a large component of total household debt held by chartered banks.

FIGURE 3-9

Percentage distribution of total household debt held by chartered banks by type of debt, Canada, 1982-2010



Note: Data on personal lines of credit are only available since 1986. Before that time personal lines of credit were negligible in size.

Source: Bank of Canada *(Banking and Financial Statistics)*

Total household debt held by chartered banks increased from 1986 to 2010 but not at a constant rate. From 1986 to 1990, it increased the most, at 17% per year, as all of the sub-components increased at or near double-digit rates. This was followed by two decades of slower growth (9.2% from 1991 to 2000 and 8.4% from 2001 to 2010).

The annual growth rate of residential mortgages held by chartered banks averaged 10.4% in the 1990s and 6.4% from 2001 to 2010. While consumer credit held by chartered banks grew at lower rates in the 1991-2000 period than did residential mortgages, this reversed from 2001 to 2010 during which consumer credit increased 11.9% per annum, almost twice the rate of residential mortgages (6.4%).

Personal lines of credit held by chartered banks have been growing consistently at double-digit average annual rates since 1986. Moreover, personal lines of credit have increased at higher growth rates than any other sub-component of household debt. As a consequence, the share of personal lines of credit of total household debt held by chartered banks has increased over time. Growth in the share of personal lines of credit has come at the expense of residential mortgages and, to a smaller but still significant extent, personal loans.

As a result of the varying growth rates of each component, the composition of household debt held by chartered banks has changed. While residential mortgages are still the dominant component of total household debt held by chartered banks, personal lines of credit have been gaining an increasing share.

Conclusion

Residential mortgage credit remains a large component of total household indebtedness and credit growth. Personal lines of credit have seen significant growth, not only in recent years but throughout the last three decades. Personal lines of credit have grown at double-digit annual rates throughout this period and, in 2010, stood at over 25% of total household debt held by chartered banks.

Concerns expressed about household indebtedness have been largely driven by the total household debt-to-disposable income ratio. The debt-to-disposable income ratio was 1.506 in the second quarter of 2011, a record high for Canada. Other measures, such as the assets-to-debt ratio, have also shown signs of deterioration. The assets-to-debt ratio has declined, particularly in 2009 and 2010 when it dropped below its 20-year average. Nonetheless the total value of household assets remains more than five times the total value of household debts.

Debt-service ratios measure various debt-service costs as a percentage of personal disposable income. Debt-service ratios are currently low and are trending modestly downward. Debt-service ratios are not expected to increase immediately as interest rates rise, as rising interest rates do not create corresponding immediate increases in effective mortgage rates. However, effective interest rates for consumer debt tend to follow overall changes in interest rates fairly closely since a higher proportion of consumer (non-mortgage) debt is at variable rate.

Based on the Bank of Canada's measure of "financial vulnerability", the estimated proportion of financially vulnerable Canadian households with positive debt was about 6.5% in 2010, slightly above the 12-year period 1999 to 2010, but below the proportions in 2000 and 2001.

The major risk in the mortgage market is impairment in a household's ability to pay, often due to job loss. Recession or other adverse economic scenarios, such as rising interest rates, could certainly pose a challenge for some Canadian households. Most Canadian households have the capacity to deal with adverse economic conditions, due to the high quality of mortgage credit in Canada, the substantial equity position of most Canadian homeowners with a mortgage, and households' ability to adapt their discretionary spending. The latest mortgage rule changes will further reinforce the stability of the Canadian housing market.

Household financial vulnerability remains a serious issue that merits close attention going forward. It is important that consumers and stakeholders continue to be vigilant in monitoring both the magnitude as well as the composition of household debt and take appropriate action.

HOUSING MARKETS

4

As 2010 opened, the housing sector was recovering following the housing starts downturn in 2009. Housing starts, Multiple Listing Service® (MLS®) sales and prices were all increasing and the sector was playing a key role in driving the economy. Several factors contributed to this strong recovery in the housing market: i) the unwinding of pent-up demand for housing built up over the recession; ii) solid economic fundamentals based on growth in employment, income and population; and iii) historically low interest rates.

As the year progressed however, starts and sales activity slowed to more sustainable long-term levels and there was a moderation in house prices. Some of the softening in the new home market was due to a shifting forward in demand for new homes which had occurred in British Columbia and Ontario ahead of the July 1st implementation of the Harmonized Sales Tax (HST) which applies to new units but not previously owned ones.

Both single and multi-unit housing starts recovered from their 2009 lull with singles posting a 22% annual gain while the more volatile multiples category advanced 33%. Almost all provinces saw increased housing starts, with the biggest gain in British Columbia. Prince Edward Island was the only province to post a decline, although it had been able to avoid a downturn in construction in 2009. Within the multiples segment, starts of condominiums continued to play a big role, particularly in major Census Metropolitan Areas (CMAs),[1] accounting for nearly a third of the total. Further net migration, economic recovery and the typically relatively higher prices of single homes are factors that continue to support condominium construction.

Inventories of single- and semi-detached homes continued to trend downward in 2010, particularly in the first quarter. Inventories of multiples stabilized at high levels in the last half of the year. The buildup in multiple inventories was concentrated in units intended for condominium tenure and was most pronounced in Vancouver; however, inventories also increased substantially in Toronto, Calgary, Hamilton and Kelowna.

Sales of existing homes, which had climbed strongly throughout 2009 following the drop in 2008, declined steadily on a quarterly basis during 2010 before a small gain in the fourth quarter. The anticipation of higher mortgage rates and exhausted pent-up demand were all factors behind the slowing in sales.

The resale market briefly dipped into buyers' market territory at the beginning of 2009 due to a recession-related decline in demand. However, the sales-to-new-listings ratio finished 2010 at 55.3%, near the threshold of 55% between a balanced and sellers' market.[2] Markets in most CMAs could be characterized as having been balanced or modestly in sellers' territory in 2010. There were a few notable exceptions such as Winnipeg, Thunder Bay, Guelph, Brantford, Kitchener, Hamilton, Gatineau and Saguenay, all of which were solidly in sellers' market territory in 2010.

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[1] In 2006, there were 33 CMAs in Canada. Statistics Canada defines a CMA as an urban area with a total population of at least 100,000 and an urban core population of at least 50,000.

[2] Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40% has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55% is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

In line with the sales-to-new-listings ratio, prices for both new and existing homes increased in 2010. Resale house prices were up in all CMAs and growth was particularly strong in St. John's and Vancouver. St. John's also had robust growth in the price for new homes.

Rents across CMAs increased by 2.4% between October 2009 and October 2010—virtually the same as the 2.3% increase over the previous 12 months, and slightly above the rate of inflation. On a provincial basis, rents were highest in Alberta, British Columbia and Ontario, and lowest in Newfoundland and Labrador, New Brunswick, and Quebec.

The national apartment vacancy rate[3] declined to 2.9% in October 2010 from 3.0% a year earlier. Vacancies were pressured lower by improved economic conditions which boosted household formation and by high levels of immigration.

Renovation spending started on a strong note but slowed as the year progressed. Relevant factors included the lower levels of sales of existing homes in the last few years (sales of existing homes tend to generate renovation expenditures), the expiration of the grant portion of the federal ecoENERGY Retrofit - Homes program in February 2010, and the HST implementation in Ontario and British Columbia in July 2010.

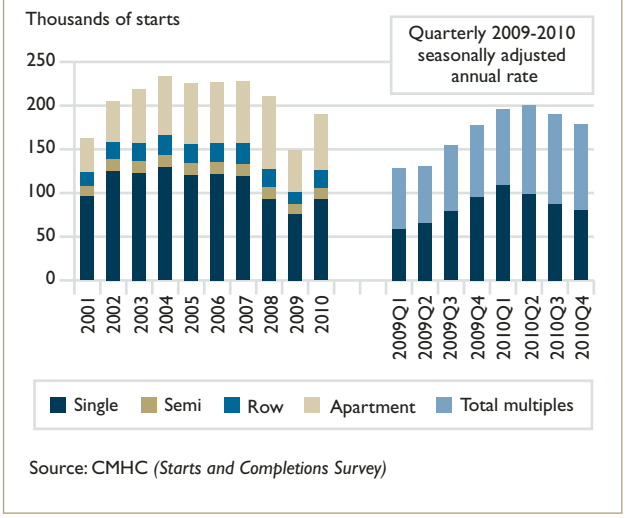
Housing-related spending has seen its share of nominal Gross Domestic Product (GDP) trend upward since 2000, and 2010 was a continuation of this trend as it rose to 20.3% from 20.1% in 2009. Housing-related spending thus accounts for about one-fifth of GDP. Residential investment advanced strongly in 2010 while housing-related consumption (which includes imputed rent for homeowners, paid rent, energy costs, and other shelter costs) also increased.

Housing starts rose then moderated in 2010

The housing starts recovery which began in the second half of 2009 peaked in the second quarter of 2010, with starts having risen from a seasonally adjusted annual rate of 130,400 in the second quarter of 2009 to 199,800 by the second quarter of 2010 *(see Figure 4-1)*. The level then dropped to about 180,000 in the final quarter of 2010, a touch above the 175,000 net household formation projected by demographic models. The annual average level of housing starts over the 2009-2010 period was about 169,500.

FIGURE 4-1

Housing starts in Canada, 2001-2010



Source: CMHC *(Starts and Completions Survey)*

In the early part of 2010, historically low interest rates coupled with the availability of mortgage credit resulted in buyers maintaining their high level of activity. While buyers were increasing their home purchases through the latter part of 2009 and into early 2010, builders were responding to this increase in demand by raising the level of housing starts. In the second half of the year, the pent-up demand built up in the housing market during the recession and displayed in 2010Q1 began to become exhausted. Canada's housing market softened in tandem with a slowing economy as real (i.e. inflation-adjusted) GDP growth slowed to a 2.8% annualized average rate from the robust 3.9% average growth seen in the first two quarters of 2010. The effects of moderating economic growth were evident in the labour market, as job growth slowed from a 51,500 average pace in the first half of 2010 to a 10,017 rate in the second half. The slowdown in the pace of job growth played a role in further cooling the pace of housing starts, which had already begun to dip in the third quarter of 2010. For 2010 as a whole, housing starts in Canada increased to 189,930 units from 149,081 units in 2009.

[3] Vacancy rate for all centres of population 10,000 or more.

In 2010, both single and multiple starts shared in the increase in starts. At the national level, singles were up by 22% to 92,554, close to the 2008 level, but well below the average of about 123,000 experienced from 2002 to 2007. A key factor supporting this growth was the housing demand spilling over from the market for existing homes to the new home market. In addition, improved employment and continued net migration supported household formation and, hence, growth of singles starts. The more volatile multiples segment, which had been on a long, continuous annual climb, up almost 80% in total from 66,707 in 2001 to 117,854 in 2008, had dropped to 73,422 in 2009, but bounced back by about 33% to 97,376 in 2010. While well below the trend line, this is not far from the average of 95,500 (2001-2010) for that period. The increase in multiple family homes in 2010 continues the trend of buyers switching to lower-priced multi-family homes, such as townhouses and apartments, as single-detached homes become increasingly expensive.

Provinces with largest decreases in 2009 rebounded the most in 2010

Housing starts swung back up in nearly all provinces. The largest gain was in British Columbia, where starts had dropped by 53% to 16,077 in 2009, then increased by 65% to 26,479 in 2010 *(see Figure 4-2)*. Lower mortgage rates, a strong existing home market in 2009, favorable labour market conditions and continued population growth all supported a rebound in starts activity in British Columbia.

Quebec, Newfoundland and Labrador, New Brunswick, Manitoba and Saskatchewan all exceeded their pre-recession 2008 level of starts. In the Prairies, the swing back into positive growth was most pronounced in Saskatchewan (housing starts up 53%) and Manitoba (up 41%) with the latter lifted by strong immigration, due in part to its Provincial Nominee Program. Housing starts increased 20% in Ontario.

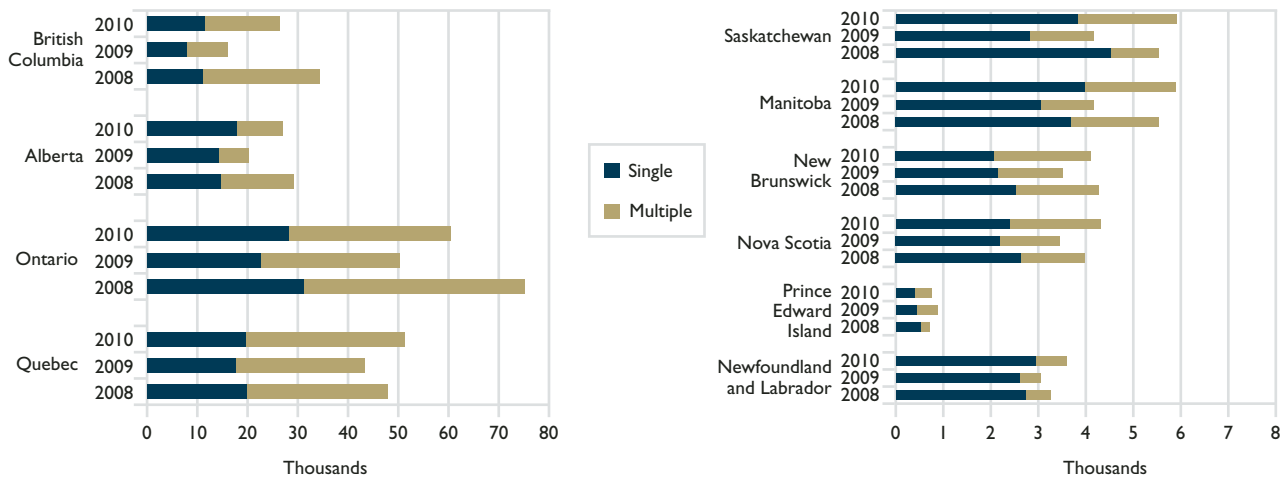
Prince Edward Island was the only province that did not go through the cycle. Strong migration supported the region through the economic downturn. Housing starts were up by an average of 17% in the other Atlantic Provinces (Newfoundland and Labrador, Nova Scotia and New Brunswick).

FastFacts

- After a strong start in 2010, housing starts moderated in the second half of the year. Housing starts in 2010 reached 189,930 units, up from 149,081 units in 2009.
- Over half of all housing starts in Vancouver, 48% in Montréal and 45% in Toronto were intended for condominium tenure.
- After moderating in the first half of 2010, sales of existing homes through the Multiple Listing Service® (MLS®) rebounded in the second half of 2010. Overall, MLS® sales reached 446,577 units in 2010, down from 464,547 in 2009.
- The declines in sales of existing homes were particularly pronounced in the second and third quarters of the year; this may have been partly a result of a shifting forward in demand ahead of the implementation of stricter borrowing rules in April 2010.
- The sales-to-new-listings ratio ended the year averaging 55.3% in December, near the threshold between a balanced and sellers market. For 2010 as a whole, the sales-to-new-listings ratio averaged 52.3%, indicating a balanced resale market.
- The average MLS® price increased by 5.8% in 2010 to $339,042.
- The New Housing Price Index (NHPI) increased 2.2% in 2010. The NHPI is a measure of change in the prices of new homes of constant size and quality.
- The national apartment vacancy rate in the purpose-built rental market for existing units declined to 2.9% in October 2010 from 3.0% in October 2009.
- With a contribution of about $330 billion to the Canadian economy, housing-related spending accounted for 20.3% of GDP in 2010, up from 20.1% in 2009.

FIGURE 4-2

Housing starts by province through the cycle, 2008-2010



Source: CMHC *(Starts and Completions Survey)*

Condominiums accounted for one-third of all starts in CMAs in 2010

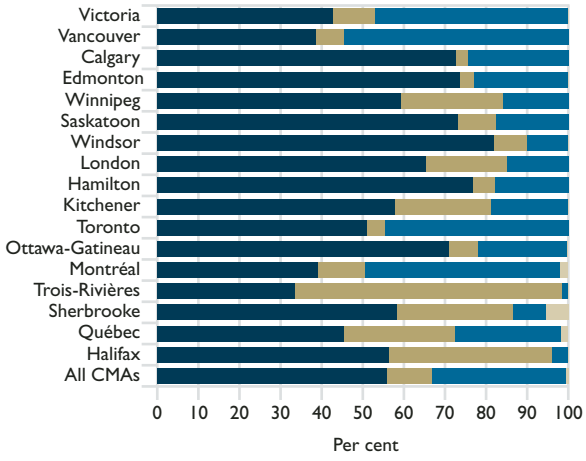
Condominiums accounted for nearly one-third of starts in CMAs in 2010 *(see Figure 4-3)*, compared with 29% in 2009. Back in 2001, the share of condominiums in the metropolitan area starts was 25%, so the trend of increasing condominium ownership between 2001 and 2006 as discussed in the *Canadian Housing Observer 2010* is clearly continuing.[4] Over half of all starts in Vancouver, 48% in Montréal and 45% in Toronto were intended for condominium tenure.

By contrast, only 11% of all starts in CMAs were intended for rental tenure, down modestly from 12% in 2009. Rental starts accounted for less than 7% of all starts in Toronto and just above 5% in Vancouver.

The Greater Toronto Area saw a sizable increase in the construction of condominium units. There was a large queue of projects awaiting construction in late 2008, before the beginning of the recession. As the recession hit, confidence levels declined and builders waited for an improving economic environment to begin construction.

FIGURE 4-3

Share of starts by intended tenure, selected CMAs, 2010



[1] Refers to units for fee simple tenure (neither condominium nor co-operative ownership).

Source: CMHC *(Starts and Completions Survey)*

[4] See *Canadian Housing Observer 2010,* Ottawa: Canada Mortgage and Housing Corporation, 2010. p. 60.

As conditions improved, construction began leading to a record supply of completed condos in 2010. As of the final quarter of 2010, the industry was still dealing with this backlog.

Labour market conditions improved markedly in Vancouver, with the unemployment rate dropping by 0.5 percentage point by the end of 2010. Also, Vancouver remained the preferred destination for new immigrants into British Columbia. These factors, combined with the relatively high price of single-detached homes, lead activity in the condo market to remain strong. In Montréal, foundations were laid for a record 10,500 units, surpassing 2004's peak. A strong increase in demand for more affordable housing was a chief factor behind this increase in condominium starts.

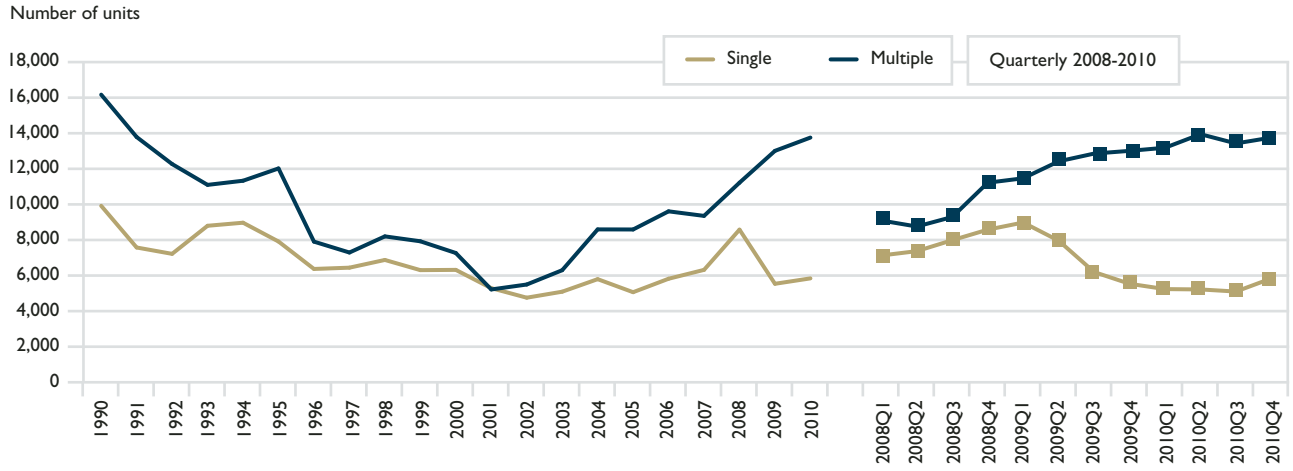
Inventories of unabsorbed new units continued to decrease

Inventories of completed and unabsorbed[5] single- and semi-detached units declined sharply in 2009 and continued on a modest downward trend in 2010 *(see Figure 4-4)*. The steep drop in completed and unabsorbed units in 2009 came in tandem with the downturn in homebuilding and increasing sales activity in the second half of the year. Inventories of singles and semis dipped further in 2010—particularly in the first quarter—as the level of sales activity was larger than the newly completed supply coming on the market. The annual average number of completed and unabsorbed housing units over the 2009-2010 period was about 19,100.

Inventories of multiples, which had been climbing steadily since 2002, stabilized at high levels in the last half of 2010. The levels however remained below those reached in the previous high inventory buildup during the 1990 economic recession. The buildup in multiple inventories was concentrated in units intended for condominium tenure and was most pronounced in Vancouver;[6] however, inventories also increased substantially in Toronto, Calgary, Hamilton, and Kelowna.

FIGURE 4-4

Completed and unabsorbed housing by type of unit, Canada, 1990-2010



Note: Data are for metropolitan areas and large urban centres of population 10,000 or more and are the level of the end of the year or quarter shown.
A dwelling is defined as being absorbed when a binding, non-conditional agreement is made to buy or rent the dwelling.

Source: CMHC *(Starts and Completions Survey* and *Market Absorption Survey)*

[5] A dwelling is defined as being absorbed when a binding, non-conditional agreement is made to buy or rent the dwelling.

[6] A significant part of the inventory in multiple units in Vancouver was located at Millennium Waters-Olympic Village.

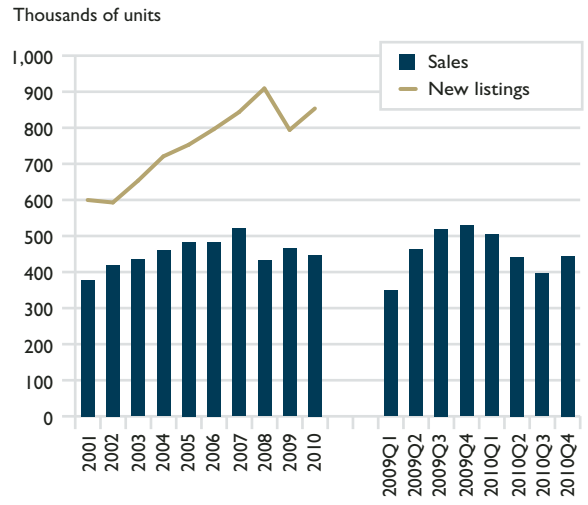
By contrast, in Montréal, inventories of both rentals and condominiums declined. Multiple inventories also declined in Edmonton and Ottawa-Gatineau.

Sales of existing homes drop off throughout 2010

Sales of existing homes, which had climbed strongly throughout 2009 following the drop in 2008, declined through the first three quarters of 2010. The declines were particularly pronounced in the second and third quarters of the year; this may have been partly a result of a shifting forward in demand ahead of the implementation of stricter borrowing rules in April 2010. Also, the expectation of higher interest rates may have brought demand forward to the first half of the year, causing sales to drop in the second half. Finally, less pent-up demand was also a factor which hampered sales activity. Total sales for 2010 at 446,577 were 3.9% below the 2009 level of 464,547 *(see Figure 4-5)*. The annual average number of sales over the 2009-2010 period was about 456,000.

FIGURE 4-5

MLS® sales and new listings, Canada, 2001-2010



Note: Quarterly data are seasonally adjusted at annual rate (SAAR).

Source: Canadian Real Estate Association (CREA).
MLS® is a registered trademark for CREA.

Summary of available CMHC Market Analysis Centre publications

Housing Market Outlook

National, provincial and local forecasts of housing starts, resales, house prices, and outlook for key economic indicators.

Housing Now

Housing and mortgage-related articles and recent housing market data.

Rental Market Reports

Statistics highlights and rental market information.

Renovation and Home Purchase Report

Results from the Renovation and Home Purchase survey.

Seniors' Housing Report and Supplementary Tables

Description and analysis of the seniors' housing market.

These publications are available from the CMHC website at www.cmhc.ca.

After a brief downturn in 2009, the level of new listings continued the upward trend which had been in place since 2003. In 2010, the level of new listings was 853,489, 7.5% higher than in 2009.

Resale market swings between sellers' and balanced territory in 2010

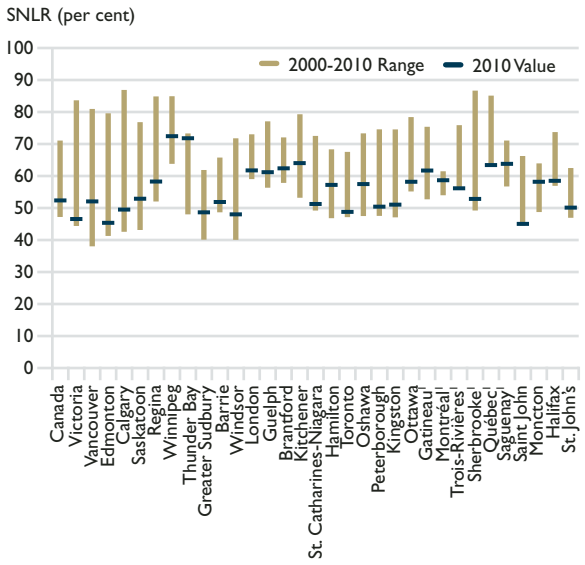
The resale market, which had been a sellers' market continuously since 2001, had returned to balanced market conditions in 2008 and remained there for most of the year. The market briefly dipped into buyers' market territory at the end of 2008 and into early 2009 due to a decline in demand as economic weakness undermined employment and consumer confidence and

brought sales down. Meanwhile, the supply of new listings did not reduce as quickly over the same time period. By the time 2010 opened, sales-to-new-listings had resumed their upward path. The sales-to-new-listings ratio ended the year averaging 55.3% in December, near the threshold between a balanced and sellers' market *(see Figure 4-6)*. For 2010 as a whole, the sales-to-new-listings ratio averaged 52.3%, indicating a balanced resale market.

In 2010, housing markets in most CMAs were either balanced, on average, or modestly in sellers' territory *(see Figure 4-7)*. The sales-to-new listings ratio was the highest in Winnipeg, where annual growth in new listings has declined 1% per year, on average, since 1998. The Thunder Bay market moved further into sellers' territory (71.8%) in 2010 as new listings declined and sales posted moderate growth. Markets in Kitchener, Guelph, Brantford and Hamilton, in all of which the economy was given a boost by improved manufacturing activity, were all squarely in sellers' territory in 2010. Finally, markets in Gatineau and Saguenay were in sellers' territory last year.

FIGURE 4-7

MLS® sales-to-new-listings ratio (SNLR) by CMA, 2001-2010 range[1] and 2010 value

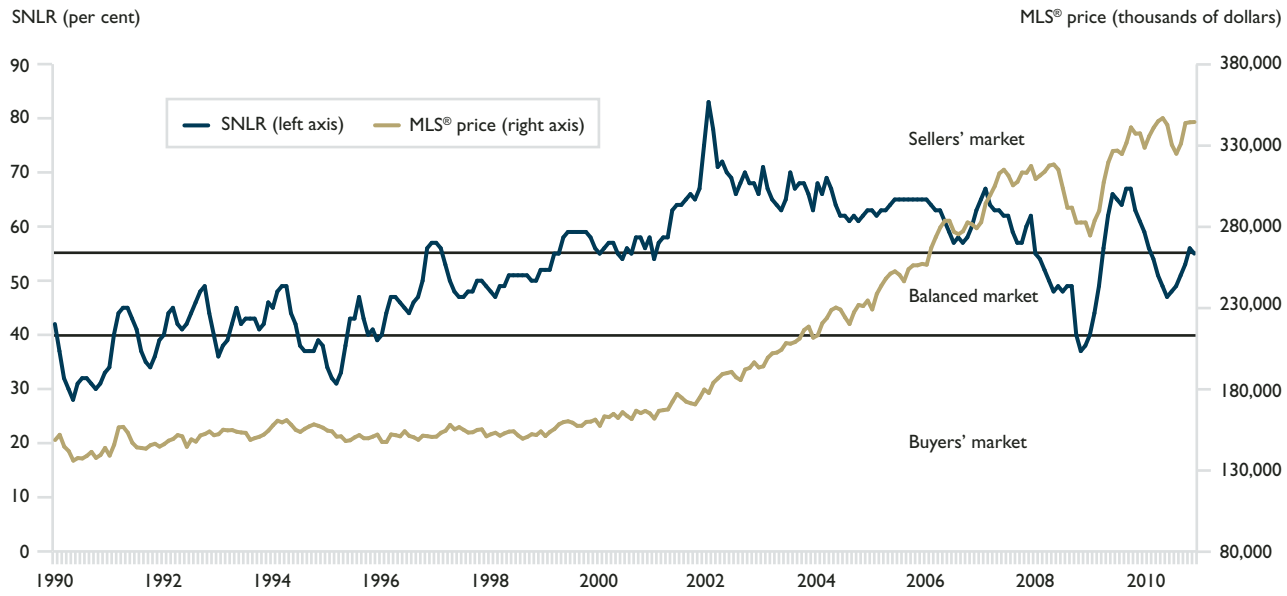


[1] Minimums and maximums for Quebec CMAs are for the 2002-2010 period.

Source: CMHC, adapted from Canadian Real Estate Association (CREA). MLS® is a registered trademark for CREA.

FIGURE 4-6

MLS® sales-to-new-listings ratio (SNLR) and average MLS® price in Canada, 1990-2010



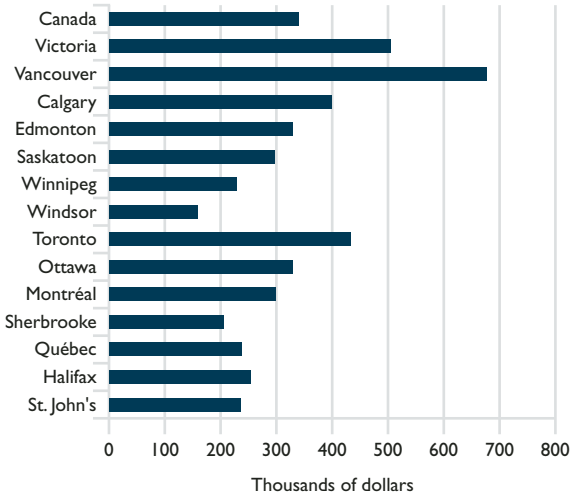
Source: CMHC, adapted from Canadian Real Estate Association (CREA). MLS® is a registered trademark for CREA.

Existing and new house price changes less varied across centres in 2010

The average MLS® price was $339,042 in 2010 *(see Figure 4-8)*, up 5.8% from $320,397 in 2009 *(see Figure 4-9)*. The annual average resale house price over the 2009-2010 period was about $329,700. New house prices grew by 2.2% in 2010 *(see Figure 4-10)*.

FIGURE 4-8

Average MLS® price, Canada and selected centres, 2010



Source: Canadian Real Estate Association (CREA).
MLS® is a registered trademark for CREA.

In 2010, there was a lessening of the contrasting patterns in resale house prices in the west compared to Central and Eastern Canada, particularly in those of existing homes. Average price growth swung into positive territory in Calgary, Edmonton, Vancouver and Victoria; each of these CMAs had experienced price declines in 2009.

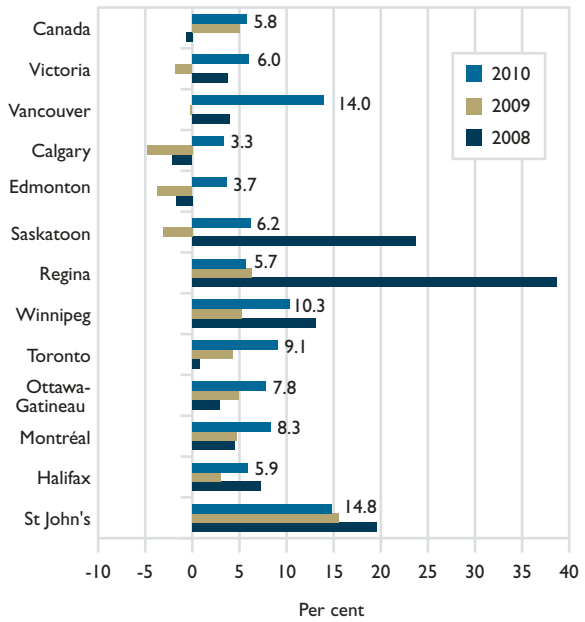
Resale house prices in 2010 were up in all 33 major urban centres. After very strong gains in 2008 before the recession, price increases moderated in Saskatoon and Regina in 2009 and 2010. By contrast, resale prices in St. John's remained strong throughout the last three years *(see Figure 4-9)*. Average prices in St. John's were about $250,000, at the end of 2010, supported by positive economic conditions. Vancouver and Winnipeg also saw strong increases in house prices, buoyed in Vancouver by sales of a significant number of high-end properties and in Winnipeg by only modest growth in supply.

On the opposite end of the spectrum, increases in average resale house prices were muted in Edmonton, Calgary, and Regina, with growth in each of these centres being below the national average.

New house prices increased in 2010 in 16 out of 21 centres covered by Statistics Canada's New Housing Price Index *(see Figure 4-10)*.[7] While new house prices continued to decline in Victoria, they were essentially flat in Edmonton

FIGURE 4-9

Changes in MLS® prices, Canada and selected centres, 2008-2010

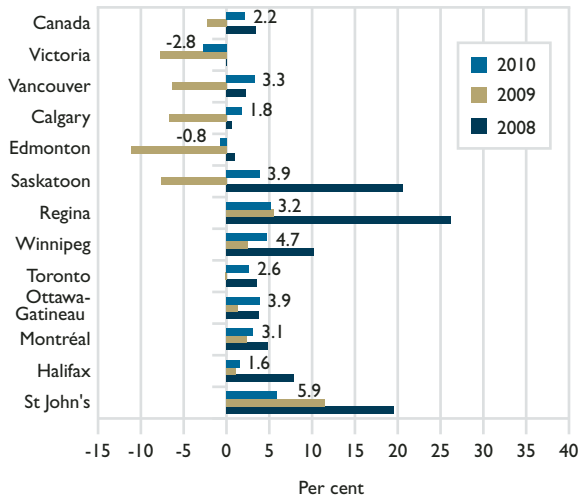


Source: CMHC, adapted from Canadian Real Estate Association (CREA).
MLS® is a registered trademark for CREA.

[7] The New Housing Price Index measures changes over time in the contractors' selling prices of new residential houses, where detailed specifications remain the same between two consecutive periods. For more information see, *Capital Expenditure Price Statistics*, Catalogue number 62-007-X: Ottawa, Statistics Canada.

FIGURE 4-10

Changes in New Housing Price Index, Canada and selected centres, 2008-2010



Source: Statistics Canada (CANSIM)

and increased only modestly in Calgary. Growth was stronger in other parts of Canada, specifically Saskatoon, Regina and Winnipeg. New house price growth was above-average in Montréal, and there was a return to positive growth in Toronto. As was the case in 2009, St. John's experienced the fastest growth in new home prices, supported by labour market strength and solid economic fundamentals.

Average rent increase tracked inflation in 2010

On average, rents across CMAs increased by 2.4% between October 2009 and October 2010 *(see Figure 4-11)*, virtually the same as the increase over the previous 12 months (2.3%), and slightly above the rate of inflation.

Provincially, average rents were highest in Alberta ($1,036), British Columbia ($1,019), and Ontario ($980) in 2010 while rents were lowest in Newfoundland and Labrador and New Brunswick (both at $668) and Quebec ($666).

FIGURE 4-11

MLS® prices, rents and vacancy rates, 2010

	Average MLS® price[1]		Rent[2,3] (two-bedroom apartments)		Vacancy rate[2,3] (apartment structures of 3+ units)	
	Level ($000)	Change (%)	Level ($)	Change (%)	Level (%)	Change (percentage points)
British Columbia	505.2	8.5	1,019	2.6	2.7	-0.1
Alberta	352.3	3.1	1,036	-0.9	4.6	-0.9
Saskatchewan	242.3	4.0	872	5.4	2.5	0.6
Manitoba	222.1	10.3	815	4.3	0.9	0.2
Ontario	342.2	7.5	980	1.9	2.9	-0.6
Quebec	241.5	7.1	666	2.9	2.7	0.3
Nova Scotia	206.2	4.8	851	3.0	2.9	-0.2
New Brunswick	157.2	1.5	668	2.2	4.5	0.7
Prince Edward Island	147.2	0.8	719	2.5	2.2	-0.9
Newfoundland and Labrador	235.3	14.0	668	7.2	1.0	0.0
Canada/(All CMAs for rent and vacancies)	339.0	5.8	860	2.4	2.6	-0.2

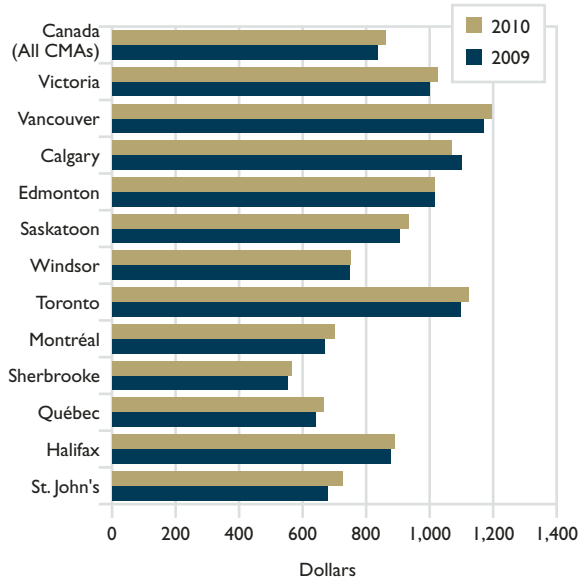
[1] For MLS® prices, the level is for 2010; changes are from 2009 to 2010.
[2] For rent and vacancy rates, levels are for October 2010; changes are from October 2009 to October 2010.
[3] The bottom figures in the first column refer to "Canada" for MLS® prices and "All CMAs" for rent and vacancy rates.

Source: CMHC *(Rental Market Survey)* and Canadian Real Estate Association (CREA). MLS® is a registered trademark for CREA.

Average rent in Vancouver increased from $1,169 to $1,195 *(see Figure 4-12)*. This is above Calgary's figure of $1,069. In Calgary, the vacancy rate was 3.6% in 2010 *(see Figure 4-13)* and average rents decreased by 2.7%. Average rent in Toronto increased by 1.9% between October 2009 and October 2010, a more modest gain than in the previous year; at $1,123, Toronto had the highest average rental rate in Ontario. In Québec City, average rent increased by an average of 2.6%, a slightly slower rate than in 2009. Across the Prairies, growth in average rent was the strongest in Regina; St. John's paced the Atlantic Region.

FIGURE 4-12

Average rent, Canada and selected centres, 2009 and 2010



Note: Average monthly rent is for October 2009 and October 2010.

Source: CMHC *(Rental Market Survey)*

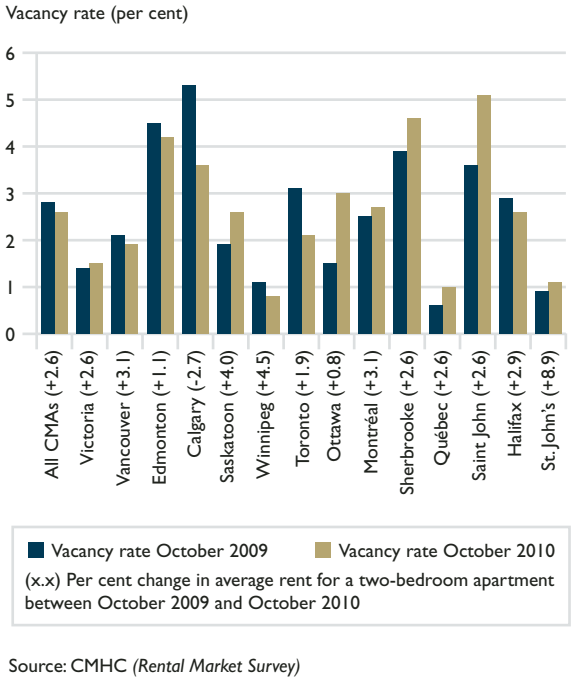
With improved economic conditions boosting household formation and high levels of immigration, the national vacancy rate for all centres of population 10,000 or more declined to 2.9% in October 2010 from 3.0% a year earlier.

Provincially, vacancy rates were the lowest in Manitoba and Newfoundland and Labrador at 0.9% and 1.0%, respectively. Vacancy rates were highest in Alberta (4.6%) and New Brunswick (4.5%) *(see Figure 4-11)*.

Across the major centres, vacancy rates were lowest in Winnipeg (0.8%), Regina, Kingston and Québec City (1.0% each). Windsor had the highest vacancy rate at 10.9% followed by Abbotsford (6.5%), Saint John (5.1%) and London (5.0%).

FIGURE 4-13

Vacancy rate and change in rent, all CMAs and selected centres, 2009 and 2010



Source: CMHC *(Rental Market Survey)*

Growth in renovation spending impacted by special factors

Renovation spending kept 2009's momentum in the first quarter of 2010, advancing 3.2% versus the last quarter of 2009. A strong first quarter was enough to send renovation spending 10.6% higher in 2010 for a total of $44.6 billion. However, renovation spending flattened in the second quarter and dropped by an average of 1.2% in the final two quarters *(see Figure 4-14)*.

A number of special factors were responsible for the shifting trend. As the year progressed, the (lagged) impact of the moderation in sales over the previous few years weighed on renovation spending. In addition, pre-booking for the federal ecoENERGY Retrofit - Homes program,

a necessary step required to receive the grant funding, concluded at the beginning of February. Also, the implementation of the HST in Ontario and British Columbia brought work forward to the early part of the year.

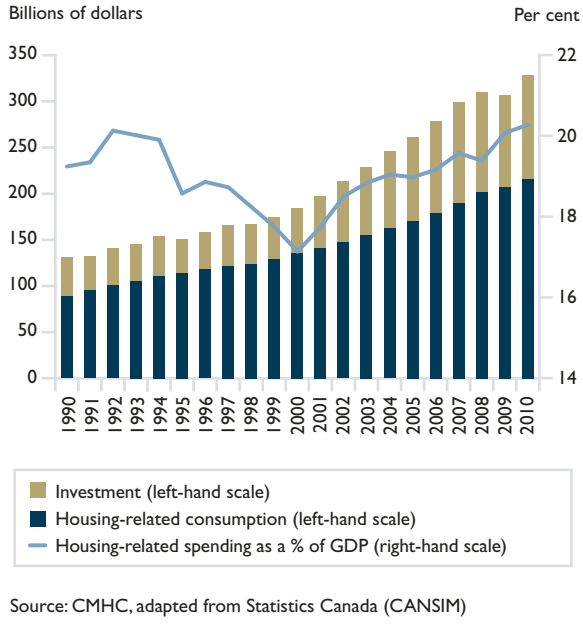
Residential spending supports GDP growth

Housing-related expenditures have an impact throughout the country, providing a lift to economic activity and employment in many sectors. In 2010, the housing sector played a pivotal role in helping Canada continue to recover from the global recession in a relatively rapid manner. Construction played an important role in energizing Canada's labour market; 57,200 new positions were created in construction[8] in 2010, accounting for 16% of job growth.

Housing-related spending's share of nominal (i.e., not inflation adjusted) GDP has generally been on an upward trend since 2000 (although it did drop in 2005 and 2008) and 2010 was a continuation of this trend as it rose to 20.3% (from 20.1% in 2009) *(see Figure 4-15)*. Housing thus accounted for about one-fifth of GDP.

FIGURE 4-15

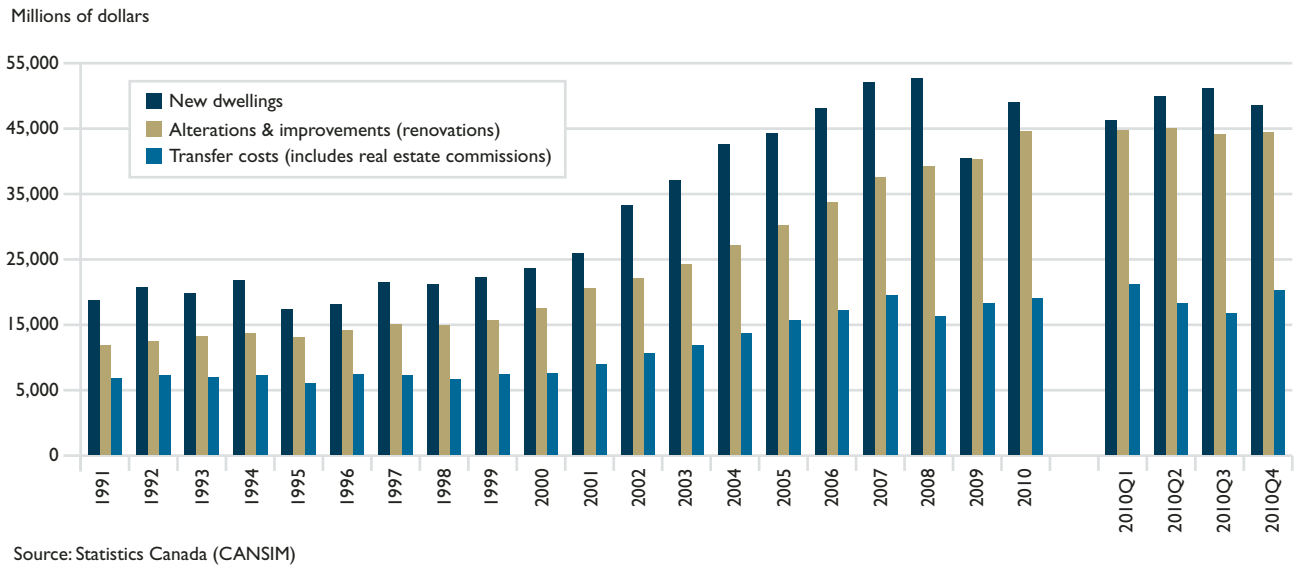
Housing-related spending by type, Canada, 1990-2010



Source: CMHC, adapted from Statistics Canada (CANSIM)

FIGURE 4-14

Components of residential investment, Canada, 1991-2010



Source: Statistics Canada (CANSIM)

[8] Includes residential and non-residential construction.

Housing-related consumption advanced 4.2% from 2009. At 8.4%, imputed rent for homeowners represented the largest share of GDP while other shelter costs were 0.2% of GDP. Residential investment (including new construction, renovations, and transfer costs) increased by 13.7% in 2010, raising its share of GDP to 6.9% from 6.5% in 2009. Together, housing-related consumption and investment advanced 7.1% to $330 billion (not adjusted for inflation) from about $308 billion in 2009. This compares to a 6.2% increase in nominal GDP.

Residential investment was lifted by new housing construction which saw its share of GDP increase to 3.0% from 2.7% in 2009. Renovation spending saw its share grow modestly to 2.7% from 2.6% in the previous year. In 2009, the shares of new construction and renovation were nearly identical. As in 2009, transfer costs (commissions, land transfer fees and legal fees) accounted for 1.2% of GDP.

DEMOGRAPHIC AND SOCIO-ECONOMIC INFLUENCES ON HOUSING DEMAND

5

Housing demand is subject to a range of demographic, social, and economic influences. Understanding these influences helps ensure that housing will be available to meet the evolving needs of Canadians. The first section of this chapter discusses recent developments. The second section presents an update of CMHC's long-term projections to 2036 of household growth.

Shifting economic conditions have been prominent in recent years. Late in 2008, the strong labour market that had been supporting robust housing demand and increasing rates of home ownership in Canada gave way to recession and declining employment. The recession officially ended in the second half of 2009, and economic improvements continued in 2010.[1] Employment grew, income growth strengthened, and the net worth of households rose. After dropping in 2009, housing construction increased in 2010 and was generally in line with demographic demand.

Canada's population continues to age. The transformation of baby boomers into senior citizens will bring changes to housing demand and to demands for related services. Immigration, which accounts for much of Canada's population growth and hit a decades-long high in 2010, will also influence housing demand.

The growth of the housing stock is driven largely by household formation, which in turn is closely linked to changes in population size and composition. Although currently at its highest level since the early 1990s, population growth is very uneven across Canada, with some cities expanding at twice the national rate and others registering little if any growth. Demographic pressures account for much of the variation in the rate of housing construction in different parts of Canada.

Labour market bounces back in 2010

Prior to the recession, a strong labour market helped sustain high levels of housing demand in Canada. Sixteen years of growing employment cut the national unemployment rate virtually in half, and housing construction soared *(see Figure 5-1)*.

In 2009, however, total employment in Canada dropped by 1.6%.[2] Job losses, which began late in 2008, raised the unemployment rate from 6.1% in 2008 to 8.3% in 2009, the highest level since 1998. After reaching levels in excess of 200,000 in each of the previous five years, housing completions in Canada dropped to 176,441 in 2009, the lowest output since 2001.

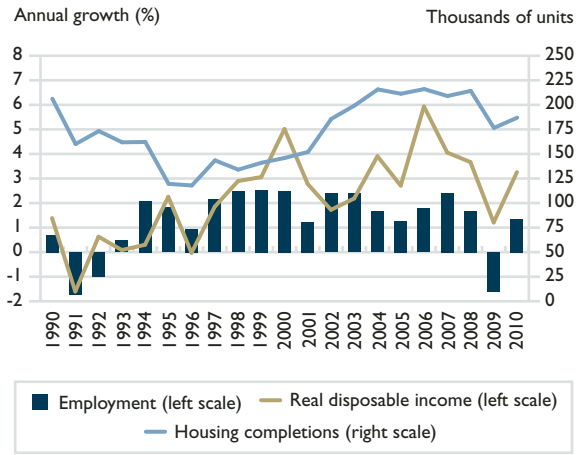
In 2010, positive job creation returned. Employment rose 1.4% in 2010, but the unemployment rate remained above pre-recession levels, dropping only slightly to 8%. Housing completions rose to 186,855 in 2010.

[1] Positive economic growth resumed in the third quarter of 2009.

[2] Annual employment growth and unemployment rate figures are based on the average of monthly values during the year.

FIGURE 5-1

Employment growth, income growth, and housing completions, Canada, 1990-2010

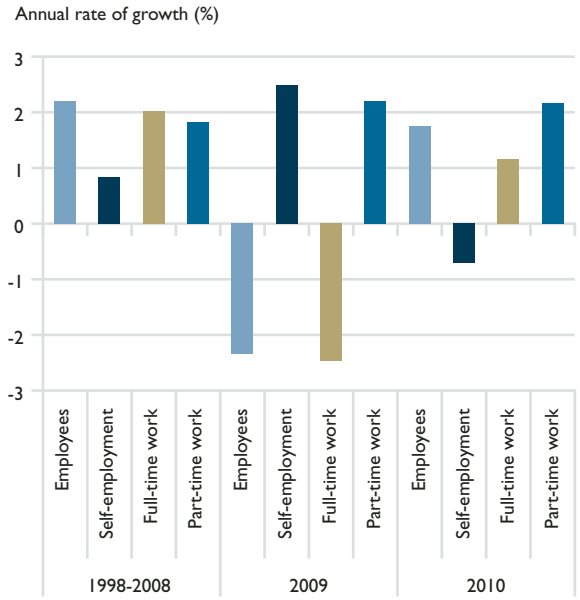


Employment growth calculated from average monthly employment during the year.
Income growth based on quarterly average during the year.
Real disposable income = disposable income/consumption deflator.

Source: CMHC *(Starts and Completions Survey)* and adapted from Statistics Canada (CANSIM)

FIGURE 5-2

Employment growth by type of work, Canada, 1998-2010



Source: CMHC, adapted from Statistics Canada (CANSIM)

Income growth strengthens

Changes in disposable income over the past two decades have been closely related to developments in the job market. The decline in employment in 2009 was accompanied by a sharp reduction in disposable income growth *(see Figure 5-1)*. On a per capita basis, growth in real income came to a standstill. In 2010, the resumption of job creation boosted disposable incomes.

If income growth continues in the same vein in coming years, the recovery will have been rapid in comparison to the previous recession in the early 1990s. Following that downturn, real household incomes took the best part of a decade to recover. It was not until the second half of the 1990s that the economy began generating steady employment gains and income growth, and years later, before housing construction showed the effects of increasing demand.

Self-employment shrinks as economy improves

The composition of employment changed with the fortunes of the economy. From 1998 to 2008, when the economy was expanding, the number of employees in Canada grew almost three times faster than the number of self-employed people *(see Figure 5-2)*. By contrast, in 2009 in the midst of the downturn, the number of employees fell, while growth in self-employment accelerated. In 2010, with improving economic fortunes, the ranks of employees grew once again, and self-employment shrank.

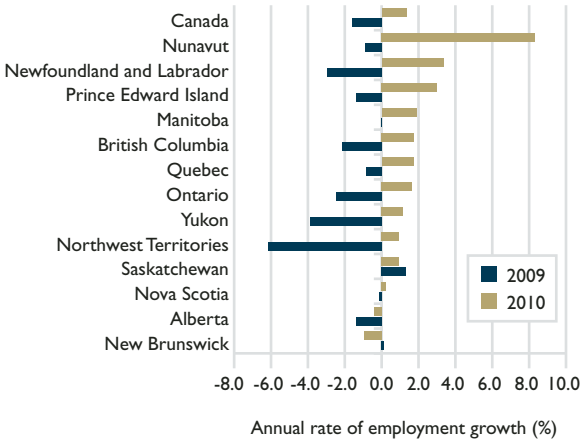
Full-time jobs went through a similar cycle: steady growth prior to 2009, decline in 2009, and growth in 2010 *(see Figure 5-2)*. Although full-time positions accounted for over two-thirds of employment gains in 2010, part-time employment grew more rapidly in percentage terms, continuing the pattern of the previous three years.

Saskatchewan and Manitoba lead in job creation

In 2010, employment rose in all provinces and territories except Alberta and New Brunswick. Nunavut had the strongest growth in percentage terms, followed by Newfoundland and Labrador and Prince Edward Island *(see Figure 5-3)*. In the previous year, Saskatchewan was alone among provinces and territories in generating appreciable job gains. For the two years combined, Saskatchewan had the highest rate of job creation of any province, edging out Manitoba in second place. Declining employment in Alberta in both 2009 and 2010 stood in marked contrast to the decade preceding the economic downturn when the province had the fastest rate of job creation of any province by a wide margin.

FIGURE 5-3

Employment growth, Canada, provinces, and territories, 2009 and 2010



Provinces and territories ranked by growth in 2010.
Employment growth calculated from average monthly employment during the year.

Source: CMHC, adapted from Statistics Canada (CANSIM)

Despite widespread increases in employment in 2010, unemployment rates in all of the provinces and territories remained above pre-recession (2008) levels *(see Figure 5-4)*. Job prospects varied considerably. Saskatchewan (5.2%) and Manitoba (5.4%) had the lowest unemployment rates, Nunavut (14.8%) and Newfoundland and Labrador (14.4%) the highest. In Yukon and Northwest Territories and all provinces west of Ontario, unemployment rates were lower than in other parts of Canada.

FastFacts

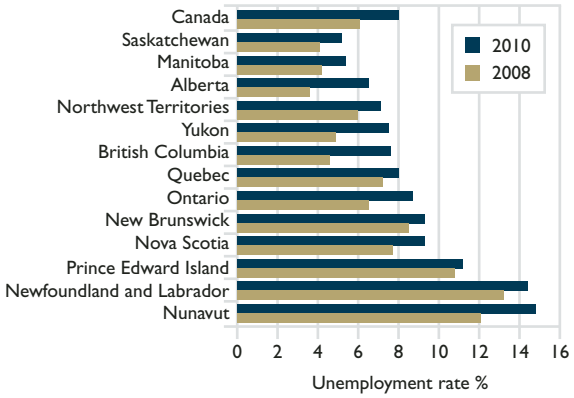
- The economic recovery that began in the second half of 2009 continued in 2010: employment grew, income growth strengthened, and the net worth of households rose.
- Despite widespread increases in employment in 2010, unemployment rates in each of the provinces and territories remained above pre-recession levels.
- Canada's population grew faster in 2008, 2009, and 2010 than at any other time since the early 1990s.
- The number of immigrants landing in Canada in 2010 reached 271,000, the highest total in the past four decades.
- In 2006, 35.3% of recent immigrant households owned their homes, compared to 68.7% of non-immigrant households.
- The population aged 65 or older is expected to more than double by 2036, which could lead to a doubling of the population in nursing homes, hospitals, and other institutions.
- From 2008 to 2010, Saskatoon had the fastest rate of population growth of any Census Metropolitan Area, followed by Vancouver, Calgary, Regina, and Edmonton. Fast-growing centres account for a disproportionate share of the housing built in Canada.

Household net worth rebounds

During the long economic expansion that preceded the recent downturn, housing sales and housing construction both boomed. The volume of home purchases raised the home ownership rate in Canada from 63.6% in 1996 to 68.4% in 2006. After finishing the 1990s lower than at the beginning of the decade, real housing prices began to increase early in the new millennium *(see Figure 5-5)*. Home equity represented a rising share of household net worth over the past decade, a reversal of the 1990s when housing prices were flat and equity markets rose. As of the third quarter of 2010, home equity accounted for 32% of the

FIGURE 5-4

Unemployment rate, Canada, provinces, and territories, 2008 and 2010



Provinces and territories ranked from lowest to highest rate in 2010.
Average monthly unemployment rate during the year.

Source: Statistics Canada (CANSIM)

net worth of the household sector,[3] and residential structures and land made up 38% of household assets. Both these shares were down slightly from the highs for the past two decades.

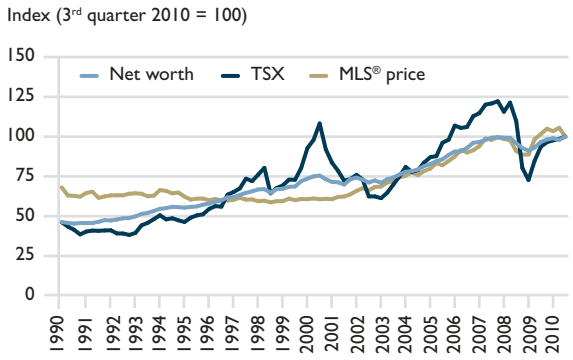
The rise in property values boosted the net worth of Canadian households, helping insulate homeowners from the effects of bouts of instability in equity markets.[4] Although real housing prices fell during the recent recession, they recovered quickly. In contrast, the decline in equity markets was steeper and the subsequent recovery only partial. In 2010, the real collective net worth of the household sector in Canada reached $6.1 trillion, slightly above levels immediately preceding the recession and more than double the value in 1990 *(see Figure 5-6)*. On a per capita basis, real net worth in 2010 was about $5,000 below the pre-recession peak.[5]

Strong population growth maintained in 2010

Demographic factors are the foundation on which much of housing demand rests. Growth of the housing stock moves in tandem with household formation. For sustained household growth to occur, the housing stock must expand to provide the required living space. Economic

FIGURE 5-5

Household sector net worth, TSX Composite Index, and MLS® average house price, Canada, 1990-2010 (2010 constant dollars)



Net worth data refer to persons and unincorporated businesses.
MLS® is a registered trademark of the Canadian Real Estate Association.

Source: CMHC, adapted from Canadian Real Estate Association (MLS®) and Statistics Canada (CANSIM)

[3] The review of net worth presented here covers the period from the first quarter of 1990 through the third quarter of 2010, and is based on quarterly national balance sheet accounts for the persons and unincorporated business sector (otherwise known as the household sector), which comprises households, unincorporated businesses, and non-profit institutions serving households. Home equity equals the value of residential structures plus the value of land minus mortgage liabilities. The value of structures does not include the land on which they sit. The land component of the national accounts includes residential as well as non-residential and other holdings. Mortgage liabilities include all mortgage loans, whether secured by residential properties, non-residential properties, or land. In 2009, non-residential structures represented only 2% of the value of all structures owned by the household sector. Lines of credit, which can be used to purchase homes, are recorded by Statistics Canada as consumer credit, not mortgages. Although not included in mortgage totals, lines of credit, including those secured by the borrower's home equity, are counted among total liabilities and are therefore reflected in national accounts estimates of net worth. Conclusions presented here regarding relative growth rates of net worth and home equity over time are not affected by the exclusion of lines of credit from the home equity measure described above.

[4] According to Statistics Canada's 2005 *Survey of Financial Security,* the median net worth of a homeowner household in 2005 was 24 times that of a renter household.

[5] Ongoing population growth is the reason why per capita net worth in 2010 was below pre-recession levels even though total net worth had surpassed those levels.

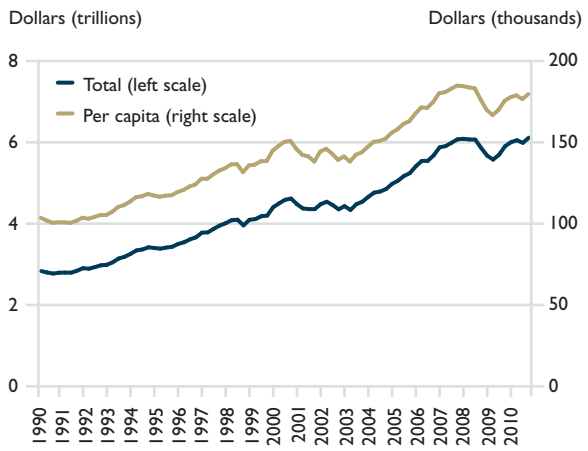
conditions and social forces can both influence the rate of household formation, but population growth is the driving force.[6] In Canada, the highest residential construction levels of the past four decades occurred during the 1970s when baby boomers began leaving home in large numbers. During that decade, annual household growth averaged over 200,000, and housing completions topped 200,000 in every year from 1971 to 1979.

In recent years, Canada's population grew faster than at any other time since the early 1990s *(see Figure 5-7)*.[7] Though down slightly in 2010, growth was close to the rates posted in 2008 and 2009. The strong population growth in these three years was attributable to a number of factors: rising immigration, increasing births, and growing numbers of non-permanent residents.[8] In 2010, immigration climbed to 271,000, the highest total in the past four decades.[9] International migration now accounts for about two-thirds of population growth in Canada, compared to about 40% in the early 1990s.

The oldest baby boomers—the large generation born during the two decades following World War II—will be turning 65 in 2011. During the 1990s, natural increase, the difference between births and deaths, shrank considerably as baby boomers aged. Although

FIGURE 5-6

Household sector net worth, Canada, 1990-2010 (2010 constant dollars)

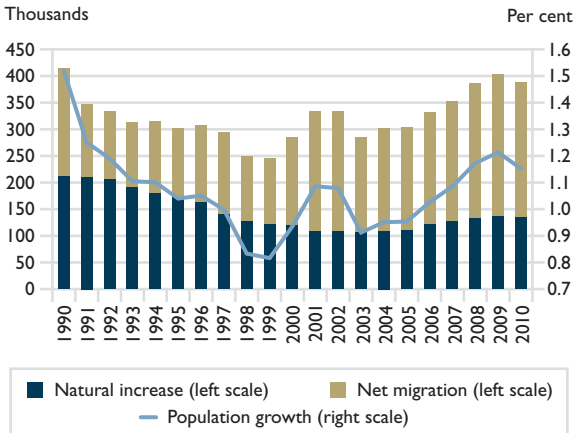


Data refer to persons and unincorporated businesses (the household sector).

Source: CMHC, adapted from Statistics Canada (CANSIM)

FIGURE 5-7

Components of population growth, Canada, 1990-2010



Data are for the 12-month period ending on June 30 of stated year. Natural increase is the difference between births and deaths. Net migration is the difference between population growth and natural increase.

Source: CMHC, adapted from Statistics Canada (CANSIM)

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[6] Individuals and families who lack income, savings, or stable jobs may opt to live with others instead of forming households. The timing and frequency of marriages, cohabitation, divorces, and separations, and the related societal attitudes also play roles in household formation.

[7] Growth rates are calculated from mid-year (July 1) estimates. Annual estimates of births, deaths, and migration refer to the twelve-month periods preceding mid-year.

[8] Non-permanent residents are people who are lawfully in Canada on a temporary basis. They include foreign workers, foreign students, refugee claimants, and members of their families.

[9] The immigration total for the period from July 1, 2009 to June 30, 2010 was larger than for any other July-June period on record (dating back to 1971-72). July-June data used for this analysis were not available for earlier years. Calendar year estimates of immigration suggest that the 2010 inflow of newcomers to Canada was the largest since 1957.

births rose from 2001 to 2010, the number of births per woman (1.66 in 2007) is still well below replacement level (2.1).[10] In 2010, natural increase accounted for only a third of population growth, down from about 60% in the early 1990s.

Immigration has increased in most metropolitan areas outside Ontario

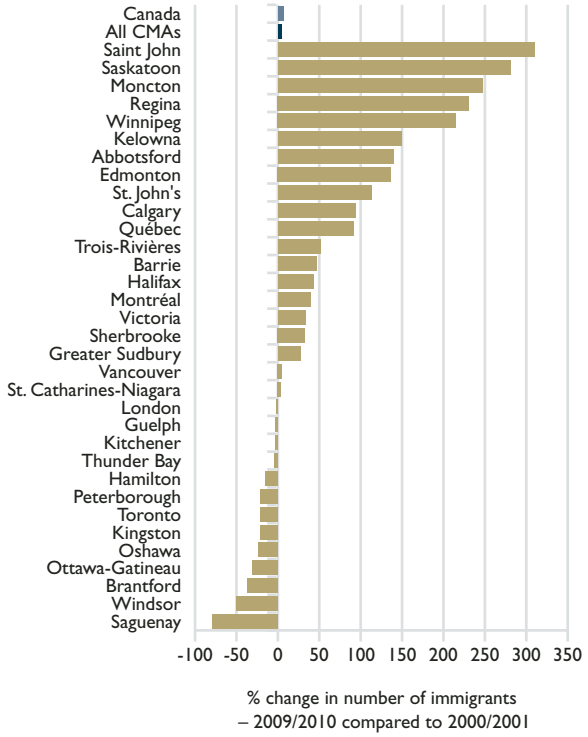
Most immigrants to Canada settle in one of three metropolitan areas—Toronto, Montréal, or Vancouver. The presence of established immigrant communities is part of the appeal of these cities to newcomers. Immigrants often have family or friends who are already in Canada, and if they have family in Canada, newcomers typically choose to live in the same city.[11]

Although immigrants continue to be drawn to these three Census Metropolitan Areas (CMAs),[12] increasing numbers are making their way to other parts of Canada. In 2010, 63.8% of immigrants landed in Toronto, Montréal, or Vancouver, down from 72.7% in 2001. The drop reflected declining immigration to Toronto and large increases in immigration to many other cities *(see Figure 5-8)*. Immigration to most CMAs in Ontario has declined over the past decade. In most CMAs outside Ontario, immigration has increased.[13] In addition, immigration to smaller communities has risen: in 2010, 8.1% of newcomers settled in places outside CMAs, up from 6% in 2001.

Pressures arising from aging populations are one reason for the less concentrated distribution of newcomers in recent years. Immigration is one way to replace the skills that are lost when older workers leave the labour force. Through federal-provincial agreements, provinces and territories are playing an increasing role in recruiting immigrants with needed skills and experience.[14]

FIGURE 5-8

Change in annual immigration, Canada and CMAs, 2000/2001 to 2009/2010



"2000/2001" refers to the period from July 1, 2000 to June 30, 2001.
"2009/2010" refers to the period from July 1, 2009 to June 30, 2010.

Source: CMHC, adapted from Statistics Canada (CANSIM)

[10] Replacement level fertility represents the number of births per woman required for each generation to produce a new generation of the same size. The total fertility rate describes the average number of children that would be born per woman if all women lived to the end of their childbearing years (ages 15-49) and bore children in accordance with the age-specific rates recorded in a given calendar year.

[11] In 2001, 87% of immigrants reported having friends and/or relatives in Canada at the time they landed. Of those with family already in Canada, 88% lived in the same city as their relatives. *Longitudinal Survey of Immigrants to Canada: A Portrait of Early Settlement Experiences.* Statistics Canada Catalogue no. 89-614-XIE. Ottawa: Statistics Canada, 2005. pp. 19-21. www.statcan.gc.ca/pub/89-614-x/89-614-x2005001-eng.pdf (February 24, 2011).

[12] In 2006, there were 33 CMAs in Canada. Statistics Canada defines a CMA as an urban area with a total population of at least 100,000 and an urban core population of at least 50,000.

[13] Some of the large percentage increases in Figure 5-8 involve relatively small numbers of people. For example, annual immigration to Saint John and to Moncton, despite more than tripling in the past decade, still amounts in each case to only a few hundred people a year.

[14] Under the Provincial Nominee Program, provinces and territories can nominate applicants who want to settle in that province or territory and who meet specific criteria set by that province or territory. Quebec sets its own immigration requirements under a separate accord with the federal government.

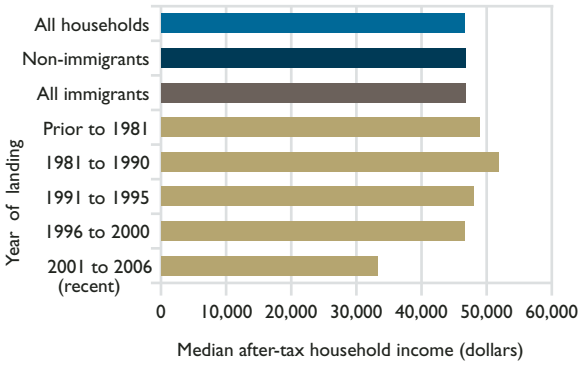
Recent immigrants have relatively low incomes and home ownership rates

In the first years after landing in Canada, immigrant households face a variety of challenges in procuring housing. Compared to non-immigrants, households maintained by recent immigrants on average have lower incomes *(see Figure 5-9)*, are more likely to be crowded, and spend higher fractions of their incomes on shelter.[15]

FIGURE 5-9

Median after-tax incomes, immigrant and non-immigrant households, Canada, 2005

Household by type of maintainer and period of immigration



Year of landing describes the year in which the primary household maintainer landed in Canada.
"Recent" refers to maintainers who landed in Canada from January 1, 2001 through May 16, 2006.

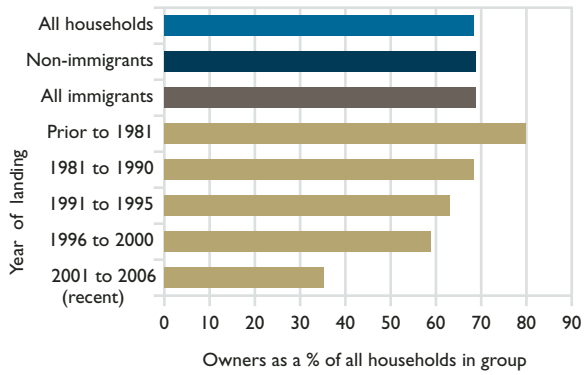
Source: CMHC, adapted from Statistics Canada (Census of Canada)

In 2006, recent immigrant households had home ownership rates that were barely half those of non-immigrant households—35.3% compared to 68.7% *(see Figure 5-10)*.

FIGURE 5-10

Home ownership rates, immigrant and non-immigrant households, Canada, 2006

Household by type of maintainer and period of immigration



Year of landing describes the year in which the primary household maintainer landed in Canada.
"Recent" refers to maintainers who landed in Canada from January 1, 2001 through May 16, 2006.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Differences between immigrants and non-immigrants with respect to income and home ownership rates are more pronounced for recent immigrants than for other immigrant households. This fact suggests that the incomes and housing choices of immigrants evolve in the years following landing in Canada, coming increasingly to resemble those of non-immigrants. For example, the comparatively low home ownership rates of recent immigrants are likely to rise over time as this group gains a progressively stronger foothold in the labour market.[16] The extent and pace of such adjustments will depend to a degree on the skills and other characteristics of each generation of newcomers as well as on the specific economic conditions each faces upon arrival in Canada.

[15] In 2006, 31.5% of recent immigrant households and just 3.8% of non-immigrant households were crowded. Households maintained by recent immigrants spent an average of 32.5% of their incomes before taxes on shelter, compared to 21.0% for non-immigrants. As used here, the term "recent immigrant households" describes households who, as of May 16, 2006 (Census Day), had primary maintainers who had landed in Canada some time after December 31, 2000. Non-immigrant households have primary maintainers who are not immigrants. A household maintainer is the person or one of the people in the household responsible for major household payments such as the rent or mortgage. Where more than one person in a household claims responsibility for such payments, the primary maintainer is the first person listed on the census form as a maintainer.

[16] Note that Figures 5-9 and 5-10 do not depict how the incomes and home ownership rates of a given generation of immigrants changed over time; instead, they show data for different generations of immigrant households in a given year.

Immigrants' propensities to rent or own housing differ by place of origin.[17] With immigration now the principal driver of population growth in Canada, immigrants are bound to be an important influence on housing demand, especially in cities such as Toronto, Vancouver, and Montréal that attract a disproportionately large share of new immigrants.

Influence of seniors population on the housing market will grow

Over the past decade, the number of seniors (people aged 65 or older) in Canada grew at about two-and-a-half times the rate of non-seniors. With baby boomers on the brink of turning 65, the difference in the growth rates of the two groups will expand considerably in coming decades. The senior population is expected to more than double by 2036, growing eight times faster than the number of people under the age of 65.[18] Currently, seniors represent about 14% of the population of Canada, a share that is projected to rise to almost 24% by 2036.

The repercussions of this growth will unfold over many years.[19] The peak—the largest part—of the baby boom won't reach age 65 until 2024, and the youngest boomers won't pass that threshold until 2030.[20] Aging households will support continued growth in condominium markets.[21] Seniors have higher rates of condominium ownership than any other age group, and those rates have been rising. We can also expect to see growing demand for home adaptations and support services aimed at allowing aging residents to remain living comfortably in their homes. The relatively low mobility rates of seniors are evidence of a preference on the part of many for staying in their current homes for as long as possible.[22] Though behaviour could change in the future, mobility rates have historically been very stable.[23]

The demand for institutional housing could double by 2036

In 2006, 1.4% of Canadians lived in institutions, such as nursing homes, residences for seniors, hospitals, jails, and long-term care facilities *(see Figure 5-11)*.[24] At 1.7%, the rate of institutionalization for seniors aged 65 to 74 was only slightly higher than the Canadian average. Percentages increased considerably at older ages, reaching 28.8% for those aged 85 or older.

If the percentages of each age group living in institutions remain as they were in 2006 and if the population grows in accordance with the projections discussed above, the institutional population in Canada would double by 2036. The number of seniors in institutions would increase by a factor of almost two and a half. Because the last (youngest) baby boomers will not turn 85 until 2050, the potential for strong growth in the institutional population will continue beyond 2036.

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[17] For example, 42% of recent immigrant households with maintainers from Eastern Asia, a region that includes the People's Republic of China and Japan, owned their homes in 2006, compared to just 11% of recent immigrant households with maintainers from Northern Africa. The term "recent immigrant households" describes households with maintainers who, as of May 16, 2006 (Census Day), had been in Canada roughly five-and-a-half years or less (landing in the period after December 31, 2000). Differences in home ownership were slightly smaller (80% versus 52%) but still substantial for immigrant households with maintainers from these two regions who had been in Canada roughly 10 to 15 years (landing in the period from 1991 to 1995).

[18] Projected growth is derived from Statistics Canada's M1 – Medium-growth scenario. *Population Projections for Canada, Provinces and Territories 2009 to 2036.* Statistics Canada Catalogue no. 91-520-X. Ottawa: Statistics Canada, 2010. p.167. www.statcan.gc.ca/pub/91-520-x/91-520-x2010001-eng.pdf (February 11, 2011).

[19] For more information on housing for seniors, see Chapter 8.

[20] Births peaked in Canada in 1959. Thereafter, births subsided, and the baby boom came to an end by the mid-1960s.

[21] From 1981 to 2006, the number of owner-occupied condominiums in Canada increased more than five-fold. *Canadian Housing Observer 2010.* Ottawa: Canada Mortgage and Housing Corporation, 2010. p.59.

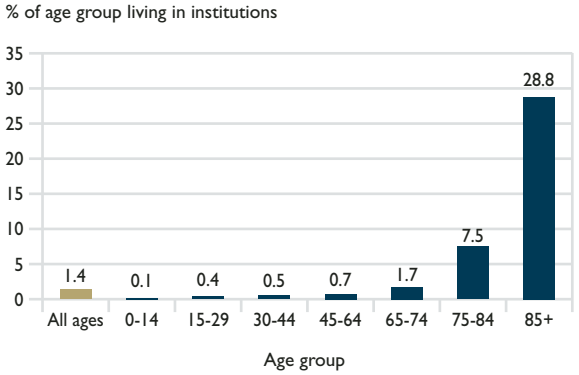
[22] In 2006, under a fifth of households maintained by seniors had moved in the previous five years. This fraction does not include seniors who no longer lived in private households, that is, people who moved from a private home to a nursing home or to some other type of institution. *Canadian Housing Observer 2010,* op. cit. p. 57.

[23] The percentage of seniors who had moved in the previous five years was 20.1 in 2006, 19.2 in 2001, 20.2 in 1996, and 22.2 in 1991.

[24] The full list of housing types grouped by Statistics Canada as institutions is as follows: general hospitals and hospitals with emergency, other hospitals and related institutions, facilities for the disabled, special care (nursing homes, residences for senior citizens, and chronic and long-term care and related institutions), establishments for children and minors, homes and treatment centres for children with psychiatric disorders or developmental disabilities, establishment for delinquents and young offenders, penal and correctional institutions, jails, police lock-up facilities, shelters for persons lacking a fixed address, other shelters and lodging with assistance, shelters for abused women and children, and lodging and rooming houses.

FIGURE 5-11

Rate of institutionalization by age group, Canada, 2006



Source: CMHC, adapted from Statistics Canada (Census of Canada)

Metropolitan populations are aging at different rates

Populations in Census Metropolitan Areas (CMAs) are on balance younger than in Canada as a whole. Despite being younger, populations in CMAs are aging steadily, though not as rapidly as the population outside CMAs. From 2001 to 2010, the median age of people living in CMAs rose by 2.0 years, about half as much as in the rest of Canada (4.1 years). Since 1996, seniors have comprised an increasing share of the population of every CMA.

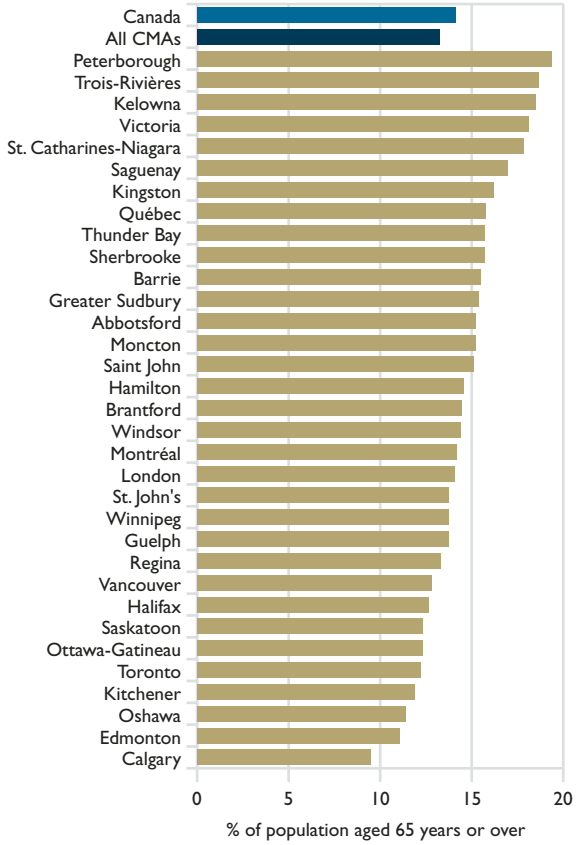
There is considerable variation in the age make-up of metropolitan populations. Differences reflect the combined effects over time of births, deaths, and migration in each centre. In 2010, seniors accounted for 19.4% of the total population of Peterborough, the highest percentage in any CMA *(see Figure 5-12)*. The lowest percentage was in Calgary (9.5%). Concentrations of seniors and median ages *(see Figure 5-13)* are relatively high in slow-growing communities like Peterborough, Trois-Rivières, St. Catharines-Niagara, and Saguenay, and in retirement destinations, such as Kelowna and Victoria. Median ages and the percentage of seniors are generally lower in faster-growing communities, such as Calgary, Edmonton, and Toronto. Such centres typically gain population through migration from other parts of Canada or from abroad. Infusions of relatively young migrants help rejuvenate these populations, although not enough in recent years to prevent the proportion of seniors from rising.

Prairie cities have the strongest population growth

Collectively, CMAs are growing faster than the rest of Canada.[25] From 1996 to 2010, the number of people living in CMAs increased 20.9%, five times faster than the population outside CMAs (4.2%).

FIGURE 5-12

Senior populations, Canada and CMAs, 2010



Source: CMHC, adapted from Statistics Canada (*Annual Demographic Estimates: Subprovincial Areas 2005 to 2010* Catalogue no. 91-214-X)

[25] Discussion of population growth rates in CMAs is based on mid-year (July 1) populations. For example, discussion of growth from 1996 to 2010 refers to the period from July 1, 1996 to July 1, 2010.

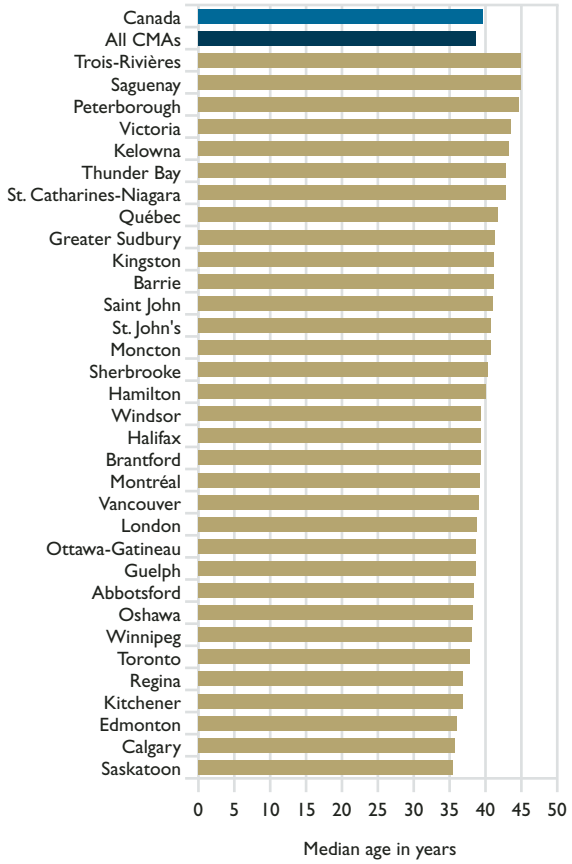
The growth of CMAs is highly uneven, however, with populations declining in some centres and growing at double the national rate in others. As discussed below, substantial differences from city to city in the rate of housing construction broadly parallel underlying differences in population growth.

From 2008 to 2010, Saskatoon was the fastest-growing CMA in Canada *(see Figure 5-14)*. Vancouver, Calgary, Regina, and Edmonton rounded out the top five. The strong growth in Saskatoon and Regina was a big change from weak performance during the previous decade. Improvements in the provincial labour market prompted an influx of interprovincial migrants to Regina and Saskatoon, ending years of population outflows. In addition, the two cities captured an increasing share of immigrants coming to Canada, providing a further boost to population growth.

With the exception of Moncton, all the CMAs that grew faster than the metropolitan average from 2008 to 2010 were in the Prairies, British Columbia, and Ontario. The same three regions led growth in the previous decade, but Ontario centres were much more prominent among the leaders back then and Prairie centres less so. From 2008 to 2010, the five slowest-growing CMAs were all in Ontario. In the previous decade, there were no Southern Ontario centres in the bottom five, only Sudbury and Thunder Bay, both in Northern Ontario. Below-average employment growth and job losses in the manufacturing sector have helped drop

FIGURE 5-13

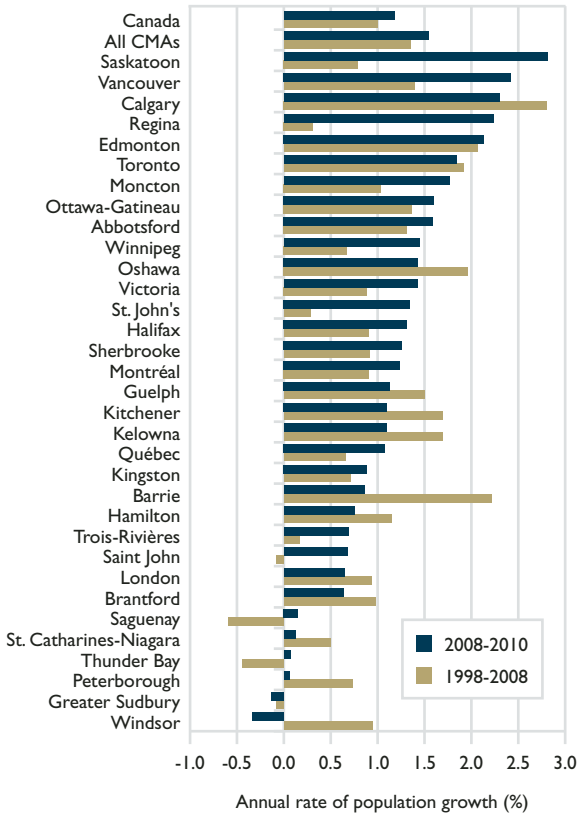
Median age of population, Canada and CMAs, 2010



Source: Statistics Canada (*Annual Demographic Estimates: Subprovincial Areas 2005 to 2010* Catalogue no. 91-214-X)

FIGURE 5-14

Population growth, Canada and CMAs, 1998-2010



Based on July 1 populations. CMAs ranked by growth from July 1, 2008 to July 1, 2010.

Source: CMHC, adapted from Statistics Canada (CANSIM)

Ontario's population growth rate below the national average for a number of years, the first extended period of sub-par population growth since the late 1970s.

Migration drives metropolitan growth

Migration is the factor that differentiates fast-growing and slow-growing cities. From 2008 to 2010, all CMAs in Canada gained population from outside Canada, but slow-growing centres attracted far fewer newcomers than fast-growing CMAs *(see Figure 5-15)*.[26]

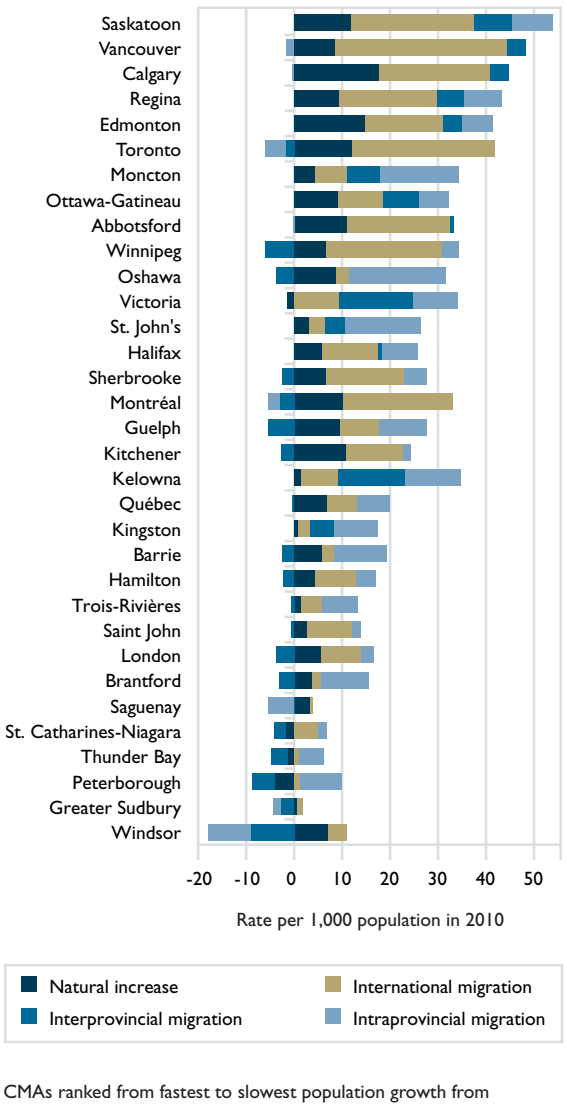
Although the failure to attract large inflows of immigrants contributed to lacklustre growth in some centres, migration flows within Canada played an even bigger role in limiting growth. From 2008 to 2010, many CMAs with weak population growth witnessed out-migration to other parts of Canada, either in the form of interprovincial migration (people moving to other provinces), intraprovincial migration (people moving within the same province), or both. In the case of the two slowest-growing CMAs—Windsor and Sudbury—the exodus was large enough to produce a decline in total population during the two-year period.

Since migrants, whether from abroad or within Canada, are on average relatively young, extended periods of out-migration tend to deplete the population of child-bearing age.[27] Consequently, many slow-growing CMAs, in addition to losing population through migration, produce comparatively little in the way of natural increase (the excess of births over deaths).

In three slow-growing centres—Peterborough, Thunder Bay, and St. Catharines-Niagara—deaths exceeded births from 2008 to 2010. Given the continued aging of populations across Canada, natural increases in these centres could dwindle further in coming decades.[28] Without increased inflows of immigrants or migrants from other parts of Canada, populations in such places are likely either to stagnate or to decline, limiting housing demand.

FIGURE 5-15

Components of population growth, CMAs, 2008-2010



CMAs ranked from fastest to slowest population growth from July 1, 2008 to July 1, 2010. Total components of change for 2008-2010 are expressed as rates per 1,000 population in 2010. Natural increase is the difference between births and deaths.

Source: CMHC, adapted from Statistics Canada (CANSIM)

[26] The chart displays components of population change as rates per 1,000 population. Scaling the data in this manner allows for comparison of the relative sizes of migration components and natural increase in each centre.

[27] Mobility rates peak when people are in their late twenties and early thirties and decline steadily at older ages. In 2006, 73% of 25-to-29-year-olds and 70% of 30-to-34 year olds had moved in the previous five years, compared to just 34% of 45-to-49-year-olds.

[28] Deaths have exceeded births in Peterborough for the past 14 years, and natural increase has become increasingly negative in recent years in St. Catharines-Niagara and Thunder Bay.

From 2008 to 2010, international migration made a substantial contribution to the growth of all fast-growing CMAs, in many of them accounting for half or more of population increases. Many, such as Saskatoon and Regina, also gained population from within Canada.

Toronto displayed a different pattern, losing migrants to other parts of Canada but making up for those losses with very large inflows of immigrants. Montréal showed the same tendency, though the inflow of international migrants was not as strong as in Toronto. International migration was also the dominant source of growth in Vancouver and Winnipeg.

Natural increase is significant in many fast-growing CMAs by comparison to other cities. As discussed earlier, such centres tend to have relatively young populations that are refreshed regularly by the arrival of migrants.

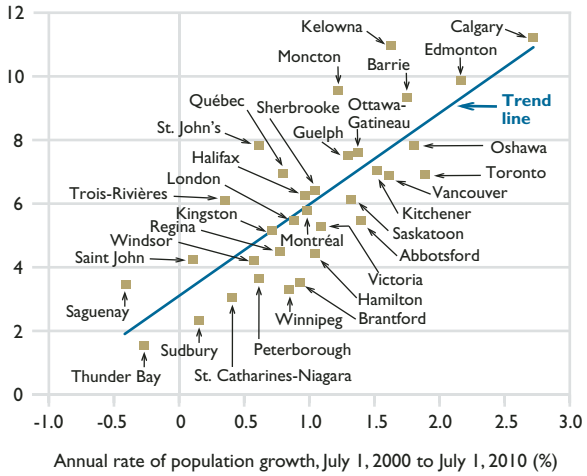
The volume of home building is closely linked to population growth

As discussed earlier, population growth is transformed into demand for new housing through household formation. Over the long term, the main reason for expansion of the housing stock is to accommodate the growth in households that accompanies population increases.[29] Not surprisingly then, CMAs with strong population growth account for a disproportionate share of housing construction in Canada. From 2000 to 2010, Calgary had the fastest rate of population growth of any CMA and the highest per capita rate of housing completions *(see Figure 5-16)*. The per capita rate of completions in cities that grew slowly during the decade, like Saguenay and Thunder Bay, was less than a third of the rate in fast-growing centres.

If they persist, low or negative population growth rates in some CMAs imply limited household formation. In the absence of household growth, demand for new housing units is likely to be low. Some construction would be required to replace units removed from the housing stock through demolition or conversion to other uses. In addition, new homes might be needed to meet demands for home ownership, including second homes and custom homes. The bulk of spending on residential construction, however, would likely be directed at maintaining and adapting an aging housing stock. Stronger job creation would help boost population growth in these slow-growing cities *(see Figure 5-17)*.

FIGURE 5-16

Housing completions and population growth, CMAs, 2000-2010



Source: CMHC (Starts and Completions Survey) and adapted from Statistics Canada (CANSIM)

Long-term household projections—2011 update

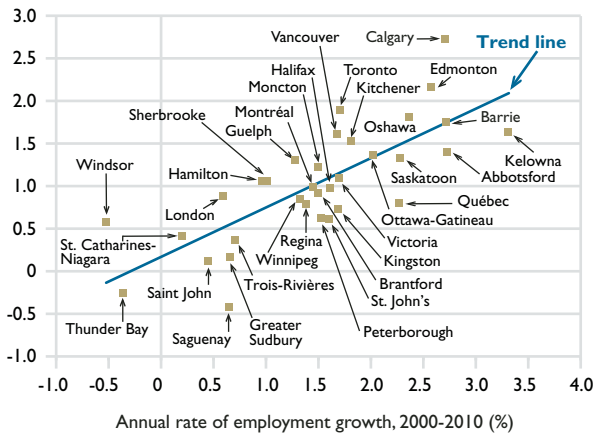
This section presents an update of the long-term projections of household growth for Canada reported in the *2009 Canadian Housing Observer*.[30] While the previously published projections were limited to Canada at the national level, the present ones include projections for the provinces and the territories.

[29] As well as housing the net growth in households, new construction replaces units lost from the housing stock through demolition, abandonment, or conversion to other uses; maintains an adequate supply of vacant units as the housing stock grows; and meets demands for second homes and vacation homes.

[30] Further detail is available in the "Long-term household projections—2011 update". *Research Highlight. Socio-economic Series; 11-008* Ottawa: Canada Mortgage and Housing Corporation, 2011 www.cmhc.ca/od/?pid=67512. For a description of projections, projection assumptions, and the related projection methodology of the household projections published in 2009, see "Demographic and Socio-economic Influences on Housing Demand," *Canadian Housing Observer 2009,* Ottawa: Canada Mortgage and Housing Corporation, 2009.

FIGURE 5-17

Employment and population growth, CMAs, 2000-2010



Employment growth calculated from average monthly employment during the year.

Source: CMHC, adapted from Statistics Canada (CANSIM)

The findings reported here are clearly not forecasts and should not be interpreted as such. Rather, they are an attempt to offer different scenarios which consider the main drivers influencing the future pace and composition of household growth.

CMHC produces household projections using a demographics-driven household projection model that generates the number of households by multiplying age-specific household headship rates by corresponding age-specific population data *(see text box Key terms)*.[31]

Headship rate assumptions were developed at the provincial and territorial level for family and non-family households based on historical trends. Three headship rate projection scenarios were used to generate household projections; the High, Medium and Low headship rate scenarios are the same as those reported in the *2009 Canadian Housing Observer.*

Key terms

Headship rate. An age-specific headship rate represents the propensity of people in a given age group to form households. It is calculated as the *number of primary household maintainers in that age group divided by the total number of people in the same age segment.* Statistics Canada defines a primary household maintainer as the person or one of the persons responsible for the major costs—such as rent or mortgage, property taxes, and electricity—in a private household. In this publication, the terms primary household maintainer and household head are used interchangeably.

Family household. A family household contains at least one census family, defined by Statistics Canada as a married or common-law couple living together (i.e., in the same dwelling) with or without children, or a lone parent living with one or more children. 'Children' include all unattached biological or adopted children, regardless of age.

Non-family household. According to Statistics Canada, a non-family household can be a person living alone or two or more unrelated persons sharing the same dwelling.

Net household formation. Net household formation, also referred to here as household formation, is the change in the number of households between two years.

[31] To generate historical estimates of households, census-based headship rates are multiplied by population estimates that have been adjusted for census undercount. Household projections are likewise derived from adjusted base populations. As such, the household estimates and projections are generally higher than those obtained using unadjusted population data from the censuses.

Statistics Canada population projections (for 2010 to 2036) were used as inputs into the household projections. There are eight population projection scenarios for each province and territory but five for Canada since four scenarios, which differ only in terms of their inter-provincial migration assumptions, are virtually identical at the Canada level[32] *(see Figures 5-18 and 5-19)*. Each population growth scenario was paired with three headship rate scenarios, resulting in 15 household growth scenarios for Canada and 24 for each province and territory, except Nunavut.[33]

Household projections—Canada

The household data presented in this publication are historical estimates for 5-year periods from 1971 to 2006 and projections for 2011 to 2036.

At the Canada level, the highest household growth scenario is that obtained from combining Statistics Canada's "1% Immigration" population growth scenario with the High headship rate scenario; the lowest household growth scenario is obtained from pairing the "Low-growth" population scenario with the Low headship rate assumption, and the one combining the "Medium-growth" population scenario with the Medium headship rate scenario is termed the 'medium' household growth scenario. The corresponding scenarios vary at the level of provinces and territories, since one jurisdiction's highest scenario might be another's lowest.

FIGURE 5-18

Statistics Canada population projection scenarios

Scenario	Fertility[1]	Life expectancy[2]	Immigration[3]	Inter-provincial migration[4]
1% Immigration	Medium	Medium	1% Immigration	1981/82 to 2007/08
High growth	High	High	High	1981/82 to 2007/08
Replacement fertility	Replacement fertility	Medium	Medium	1981/82 to 2007/08
Medium growth 1	Medium	Medium	Medium	1981/82 to 2007/08
Medium growth 2	Medium	Medium	Medium	2006/07 to 2007/08
Medium growth 3	Medium	Medium	Medium	1988/89 to 1995/96
Medium growth 4	Medium	Medium	Medium	2001/02 to 2005/06
Low growth	Low	Low	Low	1981/82 to 2007/08

[1] The Replacement fertility assumption projects a total fertility rate (TFR) of 2.1 children per woman; the TFRs for the High, Medium, and Low assumptions are 1.9, 1.7 and 1.5, respectively.
[2] The High, Medium and Low life expectancy assumptions pertain to the projected gains in life expectancy over the projection period.
[3] The High, Medium and Low immigration assumptions project 9, 7.5 and 6 immigrants per 1,000 population, respectively. The 1% Immigration scenario sets yearly immigration equal to 1% of the resident population.
[4] Statistics Canada's inter-provincial migration assumptions are based on the migration trends over the years indicated.

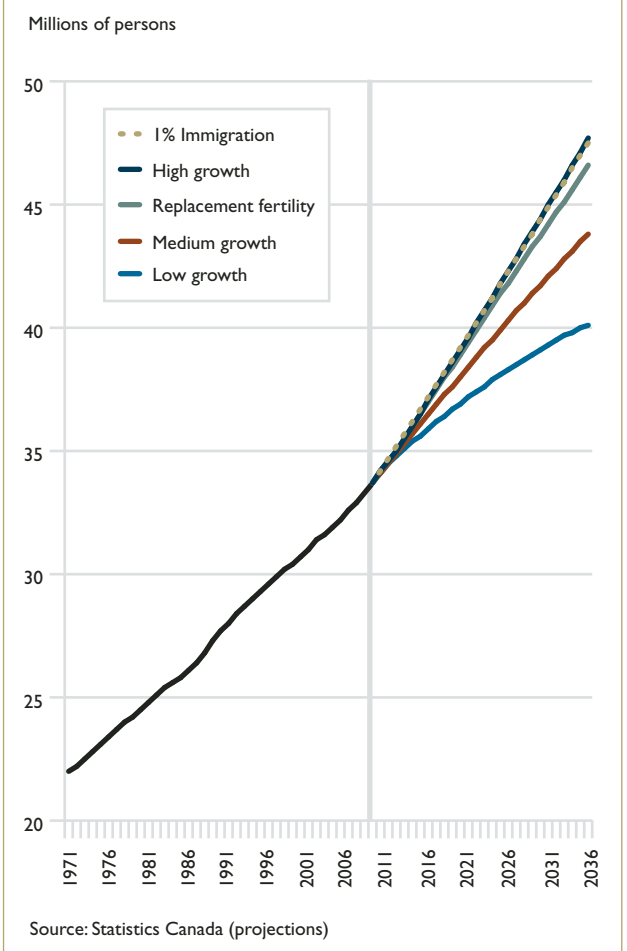
Source: *Population Projections for Canada, Provinces and Territories, 2009—2036,* Catalogue 91-520-X Ottawa: Statistics Canada, 2010.

[32] See *Population Projections for Canada, Provinces and Territories, 2009—2036,* catalogue 91-520-X Ottawa: Statistics Canada, 2010 for a detailed description of the population projection assumptions and results.

[33] Due to data limitations, there is one headship rate assumption for Nunavut; age-specific headship rates are kept at their 2006 values for the territory, resulting in eight household growth scenarios.

FIGURE 5-19

Population, Canada, 1971-2036



Source: Statistics Canada (projections)

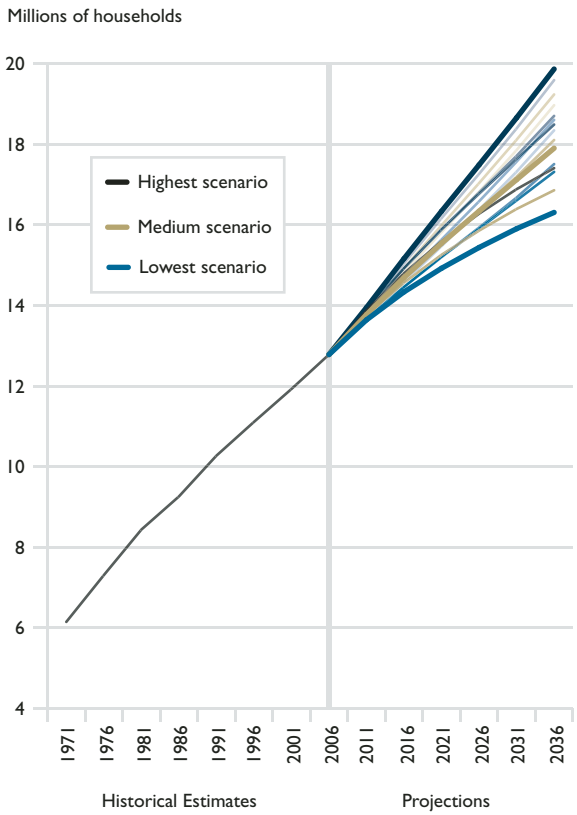
Household growth projected to rise in the medium term

From an estimated 7.3 million in 1976, the number of private households in Canada grew to about 12.8 million over the three decades to 2006 *(see Figure 5-20)*. Continued growth is projected to 2036, with the number of private households reaching nearly 20 million in the highest household growth scenario, almost 18 million in the medium scenario and just over 16 million in the lowest scenario.

Household growth averaged 171,000 per year between 2001 and 2006 and is projected to move higher in 2006-2011, rising to between 172,000 and 233,000 *(see Figure 5-21)*. Compared to 2006-2011, most scenarios project a slowing in household growth in the subsequent five-year period, 2011-2016, the average yearly gains ranging from 139,000 to 243,000. The relatively high levels of household formation projected in the highest household growth scenario reflect very strong immigration assumptions. For the remainder of the projection horizon the lowest and medium household growth scenarios point to a continued slowdown in household formation, which ranges from 81,000 per year to 156,000 per year by 2031-2036. Conversely, the higher household growth scenarios project a slowdown in household formation between 2016 and 2026, followed by an upturn over the remainder of the projection period. The rise after 2026 reflects the effect of fairly strong growth in the young adult population during this time.

FIGURE 5-20

Number of households, Canada, 1971-2036[1]



[1] Only the Highest, Medium and Lowest scenarios are labelled.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

FIGURE 5-21

Projected household growth, Canada, 2006-2036

Headship rate scenario	Population growth scenario	Average yearly household growth (thousands per year)					
		2006-11	2011-16	2016-21	2021-26	2026-31	2031-36
High	1% Immigration	233	243	235	230	234	242
	High growth	223	229	224	220	225	240
	Replacement fertility	221	208	193	182	183	198
	Medium growth	221	207	191	178	173	170
	Low growth	218	185	159	137	122	104
Medium	1% Immigration	210	219	212	210	215	225
	High growth	200	205	202	200	207	222
	Replacement fertility	198	184	172	163	166	182
	Medium growth	198	183	170	159	156	156
	Low growth	195	162	138	120	107	93
Low	1% Immigration	187	195	189	190	197	207
	High growth	177	181	179	180	189	205
	Replacement fertility	175	160	150	145	149	166
	Medium growth	175	160	148	141	140	142
	Low growth	172	139	117	103	93	81

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

Population aging affects the age composition and speed of household growth

In the decades to 2036, a rising average age will translate into a rise in the average age of household heads.[34] In 2006, the proportion of households headed by persons aged 55 and older was about 37%; the corresponding share for those aged 65 and over was nearly 21% *(see Figure 5-22)*. With the baby boom generation reaching the ages of 71 to 89 years old in 2036, household heads aged 55 and older are projected, in the medium household growth scenario, to account for about half of all households; the proportion of senior household heads (65 and older) is projected to climb to 34%.

Population aging affects the pace of household growth because the passage of household heads into the oldest age brackets is typically associated with a net loss of households.[35] Even with rising longevity, the size of these losses is expected to increase as a growing number of household heads join the ranks of the 75 and older age group. This will restrain the pace of gains in all household growth scenarios over the projection period.

[34] The main drivers of population aging are low fertility, increasing longevity and the passage of the numerically dominant baby boom generation into the stage of the life course typically associated with retirement.

[35] These losses result from events such as death, individuals moving from their own households to retirement homes, or seniors moving in with family.

Household growth trends impact new dwelling construction

As the number of households rises over time, the existing stock of dwellings must likewise increase to accommodate the additional demand. Net household formation has historically been the biggest component of the demand for new dwelling construction.[36] The trends in new dwelling construction are therefore expected to follow the future trends in household formation.[37]

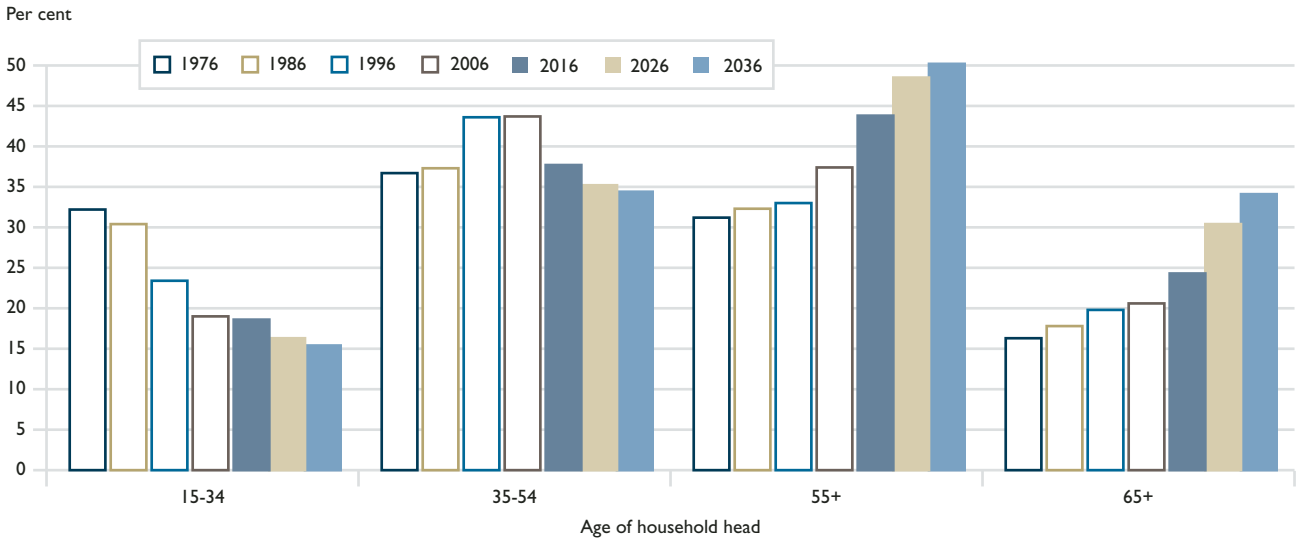
Population aging projected to raise non-family household share

Of the estimated 12.8 million households in 2006, about 3.9 million were non-family households (i.e., persons living alone or unrelated persons living together), more than twice the number estimated for 1976. The vast majority of these households are one-person households. Since the 1970s, growth has been slowing for both non-family and family households. Still, the pace of gains for non-family households has remained well above that of family households, raising the non-family share of total households from about 21% in 1976 to 30% in 2006 *(see Figure 5-23)*.

As the bulge of baby boomers become seniors over the projection horizon, the number of very old adults will increase dramatically. Since women are expected to continue outliving men during this time, this is expected to contribute to a growing number of one-person households. Social trends, such as the rising number of adults living alone, will also add to the number

FIGURE 5-22

Household age composition, Canada, 1976-2036[1]



[1] Based on medium household growth projection scenario.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

[36] New construction is also required to meet the demand for second homes, to replace units lost from the housing stock, and to ensure an adequate supply of vacant units as the housing stock grows. Units can be removed from the housing stock through demolition, abandonment, or conversion to non-residential uses. Conversely, conversion of non-residential structures to residential use increases housing supply, thereby reducing the need for new construction.

[37] The shift to smaller households that accompanies population aging could affect the average size and the types of dwellings demanded in the future. The tastes and preferences of household heads and members will play a large part in any such changes.

FIGURE 5-23

Family and non-family households, Canada, 1976-2036[1]

	Average yearly household growth (%)					
	1976-86	1986-96	1996-06	2006-16	2016-26	2026-36
Total	2.4	1.8	1.4	1.4	1.1	0.9
Family	1.7	1.5	1.2	1.2	0.9	0.7
Non-family	4.5	2.8	1.9	1.8	1.4	1.3

	Non-family household share						
	1976	1986	1996	2006	2016	2026	2036
% share in total households	21	26	29	30	32	33	34

[1] Based on medium household growth projection scenario.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

of one-person households. All scenarios point to a continued, though more gradual, rise in the proportion of non-family households, with most projecting a gain of about four percentage points, to about 34%, by 2036 *(see Figure 5-23)*. Persons living alone are projected to become the single largest category of households by around 2021, accounting for about 28% of all households.[38]

Population aging projected to raise the ownership rate

Three scenarios of household tenure were generated reflecting rising, constant and declining age-specific ownership rates. Under the scenario with rising rates, the aggregate rate of ownership increases from 68.4% in 2006 to 73.5% in 2036; it falls to 66.5% in the scenario reflecting declining rates. A rising average age in the decades to 2036 means that there will be ever larger numbers of adults in the age groups historically associated with high rates of home ownership; this would put upward pressure on the overall rate of ownership in all scenarios.

Household projections —provinces and territories

Highest household growth projected for Alberta

Compared to 2006, each province and territory is projected to experience an overall increase in its household count over the projection period *(see Figures 5-24 and 5-25)*.

In the three decades to 2006, household growth was slowest in Saskatchewan and Manitoba, both of which recorded growth of about 1% per year on average *(see Figure 5-26)*. Alberta, British Columbia, and Yukon were at the other end of the household growth spectrum, recording average yearly gains of 2.7%, 2.3% and 2.3%, respectively. Growth in Ontario and Quebec averaged 1.9% and 1.7% per year, respectively.

[38] The other categories of household are couples with children, couples without children, lone parents, multiple families and unrelated persons. For projections of these household categories, see "Long-term household projections—2011 update". *Research Highlight. Socio-economic Series; 11-008* Ottawa: Canada Mortgage and Housing Corporation, 2011.

For most provinces and territories, the household growth projected for the period 2006 to 2036 is slower compared to that observed between 1976 and 2006. Alberta is projected to remain the jurisdiction with the fastest pace of household increase, its average yearly gains ranging from 2% in the highest household growth scenario to 1.1% in the lowest, well above the corresponding range for Canada (1.5% to 0.8%). Household growth in British Columbia and Ontario is likewise projected to be above average, ranging from 1.9% per year to 1.1% per year and 1.7% per year to 0.9% per year, respectively. The lowest rate of increase is projected for Newfoundland and Labrador, where the range for average yearly growth is 0.6% to 0.1%.

FIGURE 5-24

Number of households, by province and territory, 1996-2036

	Year	(thousands)												
		BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YT	NT[1]	NU[1]
Historical	1996	1,483	1,008	384	427	4,044	2,868	277	351	48	188	12	20	–
	2001	1,598	1,135	388	444	4,381	3,044	292	370	51	192	12	14	8
	2006	1,690	1,305	396	462	4,731	3,223	302	386	54	199	13	15	8
Highest projection scenario	2011	1,880	1,510	428	497	5,173	3,452	317	404	59	208	15	16	9
	2016	2,093	1,691	459	537	5,690	3,684	334	427	63	217	16	18	10
	2021	2,301	1,860	489	576	6,211	3,890	350	447	68	225	17	19	11
	2026	2,509	2,024	520	617	6,734	4,073	364	466	72	231	18	21	11
	2031	2,719	2,191	552	659	7,268	4,252	376	484	76	235	19	22	12
	2036	2,934	2,363	586	704	7,823	4,435	388	501	80	237	20	23	12
Lowest projection scenario	2011	1,827	1,461	414	482	5,064	3,393	307	391	56	201	14	15	9
	2016	1,942	1,554	422	503	5,364	3,515	313	396	58	202	14	16	10
	2021	2,047	1,630	430	523	5,630	3,599	319	400	60	203	15	17	11
	2026	2,147	1,701	439	542	5,870	3,657	322	404	61	204	15	17	12
	2031	2,243	1,770	449	561	6,084	3,703	325	408	63	203	15	18	12
	2036	2,332	1,832	461	577	6,277	3,735	325	410	63	202	15	18	13

[1] Nunavut became a territory separate from Northwest Territories in 1999.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

FIGURE 5-25

Projected household growth, by province and territory, 1996-2036

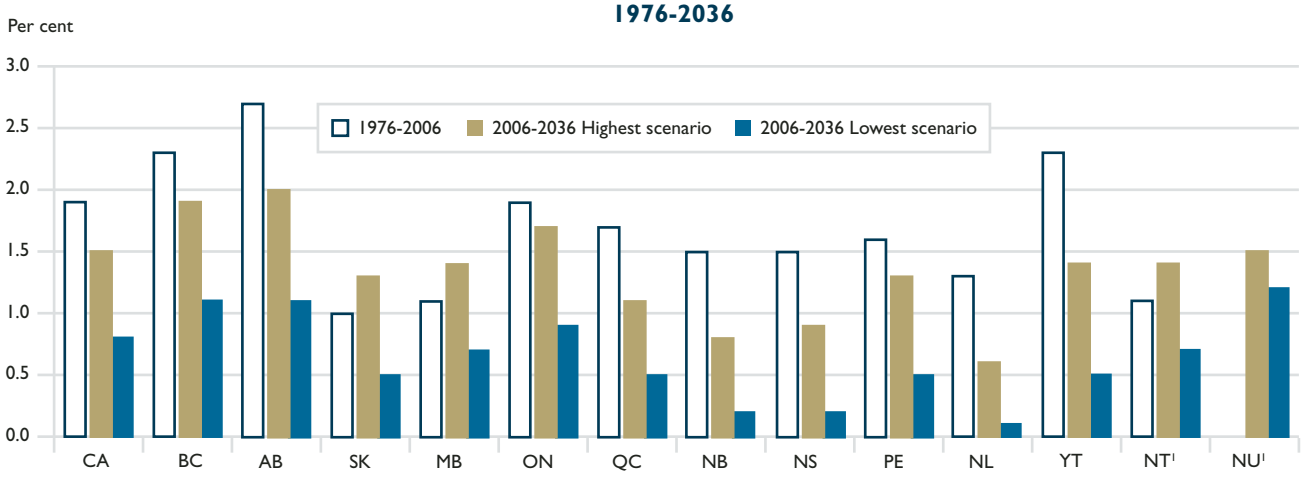
	Year	Average yearly household growth (thousands per year)												
		BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YT	NT[1]	NU[1]
Historical	1991-1996	41.17	16.32	3.07	3.19	58.41	34.11	3.22	4.27	0.74	2.09	0.28	0.58	–
	1996-2001	22.97	25.47	0.79	3.35	67.26	35.17	2.97	3.74	0.60	0.76	0.06	-1.23	–
	2001-2006	18.39	33.93	1.59	3.56	70.00	35.78	2.00	3.18	0.51	1.27	0.27	0.23	0.13
Highest projection scenario	2006-2011	38.09	40.98	6.47	6.94	88.53	45.87	3.01	3.62	0.92	1.83	0.31	0.25	0.23
	2011-2016	42.51	36.22	6.27	8.02	103.33	46.36	3.41	4.55	0.97	1.89	0.26	0.36	0.17
	2016-2021	41.69	33.73	6.00	7.89	104.26	41.28	3.21	4.16	0.93	1.55	0.23	0.29	0.16
	2021-2026	41.47	32.76	6.11	8.08	104.64	36.61	2.81	3.74	0.83	1.14	0.21	0.25	0.13
	2026-2031	42.05	33.53	6.50	8.52	106.62	35.83	2.49	3.47	0.83	0.77	0.19	0.23	0.11
	2031-2036	42.93	34.40	6.73	9.02	111.01	36.51	2.36	3.49	0.76	0.43	0.17	0.21	0.10
Lowest projection scenario	2006-2011	27.30	31.24	3.62	4.09	66.71	33.99	1.09	0.95	0.48	0.38	0.14	0.10	0.22
	2011-2016	23.13	18.45	1.66	4.21	60.00	24.41	1.24	1.07	0.39	0.30	0.07	0.18	0.14
	2016-2021	20.97	15.28	1.57	3.93	53.10	16.89	1.05	0.92	0.36	0.29	0.07	0.13	0.12
	2021-2026	19.91	14.17	1.79	3.82	48.05	11.50	0.72	0.74	0.25	0.10	0.05	0.10	0.09
	2026-2031	19.32	13.78	2.13	3.70	42.81	9.31	0.44	0.69	0.24	-0.13	0.03	0.09	0.07
	2031-2036	17.78	12.47	2.28	3.32	38.63	6.40	0.11	0.55	0.16	-0.31	0.02	0.08	0.05

[1] Nunavut became a territory separate from Northwest Territories in 1999.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

FIGURE 5-26

Average yearly household growth, Canada, provinces, and territories, 1976-2036



[1] Nunavut became a territory separate from Northwest Territories in 1999.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

Summary

The analysis presented here has discussed demographic and socioeconomic influences on housing demand. Housing starts also depend on replacement demand, conversions to or from residential uses, and the extent to which households choose to have more than one residence.

Compared to 2001-2006, household growth in Canada is projected to rise, on average, between 2006 and 2011. The rising average age of the population will continue to shift the age composition of household heads in favour of older household heads, with those aged 55 years and older projected to make up half of all households by 2036. Population aging is also expected to restrain overall household growth. The proportion of non-family households rose strongly in the three decades to 2006, but is expected to increase at a modest pace in the decades to 2036. Due largely to the aging of baby boomers, one-person households, which account for the vast majority of non-family households, are projected to become the single biggest category of households.

The projections of household tenure suggest that population aging will put upward pressure on the aggregate rate of home ownership, and support continued growth in condominium markets.

Household growth scenarios for the provinces and territories project that Alberta and British Columbia will remain the provinces with the quickest pace of household growth. Newfoundland and Labrador, the province with the highest median age, is projected to post the slowest pace of household growth.

Given continued population aging, immigration will remain the main driver of household growth and housing demand at the national level. Markets with relatively strong immigration and/or in-migration from elsewhere in Canada will have relatively strong housing demand. Regardless of disparities in growth, there will be a need to adapt the existing housing stock, design both new communities and new housing, and provide related services to meet the needs of growing numbers of senior households.

RECENT TRENDS IN HOUSING

AFFORDABILITY AND CORE HOUSING NEED

6

Acceptable housing is important to every Canadian. CMHC publishes information on housing conditions in Canada, including their geographic variation and trends over time, and the characteristics of those with housing needs in order to inform the policies, programs, plans, and activities of all levels of government and the non-profit sector.

The first section of this chapter examines trends in urban housing conditions from 2002 to 2008 based on annual cross-sectional estimates[1] from the *Survey of Labour and Income Dynamics* (SLID) *(see text boxes The Survey of Labour and Income Dynamics, and Acceptable Housing and Core Housing Need at the end of the chapter —these provide key definitions).*

The second section examines urban households that received government housing assistance as reported on SLID.

The third section examines, for the first time, year-to-year movements into or out of core housing need based on longitudinal data[2] from SLID; and the characteristics of individuals who moved into or out of core housing need.

This analysis provides an indication of those with housing needs, the extent to which renter households are receiving housing assistance, and the key events which prompt entry into or exit from housing need. It thus informs policy and program development.

Trends in urban housing conditions 2002-2008

Urban core housing need was 13% in 2008

In 2008, about 7.1 million households in urban Canada lived in acceptable housing *(see Figure 6-1).* In addition, there were about 2.1 million urban households which, although living in housing below one or more standards, could have obtained acceptable housing in their local housing markets at a cost of less than 30% of before-tax household income. In total, 87% of urban Canadian households either lived in, or had sufficient income to access, acceptable housing in 2008. About 13% of urban households were in core housing need, a decrease of about one percentage point from 13.9% in 2002.

Despite the decrease in the incidence of core housing need, the severity or depth of need did not change between 2002 and 2008. In 2008, the median depth of need was $2,100 and the depth ratio was 27.6%, not significantly different from their 2002 values.

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[1] A *cross-sectional* estimate refers to a snapshot of a condition at a particular time (for example, in 2008).

[2] A *longitudinal* estimate is based on data collected for the same person over a period of time which makes it possible to track, for example, that person's housing conditions over a number of years. The data for 2002-2007 comes from three SLID panels (numbers 3 and 4 for 2002-2004 and numbers 4 and 5 for 2005-2007—*see Figure 6-19).*

FIGURE 6-1

Housing conditions in urban[1] Canada, 2002-2008

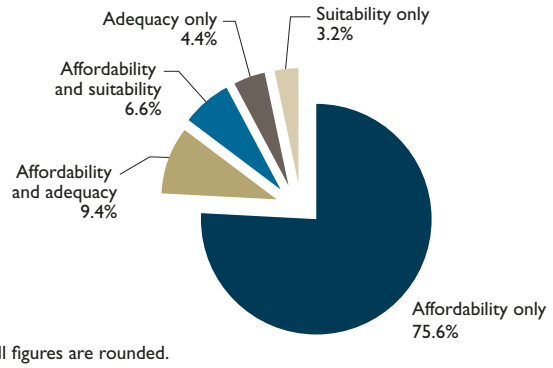
				Living in acceptable housing (meets all standards)		Living in housing below one or more standards					
						Able to access acceptable housing		Unable to access acceptable housing			
		All households		Not in core housing need				In core housing need			
Year	SLID Panel	Number (millions)	Per cent	Number (millions)	Per cent	Number (millions)	Per cent	Number (millions)	Incidence (%)	Median depth[3] ($)	Average depth ratio (%)
2008	5 and 6	10.58	100	7.09	67.0	2.11	20.0	1.37	13.0	2,100	27.6
2007[2]	4 and 5	10.36	100	6.99	67.5	2.10	20.3	1.27	12.3	1,910	26.1
2006[2]	4 and 5	10.16	100	6.87	67.7	1.96	19.3	1.32	13.0	1,990	27.0
2005[2]	4 and 5	10.02	100	6.84	68.3	1.84	18.3	1.34	13.4	1,970	27.5
2004	3 and 4	9.64	100	6.75	70.0	1.59	16.5	1.31	13.6	2,070	28.2
2003	3 and 4	9.53	100	6.65	69.8	1.56	16.3	1.32	13.9	2,030	28.0
2002	3 and 4	9.43	100	6.57	69.7	1.55	16.4	1.31	13.9	2,030	27.8

All figures are rounded.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.
[2] 2005-2007 values are revised; now based on 2006 Census geography.
[3] Median depth is in constant 2008 dollars.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-2

Shares of urban[1] households in core housing need by unmet housing standard(s), 2008[2]



All figures are rounded.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.
[2] Affordability, adequacy and suitability; and adequacy and suitability are together less than 1%.

Source: CMHC (SLID-based housing indicators and data)

Core housing need is mainly due to affordability

Most households fall into core housing need because of inability to meet the affordability standard *(see Figure 6-2)*. Only about 8% of all urban households in core housing need fell into need by failing to meet the suitability and/or adequacy standards alone.

Households in the lowest-income quintile are the most likely to experience core housing need

The incidence of urban core housing need in 2008 varied among households with different income levels *(see text box Canadian urban households by income group)*. More than half (at 53.5%) of lowest-income households experienced core housing need in 2008 *(see Figure 6-3)*. The rest of the lowest-income households which were not in core housing need typically were owners without mortgages or renters in low-rent cities.[3]

[3] "Low-Income Urban Households Not in Core Housing Need". *Research Highlight, Socio-economic Series 09-001.* Ottawa: Canada Mortgage and Housing Corporation, 2009.

Canadian urban households by income group

Households were ranked by their before-tax income and divided into five equally-sized groups (quintiles). Income groups for 2008 were constructed using data from the *Survey of Labour and Income Dynamics* (SLID) for urban households. For descriptive purposes, these groups are referred to as follows: lowest-income, moderate-income, middle-income, upper-income and highest-income *(see Figure 6-3).*

FIGURE 6-3

Housing conditions of urban[1] households by income quintile, Canada, 2008

Income group	Income range ($)	Median income ($)	Median shelter costs ($)	Median shelter-cost-to-income ratio (STIR) (%)	Incidence of core housing need (%)
Highest	113,303 and up	148,880	16,330	10.3	0.0
Upper	76,197 to 113,302	92,120	14,020	15.3	0.0
Middle	51,461 to 76,196	62,840	11,360	18.2	F
Moderate	30,622 to 51,460	40,450	8,850	21.9	10.6
Lowest	Up to 30,621	20,060	6,990	35.6	53.5
All provincial urban households	N/A	62,840	10,197	18.6	13.0

All figures are rounded.
F - Too unreliable to be published.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

About 10.6% of moderate-income households were in core housing need.[4] There were no upper- or highest-income households in core housing need in 2008.

Lowest-income households accounted for the largest share of all households in core housing need

Households in the lowest-income quintile accounted for about 83%[5] of all households in core housing need in 2008 *(see Figure 6-4).* Moderate-income households accounted for all but about 1% of the remaining share of households in core housing need in 2008.

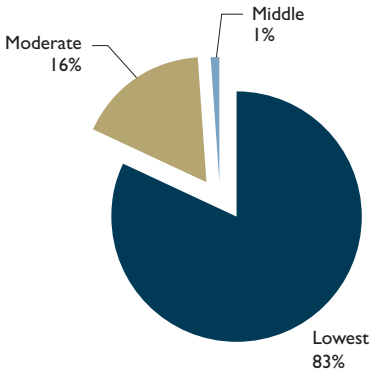
The median depth of housing need, at $2,170, was higher for the lowest-income urban households than for the moderate-income households, at $1,770 *(see Figure 6-5).* Both these groups of households in core housing need also had relatively high median shelter-cost-to-income ratios (STIRs) (at 47% and 40%, respectively). The median STIR was 18.6% for all urban households.

[4] The incidence of middle-income households in core housing need, while too unreliable to be published, is very small, of the order of 1%.

[5] This is the *share* of lowest-income households in core housing need. This is calculated as *the number of all households in the lowest-income quintile in core housing need divided by the total of all households in core housing need in 2008,* expressed as a percentage.

FIGURE 6-4

Shares of urban[1] households in core housing need, by income quintile, 2008[2]



[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.
[2] There are no households in core housing need in the upper- and highest-income quintiles.

Source: CMHC (SLID-based housing indicators and data)

Lone-parent households and one-person households most likely to live in core housing need

Lone-parent households living in urban Canada had a much higher incidence of core housing need (at 32.9%) in 2008 than other household types (*see Figure 6-6*). Lone-parent households also had the highest median depth (at $3,090) in 2008, well above the median depth (at $2,100) of all urban Canadian households in core housing need.

Compared to lone-parent households, the incidence of core housing need for one-person households was much lower, at 22.8%, in 2008; the median depth was also much lower, at $1,690, but the STIR (at 47.6%) was much higher than for lone-parent households (at 41.3%).

Couples without children were the least likely household type to live in core housing need in 2008; about 4.6% of couples without children (and 8.8% of couples with children) lived in core housing need in 2008.

FIGURE 6-5

Housing conditions of urban[1] households, by income quintile and tenure, 2008

Income quintile	Tenure	Incidence of core housing need (%)	For households in core housing need		
			Median shelter-cost-to-income ratio (STIR) (%)	Median depth ($)	Average depth ratio (%)
Moderate-income	Owner	9.8	46.4	1,340	12.9
	Renter	11.5	35.1	2,290	17.1
	All	10.6	40.0	1,770	15.0
Lowest-income	Owner	42.8	46.4	1,790	26.6
	Renter	58.1	47.1	2,300	31.6
	All	53.5	47.0	2,170	30.4

All figures are rounded.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-6

Housing conditions of urban[1] households, by household type, 2008

Household type	Incidence of core housing need (%)	For households in core housing need		
		Median shelter-cost-to-income ratio (STIR) (%)	Median depth ($)	Average depth ratio (%)
Couples with children	8.8	45.9	2,530	24.5
Couples without children	4.6	43.7	1,890	24.2
Lone-parent households	32.9	41.3	3,090	29.9
Other one-family households	13.4	45.8	3,050	30.5
One-person households	22.8	47.6	1,690	28.2
Households with at least one unrelated person	11.1	47.7	2,720	27.5
All provincial urban households	13.0	45.9	2,100	27.6

All figures are rounded.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

Newfoundland and Labrador, Ontario and Nova Scotia had the highest incidences of urban core housing need in 2008; Prince Edward Island and New Brunswick the lowest

Newfoundland and Labrador had a relatively high incidence of urban core housing need in 2008 (at 16.7%), as did Ontario and Nova Scotia (both at 15.1%) *(see Figure 6-7).*

Prince Edward Island and New Brunswick had relatively low incidences of urban core housing need, at 7.4% and 7.7%, respectively. The urban population in both these provinces accounts for less than 60% of their total population.

Toronto, Vancouver and Halifax had the highest incidences of urban core housing need, and Winnipeg and Edmonton the lowest, among selected Census Metropolitan Areas

Toronto, Vancouver and Halifax (at 17.2%, 16%, and 16%, respectively) had the highest incidences of urban core housing need in 2008 among selected[6] Census Metropolitan Areas (CMAs) *(see Figure 6-8).*

Montréal's incidence of core housing need was 13.3% in 2008, similar to the national average of 13%.

[6] The nine CMAs for which information is reported here were selected based on a combination of quality of estimate and size of the CMA.

FIGURE 6-7

Housing conditions of urban[1] households, by province, 2008

	Incidence of core housing need (%)	For households in core housing need		
		Median shelter-cost-to-income ratio (STIR) (%)	Median depth ($)	Average depth ratio (%)
British Columbia	13.7	49.3	2,680	30.2
Alberta	10.3	43.8	2,400	24.3
Saskatchewan	10.5	47.8	1,560	25.2
Manitoba	8.9	44.9	1,440	26.8
Ontario	15.1	46.1	2,400	28.7
Quebec	11.1	43.8	1,350	24.2
New Brunswick	7.7	40.5	1,240	25.0
Nova Scotia	15.1	50.2	2,500	34.6
Prince Edward Island	7.4	43.8	1,250	22.6
Newfoundland and Labrador	16.7	44.5	2,150	29.0
All provincial urban households	13.0	45.9	2,100	27.6

All figures are rounded.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-8

Housing conditions of urban[1] households, by selected CMAs, 2008

	Incidence of core housing need (%)	For households in core housing need		
		Median shelter-cost-to-income ratio (STIR) (%)	Median depth ($)	Average depth ratio (%)
Vancouver	16.0	48.1	3,290	31.4
Edmonton	9.7	39.1	2,740	24.0
Calgary	10.8	45.7	2,270	25.3
Saskatoon	13.9	49.1	1,550	24.9
Winnipeg	9.2	44.0	1,420	26.6
Toronto	17.2	46.9	3,190	31.0
Ottawa-Gatineau	11.6	46.8	3,080	32.3
Montréal	13.3	43.0	1,350	23.4
Halifax	16.0	50.2	2,660	34.6
Other CMAs and CAs	11.7	44.8	1,680	25.6
All provincial urban households	13.0	45.9	2,100	27.6

All figures are rounded.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

Winnipeg (at 9.2%) and Edmonton (at 9.7%) experienced the lowest incidences of core housing need among the selected CMAs in 2008.

Halifax (at 50.2%), Saskatoon (at 49.1%) and Vancouver (at 48.1%) had the highest shelter-cost-to-income ratios (STIRs) in 2008; Edmonton (at 39.1%) the lowest.

The CMAs with the highest median depths of need in 2008 were Vancouver ($3,290), Toronto ($3,190) and Ottawa-Gatineau ($3,080). Halifax (at 34.6%), Ottawa-Gatineau (at 32.3%), Vancouver (at 31.4%), and Toronto (at 31%) had the highest average depth ratios.

Households in subsidized housing

The *Survey of Labour and Income Dynamics* (SLID) identifies renter households whose rents are subsidized using the following questions:[7]

1. Is your household's monthly rental payment reduced for any of the following reasons?
   A. Government subsidized housing? This includes federal, provincial and municipal programs.
   B. Any other reasons, such as services to landlord or company housing?
   C. No reduced rent.
2. Is your rent calculated on the basis of your income?
   A. Yes.
   B. No.

Households that indicated they were in government subsidized housing **or** answered "yes" to the second question are regarded below as having subsidized rents. This included households reporting rents subsidized through all government sources (not just federal funds).

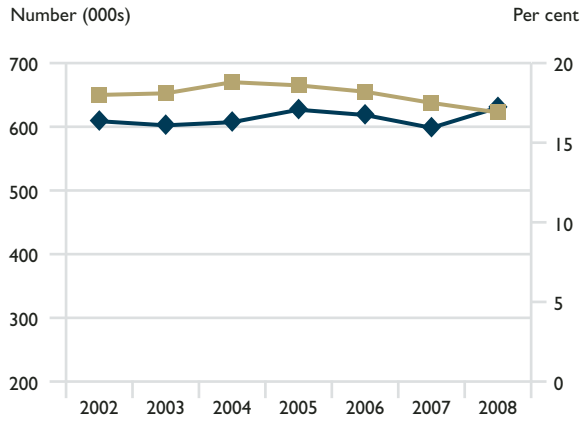
In 2008, according to SLID, there were about 630,000 urban households that reported having subsidized rents. This estimate excludes the territories and reserves where SLID is not conducted and includes only households in Census Metropolitan Areas and Census Agglomerations (urban areas).

The number and percentage of urban households with subsidized rents were stable between 2002 and 2008

In 2008, subsidized dwellings represented 17% of urban renter households. This percentage has not changed significantly since 2002 when this information began to be collected on SLID *(see Figure 6-9).*

FIGURE 6-9

Urban[1] households receiving government rent subsidies, 2002-2008



[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

[7] SLID does not ask owners if they have received government housing assistance.

The percentage of subsidized urban households varied by province

In 2008, the three provinces with the highest percentages of urban renter households having subsidized rents were Newfoundland and Labrador (26%), Saskatchewan (23%) and Ontario (20%). The three provinces with the lowest percentages were Nova Scotia (11%), Alberta (13%) and Quebec (15%) *(see Figure 6-10).*

FIGURE 6-10

Urban[1] households receiving government rent subsidies, by province, 2008

	Subsidized households as a percentage of renter households (%)
British Columbia	16
Alberta	13
Saskatchewan	23
Manitoba	17
Ontario	20
Quebec	15
New Brunswick	16
Nova Scotia	11
Prince Edward Island	F
Newfoundland and Labrador	26
All provincial urban households	17

F - Too unreliable to be published.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

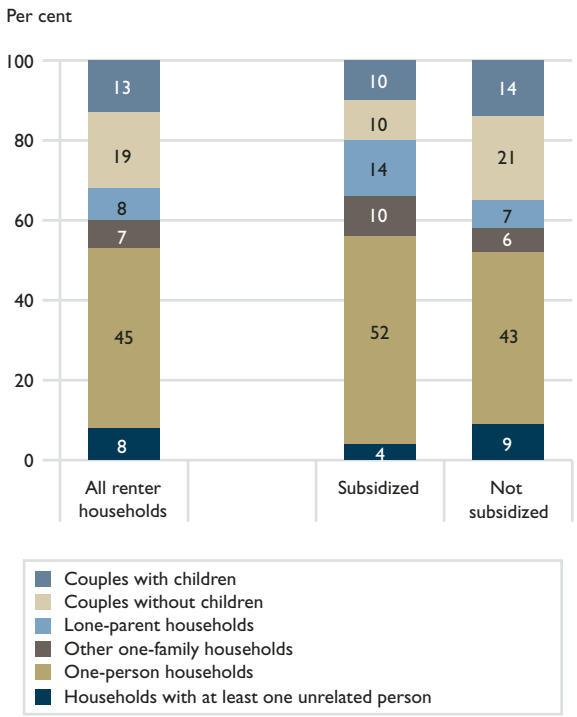
More than half of subsidized households were one-person households

In 2008, 52% of all subsidized renter households were one-person households and 14% were lone-parent households. Couples with children,[8] couples without children and other one-family households accounted for 10% each. Households with at least one unrelated person (such as roommate households, households with boarders or multi-family households) accounted for 4% of subsidized households *(see Figure 6-11).*

These shares were very different from those of non-subsidized renter households. Subsidized renter households had a larger share of one-person households, lone-parent households and other one-family households than did non-subsidized households. Non-subsidized renter households had a similar composition to renter households as a whole.

FIGURE 6-11

Household type distribution, by government rent subsidy status, urban[1] renter households, 2008



On SLID, children are defined as younger than 18.
Percentages may not add to 100 due to rounding.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

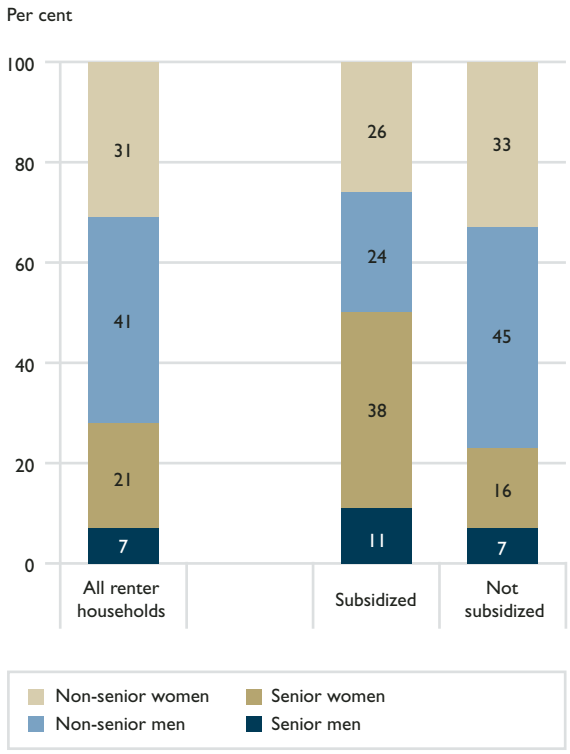
[8] On SLID, children, including those in couple and lone-parent families, are defined as being younger than 18 years.

Senior women accounted for 38% of subsidized one-person households

Senior women[9] accounted for 38% of one-person subsidized renter households in 2008 *(see Figure 6-12)*. Non-senior women accounted for 26%, followed by non-senior men (24%) and senior men (11%). This was very different from the composition of one-person non-subsidized renter households where the shares were senior women (16%), non-senior women (33%), non-senior men (45%), and senior men (7%).

FIGURE 6-12

Age and sex distribution of one-person households, by government rent subsidy status, urban[1] renter households, 2008



"Senior" refers to persons aged 65 and over.
[1] Urban households are households in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

FastFacts

- About 13% of urban households were in core housing need in 2008. For urban households in core housing need, the median depth was $2,100, and the depth ratio was 27.6%.
- Newfoundland and Labrador (at 16.7%), Ontario and Nova Scotia (both at 15.1%) were the provinces with the highest incidences of core housing need in 2008.
- Toronto, Vancouver and Halifax (at 17.2%, 16% and 16%, respectively) had relatively high incidences of core housing need in 2008.
- In 2008, more than one-half (58.1%) of lowest-income renters were in core housing need.
- Lone-parent households (at 32.9%) were the most likely household type to live in core housing need in 2008, and had the highest median depth, at $3,090.
- Between 2002 and 2007, about one-third of individuals in core housing need each year were new entrants into core housing need, more or less replacing those who had exited core housing need; movements into or out of core housing need were associated with life transitions that resulted in changes in household type, housing tenure, interurban mobility and household income.
- Previous research[1] that examined the six-year period 2002-2007 showed that about 1.4% of all urban individuals were in core housing need for all six years, 2.6% were in core housing need for any three years of the period, and 4.8% were in core housing need for any two out of the six years.

[1] See *2010 Canadian Housing Observer* Figure 6-24.

[9] Aged 65 and over.

Thus, almost half of subsidized one-person renter households were seniors, a group that represented only 23% of non-subsidized households. Also, about 64% of subsidized one-person renter households were women in 2008, compared to 49% of non-subsidized renter households.

Individuals' year-to-year movements into or out of core housing need

This section examines the characteristics of urban individuals who moved into or out of core housing need from one year to the next for two-year periods between 2002-2007 *(see text box Longitudinal and cross-sectional estimates)*. Previous research published in the 2008 and 2010 issues of the *Canadian Housing Observer* looked at the characteristics of individuals in core housing need for various lengths of time over either a three-year or a six-year study period.

In this section, year-to-year movements into or out of core housing need are examined for 2002-2003, 2003-2004, 2005-2006, 2006-2007,[10] and for the average of the four pairs of years. Using a two-year period puts the focus on those who changed core housing need status, rather than the length of time they spent in core housing need. On average, about 88% of individuals were not in core housing need in both years of the pair, and 6% were in core housing need in both years *(see Figure 6-13)*. About 3% were in core housing need in the first year, but not in the second year; and 3% were not in core housing need in the first year, but were in core housing need the second year.

Looking only at individuals in core housing need, about two-thirds of individuals who were in core housing need in the first year remained in core housing need in the second year, with the remaining about one-third exiting core housing need and being replaced by others entering core housing need *(see Figure 6-14)*. This expands on the previous research which showed that over the three-year period 2005 to 2007 some 27% of individuals ever (at least one year) in core housing need remained in core housing need all three years.[11]

FIGURE 6-13

Year-to-year changes in urban[1] individuals' core housing need status, 2002-2004 and 2005-2007

	2002-2003[2]		2003-2004[2]		2005-2006[3]		2006-2007[3]		Average over 2002-2007	
	Number ('000s)	Share (%)	Number ('000s)	Share (%)	Number ('000s)	Share (%)	Number ('000s)	Share (%)	Number ('000s)	Share (%)
Remained out of core housing need	17,702	86.9	17,792	87.4	18,407	87.8	18,472	88.1	18,093	87.6
Remained in core housing need	1,261	6.2	1,292	6.3	1,241	5.9	1,120	5.3	1,229	5.9
Moved out of core housing need	725	3.6	647	3.2	642	3.1	797	3.8	703	3.4
Moved into core housing need	678	3.3	635	3.1	676	3.2	577	2.8	641	3.1
All provincial urban individuals	20,366	100.0	20,366	100.0	20,966	100.0	20,966	100.0	20,666	100.0

All figures are rounded.
[1] Urban individuals are individuals in Census Metropolitan Areas and provincial Census Agglomerations.
[2] Based on SLID panels 3 and 4 (2002-2004).
[3] Based on SLID panels 4 and 5 (2005-2007).

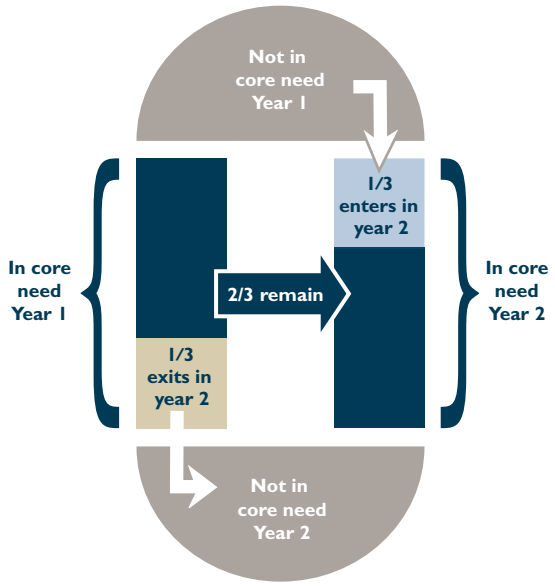
Source: CMHC (SLID-based housing indicators and data)

[10] Based on pairs of years for which data was available from two SLID panels; only one panel of data was available for 2004-2005.

[11] The estimate for the year-to-year movement is not comparable to the percentages for persistence over the three-year and six-year periods because the basis of calculation is different. For the year-to-year movement, the denominator in the calculation is the individuals in core housing need in the first year of the two-year period; for the persistence calculations, the denominator is all those ever (at least one year) in core housing need during the three-year or six-year periods.

FIGURE 6-14

Year-to-year turnover in individuals in core housing need

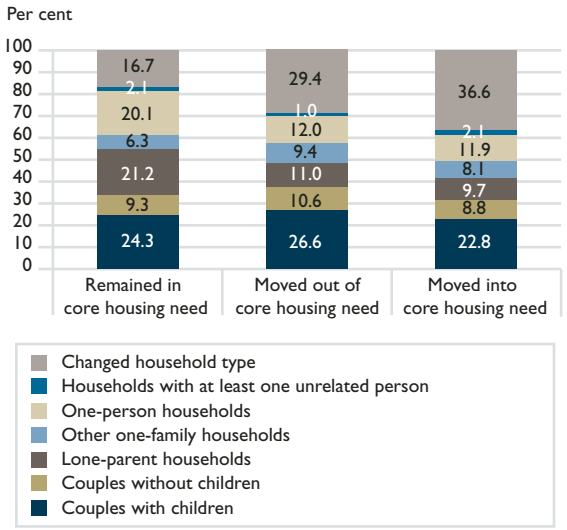


The previous research showed that life transitions (e.g., divorce, death of a spouse, or moving from one centre to another) were often associated with an above-average incidence of ever being in core housing need during a three-year or six-year period. The research reported below for the characteristics of individuals moving into or out of core housing need from one year to the next supports the importance of the role played by life transitions.

On average, about 37% of urban individuals who moved into core housing need and about 29% of those who moved out of core housing need had a change in the composition of their households such as marriage, death or divorce that resulted in a change to their household type category. This compares to a share of 17% for individuals remaining in core housing need for both years *(see Figure 6-15)*.

FIGURE 6-15

Characteristics of urban[1] individuals, by household type, 2002-2007



All figures are rounded.
[1] Urban individuals are individuals in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

Longitudinal and cross-sectional estimates

Longitudinal estimates are based on data gathered for the same individuals over several years and make it possible to know how long those individuals lived in a certain housing condition and whether their housing conditions have changed over time. Thus, longitudinal estimates provide a different perspective than an approach based on cross-sectional estimates which indicate the housing condition of that individual or household only at a single point in time.

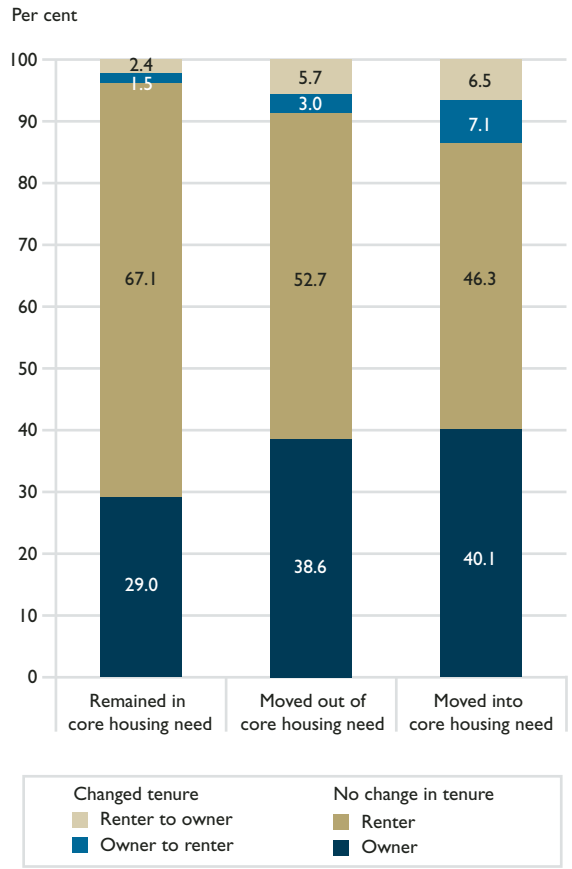
In order to interpret longitudinal data, it is necessary to use individuals as a unit of analysis instead of households. Longitudinally, it is not possible to track households as they form, change and dissolve over time as a result of births, marriages, divorces, deaths and the comings and goings of household members. Rather, it is possible to track individuals and attach to them their corresponding household characteristics at the time (e.g., shelter costs, composition and core housing need of the household in which the individual lived).

About 14% of urban individuals who moved into core housing need and about 9% of those who moved out of core housing need changed tenure (that is, they moved from being renters to owners or vice versa), compared to about 4% of those who remained in core housing need for both years *(see Figure 6-16)*.

Individuals who moved from one CMA or CA to another accounted for larger shares of urban individuals who moved into or out of core housing need (at about 6% each), than of those that remained in core housing need (at 3%) *(see Figure 6-17)*.

FIGURE 6-16

Characteristics of urban[1] individuals, by tenure, 2002-2007

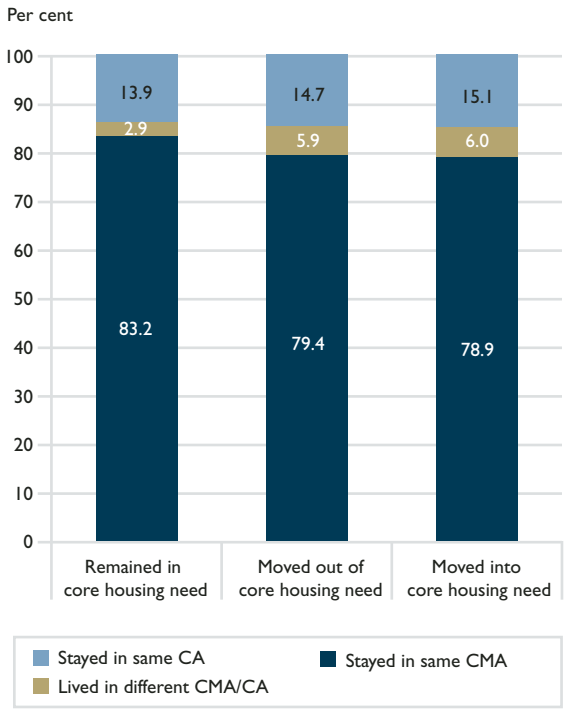


All figures are rounded.
[1] Urban individuals are individuals in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 6-17

Mobility characteristics of urban[1] individuals in core housing need, 2002-2007



All figures are rounded.
[1] Urban individuals are individuals in Census Metropolitan Areas and provincial Census Agglomerations.

Source: CMHC (SLID-based housing indicators and data)

The events found to be associated with individuals' year-to-year movements into or out of core housing need —changes in household type or tenure and moving from one CMA or CA to another—can be associated with changes in household income and the cost of shelter.

On average, individuals who moved out of core housing need saw an average year-to-year increase of about 68% in their median household income; their shelter costs decreased by about 5%. Individuals who moved into core housing need experienced a year-to-year decline of about 41% on average in their median household income; their shelter costs increased by about 15% *(see Figure 6-18)*. These findings point to the importance of coordinating income support and housing policies and programs in addressing core housing need.

FIGURE 6-18

Year-to-year changes in urban[1] individuals' median household income, median household shelter cost, and median household shelter-cost-to-income ratio (STIR), 2002-2004 and 2005-2007

	2002-2003[2]	2003-2004[2]	2005-2006[3]	2006-2007[3]	Average over 2002-2007
Median household income (%)					
Remained out of core housing need	2.8	2.7	4.0	4.9	3.6
Remained in core housing need	2.6	5.3	10.8	6.5	6.3
Moved out of core housing need	75.8	52.7	83.8	58.9	67.8
Moved into core housing need	-40.2	-38.6	-43.8	-42.6	-41.3
All provincial urban individuals	3.0	1.1	3.4	5.1	3.2
Median household shelter cost (%)					
Remained out of core housing need	4.5	2.8	1.3	3.5	3.1
Remained in core housing need	1.8	4.1	3.4	2.3	2.9
Moved out of core housing need	-3.6	-7.4	-6.7	-1.9	-4.9
Moved into core housing need	17.9	19.6	9.6	13.2	15.1
All provincial urban individuals	4.5	3.1	1.0	3.4	3.0
Median household shelter-cost-to-income ratio (STIR) (Difference in percentage points)					
Remained out of core housing need	0.4	-0.2	-0.1	-0.3	-0.1
Remained in core housing need	0.0	0.4	-3.7	-2.1	-1.3
Moved out of core housing need	-17.1	-16.0	-14.3	-16.7	-16.0
Moved into core housing need	19.6	19.7	21.5	18.0	19.7
All provincial urban individuals	0.4	0.1	-0.2	-0.3	0.0

All figures are rounded.
[1] Urban individuals are individuals in Census Metropolitan Areas and provincial Census Agglomerations.
[2] Based on SLID panels 3 and 4 (2002-2004).
[3] Based on SLID panels 4 and 5 (2005-2007).

Source: CMHC (SLID-based housing indicators and data)

The *Survey of Labour and Income Dynamics* (SLID)

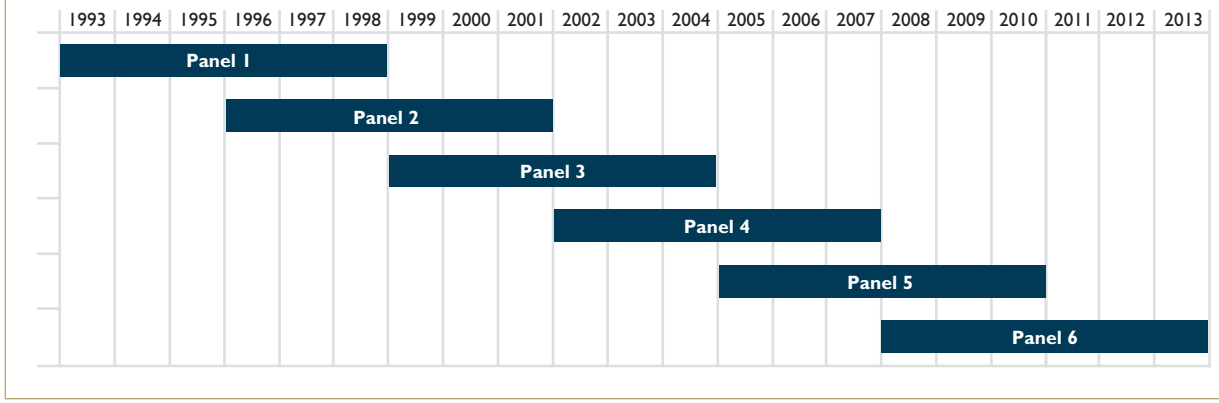
The *Survey of Labour and Income Dynamics* (SLID) is a survey conducted annually by Statistics Canada to collect information on the labour and income characteristics of Canadians. SLID covers the ten Canadian provinces but excludes those Canadians living in the territories, in institutions or collective dwellings, in military barracks and on Indian reserves. According to Statistics Canada, these exclusions amount to less than 3% of the Canadian population (see www.statcan.gc.ca). SLID also excludes the homeless.

SLID collects information for two groups or panels of people who are tracked over a period of six consecutive years. Each panel comprises a sample of some 30,000 people or about 15,000 households. A new panel begins every three years and thus the two panels overlap for three years *(see Figure 6-19)*.

The *Survey of Labour and Income Dynamics* (SLID) (continued)

FIGURE 6-19

Panel periods for *Survey of Labour and Income Dynamics* (SLID)



Housing conditions data

In 2002, a housing cost module was added to SLID as a result of CMHC sponsorship. Until then, SLID had collected only a few housing characteristics. As part of the housing cost module, over 20 housing-related questions were added to SLID.[1] The addition of this module enables the review of most Canadians' housing conditions between censuses as well as tracking of their housing conditions over time.

The universe of **urban households** reviewed in this chapter includes only private, non-farm, non-band, off-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100% in Census Metropolitan Areas (CMAs) and provincial Census Agglomerations[2] (CAs). Shelter costs cannot be collected for farm households as carrying costs for farm residences are not always separable from expenses related to other farm structures. CMHC regards shelter-cost-to-income ratios of 100% or more as uninterpretable and therefore households with such ratios along with those reporting zero or negative incomes are excluded from the analysis.

CMAs and CAs have core populations over 100,000 and 10,000, respectively, as defined by the 2001 and 2006 Census geographies; SLID data for 2002-2004 and 2005-2008 are based on 2001 and 2006 Census geographies, respectively. Whitehorse, YT and Yellowknife, NT are excluded as they are not part of the SLID sample. Comprising almost all of urban Canada, the cities included in this study housed 82% of the households in 2006.

Since the SLID sample of some 30,000 households (2 panels) or 15,000 (1 panel) is much smaller than the 2006 Census sample which gathered housing data from some 2.3 million households, SLID-based estimates would have less precision than estimates based on 2006 Census data. Small year-to-year changes may not be statistically significant. Estimates based on fewer than 25 households (for cross-sectional data) or individuals (for longitudinal data) are not reported (replaced in tables by the symbol "F"). Census and SLID data are not completely comparable. Nonetheless, SLID-based estimates can provide useful insights into high-level trends on housing indicators.

[1] See SLID housing questions on the Statistics Canada website: www.statcan.gc.ca/imdb-bmdi/instrument/3889_Q3_V5-eng.pdf.

[2] The percentages of households that are in CMAs and CAs are as follows: Canada (82%), Newfoundland and Labrador (46%), Prince Edward Island (57%), Nova Scotia (64%), New Brunswick (59%), Quebec (81%), Ontario (88%), Manitoba (74%), Saskatchewan (65%), Alberta (82%), and British Columbia (87%).

Acceptable housing and core housing need

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

- **Adequate** housing does not require any major repairs, according to residents. Major repairs include those to defective plumbing or electrical wiring, or structural repairs to walls, floors or ceilings.
- **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e., a unit with no bedroom).
- **Affordable** housing costs less than 30% of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

A household is in **core housing need** if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three standards.

Incidence of core housing need refers to the percentage of households in core housing need.

Share of core housing need refers to the composition of core housing need by various criteria such as household income *(see Figures 6-2 and 6-4).*

Depth of housing need and depth ratio are indicators that measure the comparative severity of core housing need, i.e., they are useful for comparing the relative severity of need for different categories of households or over different time periods.

Depth of housing need for a household in core housing need is the difference between the amount that it *would need* to pay for acceptable housing and the amount that *it can afford* to pay based on the affordability standard of shelter costs being less than 30% of before-tax household income.

For households in core housing need with suitable and adequate dwellings and a reported shelter cost that is below the median annual rent of alternative local market housing but is greater than 30% of before-tax household income:[1] the depth of housing need is calculated as *reported shelter cost minus 30% of before-tax household income*; and the depth ratio is calculated as *the depth of housing need divided by the reported shelter cost, multiplied by 100.*

For all other households in core housing need:[2] The depth of housing need is calculated as *median annual rent of alternative local market housing minus 30% of before-tax household income;* and the depth ratio is calculated as *the depth of housing need divided by the median annual rent of alternative local housing, multiplied by 100.*

[1] This group accounts for about 30% of households in core housing need.

[2] This group accounts for about 70% of households in core housing need.

SUSTAINABLE HOUSING AND COMMUNITIES

7

Interest in sustainable housing and communities continues to grow in Canada. Innovative teams of housing design professionals, homebuilders and developers are showing how progressively higher levels of environmental performance can be achieved in new homes and communities. CMHC's EQuilibrium™ Sustainable Housing Demonstration Initiative and the joint CMHC - Natural Resources Canada (NRCan) EQuilibrium™ Communities Initiative are helping to demonstrate and showcase how highly sustainable housing and communities can be achieved in practice. An update on the progress of these two national demonstration initiatives is provided in this chapter.

Growing interest in sustainability is also reflected in the development and deployment of a range of rating and labelling systems that characterize and communicate the environmental features and performance of housing and communities. These independent, third-party rating and labelling programs provide an opportunity for participating builders and developers to distinguish the environmental benefits of their housing and community products in the marketplace and help consumers to make more informed choices about the environmental performance of the new homes they purchase, the renovation of their existing homes, or the neighbourhoods in which they want to live. This chapter provides an overview of some of the principal performance rating and labelling systems currently in use in Canada.

CMHC's EQuilibrium™ Sustainable Housing Demonstration Initiative

Background

CMHC's EQuilibrium™ Housing Initiative has brought the private and public sectors together to design, build and demonstrate homes that balance our housing needs with those of our environment. The EQuilibrium™ Housing Initiative is demonstrating approaches to highly energy-efficient, low-environmental impact housing that provides healthy indoor living environments and aims to produce as much energy as it consumes on a yearly basis. The EQuilibrium™ Housing Initiative is working to address occupant health and comfort, energy efficiency and renewable energy production, resource conservation, reduced environmental impact and affordability.

EQuilibrium™ Housing combines a wide range of available technologies, strategies, products and techniques designed to reduce a home's energy use and minimize its environmental impact. At the same time, EQuilibrium™ Housing also features commercially available, on-site renewable energy systems to provide clean energy to help reduce annual energy consumption costs and greenhouse gas (GHG) emissions.

The EQuilibrium™ Housing projects are located in British Columbia, Alberta, Manitoba, Ontario, Quebec and New Brunswick. As the homes are completed, they are opened for public and industry tours for a minimum of six months.

During this demonstration phase, industry stakeholders have an opportunity to learn more about innovative technologies and practices that can be used in the design and construction of sustainable housing, and consumers also learn first-hand about available sustainable housing choices. Consumer acceptance of sustainable housing approaches is key to their success in the marketplace.

After the demonstration period, the EQuilibrium™ homes are occupied by their owners and performance monitoring commences for a minimum of one year. Natural Resources Canada's CanmetENERGY research centre is providing support for the performance monitoring of the EQuilibrium™ houses.

Project progress update

Construction has been completed on eleven of the EQuilibrium™ Housing homes. Performance monitoring has been initiated in the occupied homes to assess the extent to which the homes meet their original performance objectives.

The key features of the EQuilibrium™ Housing projects are summarized in Figure 7-1 and the status of each project is presented below. For the most recent information on all EQuilibrium™ Housing projects, visit www.cmhc.ca, keyword: Equilibrium.

FIGURE 7-1

Selected key features of EQuilibrium™ Housing

Project name; developer; house location	Building type and heated floor area[1]	Building envelope characteristics				Photo-voltaic (PV) capacity	Other features
		Roof insulation	Wall insulation	Basement floor insulation	Air tightness (ACH at 50Pa)[2]		
Avalon Discovery 3; *Avalon Master Builder;* Red Deer, AB	New 1½ storey 244 m² 2,624 sq. ft.	RSI 15.3 R-87	RSI 12.3 R-70	RSI 10.6 R-60	1.38 (measured)	8.3 kW	■ Rainwater harvesting ■ Wall-mounted solar hot water panels ■ Roof-integrated PV[3] tile
ÉcoTerra™; *Alouette Homes;* Eastman, QC	New 2 storey 141 m² 1,517 sq. ft.	RSI 9.2 to 10.9 R-52 to 62	RSI 6.6 R-38	RSI 1.3 R-7.5	0.83 (measured)	3.0 kW	■ Roof-integrated PV-solar thermal system ■ Factory built home ■ Passive solar design
The Now House®; *The Now House® Project Inc.;* Toronto, ON	Retrofit post-war 1½ storey 139 m² 1,496 sq. ft.	RSI 6.3 R-36	RSI 4.4 to 7.2 R-25 to 41	RSI 4.4 R-25	2.6 (measured)	2.7 kW	■ Drain water heat recovery ■ PV and solar hot water heating ■ Upgraded insulation, improved air tightness and reduced thermal bridging ■ ENERGY STAR® appliances & windows

[1] Includes basements.
[2] The air tightness of a building envelope is determined using a standardized blower door test. The results are given in ACH (air changes per hour); the lower the number, the greater the air tightness. Note that with renovated structures (e.g. The Now House®) it is challenging to achieve very low ACH numbers. While relatively air-tight, all EQuilibrium™ homes have Heat Recovery Ventilators (HRVs) to ensure adequate ventilation.
[3] Photovoltaic.

FIGURE 7-1 (continued)

Selected key features of EQuilibrium™ Housing

Project name; developer; house location	Building type and heated floor area[1]	Building envelope characteristics				Photo-voltaic (PV) capacity	Other features
		Roof insulation	Wall insulation	Basement floor insulation	Air tightness (ACH at 50Pa)[2]		
Riverdale NetZero Project; *Habitat Studio & Workshop Ltd.;* Edmonton, AB	New 2 storey side-by-side duplex each unit 234 m² 2,519 sq. ft.	RSI 17.6 R-100	RSI 9.5 to 10 R-54 to 56	RSI 4.2 R-24	0.5 (measured)	5.6 kW (on each unit)	■ 54% potable water reduction ■ Solar hot water heating ■ Low pollutant emission materials/finishes
Abondance Montréal: Le Soleil EcoCité; *Construction Sodero;* Montréal, QC	New triplex 79.3 m² 854 sq. ft. (per unit)	RSI 12.3 R-70	RSI 6.3 to 7.9 R-36 to 45	RSI 2.6 R-15	0.4 (measured)	13.8 kW (for entire building)	■ Urban in-fill project ■ Ground source heat pump provides cooling and back-up heating ■ HRV[4] for each unit
Laebon CHESS Project; *Laebon Homes;* Red Deer, AB	New 1½ storey 229 m² 2,470 sq. ft.	RSI 14.1 R-80	RSI 9.2 to 9.5 R-52 to 54	RSI 3.5 R-20	1.4 (measured)	6.7 kW	■ SIP (structural insulated panels) construction ■ PV and solar hot water heating system
Inspiration – The Minto Ecohome; *Minto Developments;* Manotick, ON	New 2 storey 218.5 m² 2,352 sq. ft.	RSI 11 R-60	RSI 7.0 to 7.8 R-40 to 44	RSI 2.6 R-15	1.07 (measured)	6.2 kW	■ Rainwater harvesting ■ Double-frame walls ■ Solar ventilation air preheat system
EchoHaven; *Echo-Logic Land Corporation;* Calgary, AB	New 1 storey with basement 225.3 m² 2,425 sq. ft.	RSI 19.2 R-108	RSI 9.5 to 10.2 R-35 to 59	RSI 5.6 R-32	1.0 (measured)	5.5 kW	■ Rainwater harvesting ■ Site-sensitive design ■ Planned 25kW community PV system
Green Dream Home; *CHBA Central Interior & Thompson Rivers University;* Kamloops, BC	New 2 storey 284 m² 3,057 sq. ft.	RSI 10.6 R-60	RSI 7.8 R-44	RSI 3.5 R-20	0.7 (measured)	8.3 kW	■ ICF (insulated concrete form) construction ■ PV and solar hot water heating ■ Drought resistant native planting
Urban Ecology; *Winnipeg Housing Rehabilitation Corporation;* Winnipeg, MB	New side-by-side duplex each unit 148.6 m² 1,599 sq. ft.	RSI 14.1 R-80	RSI 8.2 to 11.5 R-46 to 65	RSI 3.5 R-20	0.82 (measured)	0.5kW (on EQ™ side)	■ Urban in-fill housing project ■ Drain water heat recovery ■ Dual HRV system
Harmony House; *Habitat Design + Consulting Ltd.;* Burnaby, BC	New 2 storey 437.6 m² 4,714 sq. ft.	RSI 10.6 R-60	RSI 6.8 to 7.9 R-39 to 60	RSI 3.5 R-20	0.75 (target)	14.9 kW	■ Summer cooling – wind & stack-driven cooling tower. ■ Passive solar design, PV and solar hot water systems ■ Adaptable floor plan

[4] Heat Recovery Ventilator.

EQuilibrium™ Housing Demonstration Homes Status

Avalon Discovery 3
Avalon Master Builder
Red Deer, Alberta

Credit: CMHC

Status:

- Construction and demonstration completed.
- House is occupied.
- Performance monitoring has been completed and reports are being developed.

Écoterra™
Alouette Homes
Eastman, Quebec

Credit: CMHC

Status:

- Construction and demonstration completed.
- House is occupied.
- Performance monitoring has been completed and reports are being developed.
- 360° Virtual Tour of house and sustainable features available on CMHC website.

The Now House®
The Now House® Project Inc.
Toronto, Ontario

(back view)

Credit: CMHC

Status:

- Construction and demonstration completed.
- House is occupied.
- Performance monitoring has been completed and reports are being developed.

The Riverdale NetZero Project
Habitat Studio & Workshop Ltd.
Edmonton, Alberta

Credit: CMHC

Status:

- Construction and demonstration completed.
- Both units are occupied.
- Performance monitoring has been completed and reports are being developed.

Abondance Montréal: Le Soleil
Ecocité / Construction Sodero
Montréal, Quebec

Credit: CMHC

Status:

- Construction and demonstration completed.
- All three units are occupied.
- The performance monitoring period is underway.

Inspiration – The Minto Ecohome
Minto Developments Inc.
Manotick, Ontario

(back view)

Credit: CMHC

Status:

- Construction and demonstration completed.
- 360° Virtual Tour of house and sustainable features available on CMHC website.

Laebon CHESS Project
Laebon Homes
Red Deer, Alberta

Credit: CMHC

Status:

- Construction and demonstration completed.
- House is occupied.
- The performance monitoring period is underway.
- 360° Virtual Tour of house and sustainable features available on CMHC website.

EchoHaven
Echo-Logic Land Corporation
Calgary, Alberta

Credit: CMHC

Status:

- Construction and demonstration completed.
- The house is occupied.
- Performance monitoring is underway.

Green Dream Home
Canadian Home Builders' Association Central Interior and Thompson Rivers University
Kamloops, British Columbia

Credit: CMHC

Status:

- Construction and demonstration completed.
- House is occupied.
- Performance monitoring is underway.

Urban Ecology
Winnipeg Housing Rehabilitation Corporation (WHRC)
Winnipeg, Manitoba

Credit: CMHC

Status:

- Construction and demonstration completed.
- House is occupied.
- Performance monitoring is underway.

Harmony House
Habitat Design + Consulting Ltd.
Burnaby, British Columbia

Source: CMHC

Status:

- Construction is underway.

The EQuilibrium™ Communities Initiative

Background

The EQuilibrium™ Communities Initiative is a 3-year demonstration project that is jointly managed and funded by CMHC and Natural Resources Canada's CanmetENERGY Research and Development Energy Technology Centre under the Government of Canada's ecoACTION program. The Initiative incorporates lessons learned from previous initiatives in energy efficiency, sustainable community planning, water efficiency and other sustainability practices and builds upon CMHC's EQuilibrium™ Sustainable Housing Demonstration Initiative.

The overall goal of the EQuilibrium™ Communities Initiative is to accelerate the adoption of sustainable approaches to neighbourhood design. The Initiative includes the following:

- Providing funding and support to developers of selected projects that incorporate design features contributing to sustainable community development;
- Demonstrating the value of working at the neighbourhood scale to take advantage of opportunities to integrate systems; and
- Measuring, showcasing and sharing the results of the supported projects.

The EQuilibrium™ Communities Initiative is providing financial assistance for technical activities and showcasing the performance of selected neighbourhood development projects that are designed to achieve high environmental and energy performance levels and that are financially viable and affordable. The emphasis is directed at innovation in planning and design. Up to $550,000 is being provided for each selected project for research and analysis aimed at design modifications to improve project performance, and/or for commissioning, monitoring and showcasing the projects. Capital funding for construction, materials or equipment is not provided by the Initiative.

The Initiative is designed to support development options that are most viable at the community scale. Working at that scale, with multiple buildings and land uses, it provides opportunities to integrate systems such as energy and water, and to capitalize on renewable and waste energy for use in community energy systems. The Initiative also supports developers enhancing the performance of their projects by integrating decisions about house design and land use with decisions related to energy use, water use and other municipal systems including transportation. Planning developments on a neighbourhood scale allows for a focus on pedestrian-friendly design features that make transportation alternatives such as walking, cycling and public transit more viable options, reducing the need for frequent vehicle use. This broader, neighbourhood perspective can help ensure housing projects contribute to municipal goals of sustainable community development.

Project progress update

Funding for four EQuilibrium™ Communities projects has been announced as of June 2011. Funded activities are underway in each of the projects. For Improvement projects—those in the planning and design phases—this includes research, feasibility studies and design, visioning and alignment activities aimed at improving performance. For Showcase projects—those that are complete and occupied—this includes performance monitoring and information sharing.

EQuilibrium™ Communities Project Overviews have been developed that present a description of each project's features and identify key performance targets which the proponents aim to achieve using the resources provided by the Initiative. The research activities funded by the Initiative are also briefly described. The Project Overviews are available on the CMHC website at www.cmhc.ca, keywords: EQuilibrium Communities.

EQuilibrium™ Communities Project Performance Indicators were used by proponents to specify the target performance they would aim to achieve using the resources provided by the Initiative. The 18 indicators are structured around six interrelated themes:

- Energy;
- Land use and housing;
- Transportation;
- Water, wastewater and stormwater;
- The natural environment; and
- Financial viability.

More specifically, the themes focus on those aspects most directly impacted by urban form and those that can be measured. A detailed description of the performance indicators and their calculation method is available on the CMHC website.

EQuilibrium™ Communities District Energy Learning Forums were held in March 2011 in Markham, Ontario and Calgary, Alberta. The two-day workshops, organized by NRCan's CanmetENERGY in collaboration with the Canadian District Energy Association (CDEA), enabled development industry professionals to meet with district energy specialists to explore how to advance community scale energy systems in Canada.

Each workshop included the following:

- Recently-completed CDEA research on barriers, gaps, and experiences related to district energy in Canada;
- A panel, including EQuilibrium™ Communities project teams, who highlighted the energy system approaches in their projects;
- Small group sessions to further explore solutions to common or local development barriers;
- A tour of a nearby working district energy facility; and
- Two learning modules:
  - District Energy Technology: Options and Considerations for those responsible for technical decisions and/or presenting recommendations; and
  - Assessing the District Energy Business Case for those planning, budgeting or assessing energy options at the community scale.

The key features of the EQuilibrium™ Communities projects are summarized in Figure 7-2 and the status of each project is presented below.

FIGURE 7-2

Key targeted features of EQuilibrium™ Communities projects

	Project name, developer and location			
Key targeted features	**Station Pointe** *Communitas Group Ltd.* Edmonton, AB	**Ampersand** *Minto Group Inc.* Ottawa, ON	**Regent Park Revitalization** *Toronto Community Housing* Toronto, ON	**Ty-Histanis Neighbourhood Development** *Tla-O-Qui-Aht First Nations* 10 km from Tofino, BC
Land use and housing	220 town homes and apartments, over 1,400 m^2 of commercial/retail and community facilities.	Over 1,000 stacked townhouses and apartments, over 25,000 m^2 of commercial/retail space, civic uses and public open space.	(Phase 1) 670 condos and 360 rental units, mix of townhouses and high-rise apartments, over 2,500 m^2 of retail/commercial space as well as community uses.	171 single-detached homes, 32 duplex units and a 12-unit elders complex, plus community features such as a centre for youth and elders.
Energy	75% reduction in building energy use through Passive House design features. *(see Passive House below)*	Net-zero energy consumption within the development, focussing on more energy-efficient building envelopes, mechanical systems and appliances; and exploring the viability of a district energy system and using alternate fuel sources such as biomass, photovoltaics and wind.	40% to 50% lower energy use than the Model National Energy Code for Buildings, to be achieved through energy-efficient building envelopes, lighting, appliances and mechanical systems and connection to a community energy system targeting combined heat and power.	50% reduction target for greenhouse gases through building envelope improvements and efficient heating, electrical and mechanical systems, supplied from a district energy system using ground source heat pumps.
Transportation	Within 300 m of a light rail transit station and bus terminal.	Daily destinations within walking distance including existing bus rapid transit station and proposed light rail transit.	In Toronto's east downtown. Exceptional access to public transit, jobs, civic amenities and daily destinations within walking distance in a high quality pedestrian environment.	Low-impact footpaths and a mixed-use community center.
Water/Natural Environment	100% wastewater treatment on-site to be re-used for toilet flushing and irrigation. Stormwater diversion through on-site infiltration and capture for treatment and use on-site.	Permeable pavements and green roofs. Rainwater capture and treatment for non-potable water applications, such as irrigation.	50% rainwater run-off reduction through green roofs and porous pavers; reduced potable water use through low-flow fixtures and water-efficient landscape design.	40% of the site preserved as undisturbed, protected habitat using bogs for natural water retention, and maximizing site permeability with porous pavements.
Financial	Green loan to cover capital costs of energy-saving features to be paid back through monthly fee equal to the operating savings realized.	Green financing options, such as a green loan program, to bridge the gap between up-front costs for energy efficiency improvements and future benefits from lower operating costs.	35% of homes targeted for rental, all with rents lower than the area average or rent-geared-to-income. An affordable home-ownership program also makes housing affordability a central theme.	Analysing costs and financing to ensure financial viability and affordability. Extensive occupant consultation is integrated into the process with review and feedback from future users.

EQuilibrium™ Communities Projects Status

Station Pointe
The Communitas Group Ltd.
Edmonton, Alberta

Source: Hartwig Architects Inc.

Development status:

- In the planning and design phase.

Initiative-funded work status:

- Work focuses on consultation/alignment, analysis and design for performance improvements. Analysis of the on-site wastewater re-use and green finance options is underway. A design charrette was held and another one will follow.

Ampersand
Minto Group Inc.
Ottawa, Ontario

Credit: CMHC

Development status:

- Construction of some Phase 1 units has begun, including a 14-unit condo apartment building targeting net-zero energy and a similar reference building to enable comparison.

Initiative-funded work status:

- Work focuses on options analysis and design for performance improvements including a district energy system; green financing; stormwater run-off and water use reduction; and sustainable landscape best practices. An integrated design workshop has been held and options analysis is underway.

Regent Park Revitalization
Toronto Community Housing
Toronto, Ontario

Credit: CMHC

Development status:

- Phase 1 construction is complete and occupied.

Initiative-funded work status:

- Work focuses on showcasing performance, education and expansion and upgrades to the energy systems, including analysis for improvements to the community energy system. Water monitoring has commenced and development of an interactive kiosk for education on water and energy consumption is underway.

Ty-Histanis Neighbourhood Development
Tla-O-Qui-Aht First Nations
10 km from Tofino, British Columbia

Credit: CMHC

Development status:

- Site servicing is complete and the first group of residential units is built.

Initiative-funded work status:

- Integrated design workshops and community workshops have been held. Analysis and design modifications for energy and water reduction as well as landscape design and habitat protection/ enhancement are complete or underway.

Promoting sustainability at all levels

The EQuilibrium™ Housing and Communities Initiatives represent comprehensive frameworks that provide visions for a more sustainable residential sector. They also are supporting builders and developers to demonstrate, and communicate, their experiences with integrating a wide range of innovative planning, design and construction strategies to broader industry, and consumer audiences. Both initiatives complement the voluntary residential energy-efficient and "green" labelling programs in place across Canada that identify higher performing houses and communities. These programs have been developed to help consumers make informed choices about the environmental performance of the new homes they purchase, the renovation of their existing homes or the neighbourhoods they want to live in. The programs also support builders and developers seeking to distinguish the environmental benefits of their housing and community product and to demonstrate their capacity to respond to a range of environmental needs.

House-level programs typically make use of labelling, rating and certification systems to provide information on performance indicators such as energy efficiency, environmental impact, resource efficiency, healthy environments and other environmental or "green" attributes of new houses, and renovations. Community-level labelling programs include a similar, but extended, list of performance indicators that may also include liveability and connectivity.

The following sections provide an overview of some of the residential energy-efficient and green labelling programs available across Canada and within specific regions. For clarity, definitions of "labelling", "rating" and "certification" are provided in the accompanying text box. Incentive-type programs are not discussed as they are typically not labelling and rating systems but may rely on them to confirm incentive eligibility *(see text box "Green" building labelling and certification terminology).*

"Green" building labelling and certification terminology

A report on building labelling issues by the National Institute of Building Sciences conveys the following points:

Labelling is a way to identify that a building, building system, component, element or design feature conforms to a predetermined set of requirements or performance levels.

Rating is an evaluation of a building, building system, component, element or design feature on a scale based on a predetermined set of requirements or performance levels.

Certification is a formal process of evaluation and determination that a building meets a particular set of design or performance requirements. It can also represent a formal acknowledgement that an individual has demonstrated knowledge, skills or expertise as defined by predetermined systems of standards.

(Source: "Report on Building Rating and Certification in the U.S. Building Community", National Institute of Building Sciences, September 2009)

Energy-efficient "green" house labelling and rating programs

Over the last decade, the number of national, and regional, labelling and rating programs has grown. The programs range from single attribute (e.g. energy efficiency) type programs to multi-attribute programs that consider a wider range of performance indicators including indoor air quality, environmental impact, resource use and waste management. The programs also vary with respect to quality assurance and administrative requirements *(see Figure 7-3)*. The following sections provide an overview of some of the house labelling and rating systems available today.

EnerGuide Rating System (ERS) for homes

Natural Resources Canada developed the EnerGuide Rating System (ERS) for homes to evaluate and label the energy efficiency performance levels of new and existing homes. The ERS can be applied to houses that comply with Part 9 of the National Building Code of Canada (low-rise, single-detached, semi-detached and row houses) as well as mobile homes on a permanent foundation. The EnerGuide Rating System is managed by NRCan and is delivered in the field through a network of independent service organizations.

For new homes, modelling the process can involve the analysis and computer modelling of the house plans by a certified energy advisor that provides an estimated rating for the home if it is built as planned. The rating is between ERS 0 (consumes the most energy) and ERS 100 (consumes the least energy—essentially a net-zero energy home). The rating permits consumers and builders to compare the energy performance of different houses and various upgrades in the same house. Also, the EnerGuide Rating System is used to specify the energy efficiency requirements of regional labelling programs such as BUILTGREEN™ and LEED® for New Homes. After the construction of the house has been completed, it is evaluated by an independent energy advisor to confirm the final ERS rating of the home. A blower door depressurization test is also conducted since the air leakage characteristics of the home affect the energy rating. When the data has been collected, a report and EnerGuide label is issued *(see text box Product labelling)*.

For existing houses, a certified energy advisor visits the house and collects the required information and carries out a blower door test to determine the air leakage characteristics. This information is then used to conduct the energy analysis to calculate the EnerGuide rating.

FIGURE 7-3

Summary of energy-efficient "green" house labelling programs

	Energy efficiency	Water efficiency	Indoor air quality	Environmental impact	Materials and resources	Site/ Landscaping	Third party evaluation	Third party site inspection	Third party air tightness testing	Label provided
EnerGuide	✓						✓	✓	✓	✓
R-2000	✓	✓	✓	✓	✓		✓	✓	✓	✓
EnviroHome	✓	✓	✓	✓		✓	✓	✓	✓	✓
LEED® Canada for Homes	✓	✓	✓	✓	✓	✓	✓			✓
ENERGY STAR® - New Homes	✓			✓				✓ (1 in 3 verified)	✓ (1 in 3 verified)	✓
Passive House	✓		✓	✓			✓	✓	✓	✓
BUILTGREEN™	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
NovoClimat	✓	✓	✓				✓	✓	✓	✓
GreenHouse	✓	✓	✓		✓		✓	✓	✓	✓

Product labelling

Labelling systems are also applied to products found in the home.

EnerGuide for appliances and vehicles

EnerGuide is a rating and labelling system for the energy consumption and efficiency of household appliances, heating equipment, cooling equipment, ventilating equipment as well as houses and personal vehicles. Under Canada's Energy Efficiency Regulations, all new electrical appliances manufactured in or imported into Canada must have an EnerGuide label. The label must indicate the amount of electricity used by that appliance, the energy efficiency of the appliance relative to other similar models and the annual energy consumption range of similar models. This information is determined by standardized test procedures and helps to rate performance relative to other products. The EnerGuide label was developed to help consumers make informed buying decisions by comparing the energy performance of different products. In Canada, the ENERGY STAR® symbol may be displayed alone or as part of the EnerGuide label.

EcoLogo™

EcoLogo™ is a product and services certification and labelling program that was founded in 1988 by the Government of Canada. The program provides consumers with assurance that products and services that carry the EcoLogo label meet stringent standards of environmental leadership. Beginning with an evaluation of the environmental profile of a product or service, the EcoLogo Program develops scientific criteria that look at the entire lifecycle of the product and compare products and services in the same category. Products and services that are awarded the EcoLogo label must be verified by an independent third party as complying with the EcoLogo criteria. Stakeholder input during the development or revision of standards and a public consultation process are essential to the success of the EcoLogo Program.

The EcoLogo Program has assisted with the greening of the construction industry by certifying a number of products that complement green building programs. All of the green building products listed under the program have been evaluated and audited to ensure compliance with EcoLogo criteria. These criteria encourage reduced environmental impacts and point towards environmental leadership in the construction sector.

ENERGY STAR®

Introduced in Canada in 2001, the ENERGY STAR® labelling program was initially developed by the Environmental Protection Agency (EPA) in the United States in 1992 as a voluntary initiative to identify and promote energy-efficient products that meet or exceed premium levels of energy efficiency. Over the past 20 years, the program expanded to include a number of products that impact the overall energy performance of buildings including appliances; heating, cooling and ventilation equipment; lighting fixtures; windows; doors and other products such as consumer electronics. The ENERGY STAR® label is used in many countries including Canada, the United States, Australia, the European Union, Japan, New Zealand and Taiwan.

WaterSense®

WaterSense® is a labelling program sponsored by the EPA that promotes water efficiency through a number of initiatives including helping consumers to make water-efficient choices. The WaterSense® label designates products that are 20% more water-efficient than average similar products, provide measurable water savings results and achieve water efficiency through several technology options and are third-party certified. WaterSense® labels can be found on bathroom sink faucets, showerheads, toilets, urinals and even new homes.

The energy advisor may also provide information on possible energy efficiency upgrades that could be done to reduce household energy consumption *(see Figure 7-4)*.

In 2010, NRCan, in collaboration with key stakeholders, initiated a consultative process to create the next generation of the EnerGuide Rating System. The new ERS system will be enhanced in a number of ways including a more descriptive, easier to understand and more meaningful label to rate the energy efficiency of new and existing houses.

The R-2000 Standard

The R-2000 Standard is a voluntary residential energy efficiency labelling and certification process for new homes that was developed in 1982 by NRCan in collaboration with the home building industry. The R-2000 initiative is managed by NRCan and is offered through energy service organizations across Canada who work directly with builders. R-2000 is a technical performance standard that has specific energy consumption and air tightness targets (maximum 1.5 air changes per hour at 50 Pascals), ventilation specifications, water conservation, indoor air quality and environmental provisions. All R-2000 houses must be built by R-2000 trained builders and are required to meet a predetermined energy target at the design stage. The R-2000 technical requirements are largely performance-based, rather than prescriptive, to offer builders more flexibility to choose the most effective and economical design and construction strategies to meet requirements. Using energy modelling software, the service provider conducts an evaluation of the plans for the house. For quality assurance, each house must undergo a detailed evaluation of the plans, a series of independent inspections and an air tightness test to verify that the requirements of the R-2000 Standard have been met.

Over the years, the R-2000 Standard has been updated to require a wider range of innovative features beyond energy efficiency to reflect a broader range of environmental imperatives. In 2010, NRCan organized a collaborative effort with housing industry stakeholders to advance the overall performance requirements of the program to ensure it remains positioned at the leading edge of new home construction. It is expected that the new energy efficiency performance requirements of the updated R-2000 Standard will correspond to approximately ERS 86—a very high level of energy performance.

FIGURE 7-4

Blower door test

Credit: NWT Housing Corporation

FIGURE 7-5

Typical energy efficiency ratings for housing

Typical energy efficiency rating	
Type of house	**Rating**
New house built to building code standards	68-77
New house with some energy efficiency improvements	73-79
Energy-efficient new house	80-90
House requiring little or no purchased energy	91-100

EnviroHome

EnviroHome is a national initiative established in 1994 by the Canadian Home Builders' Association (CHBA) and TD Canada Trust. The EnviroHome Initiative is intended solely as a marketing initiative for R-2000 show homes and is only open to R-2000 builders who are also members of the CHBA. The labelling program recognizes and supports innovative R-2000 home builders and showcases their newly constructed R-2000 homes. EnviroHome requires the inclusion of additional features to improve energy efficiency, indoor air quality and to reduce environmental impact beyond the requirements of the R-2000 Program. EnviroHome also includes provisions for stormwater control, protection of flora and fauna, natural shading and minimizing landscape water needs. Site waste management plans are required and the projects are encouraged to consider embodied energy and the incorporation of renewable energy systems. EnviroHome also has requirements for the organization of the project. This includes requirements for site project management, business and promotional plans and the endorsement of the local home builders' association.

There are a maximum of 10 EnviroHomes built each year. EnviroHome projects are recognized after the National EnviroHome Steering Committee is satisfied that a proposed project meets the requirements and criteria of the initiative. Projects that meet these requirements and criteria are awarded the right to use the EnviroHome label.

FIGURE 7-6

Mill Pond Woods EnviroHome, Brighton, Ontario

Credit: Gordon Tobey Developments Ltd.

Leadership in Energy and Environmental Design (LEED®) for Homes

In March 2009, LEED® Canada for Homes was introduced by the Canada Green Building Council for single-family dwellings and multi-unit buildings up to three storeys in height. LEED® for Homes Mid-Rise is available for residential buildings four to six storeys in height and LEED® New Construction addresses high-rise multi-unit residential buildings. Existing houses are also eligible if they undergo a "gut and rehabilitation" process that exposes the full thermal envelope.

LEED® rates a new home, at the design stage, as "certified", "Silver", "Gold" or "Platinum" depending on the number of points received within the following categories:

- Sustainable sites;
- Water efficiency;
- Energy and atmosphere;
- Materials and resources;
- Indoor environmental quality;
- Location and linkages;
- Awareness and education; and
- Innovation and design.

The certification process involves third-party review by LEED®-accredited professionals. While the minimum energy performance level for all categories is ERS 76, higher levels of energy performance are often achieved as part of an overall effort on the part of the builder to achieve higher LEED® rating levels. The average home certified to-date has received an EnerGuide 85 equivalent score.

ENERGY STAR® for New Homes (ESNH)

ENERGY STAR® for New Homes is a voluntary labelling and certification program developed by the Environmental Protection Agency (EPA) in the United States. The program was designed to encourage energy-efficient homebuilding practices that help to reduce greenhouse gas emissions. NRCan has a licensing agreement with the U.S. EPA to promote the program in Canada. The ENERGY STAR® technical specifications are largely prescriptive in nature but trade-offs are available to provide flexibility in meeting the program's energy

efficiency objectives which correspond approximately to ERS 80. Compared to typical new homes, ENERGYSTAR® qualified new homes often have improved insulation levels, ventilation, air leakage control, window performance, space heating equipment, hot water and air conditioning systems.

ENERGY STAR® homes are constructed by licensed ESNH builders. Quality assurance is provided through on-site verification and blower door testing of a sampling of completed homes by an independent ENERGY STAR® energy advisor working for an ENERGY STAR® service organization. After the verification process is complete, the energy advisor informs their service organization and the service organization issues an ENERGY STAR® for New Homes label and certificate for the house.

In December 2010, NRCan initiated a process to create the next-generation of the technical standard for ENERGY STAR® for New Homes to keep the program at a higher performance level than the energy efficiency requirements being included in the building codes of several provinces and being planned for inclusion in the National Building Code in 2012. Enhancements may include requirements for additional insulation and the installation of heat recovery ventilators.

Passive House Standard

The Passive House Standard *(Passivhaus)* is a voluntary new home labelling and certification standard that originated in Germany that is generating interest in Canada and the United States. The Passive House Standard is also being used to label and certify schools, office buildings and multi-unit housing, including high-rises. Passive House has an aggressive energy usage target that is significantly below that of conventionally built homes. Key features of the Passive House include relatively simple compact building form, highly insulated and very airtight building envelopes, passive solar design and simple space heating and ventilation systems. Energy losses are minimized by super-insulating and draft-proofing the roof, walls and foundation, installing high performance windows, minimizing thermal bridges that permit heat losses and incorporating very high efficiency heat recovery ventilation systems.

FIGURE 7-7

ENERGY STAR® for New Homes label

Source: Natural Resources Canada

FIGURE 7-8

First Canadian Passive House

Credit: CMHC

Energy gains, which help offset space heating needs, include passive solar gains and the heat generated from lights and appliances. Other important design principles include the shape of the building, the location and size of windows, site orientation and thermal mass. With its focus on energy efficiency, recovery and conservation, the Passive House Standard does not include requirements for on-site renewable energy systems such as photovoltaics, solar hot water, or other on-site power generating technologies.

To be certified, a Passive House must demonstrate that its air leakage rate is no more than the maximum allowable limits (0.6 air changes per hour at 50 Pascals), have an estimated annual space heating requirement no more than 15 kWh/m^2; an annual primary energy usage of no more than 120 kWh/m^2, and limit summer overheating to less than 10%.

Completed buildings that pass the requirements of the Passive House Standard are awarded a "Quality Certified Passive House" certificate by the Passivhaus Institut (PHI) based in Germany. Submissions for gaining certification are generally reviewed by a "Certified Passive House Designer" (CPHD), a designated professional with a building-related post graduate degree such as engineering or architecture, or by a Certified Passive House Consultant (CPHC) who has taken Passivhaus Institut training and passed the PHI exam. Authorization to provide Passive House certification in Canada and the United States can be provided by PHI or any of the 31 additional certifiers across the world that have been given authorization by PHI. A Passive House organization established in Canada is in the process of obtaining authorization to certify Passive Houses in Canada.

Regional programs

Over the years, regional organizations or provincial/territorial government departments and agencies have created their own green programs to address regional considerations or complement national programs. Some of these initiatives are described below.

BUILTGREEN™

BUILTGREEN™ was launched in the province of Alberta in 2003 as an industry-driven, voluntary green labelling and certification initiative. The program is now offered by Built Green™ Canada and is available across the country. The BUILTGREEN™ program applies to new single-detached homes, row housing, multi-unit buildings and all forms of renovations.

The BUILTGREEN™ Program is based on the R-2000 and BuiltGreen Colorado Programs. The overall performance of a BUILTGREEN™ house is assessed in four areas: energy efficiency, indoor air quality, resource use, and overall environmental impact. To build a BUILTGREEN™ home and utilize the BUILTGREEN™ label, builders are required to successfully complete BUILTGREEN™ Builder Training and become certified by Built Green™ Canada. The program includes third party testing, inspections and audits to confirm the energy assessment. The EnerGuide rating and labelling system is used to characterize the energy efficiency component of the program. As of 2011, an ERS rating of 72 is required for certification as BUILTGREEN™ bronze, 75 for silver, 77 for gold and 82 for platinum.

The BUILTGREEN™ program provides builders with a graduated approach to evolving their housing products towards higher levels of energy efficiency and green building. Experience has shown that many builders who enter the program are striving for higher levels of certification on subsequent projects.

Novoclimat®

Novoclimat® was developed by the Province of Quebec as a voluntary certification program to increase the energy efficiency of new homes. The program applies to all housing types (single-detached dwellings, semi-detached, row housing and apartments). The program, managed by the "Bureau de l'efficacité et de l'innovation énergétiques" (BEIE), is similar in approach to the ENERGY STAR® for New Homes program, but with added criteria to address indoor air quality. A Novoclimat® certified home addresses energy efficiency and indoor air quality through increased insulation and air tightness and mechanical ventilation.

Builders are required to take training courses in order to become a certified Novoclimat® builder and to use the Novoclimat® label on new houses. Novoclimat® inspectors (certified by BEIE) conduct inspections of each house registered in the program. For standard houses, two inspections are done. The first takes place before the drywall is installed and includes a blower door test to determine if air tightness requirements have been met.

The second takes place once construction has been completed and includes a complete visual inspection of the home to verify that it has been constructed as planned. The airflow rates of the mechanical ventilation system are also checked.

The technical standards correspond approximately to ERS 78–80 requiring that Novoclimat® homes be at least 25% more energy-efficient than conventional construction.

GreenHouse

Available in Ontario, the GreenHouse Certified Construction program is managed by EnerQuality Corporation. GreenHouse Certified Construction is a voluntary new home labelling initiative that builds upon the ENERGY STAR® for New Homes program. GreenHouse Certified Construction addresses four areas of green construction including: energy efficiency, resource management, indoor air quality and water conservation. A GreenHouse certified home targets approximately 25% less energy use, 25% reduction in indoor water use, and enhanced indoor air quality in comparison with houses built to the minimum requirements of the 2006 Ontario Building Code. Houses which are constructed to the technical specifications of the ENERGY STAR® for New Homes program meet the GreenHouse energy efficiency requirements.

To help ensure improved indoor air quality, homes built to the GreenHouse standard include minimal Volatile Organic Compounds (VOC) in materials such as paints and carpets and heat recovery ventilation systems. In addition to energy cost savings, a GreenHouse certified home is designed to conserve materials and resources to build the home, and is expected to achieve an approximate three-tonne reduction in the home's greenhouse gas production. All homes enrolled to be GreenHouse Certified are required to be inspected during construction by a certified energy evaluator to confirm compliance with the program's technical specifications.

Community / neighbourhood labelling programs

Three community-level labelling programs are discussed below *(see Figure 7-9)*.

LEED® for Neighbourhood Development

In 2010, the U.S. Green Building Council (USGBC) launched the LEED® for Neighbourhood Development (LEED®-ND) rating system to guide and assess sustainable community development projects. The rating system, created by a collaboration of the U.S. Green Building Council, the Natural Resources Defence Council and the Congress for the New Urbanism, integrates the principles of smart growth, new urbanism and

FIGURE 7-9

Summary of community / neighbourhood programs

	Energy / carbon	Water	Land use mix	Transportation / connectivity	Natural environment	Materials	Happiness / beauty	Innovation / process	Third party certification	Performance measured	Label or certificate provided
LEED® for Neighbourhood Development	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Living Building Challenge	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
One Planet Communities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

greenbuilding into neighbourhood design. LEED®-ND encourages environmental responsibility and sustainability and promotes neighbourhood designs that reduce vehicle miles travelled by focusing on the following components that encourage green developments:

- Smart location and linkages;
- Neighbourhood pattern and design;
- Green infrastructure and buildings;
- Innovation and design process; and
- Regional priority credit.

As with other LEED® rating systems, LEED®-ND offers four levels of certification determined by the number of credit points obtained: Certified, Silver, Gold and Platinum. LEED®-ND certification provides independent, third-party verification that the location and design of a development meets the LEED® standards of environmentally responsible, sustainable development.

As of January 31, 2011, over 20 Canadian projects have registered as international USGBC LEED®-ND projects including Dockside Green in Victoria, Currie Barracks in Calgary, The Village At Griesbach in Edmonton and Faubourg Boisbriand in Boisbriand, Quebec. The Canada Green Building Council (CaGBC) has developed Canadian equivalencies for the LEED® for Neighbourhood Development program. These Canadian "Alternative Compliance Paths" (ACPs) are formally approved approaches that provide clarity and guidance for Canadian projects, addressing sections of the rating system that contain U.S.-specific standards or wording. These ACPs have been embedded within the original LEED 2009 ND rating system and are available for download from the CaGBC website as "LEED 2009 ND with Canadian Alternative Compliance Paths".

Living Building Challenge

The Living Building Challenge was launched in 2006 by the Cascadia Green Building Council and, since 2009, has been run by the International Living Future Institute. It provides a framework for the design and construction of buildings and neighbourhoods that represent advanced measures of sustainability. The Living Building Challenge covers four project types —Renovation, Landscapes, Infrastructure, Buildings, and Neighbourhood—ranging from portions of small buildings to neighbourhood developments. It is available in Canada through the Canada Green Building Council. The Living Building Challenge is a philosophy, advocacy tool, and certification program that addresses development at all scales. Certification is obtained by submitting documentation of the project's design, construction and performance to the Institute.

FIGURE 7-10

Example of building in the Living Building Challenge

Credit: ©2008 Eco-Sense

The Living Building Challenge provides a framework for evaluating the design, construction and relationship between people and all aspects of the built environment.

It is comprised of seven performance areas that include the following:

- Site;
- Water;
- Energy;
- Health;
- Materials;
- Equity; and
- Beauty.

The performance areas are subdivided into a total of twenty "Imperatives", each of which focuses on a specific sphere of influence. The Living Building Challenge is based on actual, rather than modelled or anticipated, performance, with projects required to be operational for a minimum of 12 months prior to evaluation.

One Planet Communities

One Planet Living is a global initiative developed by BioRegional and the WWF International to address the challenge of finding a way in which all of the world's people can live within the natural limits of our one planet. BioRegional is an international entrepreneurial charity which initiates practical sustainability solutions, and then delivers them by setting up new enterprises and partnerships around the world. One Planet Living is based on 10 principles of sustainability:

- Zero carbon;
- Zero waste;
- Sustainable transport;
- Sustainable materials;
- Local and sustainable food;
- Sustainable water;
- Land use and wildlife;
- Culture and community;
- Equity and local economy; and
- Health and happiness.

The One Planet Communities program uses this framework to create a network of model green neighbourhoods where people can dramatically reduce their ecological footprint while leading happy and healthy lives. The program places an equal emphasis on footprint reductions through green buildings/infrastructure and lifestyles/behaviour change. The prototype community is BedZed, a mixed-use, sustainable community in the UK, initiated by BioRegional and completed in 2002 in partnership with the Peabody Trust and Bill Dunster Architects. Internationally, there are currently four communities endorsed as the official One Planet Communities and over a dozen additional projects are using the One Planet Process. The One Planet Process is an integrated systems approach to design, construction and operation. It begins with BioRegional facilitating workshops and a long-term One Planet Action Plan that sets context-specific performance targets for each of the 10 One Planet principles. BioRegional provides a Sustainability Integrator for the project to ensure that the One Planet Action Plan is implemented seamlessly from design through construction to project management, and conducts annual verification on progress against sustainability targets.

Capacity for sustainable housing and communities continues to grow

Through initiatives such as EQuilibrium™ Housing and EQuilibrium™ Communities, and the wide variety of labelling and certification programs in the marketplace, designers, builders and developers are continuing to explore and adopt innovative technologies and practices to advance sustainable housing and communities in Canada.

The many national and regional labelling systems available today provide builders with an opportunity to distinguish their housing products by emphasizing different elements of housing performance or by addressing a comprehensive array of performance indicators. The growth in the number of labelling and rating programs also suggests that industry and consumers recognize the value of such systems in characterizing the energy efficiency and environmental performance of housing and communities.

EQuilibrium™ and the availability of labelling and rating programs for housing and communities provides consumers with an opportunity to learn more about different environmental features of sustainable housing and communities. The programs also provide consumers with a way to compare performance indicators as a part of making informed housing and community choices. The diversity of labelling and rating programs available to consumers can also pose challenges as it is important to understand what performance aspects the different label and rating systems cover and what they do not. This diversity also represents the availability of choice as consumers can refer to, or make use of, labelling and rating systems that relate to those aspects of housing and community performance that matter most to them.

Whatever labelling and rating programs are used, all serve to enhance consumer and industry literacy with respect to the energy and environmental performance of housing. This, in turn, will help to advance housing and community sustainability over time.

SENIORS' HOUSING

8

As discussed in Chapter 5, the number of seniors (those aged 65 and over) in Canada is growing much faster than the number of non-seniors, and the senior population is expected to more than double by 2036.[1] As people age, their needs are likely to change due to disabilities, medical conditions, changes in their household composition, and/or changes in their financial situation. Population aging therefore requires various forms of housing, a range of models of coordinating housing with support services, and community planning that respond to the needs of seniors and enhance their quality of life.

In 2006, senior households were more likely to live in unacceptable housing than non-senior households, especially if they were single-person households. The average household income for senior single-person households is much lower than the average household income for all other senior households, and seniors living alone are much more likely than other seniors to be in core housing need. However, seniors' housing conditions improved between 1996 and 2006, with the percentage of senior households in core housing need dropping from 17.8% to 14.4% over this ten-year period. Further, the housing conditions of senior households improved more substantially than those of non-senior households between 2001 and 2006.[2]

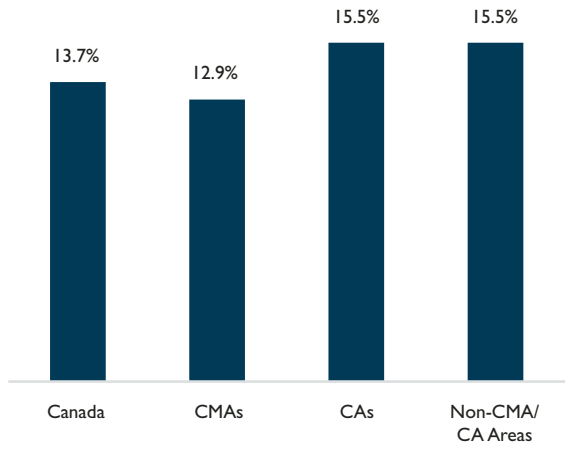
This chapter discusses key issues related to seniors' housing, including differences between urban and rural communities, aging in place, the interface between housing and support services, age-friendly communities, new housing approaches, and the response of the housing sector to the changing demand.

Senior urban households and senior rural households face different challenges

A majority of seniors live in Census Metropolitan Areas (CMAs),[3] Canada's large urban centres, but seniors are overrepresented outside CMAs *(see Figure 8-1)*.

FIGURE 8-1

Seniors (aged 65+) as a proportion of total population, 2006



Source: Statistics Canada (Census of Canada)

[1] See Chapter 5: Demographic and Socio-economic Influences on Housing Demand.

[2] See "2006 Census Housing Series: Issue 10 – The Housing Conditions of Canada's Seniors". *Research Highlight. Socio-economic Series; 10-021.* Ottawa: Canada Mortgage and Housing Corporation, 2010. www.cmhc.ca/od/?pid=67201 (May 31, 2011).

[3] A Census Metropolitan Area (CMA) consists of one or more adjacent communities with a total population of at least 100,000, of which 50,000 or more live in the urban core.

At 15.5%, the proportion of seniors relative to the total population is higher in smaller urban centres (Census Agglomerations[4]—CAs) and outside urban centres than in CMAs. This is not surprising, considering the attractiveness of many smaller centres as retirement destinations and the higher propensity of non-seniors to migrate from smaller urban centres and rural communities to larger cities. There is considerable variation across CAs in the proportion of seniors relative to the total population, from Wood Buffalo, AB (at 2%) to Elliot Lake, ON (at 32%) and Parksville, BC (at 34%).

Increasing options for seniors in urban centres

A wider range of housing options that can meet the needs of seniors is currently more widely available in urban centres than in rural communities. Economies of scale, the existence of a well-developed construction industry, the often relatively low cost of construction compared to rural and remote communities, and the presence of a wide range of community organizations, seniors groups, faith-based groups, and other civil society institutions interested in serving seniors are all factors that support the provision of housing and supports for seniors in urban areas. The result is a growing availability in urban areas of housing designed specifically for seniors and of services that meet the needs of seniors who are aging in their homes, as well as projects based on innovative partnerships that integrate housing and support services.

Options are more limited for seniors in rural communities

The availability of housing options and both in-home and community-based support services for seniors in rural communities varies. The local economy, demographic trends, and the community's role in the regional housing market are important factors in determining seniors' housing options and their access to support services. These factors are especially significant in communities that are small, are not part of a larger urban area, and do not accommodate a wide range of neighbourhood and housing types.[5]

Characteristics that are common to most rural communities and that have relevance for housing include home ownership rates that are higher than in urban areas, the limited availability of rental housing (due in part to the small size of the local construction industry and the risk associated with investments in rental housing in rural areas), the relatively small population size, a location outside the commuting zones of urban centres, and the higher transportation costs that residents incur to travel longer distances to access services.

Aging in place

About 20% of households with maintainers aged 65 and over moved in the five years preceding the 2006 Census. Of households with maintainers aged 75 and over, only about 17% moved between 2001 and 2006. These mobility rates are significantly lower than for non-senior households (at 44%).[6] They confirm that a large majority of seniors are choosing to age in place; that is, to continue to live in their current home and familiar community for as long as possible even if their health changes. Some seniors choose to downsize and/or to relocate in order to have better access to services or to live closer to family members, and then age in place in their new home.

A number of approaches could further enable seniors to remain in their homes without sacrificing needed services or safety:

i) Home modifications;

ii) New tools produced by gerontechnology;

iii) Alternative housing approaches;

iv) Coordination of housing and support services; and

v) Age-friendly planning and development.

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[4] A Census Agglomeration (CA) consists of one or more adjacent communities with a total population in its urban core of at least 10,000.

[5] See "Housing Needs of Low Income People Living in Rural Areas: The Implications for Seniors". *Research Highlight. Socio-economic Series; 03-012.* Ottawa: Canada Mortgage and Housing Corporation, 2003. www.cmhc.ca/od/?pid=63253 (May 31, 2011).

[6] Mobility and Migration, 2006 Census. Statistics Canada catalogue no. 97-556-XCB2006017. Ottawa: Statistics Canada, 2008.

i) Home modifications

By accommodating disabilities and thus increasing independence and safety, home adaptations can improve seniors' quality of life and lengthen the time they can continue to live in their homes. Seniors are more likely to have disabilities than non-seniors; in 2006, 43% of all seniors and 56% of those aged 75 and older had a disability, compared to 10% of non-senior Canadians.[7] Demand for home modifications will continue to grow as the population ages and as seniors account for increasingly larger shares of the population.

Seniors may need adaptations of different parts of their homes or the addition of devices or features to make their homes more accessible.[8] Kitchens *(see Figure 8-2)* and bathrooms *(see Figure 8-3)* are among the rooms that often need modifications to improve their accessibility.

FastFacts

- Seniors' housing conditions improved between 1996 and 2006; the percentage of senior households in core housing need dropped from 17.8% to 14.4%.
- Seniors account for about 16% of the population of smaller urban centers, reflecting the attractiveness of some of these centres as retirement destinations.
- About 20% of senior households moved between 2001 and 2006, compared to 44% of non-senior households.
- An increasing number of municipalities are allowing secondary suites, and some provinces have modified their codes and regulations to address them.

FIGURE 8-2

Accessible kitchen with knee space under the counter and cooktop

Credit: Acton Ostry Architects Inc.

FIGURE 8-3

Bathtub with grab bar, adjustable height shower head and a bath bench

Credit: CMHC

[7] The 2006 Participation and Activity Limitation Survey: Analytical report. Ottawa: Statistics Canada, 2007. www.statcan.gc.ca/pub/89-628-x/2007002/t/4183077-eng.htm (May 25, 2011).

[8] CMHC maintains a suite of information products on home adaptations and accessibility, including the About Your House: Accessible Housing by Design series. For more information, visit www.cmhc.ca Keywords Accessible Housing by Design.

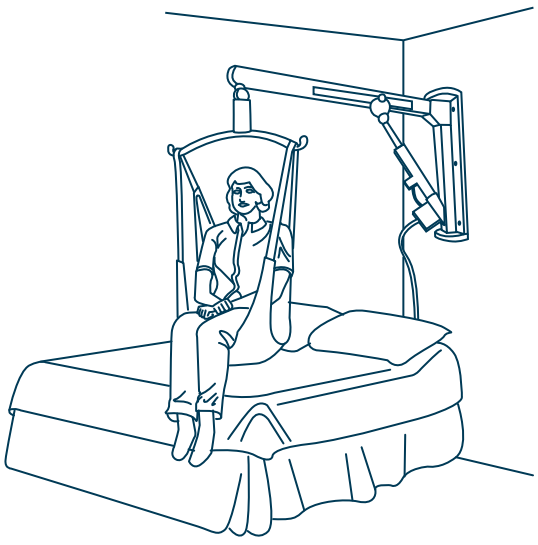
Further, depending on the type(s) of disabilities that a senior has, the construction of a ramp, the installation of a hoist *(see Figure 8-4)*, a lift *(see Figures 8-5, 8-6, and 8-7)* or an elevator, the replacement of appliances with ones that include accessible features, or the installation of automated systems may be needed to make the home more accessible. Increased demand for such modifications and products is leading to the development of new approaches and products and to increased options for seniors and their families and caregivers *(see Figure 8-8)*.

ii) New tools produced by gerontechnology

The growing interdisciplinary field of gerontechnology promises to increase the potential for aging in place for seniors. Tools are being developed that can support independent living taking individual differences into account. An example is smart sensors which remind seniors to turn off appliances, record patterns of use, and alert caregivers when the senior's use of the appliances indicates a potential problem[9] *(see Figure 8-9)*.

FIGURE 8-4

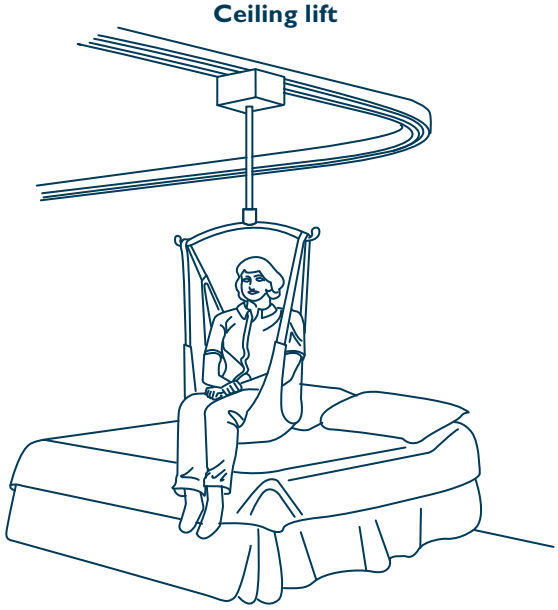
Stationary hoist



Source: CMHC

FIGURE 8-5

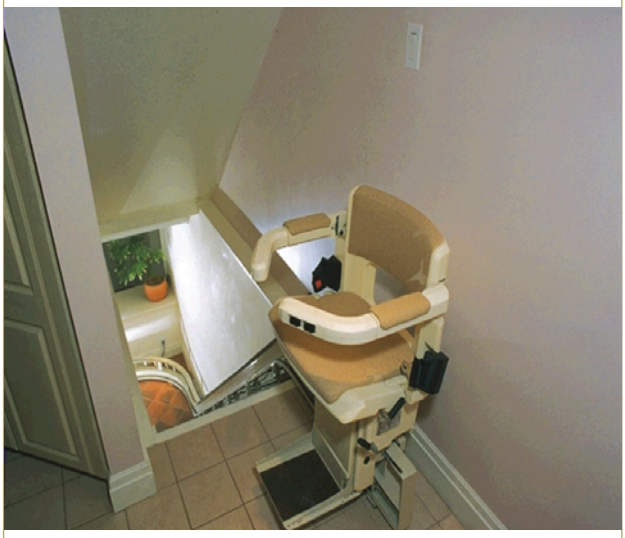
Ceiling lift



Source: CMHC

FIGURE 8-6

Stair chair-lift

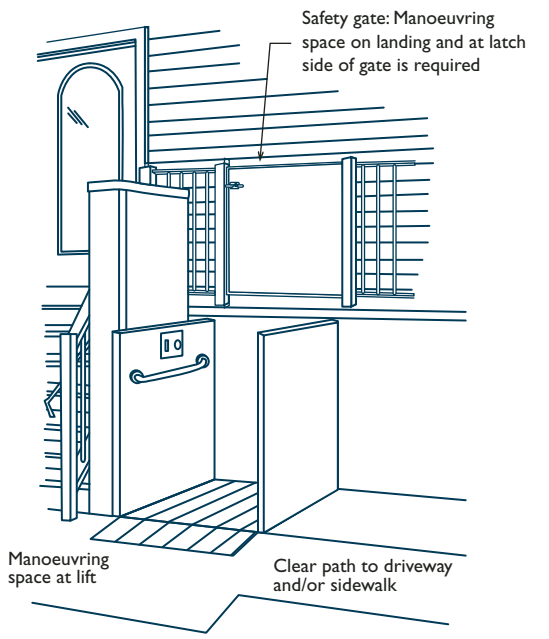


Credit: CMHC

[9] See "Smart Technologies in Affordable Seniors Housing". *Research Highlight. Socio-economic Series; 11-011.* Ottawa: Canada Mortgage and Housing Corporation, 2011. www.cmhc.ca/od/?pid=67506 (October 6, 2011).

FIGURE 8-7

Unenclosed vertical platform lift



Source: CMHC

FIGURE 8-8

Ramp using a landscape approach

Credit: CMHC

Another example is monitors for seniors with serious medical conditions to enable them to continue living at home without sacrificing needed care.[10]

iii) Alternative housing approaches

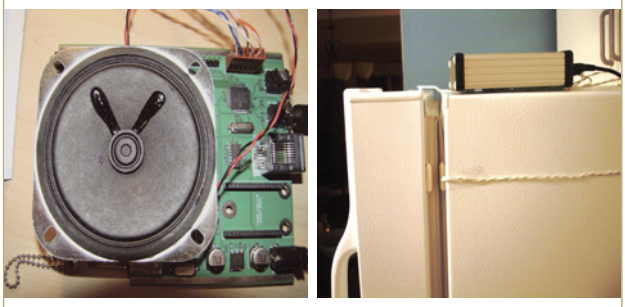
Alternative housing approaches include intergenerational housesharing, cohousing, and the coordination of housing and support services. Each has advantages and disadvantages.

Intergenerational housing

Intergenerational housing is where two households representing two generations of the same family live in the same home. Often this is in two separate units, one of which may be the larger principal dwelling and the other a smaller secondary suite *(see text box Secondary suites)*. Intergenerational housing of this type is therefore feasible in locations where municipal by-laws permit secondary suites.

FIGURE 8-9

Smart voice fridge sensor



Credit: Photo by Frank Knoefel and Rafik Goubran

[10] F. Knoefel and R. Goubran, Role of Technology in Supporting "Aging in Place". Presentation at the Fall 2010 National Housing Research Committee meeting. Ottawa: 2010. www2.webcastcanada.ca/nhrc-cnrl/PPT/nov15-eng/day1-4-frankknoefel-eng.pptx (March 14, 2011).

Secondary suites

A secondary suite is a self-contained dwelling unit that has its own bathroom and kitchen, is separate from the principal dwelling in a house, and can be located either within the principal dwelling or in an accessory structure, such as a coach house, on the same property as the principal dwelling. A secondary suite can also be a new structure on the property; these are often referred to as "garden suites".[1] A secondary suite can be a practical and affordable option for homeowners and renters alike, as it is a way to make use of space that is not needed, to generate rental income for the homeowner, and to make affordable rental units available.

For a senior homeowner who wishes to remain in his or her home and who has more space than is needed, a secondary suite can allow a caregiver to live in very close proximity while the senior and the caregiver both maintain separate households. A secondary suite can also allow senior homeowners to rent out space that is not used and to generate some income from their dwellings. Secondary suites in the homes of seniors' families can make it possible for seniors who are interested in downsizing and in living very close to relatives to do so while still maintaining a high level of independence. They are therefore a form of housing that can create new options for seniors and their families and caregivers.

[1] See *About Your House: Garden Suites*. Ottawa: Canada Mortgage and Housing Corporation, 2009. www.cmhc.ca/od/?pid=65009 (May 31, 2011).

Most Canadian municipalities have zoning by-laws that regulate the use of buildings and their physical characteristics, and that determine where different types of uses and buildings are allowed. The provisions for secondary suites in zoning by-laws vary widely by municipality. Some municipalities do not allow secondary suites at all, while others allow them in any type of dwelling and in any location as long as they comply with zoning and building code regulations that apply to all dwellings. Between these two models is a wide range of approaches that allow secondary suites with restrictions. For example, a municipality might allow secondary suites only for a specific occupant (such as a parent above a certain age or a person with special needs), or might allow secondary suites in specific zones and prohibit them in others. In recent years, some municipalities which previously did not allow secondary suites or allowed them in a restrictive fashion have changed these zoning restrictions in response to changing demographics, very low vacancy rates in the rental housing market, and rising house prices. Some, such as Victoria, British Columbia, now encourage secondary suites *(see text box Secondary suite incentives).*

Generally, building codes are enacted by the provinces and territories and are administered and enforced by municipalities. The approach taken to secondary suites in building codes varies by jurisdiction. The building codes in most provinces and territories do not specifically address secondary suites, and the provisions that apply to duplexes and small apartment buildings in these provinces and territories usually also apply to dwellings with a secondary suite. Some provinces have added separate parts to their building codes that specifically address renovations and alterations and that can apply to secondary suites. British Columbia and Alberta have introduced regulations for the construction of secondary suites that are separate from regulations for duplexes and small apartment buildings. The construction of secondary suites therefore requires compliance with all applicable zoning by-laws and building code regulations in the respective neighbourhood, municipality and province or territory.[11]

[11] See *About Your House – Secondary Suites*. Ottawa: Canada Mortgage and Housing Corporation, 2009. www.cmhc.ca/od/?pid=66497 (May 31, 2011).

Intergenerational homesharing can have many benefits for both the younger and the older family members.[12] The household that owns the home can better afford home ownership by renting part of the home to relatives who pay a reasonable rent while at the same time enjoying benefits such as a backyard. If the older household owns the home, the homesharing arrangement might allow the younger relatives to more easily own a home if they eventually inherit or purchase the home from the parent(s).

Security and the proximity to relatives can also be an important benefit. Families with young children who opt for intergenerational housing often value the opportunity that this arrangement creates for their children to see their grandparents regularly; for grandparents, being able to help care for and spend additional time with their grandchildren can make for a more interesting lifestyle. Further, older family members who occasionally need assistance appreciate the proximity to younger relatives and find it reassuring. However, some families

Secondary suite incentives

Victoria, British Columbia

In 2007, City Council changed the regulation of secondary suites in single family zones by eliminating the requirement that homeowners provide extra parking for a suite. Council also agreed to permit suites in houses of any age. In the two and a half years following the changes, the number of suites created nearly doubled that of the previous two and a half year period, increasing to 51 from 26. In 2009, City staff sent a report to Council reviewing the results of the previous changes and recommending further bylaw changes based on public input. Council made the following decisions:

- Remove the five-year restriction on changes to the building facade and permit additions of up to 20 m^2 (215 sq. ft.) to enable the creation of a secondary suite;
- Reduce the ceiling clearance required in secondary suites to 2 m (6.56 ft.) from 2.13 m (7 ft.); and
- Authorize staff to give priority to building permit applications for secondary suites and provide more hands-on assistance to applicants.

The City also decided to offer homeowners financial incentives to construct secondary suites through a municipal grant which covers 25% of the construction costs up to a maximum of $5,000. In return, the homeowner enters into a partnership agreement with the City that guarantees the suite will be used as rental accommodation for at least five years. The partnership agreement is registered on the property's title and remains in effect if the house is sold. Victoria has allocated $250,000 from its Housing Trust Fund to finance the program.

To be eligible for a suite—and the grant—a house must have a floor area of at least 150 m^2 (1,615 sq. ft.). Suite sizes may not exceed the lesser of 90 m^2 (968 sq. ft.) or 40% of the home's total floor area.

Victoria posted information about eligibility requirements, regulatory compliance and the grant program on its website, with links to more detailed documents (see www.victoria.ca/cityhall/departments-sustainability-secondary-suites.shtml (May 25, 2011)). Potential applicants can also contact City staff for further assistance.

[12] "Intergenerational Home Sharing and Secondary Suites in Québec City Suburbs". *Research Highlight. Socio-economic Series; 04-028.* Ottawa: Canada Mortgage and Housing Corporation, 2004. www.cmhc.ca/od/?pid=63573 (May 31, 2011).

may prefer greater privacy and less risk of other adverse circumstances affecting their rental income or security of tenure.

Cohousing

Cohousing refers to a housing arrangement where two or more individuals, often unrelated, share a home. While each resident has a private space, cohousing residents typically share common areas, such as a kitchen and a living room. Cohousing can be an option for seniors who are no longer able to live alone or who want companionship but who wish to remain integrated in the community. Sharing a home allows residents to help each other when they need assistance, can mean lower housing costs and related expenses compared to what each would incur when living alone, and can help seniors avoid isolation. However, some may not be comfortable with such an arrangement, and care needs to be exercised in selecting a person(s) with whom to share housing.

iv) Coordination of housing and support services

The relatively high rates of disabilities and mobility limitations among seniors coupled with population aging and gains in life expectancy mean that there are a growing number of older Canadians who will live with health limitations and disabilities for an increasing number of years. Some of these seniors will be able to rely on family members for support. Due to the lower labour force participation of women in the past, caregiving for aging family members was traditionally provided by female relatives. However, most Canadian women are now in the labour force, and adult children are increasingly mobile and less likely to live close to their aging parents. Fertility rates have decreased over the past four decades;[13] an increasing proportion of elderly women without any surviving children is projected.[14] These trends require increasing provision of non-family support services if seniors are to remain in the community and if they are not to move to long-term care facilities prematurely.

Whether seniors live in their family home, downsize and move to a smaller private dwelling, or choose to live in a seniors' residence, support services have to be available to them if they need assistance. The availability of supports to seniors who need them is key to their health and safety and to maintaining their housing situation. Support services that many seniors need include meal preparation, transportation, laundry, housekeeping, assistance with medication, help with dressing and bathing, and the organization of social and recreational activities.

Home supports for seniors who live in private dwellings can be provided through provincial or territorial home and community care programs, or by non-profit seniors groups and community organizations or by for-profit providers *(see text box Choice in Support for Independent Living (CSIL), British Columbia)*. Increasingly, seniors housing developers and sponsors are integrating support services with housing in supportive housing *(see text box What is supportive housing?)* that is geared specifically to seniors who do not require long-term care but need some assistance to maintain their independence.[15] Some of these residences offer independent living and care units within the same facility *(see text boxes Augustine House and Haven House,*[16] *and Résidence Parc Jarry)*. Whether the sponsor is a non-profit group or a for-profit developer, such projects generally involve collaboration between the sponsor and other entities—such as service providers, community groups, and government agencies—in order to ensure the effective delivery of services and their successful coordination with housing.

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[13] See Fertility Projections for Canada, Provinces and Territories, 1993-2016. Catalogue no. 91F0015MIE. Ottawa: Statistics Canada, 1996. www.statcan.gc.ca/pub/91f0015m/91f0015m1996001-eng.pdf (April 4, 2011).

[14] See Projecting the Future Availability of the Informal Support Network of the Elderly Population and Assessing its Impact on Home Care Services. Catalogue no. 91F0015M – No. 009. Ottawa: Statistics Canada, 2008.

[15] For more information, see "Supportive Housing for Seniors". *Research Highlight. Socio-Economic Series; issue 56.* Ottawa: Canada Mortgage and Housing Corporation, 2000. www.cmhc.ca/od/?pid=62448 (May 31, 2011).

[16] See www.cmhc.ca/en/inpr/afhoce/index.cfm (March 31, 2011).

Choice in Support for Independent Living (CSIL), British Columbia

CSIL is a self-managed model of care in which individuals with disabilities and high-intensity care needs are funded directly by government to hire workers to provide home support services. Individuals assume full responsibility for covering wages, mandatory employer payments such as Canada Pension Plan and WorkSafeBC, and allowable expenses such as costs for advertising and recruiting, and hiring a bookkeeper for financial reporting purposes. Individuals thus have access to a range of home and community-based health services to meet their needs, and to support them in maintaining their independence.

One of the main benefits of the program is that it allows individuals to customize and manage delivery of their own home support services, allowing them to maintain independence and to continue to live in the community, close to family and friends.

British Columbia has more than 800 people who receive home support through CSIL. The Association of CSIL Employers is a group composed of people with disabilities who are currently enrolled in the CSIL program. The association provides information, resources and peer support to CSIL employers.

Source: British Columbia Ministry of Health

What is supportive housing?

Supportive housing helps seniors in their daily living by combining a physical environment that is specifically designed to be safe, secure, enabling and home-like with support services such as meals, housekeeping and social and recreational activities. This allows residents to maximize their independence, privacy, dignity and decision-making abilities. Supportive housing can be developed in many forms depending on the types and level of services to be provided, the project size desired, the types of accommodation preferred, the types of tenure wanted and the types of sponsorship available. Services can be provided through a combination of on-site and off-site arrangements and can be made available to both residents and other older people living in the surrounding neighbourhood. Highly service-enriched supportive housing, such as assisted living, can be an alternative to unnecessarily accommodating people in a nursing home.

Supportive housing can be developed by the for-profit, the not-for-profit, or the public sector—or by partnerships between these sectors. It can be made available in a range of tenure types, such as rentals,leaseholds, condominiums and life leases. It is also possible to combine different tenure types in individual projects.

Augustine House and Haven House

Augustine House in Delta, British Columbia is an initiative of the St. Augustine Council of the Knights of Columbus. The Council formed a non-profit organization, the Augustine House Senior Citizens Society, to build accessible and affordable housing on land donated by the parish. Although the residence resulted from the commitment of the Knights of Columbus, Augustine House is non-denominational.

Augustine House offers seniors independent living in a mixed-income community. Twenty of the suites are for lower-income residents and are subsidized through Independent Living BC, a program funded by CMHC and BC Housing through the Affordable Housing Initiative. Fraser Health, the regional health authority, funds the program for residents in the subsidized units. The remaining suites are rented on a private-pay basis at the local market rate.

Augustine House is situated on 1.29 ha (3.2 acres) and surrounded by gardens, treed walkways and views of country fields. The 124 units include bed-sitting rooms, studios, one-bedroom and two-bedroom units. Each suite has a kitchenette and accessible bathroom with specially designed showers. Most suites have either a balcony or patio off their main living area.

The public library, local financial institutions, dry cleaners, foot care nurses and other professionals come to Augustine so residents can use these services if they wish. In addition to being served by public transit, residents are provided scheduled shopping trips twice a week to the local commercial centres on the Augustine House bus. The bus is also used for trips and outings as part of the recreation services.

Haven House is a specially designed living area within Augustine House for residents with memory impairment. Haven House is a licensed care facility and offers couples the opportunity to remain close to one another—one in independent living, the other in care.

Haven House also provides for aging in place, allowing those residents who are no longer able to live independently to remain in familiar surroundings. Haven House is located on the ground floor of the building and has an enclosed garden and a central living room and kitchen area where residents are encouraged to participate and contribute, to the best of their ability, to decisions that affect their daily lives.

Résidence Parc Jarry—Affordable supported housing for seniors in the heart of an old Montréal neighbourhood

The private developers of Résidence Parc Jarry responded to the housing need of low-income seniors in the Montréal neighbourhood of Villeray where low incomes were prevalent while rents were increasing—a singular challenge to the growing number of seniors in the area.

When S.E.C. Jarry, a local private developer, acquired an abandoned building, a market study, conducted with an interest-free Proposal Development Funding loan from CMHC, revealed that there was significant rental demand from seniors. The developers decided on a 160-unit retirement residence where half of the units were to be affordable housing and the other half available at market value. The resulting residence is modern and attractive.

When it opened in November 2008, Résidence Parc Jarry confirmed what the market study had shown. The building quickly became 99% occupied, and the local provincial health authority immediately reserved 34 of the units for its clients in a 10-year agreement. Seniors who live there not only enjoy rents of about $600 below market value; they also have access to personal-care services, three meals per day, laundry service and room cleaning, and access to common areas, such as the lounge and courtyard, and to activities that make the development a true community.

v) Age-friendly planning and development

Housing cannot be viewed in isolation from the community in which it is located. Seniors need not only seniors-friendly housing; they also need their communities to be environments that are physically supportive and responsive to their needs. Communities are age-friendly if they are characterized by the following qualities that make them livable for seniors:

- Neighbourhood walkability;
- The availability of transportation options that meet the needs of residents who do not drive;
- Access to services that seniors need;
- The availability of different housing options;
- Safety; and
- Opportunities to engage in social and civic activities.

Planning and zoning changes that would make communities age-friendly are among those that are needed to facilitate "Smart Growth"[17] and to make communities more livable for everyone. Planning for walkable, compact, mixed-use development communities allows seniors to live independently by increasing their sense of safety in public spaces and reducing reliance on automobiles. Availability of convenient public transportation service is essential for seniors who no longer drive, and is at the same time key to planning Smart Growth. Properly maintained sidewalks, better lighting, and attractive streetscapes help seniors feel and keep safe and encourage people of all ages to walk more often. A range of housing options offers seniors the opportunity to choose from among different housing types and makes it more likely that seniors will be able to find appropriate housing as their needs change.[18, 19]

There is an increasing interest in the concept of age-friendly cities and communities and in accessible design guidelines among urban planners and policy makers *(see text boxes Age-Friendly Manitoba Initiative and Visitable housing guidelines).*

Age-Friendly Manitoba Initiative

The Province of Manitoba announced the Age-Friendly Manitoba Initiative (AFMI) in February 2008. Through the AFMI, the Seniors and Healthy Aging Secretariat works with Manitoba communities to create physical and social environments that meet the needs of Manitoba's growing seniors population, to support active living for seniors, and to ensure that senior Manitobans have the opportunity to fully participate in their communities. The Secretariat has partnered with organizations such as the Association of Manitoba Municipalities, the Manitoba Chambers of Commerce, seniors organizations, service providers, and community and faith leaders to more effectively address seniors' needs. AFMI has also developed a partnership with the Centre on Aging's Age-Friendly Communities: Community-University Research Alliance (CURA) at the University of Manitoba. Funded by the Social Sciences and Humanities Research Council (SSHRC) of Canada, this project aims to create knowledge of the factors that contribute to age-friendly communities and to build capacity in research and community development among citizens, government officials, service providers, and researchers that can help them address issues surrounding active aging and age-friendly planning.

The AFMI provides funding to communities to launch age-friendly activities. The activities address housing, transportation, and other physical issues such as the safety of sidewalks, as well as health services, community support, and social participation. As of March 2011, 72 communities in Manitoba had launched age-friendly activities with support from the AFMI.

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[17] Smart Growth focuses on managing growth, imposing development efficiency and protecting the environment. See Smart Growth in Canada: Implementation of a Planning Concept. Ottawa: Canada Mortgage and Housing Corporation, 2005. ftp.cmhc-schl.gc.ca/chic-ccdh/Research_Reports-Rapports_de_recherche/eng_unilingual/smart%20growth_(w)_jan6.pdf (March 14, 2011).

[18] See "Community Indicators for an Aging Population". *Research Highlight. Socio-economic Series; 08-014.* Ottawa: Canada Mortgage and Housing Corporation, 2008. www.cmhc.ca/od/?pid=66099 (May 31, 2011).

[19] See "Impacts of the Aging of the Canadian Population on Housing and Communities". *Research Highlight. Socio-economic Series; 08-003.* Ottawa: Canada Mortgage and Housing Corporation, 2008. www.cmhc.ca/od/?pid=65913 (May 31, 2011).

Visitable housing guidelines

Prince George, British Columbia

Visitable housing is housing that is designed to permit the safe use by visitors with mobility challenges. At a minimum, visitable housing has three accessible features: A zero-step entrance at the front, side, or back entrance of the house; wider doorways on all main floor doors; and a half bath (i.e. toilet and sink) on the main floor that is wheelchair accessible. In 2009, the Measuring Up the North Initiative, which was created to further the social and economic inclusion of persons with disabilities in British Columbia, hosted the Creating Universally Designed Healthy Sustainable Communities Conference in Prince George to raise awareness of visitable housing. The conference was partially funded by Affordability and Choice Today (ACT),[1] a program that was funded by CMHC and that provided grants to help municipalities, private and non-profit builders, and other stakeholders overcome planning and building regulatory barriers by developing practical solutions at the local level.

Following the conference, the City of Prince George, British Columbia, undertook an initiative aimed at implementing visitable housing. With the help of an ACT grant, the City set up a Visitable Housing Project[2] with the objective of compiling a comprehensive information package to assist the City in developing policies, guidelines or mandatory regulations to address visitable housing for new single-or semi-detached homes.

The Prince George project identified a number of best practices. A fourth visitable design feature—an accessible main floor living room—was proposed to ensure social inclusion during the winter months for those living in northern climates. A discussion paper outlined draft Official Community Plan objectives and policies as well as a number of recommendations to advance the implementation of visitable housing including voluntary design guidelines.

In March 2011, the City of Prince George Council approved the recommendations for voluntary guidelines and mandatory regulations. This includes preparing objectives and policies for visitable housing within the Official Community Plan review that do the following:

- Identify the creation of visitable housing as a community objective;
- Contemplate further analysis of visitable housing within an amenity contribution policy and incentives packages;
- Provide direction to consider the Visitable Housing Voluntary Design Guidelines as part of the development review process; and
- Require that, on land sold by the City of Prince George, no less than 15% of newly constructed market-rate single- and semi-detached homes be visitable and all newly constructed affordable (non-market) single- and semi-detached homes be visitable.

[1] See www.actprogram.com (July 11, 2011).

[2] See www.princegeorge.ca/citybusiness/longrangeplanning/studies/VHP/Pages/default.aspx (July 11, 2011).

Responses by the not-for-profit and for-profit sectors to the growing demand for seniors' housing

Seniors' housing developments are very diverse in size and concept. Affordable seniors' housing projects are usually relatively small; the number of units varies, but projects with fewer than 30 units are not uncommon. Some of these projects provide only housing, with the main goal of offering seniors adequate housing at an affordable rent. Other projects are developed to provide affordable supportive housing and to target seniors who need supports in order to continue living independently.

Caledonia Two and Kodiac Place are two examples of affordable seniors' housing *(see text boxes)*.[20]

For-profit seniors' residences vary in size but are often fairly large. The form of the dwelling units also varies, from detached and semi-detached houses to apartments.

Caledonia Two

Dutton is a small Ontario community of about 1,400 people near St. Thomas. Its Lions Club has been operating the 25-unit Caledonia Gardens since 1993. When the demand for this seniors' housing development grew beyond its capacity, Dutton and District Lions Club members decided to develop a second phase.

The design of Caledonia Two reflects the club's experience in operating seniors' housing. Residents comment on both the comfort of the units and the quality of the construction. The building's wide halls and doorways, large closets, laminate flooring and convenient amenities demonstrate an understanding of the needs of seniors. Residents who need additional support or medical care can access the services of a care home located on the same campus.

The development is viable at affordable rents thanks to capital contributions from the Canada-Ontario Affordable Housing Program and the Municipality of Dutton-Dunwich and funds raised through the Dutton and District Lions' own campaign—a piece that was critical to bringing the other partners on board. Further, affordable housing development—especially in small communities like Dutton—often benefits from the efforts of volunteers.

Significant resources from a variety of contributors, including CMHC, the Government of Ontario and the Municipality of Dutton-Dunwich, along with community fundraising, complemented the successful community-based partnerships initiated by the Dutton and District Lions Club.

Kodiac Place

Kodiac Place, a non-profit housing corporation, created affordable housing for seniors in Petitcodiac, New Brunswick through adding another building to a site it owned, helping lower costs.

The village of Petitcodiac lies between Moncton and Sussex in southeastern New Brunswick. Surrounded by farmland, the village has lost many of its younger citizens who move for job opportunities in larger communities. As the community ages, there is a growing need for housing that is affordable and accessible to seniors. Without appropriate housing in the area, lower-income seniors would be required to choose between remaining in housing that does not meet their needs or moving to larger towns or cities.

In 2004, Kodiac Place determined that it would be feasible to add more seniors' housing to a site it owned that already housed a 20-unit rental building. By intensifying the site, Kodiac Place was able to reduce the costs of the new development. By 2006, the new building which consists of 2 one-bedroom apartments and 6 two-bedroom units was occupied. All the units are accessible to people with mobility challenges, allowing residents to age in place.

Through the Affordable Housing Initiative, CMHC provided funds to cover part of the construction costs, while the government of New Brunswick provided rent supplement assistance to the residents of all eight units. The local Kiwanis Club provided a bridge subsidy at the outset in the form of a loan that has already been paid off.

The apartments were built to meet the housing needs of single-person senior households with an annual income of $21,000 or less and couples with an annual income of $26,600 or less. The rents are $500 for one-bedroom units and $550 for two-bedroom apartments; residents pay for hydro separately.

[20] See www.cmhc.ca/en/inpr/afhoce/index.cfm (March 31, 2011).

There is a regional variation in the prevalence of different unit types, with ward units, semi-private units and small private units being more common in some provinces than in others. The data also show that seniors' residences offer a wide range of services and amenities.[21]

Some senior residences built and operated by private sector developers and management firms are independent living facilities that are designed for those who do not require assistance. Independent living facilities sometimes combine housing with recreational amenities such as sports facilities and seek to cater to the increasingly active lifestyles of many seniors, especially younger seniors.

Other residences offer assisted living accommodation. Broadly speaking, assisted living is housing that offers services and care to seniors who need supports. The types of services and care vary and can include personal care and health services in addition to help with daily activities such as housekeeping and meal preparation. Many assisted living facilities offer residents a menu of services that they can choose from based on their needs. Rents vary widely and depend on the size of units, the services and amenities offered, and the location.[22]

For-profit developers of seniors' residences are increasingly collaborating with governments and the non-profit sector to leverage resources and to increase the availability of seniors' housing that is affordable and that offers the services and care that seniors need. The Royal Oak Village project is an example of such a partnership *(see text box Royal Oak Village)*.

Conclusion

Population aging has important implications for housing and related services. The for-profit and non-profit housing sectors are already responding to changing needs with innovative solutions. Support service providers are adapting their operations to meet the needs of the increasingly diverse senior population. Policy-makers at all levels of government are paying more attention to seniors and to the need for age-friendly housing policies and community planning. These responses are contributing to an ongoing process of change in Canadian communities that is increasing seniors' quality of life and helping them maintain their independence and social participation as they age.

Royal Oak Village

Christenson Communities, a for-profit housing development company with experience in developing seniors' residences in Alberta, is currently completing Phase 1 of Royal Oak Village, a seniors' residence in Lacombe, Alberta. The Village is designed to fit the lifestyle of active seniors and to offer them supportive services as their needs change, thereby enabling them to stay in the community longer. The provision of supportive services is made possible through a collaborative effort involving the developer, the Alberta government and the non-profit seniors services sector. The first phase of the project includes 73 units, 23 of which offer supportive services that are funded by Alberta Health Services and operated by the Good Samaritan Society.[1]

In May 2010, the Government of Alberta and Christenson Communities announced an expansion of the Royal Oak Village. Using funding from Alberta Capital Bonds and the Affordable Supportive Living Initiative, the Government of Alberta committed $8.8 million to the developer to make 88 of the units planned for Phases 2 and 3 more affordable.[2] Each eligible resident of these new affordable units will also receive supportive services that will be funded by Alberta Health Services.

[1] See www.cdlhomes.com/Royal-Oak.asp (July 11, 2011).

[2] See alberta.ca/home/NewsFrame.cfm?ReleaseID=/acn/201005/2828869C3F576-D334-2543-7702A6F56C15D127.html (July 11, 2011).

[21] Seniors' Housing Report – Canada Highlights. Ottawa: Canada Mortgage and Housing Corporation, 2010. www.cmhc.ca/od/?pid=65991_2010_A01 (May 31, 2011).

[22] For more detailed information by region, please consult Canada Mortgage and Housing Corporation's Seniors' Housing Reports https://www03.cmhc-schl.gc.ca/b2c/b2c/init.do?language=en&z_category=0/0000000160 (March 14, 2011).

THE EVOLUTION OF SOCIAL HOUSING IN CANADA

9

Social housing is housing subsidized by governments (often developed in collaboration with the private and public not-for-profit sector) that is made available to those who would otherwise be unable to afford to live in suitable and adequate housing in the private market.[1] Client groups for social housing include low-income singles and families, recent immigrants, lone-parents, seniors, persons with disabilities, Aboriginal people, and victims of domestic violence.

There is growing awareness of the effectiveness of community-driven social housing, increased coordination with support services and the role of housing in poverty reduction strategies. Cooperation across (and within) orders of government and the not-for-profit and private sectors, are setting the stage for more flexible and responsive models of organization and administration. To best determine the necessary improvements to achieve progress in these areas, it is critical to first understand where we are, as well as where we have been.

Social housing in Canada

Social housing programs have been almost constantly evolving over the past 65 years. Each era has faced its own unique challenges and strived to seize opportunities to meet the diverse housing needs of Canadians. Governments, not-for-profit organizations and Canadians recognize that social housing is an important community asset that plays a critical role in stabilizing the lives of Canadians in need. Social housing can be designed to promote community integration and well being. In order to meet changing community and demographic needs, social housing is continuing to evolve, with many examples of revitalization and regeneration.

Canada Mortgage and Housing Corporation (CMHC) and its provincial and territorial (P/T)[2] counterparts provide a wide range of housing assistance programs.[3] Some of these initiatives are joint (and cost-shared), while others are unilateral (i.e., under the auspices of only one order of government).

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[1] See Chapter 6, Recent Trends in Housing Affordability and Core Housing Need.

[2] Throughout this chapter, "P/T" is used to denote both provincial and territorial governments.

[3] There are also other social housing units funded only by municipalities.

Social housing in Canada is currently funded mainly through agreements between the federal and P/T governments, and between federal or P/T governments and social housing providers. These agreements set out the guidelines and conditions for funding of housing programs, while leaving the administration in the hands of those who are in-touch with local needs. Eligibility criteria may be set through social housing programs themselves, or through a social assistance[4] structure. Actual criteria and entitlement varies according to the circumstances, such as client category, family size and composition, shelter situation and cost (e.g., market tenancy, public housing, shared accommodation, and room and board), income from various sources and other variables.

Over the years, the federal government and P/Ts have created and maintained a 'portfolio' of social housing units through a variety of programs. As of 2010, there are about 613,500 units in the social housing portfolio that are receiving long-term subsidies from the federal government.[5] The current federal contribution to these subsidized housing units is $1.7 billion annually, mainly through transfers to P/Ts under social housing agreements.

Social housing characteristics

Social housing has encompassed a vast array of programs and initiatives to provide housing assistance to those in need. Over the years a number of mechanisms have been used to develop housing. The CMHC program model for social housing typically involved a long-term mortgage covering 90%-100% of the up-front capital costs of the building of the project. At various points in time, this mortgage has been provided either by private financial institutions or directly by CMHC.

Resident profiles varied by program. Social housing projects either offered a mix of middle-income households paying full market rents and lower-income tenants[6] paying rents geared to their income (usually 25% to 30%), or were targeted only to lower-income tenants Non-rent revenues (e.g., parking, laundry facilities, commercial space), and, in the case of mixed-income projects, market rents, contributed to paying the mortgage debt and ongoing operating costs.

The history of social housing

Social housing has its roots as a government policy instrument in a time of significant housing shortages. It has evolved throughout the succeeding decades, with new models and approaches to housing delivery introduced to respond to other policy issues, such as urban renewal. However, the primary end goal has always remained the same—to provide shelter to those who would otherwise not be able to afford the costs of housing.

1935-1948: Redefining a nation—from depression to post-war

In 1935, the federal government proclaimed its first major piece of housing legislation, the *Dominion Housing Act,* in order to create more housing and promote recovery from the Depression. The Act established a federal role in housing by providing support to the housing sector to reduce the risk to mortgage lenders due to the numerous defaults that were occurring.

The 1938 *National Housing Act (NHA)* went further. The NHA was designed to promote the construction and repair of houses, and included measures to improve housing and living conditions. The NHA was the first

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[4] Because social assistance schemes cover actual shelter costs up to maximum levels set by each P/T authority, clients of social assistance residing in social housing units do not usually receive supplementary shelter benefits beyond their normal social assistance entitlement. See www.hrsdc.gc.ca/eng/cs/sp/sdc/socpol/publications/reports/1996-000047/page00.shtml (July 13, 2011).

[5] Funding levels may be on a decreasing scale, as mortgages are paid off and future expenses are expected to be covered by increasing rental charges and non-rental revenues.

[6] Some programs targeted low-income tenants almost exclusively (e.g., *see text box Aboriginal Housing Programs*).

act to provide for the funding of social housing in Canada.[7] In the early years, the primary social housing challenge was meeting the housing needs of workers and families in need during the Second World War.

After the war, the first of many amendments to the NHA aimed to address the immediate need to house returning veterans and meet new household demand as higher marriage rates, immigration, and post-war prosperity pushed up household formation, increasing demands for housing.[8]

To meet this demand, a federal crown corporation called Wartime Housing Limited (the predecessor of CMHC) built some 46,000 "wartime houses" between 1941 and 1947 to provide affordable housing for munitions workers, as well as returning veterans and their families *(see text box Wartime housing)*.

Wartime housing

These sometimes pre-fabricated houses were based on standardized, inexpensive, 1½ storey designs that served as models for housing initiatives across Canada after the war *(see Figure 9-1)*. Although they were conceived during wartime conditions and intended as temporary suburbs, many of these units have survived. An estimated one million wartime houses are still standing in Canada today.

Renovation of wartime housing and The Now House

The Now House® *(see Figure 9-2)* is a retrofit of a post-war single-detached, 1½ storey home in Toronto which targets near-net zero annual energy consumption *(see Figure 7-1 in Chapter 7)*.

FIGURE 9-1

Wartime housing units

Credit: Pickering – Ajax Digital Archive

FIGURE 9-2

The Now House®

Credit: CMHC

[7] www.urbancentre.utoronto.ca/policyarchive/11policyarchivehousing.html (February 11, 2011).

[8] http://publications.gc.ca/collections/Collection-R/LoPBdP/modules/prb99-1-homelessness/housing-e.htm (December 22, 2011).

During the Second World War, the federal government established the committee on Post-War Reconstruction. In 1944 the committee released its final report entitled, "Housing and Community Planning",[9] which outlined Canada's post-war housing and community planning needs. The report recommended the development of large-scale, low-cost rental housing to help house the estimated one-third of Canadians who were unable to afford 'decent, safe and sanitary'[10] market rental housing.

Despite successes in increasing wartime housing supply, it was recognised that some veterans and families would still be unable to find housing on the market within their means, and that government help would be required. In 1946 the government completed Benny Farm in Montréal, the first and one of the largest subsidized housing developments in Canada, with 384 units in several low-rise, walk-up apartment buildings for young families on an 18-acre site *(see Figure 9-3)*.[11]

It was in this environment that the NHA was amended and the Central Mortgage and Housing Corporation was incorporated on January 1, 1946 (the name was changed to Canada Mortgage and Housing Corporation in 1979) to lead the nation's housing programs in the new era. At the same time, the existing stock of some 46,000 rental units for war workers and veterans that had been built by Wartime Housing Limited was transferred to CMHC.

In this period, Regent Park was the first purpose-built public housing project created in Canada.The 69-acre site in the eastern part of downtown Toronto includes Regent Park North (built in 1947)[12] and Regent Park South (built in 1954). Over 2,000 units of walk-up apartments and row houses were built for lower-income households *(see Figure 9-4)*.

FIGURE 9-3

Benny Farm—One of the first subsidized housing developments in Canada

Credit: CMHC

FIGURE 9-4

Regent Park North (built in 1947)

Credit: CMHC

[9] This came to be known as the Curtis Report.

[10] The NHA defines "low-rental housing project" as a housing project undertaken to provide decent, safe and sanitary housing accommodation. Likewise, "family housing unit" means a unit providing therein living, sleeping, eating, food preparation and sanitary facilities for one family. At the time, overcrowding and unsafe and unsanitary living conditions were common, especially in urban centres.

[11] See www.cmhc-schl.gc.ca/en/inpr/bude/himu/inbu/upload/65180.pdf.

[12] Regent Park North pre-dated the Public Housing Program created in 1949 under what is now Section 79 of the NHA.

Low rental housing programs

CMHC's low rental housing programs, which began in the mid-1940s, were initially designed to encourage investment by the private sector (particularly larger homebuilders) to promote new rental home construction and stimulate the economy. Private entrepreneurs were provided with long-term mortgages at favourable rates for the construction of housing for low- to moderate-income households. Under a joint lending program, CMHC provided partial guarantees to lending institutions that the mortgages would be repaid. Under a rental guarantee program, CMHC provided a minimum-revenue guarantee to builders. Under a limited-dividend program, dividends to shareholders of the builders were limited to 5%. As long-term agreement obligations were completed, builders were no longer obliged to maintain the housing units at affordable rates for low-income tenants.

In 1964, changes encouraged non-profit groups to begin, what has become, their long involvement in helping to create housing for those of lower or modest income. Many of these non-profit, cultural, faith and community organizations have followed through on their commitment and continue to provide social housing long after their obligation to participate ended.[13] Later, when the Rent Supplement Program was introduced in the early 1970s, agreements were also entered into with Limited Dividend owners that provided additional subsidies for some of the units (e.g., a rent-geared-to-income (RGI) subsidy for approximately a quarter of the units), further increasing affordability.

1949-1972: Community building

By the end of the 1940s, economic stimulus measures to increase construction of market housing and promote home ownership to meet the demands of returning veterans and their families had been successful. Annual housing starts reached 90,000 compared to an average of 50,000 in the first half of the decade, and three times the annual average of 30,000 in the 1930s. Nonetheless, there continued to be limited rental housing choices for lower-income households, leading to calls for new government initiatives.

Public housing

In 1949, the NHA was amended to provide for joint federal-provincial programs to construct publicly owned and P/T-managed housing for low-income families, persons with disabilities, and seniors.

Over the years, the federal government has supported public housing under several sections of the NHA jointly with P/Ts and municipalities *(see text box Public Housing 1949 to 1985).* Between 1949, when the Public Housing Program was introduced, and 1985, when new construction terminated, approximately 4,800 projects containing some 205,000 dwelling units were built under the program.

Federal housing policy also focused on improving the functioning of the private housing market (e.g., by providing mortgage loan insurance to make home ownership more accessible to Canadians and through ongoing research with the building industry, leading to advances in materials and construction techniques).

Throughout the 1950s, CMHC increasingly sought to involve P/Ts, municipalities and non-profit groups. This cooperation enabled the pooling of resources and expertise to address the housing needs of low-income households and to improve urban neighbourhoods.

Early non-profit co-operative housing

Housing co-operatives provide affordable housing that is managed democratically and owned in common by the residents without individual equity in the units and without capital gain for any member. Often co-operative housing charges are scaled based on the member's ability to pay, with lower-income members paying less and moderate-income members paying more.

[13] Under what later became Section 26 of the NHA.

Public Housing 1949 to 1985

The Federal-P/T Public Housing Program, the first generation of the Public Housing Program, was established in 1949 through legislative amendments to the NHA.[1] Under this program CMHC and the P/Ts entered into joint agreements for the construction or acquisition of public housing projects. Up-front costs and operating losses were shared by governments with a federal contribution of 75%. The P/Ts, in turn, could ask municipalities to help fund their 25% share. Rents were geared to income (RGI).[2]

While the federal government, through CMHC, was responsible for planning and designing public housing projects, the management and administration of the projects were usually taken on by the P/Ts, which often delegated day-to-day management to local housing authorities. Many of these housing authorities (for example, la Société d'habitation du Québec) continue to exist today.

In 1964, the federal government introduced further amendments to the NHA. The first amendment allowed CMHC to make long-term loans to P/Ts, municipalities or public housing agencies to build or acquire a public housing project. The loan was typically 90% of the approved project capital costs and amortized over 50 years with a modest fixed interest rate. Ownership of each project was retained by the P/T, municipality, or public housing agency that conceived it.

The second amendment allowed CMHC to cover 50% of the annual operating losses associated with public housing projects for up to 50 years. Projects under this program had rents that were based on the same RGI scale used in the 1949 Federal-P/T Public Housing Program.

In 1978, the loan and contribution public housing programs were discontinued, except in the Northwest Territories, where activity continued until 1983. At the same time, use of the Federal-P/T joint Public Housing Program was restricted to jurisdictions that had used it in the previous decade (i.e., Newfoundland & Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Saskatchewan, and Northwest Territories). Nevertheless, many of the projects developed under these programs are still under administration as public housing projects.

[1] The program was created under what is now Section 79 of the NHA.

[2] In the early years, RGI was typically 20%.

In 1966, Willow Park Housing Co-operative *(see Figure 9-5)* opened in Winnipeg, Manitoba; it was the first permanent housing co-operative for families in Canada.[14] The idea of a "continuing" housing co-operative was that a housing complex would be built by a co-operative association and would continue to be managed and maintained democratically by members of the co-operative. The housing complex was a townhouse design with a central courtyard which would become a common model for continuing co-operatives across Canada.

The early co-operatives also pioneered some of the features that became standard for other co-ops:

- The Willow Park Co-operative set up the first reserve fund for major repairs by adding a small sum to the monthly housing charges;
- The Abbotsford Co-op (1969) developed the first seniors' co-operative; and

[14] See www.chfcanada.coop/eng/pages2007/about_1_4.asp (March 8, 2011).

- The De Cosmos Village Co-operative in Vancouver established an internal subsidy structure for monthly payments with the higher-income residents paying a surcharge and the lower-income residents receiving a subsidy.[15]

In order to encourage the development of housing co-operatives, in 1968 the Co-operative Housing Federation of Canada was founded as a joint initiative of the Canadian Labour Congress and the Co-operative Union of Canada (now the Canadian Co-operative Association) through the National Labour Co-operatives Committee.

These early beginnings were to lead to CMHC's co-operative housing programs discussed later in this chapter.

Urban renewal

In the 1960s, the federal government provided grants to cities across Canada for urban renewal, to encourage them to tear down worn buildings and to build assisted housing.

In 1969, the local community, City of Vancouver, Government of British Columbia, and CMHC worked together to develop a plan for renovation and revitalization of the Gastown neighbourhood. The Strathcona Project (as it became known) was one of the first examples of citizen participation in housing project planning in Canada, becoming a model for future programs *(see Figure 9-6)*.

1973-1985: Expansion of social housing stock

The continued expansion of public housing proved to be costly, since significant annual funding was needed to bridge the gap between the costs of operating public housing and the reduced rents paid by lower-income tenants.[16] These increasing expenses, as well as growing criticisms of public housing projects (e.g., in regard to: social exclusion; persistence of the poverty cycle; crime; vandalism; and isolation of tenants from family, friends, employment, and key services—further disadvantaging assisted households) led to the introduction of mixed-income projects and the provision of funding to improve

FIGURE 9-5

1966 Willow Park Housing Co-operative opens in Winnipeg, Manitoba—the first non-profit housing co-operative project built in Canada

Credit: CMHC

FIGURE 9-6

Strathcona Project in Vancouver, 1969

Credit: CMHC

[15] Cole, Leslie. Under Construction: a history of co-operative housing in Canada. 2008. Borealis Press. pp: 32-33.

[16] See http://publications.gc.ca/collections/Collection-R/LoPBdP/PRB-e/PRB0255-e.pdf (December 22, 2011).

and rehabilitate existing public housing. Urban renewal through demolition and replacement, gave way to neighbourhood regeneration through the use of programs targeting renovation, community services and infrastructure, and involving communities in the development.

Instead of large-scale government-owned public housing, new projects tended to be mixed-income and smaller scale, owned by community-based non-profit groups (e.g., faith groups, service clubs). Although start-up subsidies took many forms, the projects also benefitted from long-term subsidies from the federal and provincial governments. As discussed above, some of the units were co-operative housing.

Rent Supplement Program

The Rent Supplement Program, initiated in 1973,[17] offers assistance to low-income tenants of selected private and non-profit rental buildings, reducing monthly rental charges based on a rent-geared-to-income approach. Under the federal-P/T social housing agreements of 1986, P/T governments could choose to administer the program if they contributed sufficient funds to increase the number of new units by 33%. Program costs were shared on a 50/50 basis between the federal government and the respective provincial government. This program provides increased flexibilities, including the option for housing providers to lease private rental units and sub-lease them to low-income tenants at reduced (subsidized) rates.

Non-profit housing programs

The CMHC Non-profit Housing Program, introduced in 1973, assisted non-profit or co-operative sponsors to construct or purchase projects that provide rental accommodation for low- and moderate-income families and individuals. Under the program, loans were made directly by CMHC for up to 100% of the agreed cost at preferred rates for up to 50 years. CMHC also made a capital contribution. In 1979, a revised non-profit program was introduced. Lending institutions provided the capital financing, and CMHC provided monthly subsidies to cover the difference between project costs and rental revenues based on an RGI approach. The non-profit housing programs focused on providing rental housing for mixed-income households.

The program was updated in 1986 and generally targeted to households in core housing need.[18] For projects committed after 1985, a full operating subsidy is provided to cover the difference between operating costs and rental revenue. Contributions are provided for the life of the mortgage or up to 35 years. The program also assists households that have special housing needs. Residents pay rent according to an RGI approach.

Similar to the Rent Supplement Program, under the conditions of the 1986 federal-P/T social housing agreements, P/T governments were given the right to administer the Non-profit Program if they contributed enough funds to increase the total number of new units by 33%. There were about 236,000 social housing units created under the non-profit housing programs between 1973 and 1993, most under P/T administration.[19]

The On-reserve Non-profit Rental Program was based on the same subsidy mechanism until 1997 *(see text box Aboriginal housing programs).*

Co-operative housing programs

- 1973-1979

Although CMHC funded a number of earlier pilot projects, the federal government's specific involvement in financing continuing co-operative housing formally began in 1973 with the introduction of the Co-operative Housing Program.

[17] Although it was created in 1970, it was not formally initiated until 1973 with NHA amendments in support of the Non-profit Housing Program and Co-operative Housing Program.

[18] These programs are known as "Post-85, Section 95 programs".

[19] For the most part, the 1986 to 1993 program was delivered by P/Ts, except for Northwest Territories and Prince Edward Island.

The 1973 Co-operative Housing Program involved the provision of 100% financing by CMHC including up to 10% capital contributions to co-operative groups to construct, acquire or improve a housing project with the intention of providing housing to households who would occupy the units as non-owners. The loan was at a preferred rate with an extended mortgage amortization period of 50 years.

The first Co-operative Housing Program ran from 1973 to 1979 and there were about 7,700 co-op units created under this program.

Aboriginal housing programs

In 1974, the CMHC Rural and Native Housing Program was launched to address the needs of rural low-income households (both Aboriginal and non-Aboriginal) living in off-reserve communities of fewer than 2,500 people. The program, which ended in 1993, provided options for home ownership, rental and lease to purchase. The client made payments under a long-term mortgage based on household income; the difference between the payment and the full cost of shelter was made up through government subsidies.[1]

Increasing need for housing for Aboriginal families in cities led to the creation in 1982 of the Urban Native Non-Profit Housing Program. Earlier, as part of the 1978 Non-profit Housing Program, 400 units had been earmarked for urban Native non-profit housing groups. The assistance provided took the form of a monthly subsidy to permit low-income households to occupy some units in each mixed-income project on an RGI basis.

Most urban Aboriginal families could not afford the rents for the non-subsidized units, so in the early 1980s the program was amended to cover the full gap between the project operating costs and the rental revenues based on an RGI approach, thus permitting all the units in the project to be occupied by lower-income Aboriginal households.

Under the revised name "Urban Native Housing Program", the program was incorporated into the 1986 Urban Social Housing Strategy. Under the 1986 federal-P/T global housing agreements, those P/Ts which cost-shared the program also delivered and administered it.[2]

The CMHC Non-profit Housing Program was delivered for the first time on-reserve in 1978, and provided assistance to construct, purchase, and rehabilitate affordable rental housing on-reserve.

CMHC continues to deliver the On-reserve Non-profit Rental Program and may provide direct loans for First Nations to construct, purchase and rehabilitate social housing projects. Under this program CMHC provides loans for up to 100% of the eligible capital cost of a project as well as ongoing federal subsidies for the life of agreements,[3] which typically run for 25 years.[4] The subsidies cover the difference between the sum of operating and financing costs, and RGI revenues.

[1] See www.abo-peoples.org/programs/housing.html (March 29, 2011).

[2] Urban Native projects with First Nations affiliations were retained by the federal government when the Social Housing Agreements were signed by P/Ts.

[3] Annual funding supports the construction of an estimated 800 new homes, the renovation of some 1,000 existing houses and ongoing subsidy to over 29,000 households.

[4] Some early agreements ran for 35 years.

- 1979-1985

Amendments to the NHA in 1978 facilitated modification of the program in 1979. As with the non-profit program, the revisions allowed mortgage financing to be provided by approved lenders at existing markets rates of interest and amortization periods of up to 35 years. Ongoing subsidies were provided for the duration of the agreement, typically 35 years.

1986-1993: Targeting assistance to those in need

Post-1985 co-operative and non-profit housing programs

In 1986, the third version of the CMHC co-operative housing programs was introduced, which ran from 1986 to 1993. The Federal Co-operative Housing Program (FCHP) provided insured financing and operating subsidies for 30 to 35 years to non-profit housing co-operatives funded with index-linked mortgages (i.e., a type of mortgage loan based on a floating rate tied to the Consumer Price Index). The FCHP is often called the ILM (Index-Linked Mortgage) program. Subsidies continued to be provided to bridge the gap between costs and estimated market-based revenues. The program introduced the innovative Co-operative Housing Stabilization Fund which provided a pool of funding for temporary extra financial assistance to ILM housing co-operatives. Today, there are more than 14,500 co-op units under this program. These projects also benefitted from Rent Supplement, for 30 to 50% of units in a project. Households living in these units paid a housing charge based on their income (RGI). This post-1985 Rent Supplement Program was often cost-shared with P/Ts.

Projects committed after 1985 under the Non-profit Housing Program received a full operating subsidy to cover the difference between operating and financing costs and rental revenue for up to 35 years. From 1986, the program targeted households in core housing need, with residents paying according to an RGI approach. The program also assisted households with special housing needs (e.g., seniors, persons with disabilities).

A stock of good quality, non-profit social housing was created along with a community-based housing development sector. The level of government assistance grew as economic pressures increased the cost of supporting existing tenants in assisted housing.

Canada continues to support the development of co-operative housing. Canada recently supported a United Nations resolution declaring 2012 the UN International Year of Co-operatives.

Evolving government roles

The two largest changes in 1986 were the return to provincial delivery of social housing and the move away from mixed-income to targeted housing programs.

Until 1986, P/Ts were administering the joint public housing projects. As part of the 1986 Social Housing Strategy the federal government transferred the delivery of federal programs to P/Ts. New kinds of operating agreements outlined broad federal requirements for a range of programs, with P/Ts sharing at least 25% of the cost. However, the federal government maintained ongoing leadership in terms of policy, coordination and accountability. All but Prince Edward Island signed on to the post-1986 social housing agreements. Not all programs were taken up by P/Ts; for example, in some jurisdictions CMHC continued to deliver the Urban Native and Rural and Native Housing programs.

It was through these agreements that the concept of core housing need *(see Chapter 6)* was agreed to with P/Ts and estimates of core housing need were used to calculate program resource allocations. These federal-P/T agreements supported significant levels of social housing activity. Despite pressures to control public spending on social housing, annual new commitment activity remained strong through the late 1980s. The cost of subsidies to the federal government continued to rise because the costs to operate social housing projects rose faster than rents. As the 1990s progressed, successive federal budgets gradually reduced the growth rate of the social housing funding envelope, with new program delivery ending in 1993 as government began to shift away from ongoing long-term subsidies and toward an increase in up-front capital contributions, under what would later become the Affordable Housing Initiative.

1994-2000: Strengthened P/T role, streamlining administration and delivery

The Government of Canada announced in its 1996 Budget that it would offer P/Ts the opportunity to assume the management and delivery of existing off-reserve federally-funded social housing in order to clarify roles and responsibilities in housing. By the end of the 1990s, CMHC had negotiated agreements with six provinces and all three territories transferring the administration of more than half of the federally-administered social housing portfolio *(see text box Social Housing Agreements)*. As a result, about 80% of the existing social housing stock is now administered by the P/Ts under the Social Housing Agreements. Housing owned and operated by First Nations on-reserve was not affected by the Social Housing Agreements, and in some jurisdictions, CMHC retained the federally-funded co-operative housing portfolio.

Over time, P/Ts have developed greater capacity for the design and delivery of housing programs, and bilateral agreements have provided them with increasing flexibility as to how these are designed and delivered.

2001-2011: Affordable housing and new investments in housing

The Affordable Housing Initiative

The Affordable Housing Initiative (AHI) was introduced by the federal government in 2001 to create new affordable housing units via up-front capital contributions, rather than ongoing subsidies. The total multi-year funding provided was $680 million. Additional multi-year funding was provided in 2003 ($320 million). Bilateral agreements require that rental units produced have rents at prices at or below median market rent. Through these agreements, the P/Ts match federal investment (sometimes with contributions from other parties; i.e., municipalities, private sector, or non-profit sector).

P/T governments, through their housing agencies, design the programs and establish priorities, which may relate to special needs groups (e.g., seniors or off-reserve Aboriginal people). The housing agencies deliver and administer the programs by working with non-profit and co-operative groups and developers. Households must qualify for social housing waiting lists, and units must remain affordable for 10 years.

Social Housing Agreements

Starting in 1996, under the Social Housing Agreements, CMHC transferred to each agreeing P/T control of the management and administration of all off-reserve social housing programs in that jurisdiction,[1] including both unilateral federal programs and cost-shared federal-P/T programs. The P/T took responsibility for all financial aspects and other obligations related to these programs (e.g., project operating agreements with third parties). In return, CMHC agreed to provide the P/T with fixed amounts of funding each year until the funding expiration date set out in the agreement.

The P/T may carry over unused CMHC funding from year to year, but not beyond the Funding Expiration Date. However, all funding provided under the agreement must be applied towards the cost of programs for which the P/T assumed responsibility, or for new housing programs that meet the terms of the agreement.

The P/T must provide CMHC annually with an audited statement of funding and expenditures and a performance report. Evaluations of each program to which funding is applied must be provided every five years.

[1] Alberta, Quebec and Prince Edward Island did not enter into Social Housing Agreements; therefore, unilateral federal social housing programs (including co-operative housing programs) in those jurisdictions are still federally administered. In addition, federal co-operative housing programs in British Columbia and Ontario are also federally administered since they were not included in the Social Housing Agreements with those provinces.

CMHC's Affordable Housing Centre provides guidance and resources to help non-profit and private sector groups in the development of affordable housing projects *(see text box CMHC Affordable Housing Centre).*

2006: Affordable housing trusts

The 2006 Federal Budget provided one-time funding to provinces and territories for support in several areas, including affordable housing. This investment included:

- Affordable Housing Trust: $800 million to help address short-term pressures with regard to the supply of affordable housing. Funding was notionally allocated over three years (2006-07 to 2008-09) on an equal per capita basis among provinces and territories.
- Northern Housing Trust: $300 million to help meet short-term pressures with regard to the supply of affordable housing in the North. Funding was notionally allocated over three years (2006-07 to 2008-09) among the three territories as follows: $50 million each for Yukon, the Northwest Territories and Nunavut, plus an additional $150 million for urgent needs in Nunavut.
- Off-Reserve Aboriginal Housing Trust: $300 million to help provinces address short-term housing needs for Aboriginal Canadians living off-reserve. Funding was notionally allocated over three years (2006-07 to 2008-09) among provinces based on the provincial share of the Aboriginal population living off-reserve.

2009-2014: Affordable housing investments

In September 2008, the Government of Canada committed to a five-year[20] investment of more than $1.9 billion in housing and homelessness to address the needs of low-

CMHC's Affordable Housing Centre

In addition to federal and P/T initiatives, CMHC is supporting and encouraging the creation of affordable housing by offering a wide range of products, services and programs to help non-profit and private sector groups develop affordable housing without ongoing subsidies. CMHC's Affordable Housing Centre has a team of experts that offers a broad range of expertise and experience in affordable housing. This team works with groups and individuals in order to connect them with the resources, knowledge and contacts needed for their affordable housing proposals to become a reality.

This guidance helps to clarify and navigate the financial, technical, operational and social issues involved in developing affordable housing. CMHC also provides financial assistance to support activities carried out in the very early stages of developing an affordable housing project through Seed Funding and Proposal Development Funding. Since its inception in 1991 (under the name Canadian Centre for Public-Private Partnerships in Housing) the CMHC Affordable Housing Centre has facilitated some 56,000 affordable housing units *(see Figure 9-7).*[1]

FIGURE 9-7

Example of affordable housing

Credit: CMHC

[1] Further information is available on www.cmhc-schl.gc.ca/en/inpr/afhoce/.

[20] 2009/10 to 2013/14 fiscal years.

income Canadians, those at risk of homelessness, and the homeless *(see text box Related federal programs administered by Human Resources and Skills Development Canada)*. A two-year renewal of the Affordable Housing Initiative (AHI) and renovation programs until March 31, 2011 was entered into with each participating P/T in 2009. The government also committed to review the use of the investments for the 2011-2014 period.

In the fall of 2009, P/T governments, municipalities, and public and private stakeholders were consulted on how best to use federal funding from 2011 to 2014. As a result of these discussions, in July 2011 federal, provincial and territorial ministers responsible for housing announced a $1.4 billion combined investment toward reducing the number of Canadians in housing need under a new Investment in Affordable Housing 2011-2014 Framework Agreement.

The resultant Framework provides the P/Ts with greater flexibility in the use of federal funding, which they fully cost-match. P/Ts have the flexibility to invest in a range of housing solutions to increase the supply of affordable housing, improve housing affordability, improve and preserve the quality of affordable housing, and foster safe and independent living. P/Ts have the choice to maintain existing programs and/or introduce new initiatives to meet local needs and priorities. Initiatives under the Framework can include new construction, renovation, home ownership assistance, rent supplements, shelter allowances, and accommodations for victims of family violence. Contributions by other local parties, including the private and not-for-profit sectors, are also encouraged.

Related federal programs administered by Human Resources and Skills Development Canada

National Homelessness Initiative

The National Homelessness Initiative (NHI) was launched in December 2000 with federal funding of $753 million initially over three years, with periodic extensions until the program was updated in 2007. The program was intended to enhance community capacity to address local homelessness issues, foster investments in facilities and services for homeless people and increase knowledge about homelessness in Canada.

NHI offered a combination of new community-based programming and enhancements to existing programs, including additional funding for existing CMHC renovation programs for low-income persons, including the homeless and those at risk of homelessness.

Homelessness Partnering Strategy

The Homelessness Partnering Strategy (HPS) was introduced on April 1, 2007. Building on the successes of the NHI's community-based approach, the HPS enhanced the federal government's homelessness strategy and shifted to a housing-first approach,[1] emphasizing that the first step is to provide individuals with transitional and supportive housing. This model seeks to address homelessness by working together with the provinces and territories, across federal departments, as well as with communities and the private and non-profit sectors.

A progression of support steps may be needed to help a person who is homeless. It may start with making appropriate supportive services available to people in difficulty, whether on the street or at risk of homelessness.

It may be necessary to provide accommodation and assistance in emergency shelters. The goal is to provide homeless persons access to transitional housing, to permanent housing and independence. The HPS has been renewed until March 31, 2014.[2]

[1] "Homelessness, Housing, and Harm Reduction: Stable Housing for Homeless People with Substance Use Issues." *Research Highlight. Socio-economic Series; 05-027.* Ottawa: Canada Mortgage and Housing Corporation, 2005. www.cmhc-schl.gc.ca/odpub/pdf/64031.pdf (July 22, 2011).

[2] For more information on the Government of Canada's Homelessness Partnering Strategy, see: www.hrsdc.gc.ca/homelessness.

Housing stimulus measures in the January 2009 federal budget

Canada's Economic Action Plan (CEAP), a two-year investment announced in 2009, included a number of housing-related measures intended to create employment through timely and targeted investments to build new, and renovate existing, social housing and fund housing-related infrastructure:

- $1 billion to renovate and energy retrofit existing social housing off-reserve. Of this $1 billion, $850 million is delivered by P/Ts on a 50/50 cost-shared basis under the Affordable Housing Initiative for existing social housing projects within joint federal-P/T programs they administer. The other $150 million is for off-reserve social housing projects across the country in programs unilaterally funded and administered by CMHC.
- $400 million for new housing for low-income seniors and $75 million for new housing for persons with disabilities, to be cost-matched and delivered by P/Ts.
- $200 million to support the renovation and the construction of new housing units in the North, to be delivered by the territorial governments.
- $400 million for new housing and repairs to existing social housing on-reserve.[21]
- Up to $2 billion in direct low-cost loans to municipalities, for housing-related infrastructure projects in towns and cities across the country.

Continued evolution

Revitalization of affordable and social housing

The regeneration and redevelopment of existing affordable and social housing implies major changes in housing projects to renew lost vitality and offset economic decline, social and economic change and physical and environmental deterioration. Redevelopment of social and affordable housing in Canada has varied in scale and taken many different forms. The methods used to plan, implement and finance the projects have also varied, and have resulted in a wide range of positive outcomes and lessons learned.

Regeneration and redevelopment have included the following drivers:

- Deteriorated physical condition of the buildings and outdated design or layout;
- Concerns about social conditions or problems in existing social housing;
- Changing needs of existing tenants or those on waiting lists;
- Addressing financial viability issues; and
- Providing opportunities to increase urban densification efforts.

Regeneration represents a broad planning response to these problems, seeking to promote greater prosperity, wider social inclusion, and an enhanced quality of life for local communities.

A key part of revitalization strategies is typically to produce more socially- and income-mixed communities through the addition of market rental or condominium housing, thereby increasing the social integration of the sites within the surrounding neighbourhoods. This strategy is generally pursued through a public-private collaborative model that leverages private financing using the considerable asset value of the sites to offset the public costs of redevelopment. The model is particularly applicable to larger sites in prime locations of major cities where there are opportunities to increase density, while also adding private market housing. Projects may also involve financial assistance under programs funded by federal, P/T, or municipal governments.[22]

The following are just a few examples of the types of initiatives that are being undertaken across Canada to improve and expand housing options for low- and modest-income Canadians who would otherwise not be able to afford the costs of housing.

[21] These amounts are in addition to the $1.9 billion over five years announced in September 2008 for housing and homelessness programs.

[22] For example, through Canada's Economic Action Plan.

Regent Park revitalization

Toronto's Regent Park is an example of large scale revitalization and regeneration of public housing. As discussed above, Regent Park is one of the oldest publicly-funded housing communities in Canada and is home to 7,500 people living in over 2,000 social housing units. The thinking at the time was to create a "garden city"—a place where buildings sit in park-like settings, streets are removed and the community is set apart from the remainder of the city.

In the past several years, however, Regent Park has come to be known for its deteriorating buildings, problematic public spaces and concentration of the some of the ills of urban life: violence, drug use, poor health and educational outcomes and a general lack of opportunity.

Regent Park is arguably one of Toronto's most vulnerable and marginalized neighbourhoods. It is culturally diverse, with more than half of its population being immigrants. Over 50% of the population living in Regent Park are children 18 years of age and younger (compared to a Toronto-wide average of 30%). The average income for Regent Park residents is approximately half the average for other Torontonians. A majority of families in Regent Park are classified as low-income, with 68% of the population living below Statistics Canada's Low-Income Cut-Off in one of its census tracts, and 76% in the other (compared to a Toronto-wide average of just over 20%).

Over a period of 15 years, the Toronto Community Housing Corporation, which owns and manages Regent Park is demolishing and re-building the entire community in 6 phases *(see Figure 9-8)*. As a whole, the community will grow to 5,000 units of mixed housing, including rent-geared-to-income social housing units, market rentals, privately owned condominiums and some affordable home ownership units. The redevelopment plan seeks to achieve the following:

a) Create social mix;

b) Promote positive social interaction (using innovative architectural and urban designs); and

c) Create affordable home ownership for a subset of residents.

FIGURE 9-8

Part of the revitalized Regent Park

Credit: CMHC

A longitudinal study is underway to investigate the effects of the Regent Park redevelopment on the health and well-being of residents. The first study of its kind in Canada, it will examine how interventions in the built environment may reduce health inequalities and improve the lives of low-income, urban populations.

Benny Farm

Beginning in 1997, Canada Lands Company (CLC) and CMHC redeveloped the Benny Farm site in order to regenerate and expand it from 384 to about 570 new and refurbished affordable housing units *(see Figure 9-9)*.

FIGURE 9-9

Benny Farm

Credit: CMHC

In 1999, CMHC transferred ownership of the site to CLC. Following extensive consultations, a revised plan was approved by the City of Montréal in 2004 and CLC began the redevelopment work in 2005. Benny Farm required major renovations to about 35% of the existing housing plus demolition and reconstruction of housing on the rest of the site by non-profit, co-operative and private developers. In 2008, Benny Farm was sold by CLC to the City of Montréal housing agency which administers all public housing in the city, and a final phase of regeneration and redevelopment work was undertaken and completed by 2010.

Today there are 797 housing units: 237 units for veterans, 228 social (non-profit and co-operative) housing units, and 332 ownership (condo) units for moderate income and first-time buyers (some with financial assistance from municipal/provincial programs).

City of Toronto Tower Renewal

Announced in September 2008, Tower Renewal is an initiative by the City of Toronto aimed at upgrading and greening the City's concrete slab high-rise apartment buildings *(see Figure 9-10)*.[23] Since they were built in the 1960s and 1970s, the units tend to be larger than apartments built today and can house larger households. The initiative aims to reduce energy use and greenhouse gas emissions while also revitalizing the surrounding neighbourhoods and preserving or creating additional affordable housing.

Some of these buildings provide social housing, managed by the Toronto Community Housing Corporation.

Extensive studies were conducted at four pilot sites, including water consumption audits, resource conservation measures, waste diversion strategies, safety audits, walkability studies, transportation needs, tree canopy studies, inventories of on-site common spaces and assessments of job creation opportunities. Overall, the findings revealed that comprehensive Tower Renewal projects were good investments and would pay for themselves over time with reduced utility costs, lower maintenance requirements and improved property values. Significant benefits would accrue to all stakeholders, including property owners, residents, the broader community and the environment. The studies also identified financial, regulatory and physical infrastructure challenges to be addressed in order to implement Tower Renewal city-wide.

The results from the studies were incorporated into a strategy for a city-wide roll-out over a 20-year period beginning in 2011.

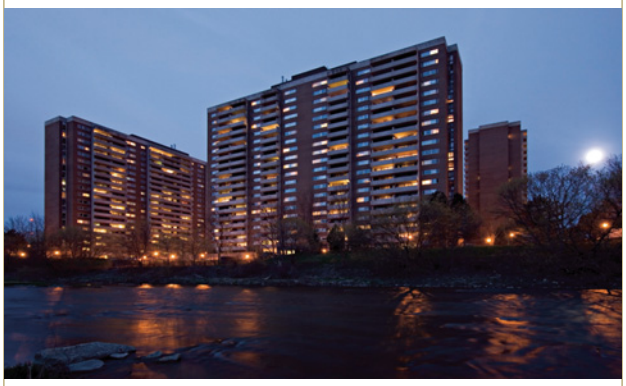
The way forward

P/Ts are taking a lead role in housing program design and delivery. Many jurisdictions are developing comprehensive approaches to address housing needs as part of larger poverty reduction strategies. There is also increased involvement of the non-profit, voluntary and private sectors in developing and redeveloping housing through community support approaches that are designed to have long-lasting benefits.

Through the past 65 years, the housing needs of Canadians have evolved, as have the roles of federal, P/T, municipal and community partners. In all jurisdictions, it is becoming increasingly clear that the most successful housing interventions are those approaches which are coordinated with other social supports to address specific or persistent client and community needs, and which involve local participation.

FIGURE 9-10

Scarlett Road Apartment Towers, Toronto



Credit: Jesse Colin Jackson

[23] See www.towerrenewal.ca for more information.

Appendix

A

KEY HOUSING AND HOUSING FINANCE STATISTICS

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TABLE 1

Housing Market Indicators, Canada, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Construction										
Starts, total	162,733	205,034	218,426	233,431	225,481	227,395	228,343	211,056	149,081	189,930
Starts, single	96,026	125,374	123,227	129,171	120,463	121,313	118,917	93,202	75,659	92,554
Starts, multiple	66,707	79,660	95,199	104,260	105,018	106,082	109,426	117,854	73,422	97,376
Semi-detached	11,883	13,584	13,644	14,297	13,477	14,358	14,432	12,651	11,114	13,006
Row	15,166	18,482	20,343	22,067	22,134	20,963	23,281	20,868	13,908	19,857
Apartment	39,658	47,594	61,212	67,896	69,407	70,761	71,713	84,335	48,400	64,513
Starts by Intended Market:[1] Total	142,280	179,124	191,911	204,389	193,471	195,024	193,744	187,368	130,369	166,175
Homeownership - Freehold	95,125	123,106	121,890	124,678	114,008	113,743	112,730	94,871	78,617	97,085
Rental	14,681	18,841	19,939	20,343	17,210	18,518	18,605	18,265	16,237	19,735
Homeownership - Condominium	31,986	36,798	49,212	58,852	60,251	61,817	61,595	73,574	34,382	48,506
Other (Co-op and Unknown)	488	379	870	516	2,002	946	814	658	1,133	849
Completions, total	151,936	185,626	199,244	215,621	211,242	215,947	208,889	214,137	176,441	186,855
Resale Market										
MLS® sales (units)[2]	380,986	418,450	433,892	459,391	483,224	482,590	520,511	431,318	464,547	446,577
MLS® sales/new listings (%)[2]	62.7	70.7	66.4	63.8	64.2	60.7	61.8	47.5	58.5	52.4
Available Supply										
Newly completed and unabsorbed homes[3]	10,509.0	10,251.0	11,392.0	14,392.0	13,654.0	15,430.0	15,673.0	19,801.0	18,547.0	19,598.0
Single and semi-detached	5,291	4,755	5,092	5,797	5,064	5,820	6,319	8,581	5,537	5,841
Row and apartment	5,218	5,496	6,300	8,595	8,590	9,610	9,354	11,220	13,010	13,757
Rental vacancy rate (%)[4]	1.7	2.1	2.6	2.9	2.8	2.7	2.6	2.3	3.0	2.9
Availability rate (%)[4]	NA	NA	NA	3.9	4.0	3.7	3.7	3.3	4.2	3.9
Housing Costs										
MLS® average price ($)[2]	171,759	188,872	207,353	226,601	249,248	277,272	307,132	304,987	320,397	339,042
New Housing Price Index (% change)[5]	2.8	4.0	4.8	5.6	5.0	9.7	7.7	3.4	-2.3	2.2
Teranet - National Bank National Composite House Price Index™[6]	74.75	81.85	88.18	95.08	103.05	115.99	126.29	125.57	132.15	137.51
Consumer Price Index (% change)[5]	2.5	2.3	2.8	1.9	2.2	2.0	2.1	2.4	0.3	1.8
Construction Materials Cost Index (% change)[5]	NA	NA	1.3	6.8	0.0	1.1	0.1	1.1	1.3	1.1
Construction Wage Rate Index (% change)[5]	2.2	1.1	2.5	1.4	1.7	4.0	5.0	1.5	3.9	1.6
Owned accommodation costs (% change)[5]	2.8	1.7	3.0	2.8	3.1	4.1	4.9	4.5	1.1	0.6
Rental accommodation costs (% change)[5]	1.6	2.0	1.5	1.0	0.8	1.0	1.5	1.7	1.5	1.2
Average rent ($):[4]										
Bachelor	490	504	516	523	529	547	563	582	594	607
One-bedroom	607	627	638	646	659	676	699	726	736	756
Two-bedroom	672	694	704	720	732	755	772	804	812	835
3+ bedroom	752	775	788	807	816	853	863	884	888	928
Demand Influences										
Population on July 1 (thousands)[7]	31,019	31,354	31,640	31,941	32,245	32,576	32,930	33,316	33,720	34,109
Labour force participation rate (%)[7]	65.9	66.9	67.5	67.5	67.1	67.0	67.4	67.7	67.2	67.0
Employment (% change)[5]	1.2	2.4	2.4	1.7	1.3	1.8	2.4	1.7	-1.6	1.4
Unemployment rate (%)[7]	7.2	7.7	7.6	7.2	6.8	6.3	6.0	6.1	8.3	8.0
Real disposable income (% change)[5]	2.8	1.7	2.2	3.9	2.7	5.9	4.0	4.1	0.9	3.5
1-year mortgage rate (%)	6.14	5.17	4.84	4.59	5.06	6.28	6.90	6.70	4.02	3.49
3-year mortgage rate (%)	6.88	6.28	5.82	5.65	5.59	6.45	7.09	6.87	4.57	4.30
5-year mortgage rate (%)	7.40	7.02	6.39	6.23	5.99	6.66	7.07	7.06	5.63	5.61
Net migration[7]	236,700	248,024	200,443	213,178	216,216	228,666	226,568	253,131	268,399	254,742
Housing in GDP ($ millions)[7]										
Rent imputed to owners	86,014	90,313	94,459	99,112	103,784	109,824	117,267	124,573	130,669	136,292
Rent paid by tenants	30,092	31,491	32,829	34,133	35,435	37,137	39,263	41,381	43,243	44,955
Total housing-related spending in GDP[5]	196,585	213,241	228,484	245,794	260,692	277,886	299,346	310,413	307,758	329,591
Total consumption-related spending (including repairs)	141,225	147,315	155,449	162,461	170,611	178,998	190,218	202,025	207,687	216,064
Total residential investment	55,360	65,926	73,035	83,333	90,081	98,888	109,128	108,388	100,071	113,527
New construction (including acquisition costs)	25,931	33,242	37,045	42,541	44,199	48,057	52,100	52,704	40,842	49,099
Alterations and improvements	20,632	22,089	24,209	27,100	30,271	33,692	37,567	39,182	40,945	45,286
Transfer costs	8,797	10,595	11,781	13,692	15,611	17,139	19,461	16,502	18,284	19,142

[1] Housing units in centres 10,000+.

[2] MLS® is a registered trademark of the Canadian Real Estate Association.

[3] Housing units in centres 50,000+ for which construction has been completed but which have not been rented or sold.

[4] In privately initiated apartment structures with at least 3 units.

[5] CMHC, adapted from Statistics Canada (CANSIM).

[6] ©Teranet and National Bank of Canada, all rights reserved (as of December of each year).

[7] Statistics Canada (CANSIM)

Source: CMHC *(Starts and Completions Survey, Market Absorption Survey, Rental Market Survey)*; CREA (MLS®); Bank of Canada (mortgage rates); Statistics Canada (CANSIM and custom tabulation of construction materials cost index)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 2

Total Housing Starts, Canada, Provinces and Metropolitan Areas, 2001-2010 (units)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada	**162,733**	**205,034**	**218,426**	**233,431**	**225,481**	**227,395**	**228,343**	**211,056**	**149,081**	**189,930**
Provinces										
Newfoundland and Labrador	1,788	2,419	2,692	2,870	2,498	2,234	2,649	3,261	3,057	3,606
Prince Edward Island	675	775	814	919	862	738	750	712	877	756
Nova Scotia	4,092	4,970	5,096	4,717	4,775	4,896	4,750	3,982	3,438	4,309
New Brunswick	3,462	3,862	4,489	3,947	3,959	4,085	4,242	4,274	3,521	4,101
Quebec	27,682	42,452	50,289	58,448	50,910	47,877	48,553	47,901	43,403	51,363
Ontario	73,282	83,597	85,180	85,114	78,795	73,417	68,123	75,076	50,370	60,433
Manitoba	2,963	3,617	4,206	4,440	4,731	5,028	5,738	5,537	4,174	5,888
Saskatchewan	2,381	2,963	3,315	3,781	3,437	3,715	6,007	6,828	3,866	5,907
Alberta	29,174	38,754	36,171	36,270	40,847	48,962	48,336	29,164	20,298	27,088
British Columbia	17,234	21,625	26,174	32,925	34,667	36,443	39,195	34,321	16,077	26,479
Metropolitan Areas										
St. John's	1,029	1,350	1,604	1,834	1,534	1,275	1,480	1,863	1,703	1,816
Halifax	2,340	3,310	3,066	2,627	2,451	2,511	2,489	2,096	1,733	2,390
Moncton	938	1,550	1,435	1,151	1,191	1,416	1,425	1,359	973	1,400
Saint John	374	397	580	516	501	565	687	832	659	653
Saguenay	336	596	435	347	464	485	685	869	584	783
Québec	2,555	4,282	5,599	6,186	5,835	5,176	5,284	5,457	5,513	6,652
Sherbrooke	589	857	1,070	1,355	1,076	1,305	1,318	1,627	1,580	1,656
Trois-Rivières	324	619	635	874	919	1,017	1,197	1,148	1,027	1,691
Montréal	13,300	20,554	24,321	28,673	25,317	22,813	23,233	21,927	19,251	22,001
Gatineau	1,659	2,553	2,801	3,227	2,123	2,933	2,788	3,304	3,116	2,687
Ottawa	6,251	7,796	6,381	7,243	4,982	5,875	6,506	6,998	5,814	6,446
Kingston	707	810	1,131	872	683	968	880	672	717	653
Peterborough	294	423	547	514	619	437	540	428	371	404
Oshawa	2,561	3,490	3,907	3,153	2,934	2,995	2,389	1,987	980	1,888
Toronto	41,017	43,805	45,475	42,115	41,596	37,080	33,293	42,212	25,949	29,195
Hamilton	3,365	3,803	3,260	4,093	3,145	3,043	3,004	3,529	1,860	3,562
St. Catharines-Niagara	1,134	1,317	1,444	1,781	1,412	1,294	1,149	1,138	859	1,086
Kitchener	3,537	4,130	3,955	3,912	3,763	2,599	2,740	2,634	2,298	2,815
Brantford	475	700	458	482	534	409	589	432	317	504
Guelph	993	1,138	994	1,420	951	864	941	1,087	567	1,021
London	1,607	2,604	3,027	3,078	3,067	3,674	3,141	2,385	2,168	2,079
Windsor	2,157	2,490	2,237	2,287	1,496	1,045	614	453	391	617
Barrie	2,445	2,739	2,368	2,435	1,484	1,169	980	1,416	427	682
Greater Sudbury	191	298	306	388	400	477	587	543	450	575
Thunder Bay	211	197	211	287	227	165	249	167	180	222
Winnipeg	1,473	1,821	2,430	2,489	2,586	2,777	3,371	3,009	2,033	3,244
Regina	626	651	889	1,242	888	986	1,398	1,375	930	1,347
Saskatoon	900	1,489	1,455	1,578	1,062	1,496	2,380	2,319	1,428	2,381
Calgary	11,349	14,339	13,642	14,008	13,667	17,046	13,505	11,438	6,318	9,262
Edmonton	7,855	12,581	12,380	11,488	13,294	14,970	14,888	6,615	6,317	9,959
Kelowna	1,103	1,591	2,137	2,224	2,755	2,692	2,805	2,257	657	957
Abbotsford	418	1,038	1,056	1,083	1,012	1,207	1,088	1,285	365	516
Vancouver	10,862	13,197	15,626	19,430	18,914	18,705	20,736	19,591	8,339	15,217
Victoria	1,264	1,344	2,008	2,363	2,058	2,739	2,579	1,905	1,034	2,118

Source: CMHC *(Starts and Completions Survey)*

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 3

Total Residential Sales, Canada, Provinces and Metropolitan Areas, 2001-2010 (units)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada	**380,986**	**418,450**	**433,892**	**459,391**	**483,224**	**482,590**	**520,511**	**431,318**	**464,547**	**446,577**
Provinces										
Newfoundland and Labrador	2,808	3,014	3,238	3,265	3,211	3,537	4,471	4,695	4,416	4,236
Prince Edward Island	1,234	1,306	1,404	1,500	1,449	1,492	1,769	1,413	1,404	1,487
Nova Scotia	9,441	10,243	9,221	8,887	10,948	10,697	11,857	10,869	10,021	10,036
New Brunswick	4,779	5,089	5,489	5,979	6,836	7,125	8,161	7,555	7,003	6,702
Quebec	62,351	67,867	66,370	68,268	70,385	71,619	80,647	76,754	79,111	80,126
Ontario	162,318	178,058	184,457	197,353	197,140	194,930	213,379	181,001	195,840	195,591
Manitoba	11,440	11,108	11,523	12,098	12,761	13,018	13,928	13,525	13,086	13,164
Saskatchewan	8,266	8,231	7,898	8,440	8,653	9,531	12,540	10,538	11,095	10,872
Alberta	48,795	50,797	51,197	57,216	65,531	73,970	70,954	56,045	57,543	49,723
British Columbia	69,554	82,737	93,095	96,385	106,310	96,671	102,805	68,923	85,028	74,640
Metropolitan Areas										
St. John's	2,808	3,014	3,238	3,265	3,211	3,537	4,471	4,695	4,416	4,236
Halifax	6,212	6,687	5,813	5,516	6,698	6,462	7,261	6,472	6,062	5,944
Moncton	1,666	1,763	1,861	2,028	2,341	2,561	2,849	2,663	2,386	2,402
Saint John	1,510	1,505	1,636	1,612	1,901	1,852	2,253	2,166	1,986	1,751
Saguenay	NA	1,240	1,312	1,344	1,546	1,585	1,603	1,488	1,472	1,320
Québec	NA	7,714	6,811	6,778	7,525	7,490	7,954	7,838	7,962	NA
Sherbrooke	NA	1,840	1,801	1,806	1,856	1,796	1,905	1,771	1,801	1,676
Trois-Rivières	NA	1,004	916	953	886	995	1,030	1,011	1,035	913
Montréal	NA	38,688	37,523	38,319	39,111	39,141	43,666	40,441	41,753	42,308
Gatineau	NA	4,059	4,136	4,103	4,125	4,282	4,603	4,193	4,335	4,238
Ottawa	12,240	12,894	12,877	13,457	13,300	14,003	14,739	13,908	14,923	14,586
Kingston	3,274	3,646	3,651	3,764	3,464	3,517	3,725	3,473	3,377	3,209
Peterborough	2,691	2,873	2,851	2,980	2,847	2,714	2,880	2,506	2,458	2,537
Oshawa	8,085	8,520	9,025	9,816	9,232	9,354	10,217	8,797	9,328	9,479
Toronto	67,612	74,759	79,366	84,854	85,672	84,842	95,164	76,387	89,255	88,214
Hamilton	11,334	12,482	12,807	13,176	13,565	13,059	13,866	12,110	12,680	12,934
St. Catharines-Niagara	5,488	5,951	6,174	6,722	6,698	6,410	6,668	5,896	5,808	6,024
Kitchener	4,816	5,253	5,310	5,931	6,147	6,115	7,031	6,269	6,580	6,772
Brantford	1,887	2,044	1,986	2,281	2,204	2,139	2,305	2,097	1,884	2,086
Guelph	2,430	2,656	2,768	2,918	2,932	2,859	3,088	2,794	2,878	2,834
London	7,503	8,290	8,412	9,238	9,133	9,234	9,686	8,620	8,314	8,389
Windsor	4,741	4,938	5,381	5,832	5,661	5,047	4,987	4,546	4,661	4,893
Barrie	3,594	4,063	4,311	4,657	4,675	4,397	5,017	4,058	4,326	4,105
Greater Sudbury	1,937	2,031	2,191	2,500	2,726	2,762	2,754	2,396	1,977	2,244
Thunder Bay	1,354	1,599	1,662	1,447	1,358	1,750	1,902	1,973	2,041	2,146
Winnipeg	10,215	9,881	10,201	10,797	11,415	11,594	12,319	11,854	11,509	11,572
Regina	2,792	2,817	2,640	2,785	2,730	2,953	3,957	3,338	3,704	3,581
Saskatoon	2,987	2,941	2,848	2,999	3,246	3,430	4,446	3,540	3,834	3,574
Calgary	22,512	24,706	24,359	26,511	31,569	33,027	32,176	23,136	24,880	20,996
Edmonton	16,079	15,923	16,277	17,652	18,634	21,984	20,427	17,369	19,139	16,403
Kelowna	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Abbotsford	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	28,732	34,909	39,022	37,972	42,222	36,479	38,978	25,149	36,257	31,144
Victoria	6,410	7,069	7,581	7,685	7,970	7,500	8,403	6,171	7,660	6,169

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The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFREB by Centris®

TABLE 4

Average Residential Price, Canada, Provinces and Metropolitan Areas, 2001-2010 (dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada	**171,759**	**188,872**	**207,353**	**226,601**	**249,248**	**277,272**	**307,132**	**304,987**	**320,397**	**339,042**
Provinces										
Newfoundland and Labrador	104,376	113,081	119,822	131,499	141,167	139,542	149,258	178,477	206,374	235,341
Prince Edward Island	87,696	94,964	101,745	110,815	117,238	125,430	133,457	139,944	146,044	147,196
Nova Scotia	115,485	126,669	136,292	146,033	159,221	168,614	180,989	189,932	196,690	206,186
New Brunswick	95,947	100,129	105,858	112,933	120,641	126,864	136,603	145,762	154,906	157,240
Quebec	115,820	128,630	149,600	169,470	183,417	195,383	209,468	220,092	230,243	248,697
Ontario	193,357	210,901	226,824	245,230	262,949	278,364	299,544	302,354	318,366	342,245
Manitoba	93,192	96,531	106,788	119,245	133,854	150,229	169,189	190,296	201,343	222,132
Saskatchewan	97,629	100,565	104,925	110,856	122,990	132,340	174,121	223,931	232,882	242,258
Alberta	153,896	170,542	183,027	195,092	218,718	286,149	357,483	353,748	341,818	352,301
British Columbia	222,822	238,877	259,968	289,107	332,224	390,963	439,119	454,599	465,725	505,178
Metropolitan Areas										
St. John's	104,376	113,081	119,822	131,499	141,167	139,542	149,258	178,477	206,374	235,341
Halifax	134,106	148,737	162,486	175,132	189,196	203,178	216,339	232,106	239,158	253,610
Moncton	92,438	99,942	104,577	113,096	124,088	128,547	140,032	143,173	150,135	152,251
Saint John	97,348	103,544	106,473	116,836	119,718	128,202	140,544	158,117	171,027	171,104
Saguenay	80,213	87,117	92,461	96,918	105,597	115,426	130,803	144,213	151,911	168,257
Québec	93,354	107,721	126,292	139,901	152,853	162,764	181,183	197,450	212,203	237,294
Sherbrooke	98,167	107,823	123,203	141,485	161,253	166,145	183,120	187,669	193,247	204,441
Trois-Rivières	70,144	83,774	90,415	101,054	111,576	116,523	132,113	138,366	142,048	151,937
Montréal	125,744	153,293	180,867	206,246	221,275	235,197	251,418	262,616	274,837	297,661
Gatineau	99,990	118,424	137,931	154,693	165,454	174,199	185,590	193,911	206,005	218,620
Ottawa	175,972	200,711	219,713	238,152	248,358	257,481	273,058	290,483	304,801	328,439
Kingston	132,048	144,413	159,694	175,821	195,757	212,157	222,300	235,047	242,729	249,509
Peterborough	135,099	149,350	169,326	188,624	206,270	213,469	231,596	230,656	236,637	249,763
Oshawa	186,448	204,103	219,341	237,084	252,606	258,362	265,620	272,429	278,505	299,983
Toronto	251,508	275,887	293,308	315,266	336,176	352,388	377,029	379,943	396,154	432,264
Hamilton	172,567	183,442	197,744	215,922	229,753	248,754	268,857	280,790	290,946	311,683
St. Catharines-Niagara	133,715	144,720	154,559	170,452	182,443	194,671	202,314	203,647	209,563	217,938
Kitchener	164,548	177,559	188,905	205,639	220,511	237,913	252,429	271,222	269,552	289,041
Brantford	133,009	143,456	154,805	166,885	182,470	198,716	209,151	218,890	220,369	229,678
Guelph	176,156	190,187	196,844	215,511	236,140	245,676	262,186	267,329	265,799	295,207
London	137,717	142,745	153,637	167,344	178,910	190,521	202,908	212,092	214,510	228,114
Windsor	140,206	149,656	151,524	159,597	163,001	164,123	163,215	159,709	153,691	159,347
Barrie	166,719	182,235	197,843	215,275	232,045	244,394	258,999	264,034	263,959	281,966
Greater Sudbury	107,774	110,826	117,359	122,866	133,938	150,434	182,536	211,614	200,947	221,699
Thunder Bay	110,532	109,930	111,927	112,404	121,183	122,064	123,237	132,470	138,090	144,034
Winnipeg	94,214	98,055	108,812	121,925	137,063	154,607	174,203	196,940	207,341	228,706
Regina	96,943	100,751	104,419	111,869	123,600	131,851	165,613	229,716	244,088	258,023
Saskatoon	116,472	118,999	125,191	132,549	144,787	160,577	232,754	287,803	278,895	296,293
Calgary	182,090	198,350	211,155	222,860	250,832	346,675	414,066	405,267	385,882	398,764
Edmonton	133,441	150,165	165,541	179,610	193,934	250,915	338,636	332,852	320,378	328,803
Kelowna	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Abbotsford	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	285,910	301,473	329,447	373,877	425,745	509,876	570,795	593,767	592,441	675,853
Victoria	225,727	242,503	280,625	325,412	380,897	427,154	466,974	484,898	476,137	504,561

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The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFREB by Centris®

TABLE 5

Teranet—National Bank National Composite House Price Index™, 2001-2010 (January 2005 = 100)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada	**74.75**	**81.85**	**88.18**	**95.08**	**103.05**	**115.99**	**126.29**	**125.57**	**132.15**	**137.51**
Halifax	74.46	81.98	88.04	96.67	99.84	108.84	113.56	118.79	122.21	132.56
Montréal	66.64	75.71	84.66	93.92	98.81	108.80	115.68	121.92	127.99	136.22
Ottawa	78.07	87.25	92.44	95.89	101.60	103.99	110.88	115.56	122.78	130.51
Toronto	79.21	86.17	90.87	95.93	102.19	103.93	112.37	111.67	119.65	124.43
Calgary	78.40	85.58	90.30	96.13	106.85	155.44	172.01	158.91	159.03	154.36
Vancouver	70.33	75.71	84.02	93.65	106.62	129.32	143.94	141.72	149.00	156.62

Data as of December of each year.

Source: ©Teranet and National Bank of Canada, all rights reserved.

TABLE 6

Occupied Housing Stock by Structure Type and Tenure, Canada, 1996-2006 (dwelling units)

	1996				2001				2006			
	Owned	Rented	Band	Total	Owned	Rented	Band	Total	Owned	Rented	Band	Total
Total	**6,877,780**	**3,905,145**	**37,125**	**10,820,050**	**7,610,390**	**3,907,170**	**45,415**	**11,562,975**	**8,509,780**	**3,878,500**	**49,180**	**12,437,470**
Single-detached house	5,488,620	597,480	34,280	6,120,380	5,972,985	620,950	41,135	6,635,065	6,329,200	507,550	43,210	6,879,965
Semi-detached house	337,005	164,580	505	502,090	395,460	169,585	800	565,850	452,965	141,385	1,265	595,615
Row house	259,690	278,125	545	538,365	340,870	276,140	995	618,010	439,175	254,335	1,635	695,145
Apartment detached duplex	164,720	286,620	155	451,495	154,385	258,210	165	412,760	335,835	329,075	290	665,200
Apartment building that has five or more storeys	157,395	822,075	-	979,470	213,205	836,440	10	1,049,655	288,800	824,045	120	1,112,965
Apartment building that has fewer than five storeys	318,645	1,709,375	305	2,028,325	386,165	1,696,730	510	2,083,410	507,850	1,779,910	540	2,288,300
Other single-attached house	17,525	22,005	25	39,555	16,850	24,945	50	41,845	18,865	18,810	65	37,735
Movable dwelling	134,175	24,885	1,310	160,370	130,470	24,165	1,750	156,385	137,085	23,385	2,055	162,535

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 7

Dwelling Condition by Tenure and Period of Construction, Canada, 2006

Tenure and Period of Construction	Total Occupied Dwellings	Dwelling Condition					
		In Need of Regular Maintenance Only		In Need of Minor Repairs		In Need of Major Repairs	
		Number	Per cent	Number	Per cent	Number	Per cent
Total	**12,437,470**	**8,168,615**	**65.7**	**3,339,840**	**26.9**	**929,020**	**7.5**
1945 or before	1,595,320	762,690	47.8	581,265	36.4	251,365	15.8
1946-1960	1,812,525	1,015,315	56.0	604,185	33.3	193,020	10.6
1961-1970	1,753,170	1,063,480	60.7	538,205	30.7	151,480	8.6
1971-1980	2,421,395	1,519,130	62.7	728,125	30.1	174,140	7.2
1981-1985	1,028,180	683,185	66.4	287,310	27.9	57,690	5.6
1986-1990	1,055,955	731,520	69.3	277,380	26.3	47,055	4.5
1991-1995	894,860	681,245	76.1	183,835	20.5	29,775	3.3
1996-2001	820,365	714,630	87.1	90,655	11.1	15,085	1.8
2001-2006	1,055,690	997,405	94.5	48,875	4.6	9,405	0.9
Owned	**8,509,780**	**5,676,230**	**66.7**	**2,298,875**	**27.0**	**534,675**	**6.3**
1945 or before	1,060,535	499,255	47.1	403,100	38.0	158,180	14.9
1946-1960	1,160,095	656,330	56.6	397,650	34.3	106,115	9.1
1961-1970	984,120	601,045	61.1	312,590	31.8	70,485	7.2
1971-1980	1,604,445	991,945	61.8	508,190	31.7	104,305	6.5
1981-1985	672,220	437,465	65.1	202,845	30.2	31,910	4.7
1986-1990	790,550	538,940	68.2	221,565	28.0	30,045	3.8
1991-1995	682,990	520,955	76.3	144,010	21.1	18,030	2.6
1996-2001	679,780	598,930	88.1	71,615	10.5	9,235	1.4
2001-2006	875,045	831,370	95.0	37,310	4.3	6,365	0.7
Rented	**3,878,500**	**2,481,730**	**64.0**	**1,025,705**	**26.4**	**371,065**	**9.6**
1945 or before	534,520	263,415	49.3	178,095	33.3	93,010	17.4
1946-1960	651,595	358,905	55.1	206,365	31.7	86,320	13.2
1961-1970	766,470	462,205	60.3	225,060	29.4	79,205	10.3
1971-1980	810,100	526,490	65.0	218,340	27.0	65,265	8.1
1981-1985	348,675	244,830	70.2	82,495	23.7	21,350	6.1
1986-1990	257,565	191,455	74.3	53,235	20.7	12,880	5.0
1991-1995	203,240	158,790	78.1	36,635	18.0	7,815	3.8
1996-2001	132,515	113,470	85.6	15,845	12.0	3,200	2.4
2001-2006	173,820	162,165	93.3	9,630	5.5	2,020	1.2
Band	**49,185**	**10,650**	**21.7**	**15,255**	**31.0**	**23,275**	**47.3**
1945 or before	275	30	10.9	65	23.6	175	63.6
1946-1960	830	80	9.6	170	20.5	585	70.5
1961-1970	2,580	240	9.3	555	21.5	1,785	69.2
1971-1980	6,850	695	10.1	1,595	23.3	4,565	66.6
1981-1985	7,290	885	12.1	1,970	27.0	4,435	60.8
1986-1990	7,835	1,125	14.4	2,580	32.9	4,130	52.7
1991-1995	8,625	1,495	17.3	3,195	37.0	3,935	45.6
1996-2001	8,070	2,230	27.6	3,195	39.6	2,650	32.8
2001-2006	6,820	3,870	56.7	1,930	28.3	1,015	14.9

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 8

Ownership Rate, Canada, Provinces, Territories and Metropolitan Areas, 1971-2006 (per cent)[1]

	1971	1976	1981	1986	1991	1996	2001	2006
Canada	**60.3**	**61.8**	**62.1**	**62.1**	**62.6**	**63.6**	**65.8**	**68.4**
Provinces and Territories								
Newfoundland and Labrador	80.0	80.6	80.6	80.1	78.6	77.1	78.2	78.7
Prince Edward Island	74.3	76.6	75.7	74.0	73.6	72.1	73.1	74.1
Nova Scotia	71.2	72.4	71.5	71.6	70.6	70.4	70.8	72.0
New Brunswick	69.4	71.8	73.4	74.2	74.1	73.8	74.5	75.5
Quebec	47.4	50.4	53.3	54.7	55.5	56.5	57.9	60.1
Ontario	62.9	63.6	63.3	63.6	63.7	64.3	67.8	71.0
Manitoba	66.1	66.4	65.8	65.5	65.8	66.4	67.8	68.9
Saskatchewan	72.7	75.5	72.9	70.1	69.9	68.8	70.8	71.8
Alberta	63.9	64.8	63.1	61.7	63.9	67.8	70.4	73.1
British Columbia	63.3	65.3	64.4	62.2	63.8	65.2	66.3	69.7
Yukon	50.2	49.3	52.7	55.7	57.6	58.5	63.0	63.8
Northwest Territories[2]	24.7	25.0	22.6	27.6	31.5	38.6	53.1	52.8
Nunavut[2]	NA	NA	NA	NA	NA	NA	24.2	22.7
Metropolitan Areas								
St. John's	66.6	68.9	69.5	68.3	67.1	67.5	69.5	71.5
Halifax	53.2	55.7	55.6	58.3	58.0	59.9	61.7	64.0
Moncton	64.1	66.1	68.2	69.3	69.5	69.2	68.6	70.1
Saint John	52.0	56.8	59.6	61.6	63.4	65.6	67.4	70.0
Saguenay	55.5	60.3	62.0	61.5	60.9	60.8	62.3	63.3
Québec	43.8	46.6	50.9	52.9	53.6	54.9	55.5	58.6
Sherbrooke	43.9	48.0	49.4	50.1	49.2	50.2	51.9	53.5
Trois-Rivières	50.3	53.0	55.6	55.4	54.5	55.5	57.3	57.6
Montréal	35.5	38.4	41.9	44.7	46.7	48.5	50.2	53.4
Gatineau	58.6	59.7	59.1	59.2	59.8	61.5	62.4	67.5
Ottawa	50.1	50.1	51.4	50.0	54.4	58.2	61.4	66.7
Kingston	55.1	57.7	59.3	59.7	59.4	61.2	63.9	67.4
Peterborough	71.7	71.0	68.6	70.0	68.8	69.4	71.6	72.7
Oshawa	69.0	70.0	68.8	70.2	70.1	71.4	75.6	78.6
Toronto	55.4	56.7	57.3	58.3	57.9	58.4	63.2	67.6
Hamilton	63.9	63.8	63.4	64.6	64.6	65.2	68.3	71.6
St. Catharines-Niagara	72.2	72.9	71.6	72.0	71.4	70.7	73.2	74.6
Kitchener	60.8	60.4	60.8	61.9	61.5	62.4	66.7	69.8
Brantford	69.2	68.1	66.6	66.4	66.1	67.4	66.8	73.7
Guelph	64.5	62.4	61.2	62.5	61.8	62.1	68.4	71.2
London	60.1	59.5	58.0	57.8	57.6	60.0	62.8	65.9
Windsor	70.4	69.9	68.0	67.2	68.4	68.6	71.8	74.3
Barrie	70.0	72.8	71.6	72.4	71.5	71.7	77.3	80.7
Greater Sudbury	57.6	62.2	64.3	64.4	63.8	62.6	65.8	66.9
Thunder Bay	73.6	72.0	69.4	69.0	68.4	69.7	71.9	72.9
Winnipeg	59.6	59.2	59.1	60.8	62.0	63.9	65.5	67.2
Regina	60.9	66.2	65.4	65.7	66.2	66.0	68.2	70.1
Saskatoon	61.3	65.7	61.8	59.9	61.0	61.4	65.0	66.8
Calgary	56.5	59.2	58.4	57.9	60.6	65.5	70.6	74.1
Edmonton	57.1	58.1	57.9	57.1	59.2	64.4	66.3	69.2
Kelowna	70.8	73.0	71.5	67.1	71.1	72.4	73.5	77.3
Abbotsford	74.7	75.5	72.2	70.4	72.6	71.5	71.1	73.5
Vancouver	58.8	59.4	58.5	56.3	57.5	59.4	61.0	65.1
Victoria	61.5	61.2	59.8	59.2	61.1	62.1	63.1	64.7

[1] Ownership rates are computed as *owners divided by total of all tenure types*. Census Metropolitan Area data for 1971–1986 are based on 1986 CMA boundaries. All other data for Census Metropolitan Areas have not been adjusted for boundary changes.

[2] In 1996 and prior years, the Northwest Territories included Nunavut.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 9

Rental Vacancy Rate, Canada, Provinces and Metropolitan Areas, 2001-2010 (per cent)[1]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada	**1.7**	**2.1**	**2.6**	**2.9**	**2.8**	**2.7**	**2.6**	**2.3**	**3.0**	**2.9**
Provinces										
Newfoundland and Labrador	3.2	3.0	3.3	4.1	4.6	4.1	2.1	1.1	1.0	1.0
Prince Edward Island	2.7	2.8	3.7	4.2	4.4	5.3	4.1	2.6	3.1	2.2
Nova Scotia	3.3	3.0	2.6	3.0	3.4	3.3	3.2	3.5	3.1	2.9
New Brunswick	4.1	4.2	4.3	5.3	5.0	6.0	5.3	3.6	3.8	4.5
Quebec	1.3	1.2	1.3	1.7	2.0	2.5	2.6	2.2	2.4	2.7
Ontario	1.7	2.7	3.5	4.1	3.8	3.4	3.3	2.7	3.5	2.9
Manitoba	1.4	1.4	1.6	1.4	1.9	1.6	1.5	0.9	1.1	0.9
Saskatchewan	3.5	3.9	4.1	5.3	4.5	3.3	1.2	1.2	1.5	2.2
Alberta	1.1	2.3	3.7	4.6	3.1	0.9	1.6	2.5	5.6	4.6
British Columbia	2.6	3.1	3.1	2.4	1.9	1.2	1.0	1.0	2.8	2.7
Metropolitan Areas										
St. John's	2.5	2.7	2.0	3.1	4.5	5.1	2.6	0.8	0.9	1.1
Halifax	2.8	2.7	2.3	2.9	3.3	3.2	3.1	3.4	2.9	2.6
Moncton	1.6	2.3	2.9	5.0	4.7	5.6	4.3	2.4	3.8	4.2
Saint John	5.6	6.3	5.2	5.8	5.7	6.8	5.2	3.1	3.6	5.1
Saguenay	4.4	4.9	5.2	5.3	4.5	4.1	2.8	1.6	1.5	1.8
Québec	0.8	0.3	0.5	1.1	1.4	1.5	1.2	0.6	0.6	1.0
Sherbrooke	2.3	1.8	0.7	0.9	1.2	1.2	2.4	2.8	3.9	4.6
Trois-Rivières	4.7	3.0	1.5	1.2	1.5	1.0	1.5	1.7	2.7	3.9
Montréal	0.6	0.7	1.0	1.5	2.0	2.7	2.9	2.4	2.5	2.7
Gatineau	0.6	0.5	1.2	2.1	3.1	4.2	2.9	1.9	2.2	2.5
Ottawa	0.8	1.9	2.9	3.9	3.3	2.3	2.3	1.4	1.5	1.6
Kingston	1.5	0.9	1.9	2.4	2.4	2.1	3.2	1.3	1.3	1.0
Peterborough	3.7	2.6	1.4	1.7	2.8	2.8	2.8	2.4	6.0	4.1
Oshawa	1.3	2.3	2.9	3.4	3.3	4.1	3.7	4.2	4.2	3.0
Toronto	0.9	2.5	3.8	4.3	3.7	3.2	3.2	2.0	3.1	2.1
Hamilton	1.3	1.6	3.0	3.4	4.3	4.3	3.5	3.2	4.0	3.7
St. Catharines-Niagara	1.9	2.4	2.7	2.6	2.7	4.3	4.0	4.3	4.4	4.4
Kitchener	0.9	2.3	3.2	3.5	3.3	3.3	2.7	1.8	3.3	2.6
Brantford	1.8	2.1	3.2	1.7	1.8	2.3	2.9	2.4	3.3	3.7
Guelph	1.0	2.7	3.9	3.3	3.6	2.8	1.9	2.3	4.1	3.4
London	1.6	2.0	2.1	3.7	4.2	3.6	3.6	3.9	5.0	5.0
Windsor	2.9	3.9	4.3	8.8	10.3	10.4	12.8	14.6	13.0	10.9
Barrie	0.9	1.4	3.3	3.0	2.1	2.8	3.2	3.5	3.8	3.4
Greater Sudbury	5.7	5.1	3.6	2.6	1.6	1.2	0.6	0.7	2.9	3.0
Thunder Bay	5.8	4.7	3.3	5.0	4.6	4.9	3.8	2.2	2.3	2.2
Winnipeg	1.4	1.2	1.3	1.1	1.7	1.3	1.5	1.0	1.1	0.8
Regina	2.1	1.9	2.1	2.7	3.2	3.3	1.7	0.5	0.6	1.0
Saskatoon	2.9	3.7	4.5	6.3	4.6	3.2	0.6	1.9	1.9	2.6
Calgary	1.2	2.9	4.4	4.3	1.6	0.5	1.5	2.1	5.3	3.6
Edmonton	0.9	1.7	3.4	5.3	4.5	1.2	1.5	2.4	4.5	4.2
Kelowna	1.1	1.7	1.4	1.0	0.5	0.6	0.0	0.3	3.0	3.5
Abbotsford	2.4	2.0	2.5	2.8	3.8	2.0	2.1	2.6	6.1	6.5
Vancouver	1.0	1.4	2.0	1.3	1.4	0.7	0.7	0.5	2.1	1.9
Victoria	0.5	1.5	1.1	0.6	0.5	0.5	0.5	0.5	1.4	1.5
Average of Metropolitan Areas[2]	**1.1**	**1.7**	**2.2**	**2.7**	**2.7**	**2.6**	**2.6**	**2.2**	**2.8**	**2.6**

[1] In privately initiated apartment structures with at least three units.

[2] Prior to 2002, Kingston and Abbotsford are not included in the average of metropolitan areas.
Prior to 2007, Moncton, Peterborough, Brantford, Guelph, Barrie, and Kelowna are not included in the average of metropolitan areas.

Source: CMHC *(Rental Market Survey)*

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 10

Average Rent for Two-Bedroom Apartments, Canada, Provinces and Metropolitan Areas, 2001-2010 (dollars)[1]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada[2]	**672**	**694**	**704**	**720**	**732**	**755**	**772**	**804**	**812**	**835**
Provinces										
Newfoundland and Labrador	530	538	563	571	578	585	575	596	634	668
Prince Edward Island	561	566	585	603	612	631	648	660	688	719
Nova Scotia	645	669	684	711	726	760	777	795	838	851
New Brunswick	530	543	556	576	586	609	619	635	656	668
Quebec	513	531	553	572	591	607	616	628	640	666
Ontario	863	883	886	898	903	919	924	948	955	980
Manitoba	596	612	633	650	669	692	721	748	788	815
Saskatchewan	546	554	564	572	577	596	656	762	833	873
Alberta	701	734	745	754	765	866	1,008	1,074	1,042	1,034
British Columbia	772	795	806	821	844	885	922	969	1,001	1,019
Metropolitan Areas										
St. John's	575	589	607	618	634	635	614	630	677	725
Halifax	673	704	720	747	762	799	815	833	877	891
Moncton	561	578	588	611	612	636	643	656	675	691
Saint John	483	492	504	520	526	556	570	618	644	645
Saguenay	439	440	457	459	472	485	490	518	518	535
Québec	538	550	567	596	621	637	641	653	676	692
Sherbrooke	446	456	471	495	505	515	529	543	553	566
Trois-Rivières	419	431	436	457	474	488	487	505	520	533
Montréal	529	552	575	594	616	636	647	659	669	700
Gatineau	573	599	639	663	660	667	662	677	690	711
Ottawa	914	930	932	940	920	941	961	995	1,028	1,048
Kingston	709	727	768	785	807	841	856	880	909	935
Peterborough	698	718	728	775	797	818	822	850	875	890
Oshawa	799	819	845	852	855	861	877	889	900	903
Toronto	1,027	1,047	1,040	1,052	1,052	1,067	1,061	1,095	1,096	1,123
Hamilton	740	765	778	789	791	796	824	836	831	862
St. Catharines-Niagara	680	695	704	722	736	752	765	777	804	817
Kitchener	722	750	754	765	811	824	829	845	856	872
Brantford	653	665	675	684	722	712	749	752	754	778
Guelph	764	801	823	829	830	839	848	869	874	887
London	683	705	736	758	775	790	816	834	896	869
Windsor	738	769	776	776	780	774	773	772	747	752
Barrie	881	877	934	920	909	906	934	954	961	968
Greater Sudbury	620	647	651	655	668	706	749	800	830	840
Thunder Bay	657	657	672	679	689	696	709	719	742	763
Winnipeg	605	622	645	664	683	709	740	769	809	837
Regina	568	581	589	602	607	619	661	756	832	881
Saskatoon	558	567	576	580	584	608	693	841	905	934
Calgary	783	804	804	806	808	960	1,089	1,148	1,099	1,069
Edmonton	654	709	722	730	732	808	958	1,034	1,015	1,015
Kelowna	663	680	697	723	755	800	846	967	897	898
Abbotsford	645	650	672	684	704	719	752	765	781	785
Vancouver	919	954	965	984	1,004	1,045	1,084	1,124	1,169	1,195
Victoria	751	771	789	799	837	874	907	965	1,001	1,024

[1] In privately initiated apartment structures with at least three units.

[2] Only includes provincial data.

Source: CMHC *(Rental Market Survey)*

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 11

Households by Age of Maintainer and Tenure, Canada, 1971-2006

	1971	1976	1981	1986	1991	1996	2001	2006
Total Households								
15-24	413,570	584,270	674,825	535,945	466,225	437,460	447,165	456,625
25-34	1,262,315	1,678,965	2,036,370	2,124,040	2,219,995	2,045,210	1,792,025	1,782,270
35-44	1,250,530	1,339,425	1,589,410	1,971,475	2,363,020	2,630,170	2,747,615	2,591,890
45-54	1,172,285	1,305,650	1,370,800	1,412,515	1,666,415	2,102,365	2,509,625	2,829,775
55-64	955,825	1,079,005	1,215,890	1,327,005	1,379,945	1,434,725	1,659,775	2,130,820
65-74	627,395	763,350	905,740	1,021,305	1,168,255	1,280,605	1,324,885	1,387,285
75+	352,590	415,430	488,490	599,385	754,405	889,510	1,081,880	1,258,805
Total	**6,034,505**	**7,166,095**	**8,281,535**	**8,991,670**	**10,018,265**	**10,820,050**	**11,562,975**	**12,437,470**
Owners								
15-24	57,750	111,125	127,180	88,815	64,625	61,670	70,990	96,380
25-34	541,240	866,895	1,064,390	1,029,220	1,043,470	936,020	837,010	914,485
35-44	838,995	949,750	1,142,890	1,374,245	1,606,665	1,741,120	1,844,450	1,797,405
45-54	851,190	970,265	1,037,395	1,062,030	1,246,970	1,555,580	1,868,280	2,135,865
55-64	682,985	775,350	894,035	989,245	1,041,660	1,093,570	1,276,610	1,654,860
65-74	432,440	504,665	595,650	695,155	824,185	936,610	997,030	1,056,105
75+	232,330	253,190	280,405	342,175	445,450	553,210	716,015	854,680
Total	**3,636,925**	**4,431,230**	**5,141,935**	**5,580,875**	**6,273,030**	**6,877,780**	**7,610,390**	**8,509,780**
Renters								
15-24	355,820	473,150	547,645	443,735	399,360	372,805	373,060	357,010
25-34	721,070	812,075	971,985	1,083,920	1,168,780	1,098,795	943,670	857,475
35-44	411,535	389,670	446,520	588,310	750,085	879,555	890,540	781,090
45-54	321,095	335,390	333,405	343,705	415,175	540,525	633,160	683,720
55-64	272,845	303,655	321,860	332,095	335,185	337,020	378,015	469,565
65-74	194,955	258,685	310,095	321,750	342,100	341,440	324,590	327,400
75+	120,260	162,240	208,080	254,975	307,840	335,010	364,135	402,240
Total	**2,397,580**	**2,734,860**	**3,139,595**	**3,368,485**	**3,718,525**	**3,905,145**	**3,907,170**	**3,878,500**
Avg. Household Size	**3.5**	**3.1**	**2.9**	**2.8**	**2.7**	**2.6**	**2.6**	**2.5**

Total household counts for 1986-2006 include households in on-reserve (1986) or band housing (1991, 1996, 2001, 2006) and are therefore larger than the sum of owners and renters.

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 12

Households by Type and Tenure, Canada, 1971-2006

	1971	1976	1981	1986	1991	1996	2001	2006
Total Households								
All household types	6,034,505	7,166,095	8,281,535	8,991,670	10,018,265	10,820,050	11,562,975	12,437,470
Family households	4,928,130	5,633,945	6,231,485	6,634,995	7,235,230	7,685,470	8,155,560	8,651,330
One-family households	4,807,010	5,542,295	6,140,330	6,537,880	7,118,660	7,540,625	7,951,960	8,421,050
Couples with children	3,028,315	3,266,655	3,523,205	3,604,045	3,729,800	3,853,800	3,857,620	3,902,390
Couples without children	1,354,970	1,759,510	1,948,700	2,130,935	2,485,115	2,608,435	2,910,180	3,242,530
Lone parents	423,725	516,125	668,425	802,905	903,745	1,078,385	1,184,165	1,276,130
Multiple-family households	121,120	91,655	91,160	97,115	116,575	144,845	203,600	230,280
Non-family households	1,106,375	1,532,150	2,050,045	2,356,675	2,783,035	3,134,580	3,407,415	3,786,130
One person only	810,395	1,205,340	1,681,130	1,934,710	2,297,060	2,622,180	2,976,880	3,327,045
Two or more persons	295,980	326,810	368,915	421,965	485,975	512,400	430,535	459,085
Owners								
All household types	3,636,925	4,431,230	5,141,935	5,580,875	6,273,030	6,877,780	7,610,385	8,509,780
Family households	3,220,840	3,918,915	4,465,250	4,755,765	5,240,405	5,626,670	6,145,835	6,737,530
One-family households	3,124,275	3,842,355	4,390,265	4,677,435	5,145,490	5,511,500	5,985,695	6,550,125
Couples with children	2,095,895	2,488,795	2,807,650	2,868,915	2,975,720	3,083,980	3,148,020	3,268,070
Couples without children	820,960	1,106,650	1,267,930	1,445,650	1,765,205	1,954,540	2,239,700	2,581,035
Lone parents	207,420	246,910	314,685	362,870	404,565	472,980	597,970	701,020
Multiple-family households	96,560	76,560	74,985	78,330	94,910	115,170	160,140	187,405
Non-family households	416,085	512,320	676,690	825,110	1,032,630	1,251,110	1,464,555	1,772,240
One person only	299,805	391,475	539,200	668,270	848,310	1,050,520	1,307,170	1,590,125
Two or more persons	116,285	120,850	137,490	156,845	184,325	200,595	157,380	182,115
Renters								
All household types	2,397,580	2,734,860	3,139,595	3,368,485	3,718,525	3,905,145	3,907,170	3,878,500
Family households	1,707,290	1,715,035	1,766,240	1,845,340	1,972,740	2,028,420	1,972,310	1,874,090
One-family households	1,682,735	1,699,940	1,750,065	1,828,435	1,952,400	2,000,890	1,933,895	1,837,590
Couples with children	932,420	777,860	715,555	715,655	740,235	752,150	690,815	616,430
Couples without children	534,015	652,860	680,770	679,600	717,520	650,285	666,775	657,110
Lone parents	216,310	269,220	353,745	433,180	494,645	598,450	576,290	564,050
Multiple-family households	24,555	15,095	16,170	16,900	20,340	27,530	38,415	36,500
Non-family households	690,290	1,019,825	1,373,355	1,523,145	1,745,785	1,876,725	1,934,860	2,004,410
One person only	510,595	813,865	1,141,935	1,260,065	1,445,450	1,566,635	1,662,845	1,728,725
Two or more persons	179,695	205,960	231,425	263,085	300,330	310,095	272,015	275,685

Total household counts for 1986-2006 include households in on-reserve (1986) or band housing (1991, 1996, 2001, 2006) and are therefore larger than the sum of owners and renters.

Because of changes to the definition of census family, household-type data for 2001 and 2006 — except for one-person households — is not strictly comparable to data from earlier censuses.

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 13

Housing Profile of One-Person and Lone-Parent Households by Gender, Canada, 2006

	All private households	One-person households			Lone-parent households		
		Total	Female	Male	Total	Female	Male
Total households[1]							
Number of households	12,437,465	3,327,050	1,845,285	1,481,770	1,276,130	1,028,350	247,780
Average household income before taxes in 2005 ($)	69,548	35,372	31,786	39,839	49,721	46,126	64,644
Average household income after taxes in 2005 ($)	57,217	29,265	26,914	32,192	43,335	40,854	53,631
Average monthly shelter costs ($)[2]	915	690	670	716	866	854	913
Single-detached houses	6,879,965	1,092,710	564,180	528,535	574,830	437,150	137,680
Semi-detached houses	595,615	114,725	69,585	45,140	88,395	74,220	14,175
Row houses	695,145	162,590	103,785	58,805	137,990	121,015	16,980
Duplex apartments	665,200	200,700	107,190	93,515	84,325	68,075	16,255
Apartments in buildings that have fewer than five storeys	2,288,295	1,123,840	628,140	495,695	269,050	224,410	44,645
Apartments in buildings that have five or more storeys	1,112,965	568,360	343,825	224,530	100,020	86,795	13,230
Other dwellings[3]	200,275	64,125	28,580	35,545	21,510	16,695	4,820
Part of a condominium[4]	915,725	378,625	251,885	126,740	80,595	68,030	12,565
Owner households							
Number of households	8,509,785	1,590,130	897,890	692,235	701,030	540,250	160,775
Average household income before taxes in 2005 ($)	83,439	43,651	38,816	49,922	61,773	57,998	74,455
Average household income after taxes in 2005 ($)	67,737	35,276	32,100	39,396	52,576	50,137	60,772
Average monthly shelter costs ($)[2]	996	739	692	802	967	962	984
Single-detached houses	6,329,205	947,900	501,690	446,210	478,160	358,490	119,670
Semi-detached houses	452,965	79,240	50,155	29,080	54,420	45,000	9,425
Row houses	439,180	108,915	72,390	36,530	59,315	50,665	8,650
Duplex apartments	335,830	70,495	38,325	32,170	32,985	24,975	8,005
Apartments in buildings that have fewer than five storeys	507,850	205,195	129,985	75,210	42,810	34,195	8,615
Apartments in buildings that have five or more storeys	288,795	131,975	84,200	47,770	18,850	15,840	3,010
Other dwellings[3]	155,950	46,410	21,150	25,260	14,485	11,080	3,410
Part of a condominium[4]	915,725	378,625	251,890	126,735	80,595	68,035	12,565
Homeowners with mortgages[5]	4,858,785	705,650	340,365	365,285	442,115	338,760	103,355
Homeowners without mortgages[5]	3,557,195	876,285	555,805	320,475	255,380	199,505	55,875
Renter households							
Number of households	3,878,505	1,728,730	944,520	784,210	564,050	479,610	84,440
Average household income before taxes in 2005 ($)	39,519	27,852	25,146	31,111	35,205	33,121	47,047
Average household income after taxes in 2005 ($)	34,438	23,804	22,016	25,958	32,195	30,679	40,807
Average monthly shelter costs ($)[2]	738	645	649	640	739	732	779
Single-detached houses	507,550	138,010	60,205	77,805	87,025	71,300	15,725
Semi-detached houses	141,385	35,185	19,300	15,885	33,710	29,010	4,700
Row houses	254,335	53,230	31,195	22,035	78,240	69,985	8,255
Duplex apartments	329,080	130,130	68,825	61,305	51,275	43,040	8,240
Apartments in buildings that have fewer than five storeys	1,779,910	918,450	498,070	420,385	226,130	190,110	36,015
Apartments in buildings that have five or more storeys	824,050	436,380	259,625	176,760	81,135	70,925	10,210
Other dwellings[3]	42,195	17,345	7,305	10,035	6,530	5,235	1,300
Part of a condominium[4]	NA	NA	NA	NA	NA	NA	NA

[1] Where band housing is present, total household counts are larger than the sum of owner and renter households.

[2] The Census does not collect shelter costs for households living in band housing or for farm operators. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

[3] Other dwellings comprise other single-attached houses, mobile homes, and other movable dwellings.

[4] The 2006 Census did not ask whether rented units were part of a condominium.

[5] Mortgage data exclude farm operators.

Source: Statistics Canada (Census of Canada)

TABLE 14

Household Growth, Canada, Provinces, Territories and Metropolitan Areas, 2001-2006

	2001	2006	Growth (per cent)	Avg. Annual Growth
Canada	**11,562,975**	**12,437,470**	**7.6**	**174,899**
Provinces and Territories				
Newfoundland and Labrador	189,045	197,185	4.3	1,628
Prince Edward Island	50,795	53,135	4.6	468
Nova Scotia	360,025	376,845	4.7	3,364
New Brunswick	283,820	295,960	4.3	2,428
Quebec	2,978,110	3,189,345	7.1	42,247
Ontario	4,219,410	4,555,025	8.0	67,123
Manitoba	432,550	448,780	3.8	3,246
Saskatchewan	379,675	387,145	2.0	1,494
Alberta	1,104,100	1,256,200	13.8	30,420
British Columbia	1,534,335	1,643,150	7.1	21,763
Yukon	11,365	12,610	11.0	249
Northwest Territories	12,565	14,235	13.3	334
Nunavut	7,175	7,855	9.5	136
Metropolitan Areas				
St. John's	64,831	70,663	9.0	1,166
Halifax	144,435	155,138	7.4	2,141
Moncton	47,180	51,593	9.4	883
Saint John	48,262	49,107	1.8	169
Saguenay	62,197	64,315	3.4	424
Québec	296,490	316,533	6.8	4,009
Sherbrooke	75,800	82,747	9.2	1,389
Trois-Rivières	59,580	63,893	7.2	863
Montréal	1,426,582	1,525,629	6.9	19,809
Ottawa-Gatineau	417,385	449,031	7.6	6,329
Kingston	58,334	61,978	6.2	729
Peterborough	43,471	46,667	7.4	639
Oshawa	104,203	119,028	14.2	2,965
Toronto	1,634,755	1,801,071	10.2	33,263
Hamilton	253,083	266,377	5.3	2,659
St. Catharines-Niagara	150,874	156,386	3.7	1,102
Kitchener	153,277	169,063	10.3	3,157
Brantford	44,904	47,847	6.6	589
Guelph	44,219	48,775	10.3	911
London	174,085	184,946	6.2	2,172
Windsor	117,712	125,848	6.9	1,627
Barrie	52,404	63,877	21.9	2,295
Greater Sudbury	63,143	65,076	3.1	387
Thunder Bay	49,545	51,426	3.8	376
Winnipeg	271,639	281,745	3.7	2,021
Regina	76,653	80,323	4.8	734
Saskatoon	88,944	95,257	7.1	1,263
Calgary	356,407	415,592	16.6	11,837
Edmonton	356,517	405,311	13.7	9,759
Kelowna	59,877	66,925	11.8	1,410
Abbotsford	51,022	55,948	9.7	985
Vancouver	758,713	817,033	7.7	11,664
Victoria	135,601	145,388	7.2	1,957

Data for 2001 are based on 2006 Census Metropolitan Area boundaries. Between 2001 and 2006, CMA boundaries changed in Moncton, Québec, Sherbrooke, Montréal, Ottawa-Gatineau, Peterborough, Brantford, London, Winnipeg, and Calgary.

Metropolitan data are census-based estimates of dwellings occupied by usual residents, which were released by Statistics Canada on March 13, 2007. National, provincial, and territorial data are census-based household counts.

Components may not add up to totals due to rounding.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 15

Households in Core Housing Need, Canada, Provinces, Territories and Metropolitan Areas, 1991-2006

	Number of Households in Core Housing Need (000's)				Incidence of Core Housing Need (%)			
	1991	1996	2001	2006	1991	1996	2001	2006
Canada	**1,270.0**	**1,567.2**	**1,485.3**	**1,494.4**	**13.6**	**15.6**	**13.7**	**12.7**
Provinces and Territories								
Newfoundland and Labrador	24.6	26.3	26.6	27.3	14.5	14.8	14.6	14.2
Prince Edward Island	5.6	6.1	6.2	6.4	13.4	13.4	12.9	12.6
Nova Scotia	42.1	48.1	51.6	43.8	13.6	14.9	15.2	12.1
New Brunswick	39.4	34.7	30.0	29.4	16.2	13.6	11.2	10.3
Québec	360.0	426.7	352.4	324.6	14.5	16.3	12.5	10.6
Ontario	408.0	594.3	599.7	627.5	11.9	16.1	15.1	14.5
Manitoba	50.5	55.0	45.4	46.9	13.9	14.7	11.6	11.3
Saskatchewan	45.4	39.7	37.2	40.8	14.9	12.6	11.5	11.8
Alberta	105.8	100.8	106.3	119.1	12.8	11.3	10.5	10.1
British Columbia	182.5	229.0	223.7	221.5	15.6	17.4	15.8	14.6
Yukon	1.5	2.0	1.6	1.9	16.3	19.2	15.8	16.3
Northwest Territories[1]	4.5	4.7	2.1	2.4	28.9	25.4	17.4	17.5
Nunavut[1]	NA	NA	2.7	2.9	NA	NA	38.8	37.3
Census Metropolitan Areas[2]	852.6	1,063.3	1,033.4	1,093.0	14.4	16.7	14.7	13.6
St. John's	7.6	8.6	8.4	9.3	14.2	15.0	13.5	13.5
Halifax	16.4	20.1	22.4	20.2	14.4	16.6	16.3	13.6
Moncton[4]	5.3	5.4	4.9	5.4	14.1	13.2	10.8	10.8
Saint John	6.1	6.4	5.2	4.6	14.0	14.3	11.2	9.6
Saguenay	5.7	7.4	6.6	5.1	10.6	13.3	11.2	8.2
Québec	32.9	40.0	34.6	28.7	13.6	15.3	12.3	9.3
Sherbrooke	8.0	9.2	7.6	7.6	15.2	16.2	12.0	9.5
Trois - Rivières	7.7	8.8	7.3	7.6	15.0	16.3	12.9	12.3
Montréal	200.3	238.3	189.0	184.6	17.1	19.0	14.1	12.6
Ottawa - Gatineau (Total)	37.8	54.9	54.5	52.4	11.3	15.0	13.7	12.1
Gatineau	8.8	12.7	10.9	11.6	11.0	14.3	11.0	10.3
Ottawa	29.0	42.2	43.6	40.8	11.4	15.2	14.5	12.7
Kingston[3]	5.5	8.0	8.3	7.5	11.2	15.5	15.0	12.7
Peterborough[4]	4.5	5.7	5.0	6.2	13.2	16.0	13.2	14.0
Oshawa	8.6	11.8	12.0	13.3	10.8	13.1	12.0	11.6
Toronto	176.3	269.7	295.5	322.4	13.5	19.3	19.1	19.0
Hamilton	22.9	33.6	33.0	33.1	10.8	15.0	13.7	12.9
St. Catharines-Niagara	14.0	19.8	18.5	18.4	10.8	14.5	12.9	12.2
Kitchener	12.7	18.2	17.2	16.8	10.3	13.5	11.6	10.3
Brantford[4]	4.1	6.0	5.2	5.3	11.8	16.7	15.9	11.4
Guelph[4]	3.2	5.1	4.6	5.5	9.3	13.6	10.7	11.8
London	16.5	23.1	21.6	22.6	11.9	15.7	13.2	12.8
Windsor	11.2	13.9	14.4	15.3	12.1	13.9	12.8	12.7
Barrie[4]	3.7	6.4	7.1	8.3	11.7	16.1	14.2	13.5
Greater Sudbury	6.5	9.0	7.4	6.3	11.8	15.2	12.4	10.0
Thunder Bay	4.9	6.2	5.6	5.4	10.9	13.2	11.9	10.9
Winnipeg	35.4	38.0	28.1	28.4	14.6	15.3	10.8	10.4
Regina	10.1	8.6	7.4	7.4	14.8	12.2	10.1	9.6
Saskatoon	13.3	10.6	9.0	8.5	17.7	13.4	10.7	9.3
Calgary	32.0	32.3	38.3	36.1	12.1	11.1	11.2	9.0
Edmonton	36.5	33.3	36.7	41.2	12.6	11.0	10.9	10.6
Kelowna[4]	4.8	7.3	6.3	6.6	12.1	15.2	11.8	11.1
Abbotsford[3]	4.0	6.2	5.5	6.8	10.9	14.3	11.5	12.9
Vancouver	111.1	122.4	122.3	129.1	19.1	19.0	17.3	17.0
Victoria	18.1	19.2	17.1	16.9	15.9	15.7	13.4	12.4

[1] In 1999, Nunavut was established as a territory distinct from the Northwest Territories (N.W.T.). As a result, beginning with the 2001 Census, data for Nunavut are presented exclusive of N.W.T.

[2] A Census Metropolitan Area (CMA) is an area consisting of one or more adjacent municipalities situated around a major urban core with a population of at least 100,000. The CMA total represents all the CMAs in Canada at the time of each census. Note that it is adjusted neither for changes in CMA boundaries nor for changes in the number of CMAs between census years.

[3] Kingston and Abbotsford were not CMAs in 1991 and 1996 and therefore their data are not included in the CMA total for these years.

[4] Moncton, Peterborough, Brantford, Guelph, Barrie and Kelowna were not CMAs in 1991, 1996 and 2001 and therefore their data are not included in the CMA total for these years.

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter cost-to-income ratios less than 100 per cent.

Income data collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

Acceptable housing is defined as adequate and suitable shelter that can be obtained without spending 30 per cent or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as living in unacceptable housing and unable to access acceptable housing is considered to be in core housing need.

Components may not add up to totals due to rounding.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 16

Characteristics of Households in Core Housing Need, Canada, 2006

	All Households		Renters		Owners	
	Households in Core Housing Need	Incidence of Core Housing Need	Households in Core Housing Need	Incidence of Core Housing Need	Households in Core Housing Need	Incidence of Core Housing Need
	(#)	(%)	(#)	(%)	(#)	(%)
All Households	**1,494,395**	**12.7**	**981,750**	**27.2**	**512,645**	**6.3**
Components:						
Below Affordability Standard Only	1,072,760	9.1	693,905	19.2	378,855	4.6
Below Suitability Standard Only	73,895	0.6	58,150	1.6	15,745	0.2
Below Adequacy Standard Only	70,010	0.6	27,920	0.8	42,090	0.5
Below Multiple Housing Standards	277,725	2.4	201,775	5.6	75,955	0.9
Household Type						
Senior-led	369,860	14.4	223,145	31.4	146,715	7.9
Family	77,300	5.4	32,370	15.3	44,930	3.7
Non-Family	292,560	25.6	190,780	38.2	101,780	15.8
Individuals Living Alone	287,445	26.2	187,985	38.8	99,455	16.3
Female	227,845	28.4	148,380	40.9	79,470	18.0
Male	59,600	20.4	39,610	32.6	19,985	11.7
Non-Senior-led	1,124,535	12.2	758,605	26.2	365,930	5.8
Family	683,435	10.0	419,150	26.7	264,285	5.0
Couples with Children	258,540	7.2	130,660	23.0	127,880	4.3
Couples without Children	115,005	5.5	67,135	14.0	47,870	3.0
Lone Parent Families	293,605	28.6	214,120	43.5	79,480	14.9
Female	261,750	31.7	193,675	46.2	68,075	16.8
Male	31,850	15.9	20,445	27.9	11,405	9.0
Non-Family	441,105	18.9	339,460	25.6	101,650	10.0
Individuals Living Alone	394,390	20.1	303,310	27.9	91,085	10.4
Female	197,370	21.7	149,570	29.7	47,805	11.7
Male	197,020	18.8	153,740	26.4	43,285	9.3
Individuals Sharing with Others	46,715	12.4	36,145	15.1	10,565	7.6
Aboriginal Status						
Non-Aboriginal Household	1,412,580	12.4	918,690	26.8	493,890	6.2
Aboriginal Household	81,810	20.4	63,065	34.9	18,750	8.5
Status Indian	38,740	24.8	31,440	37.9	7,305	10.0
Non-Status Indian	15,860	20.3	12,440	35.1	3,415	8.0
Métis	33,145	16.2	23,260	30.1	9,880	7.7
Inuit	5,705	35.8	4,835	46.4	865	15.6
Period of Immigration						
Non-immigrant	995,705	11.0	676,055	24.5	319,650	5.1
Immigrant	480,420	18.2	289,825	36.4	190,595	10.3
Prior to 1981	170,835	12.5	87,365	32.4	83,470	7.6
1981 to 1990	82,480	18.7	48,615	35.3	33,865	11.2
1991 to 1995	67,500	22.9	40,045	37.3	27,455	14.7
1996 to 2000	64,160	24.0	38,210	34.9	25,945	16.4
2001 to 2006	95,445	35.4	75,590	44.1	19,860	20.2

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter cost-to-income ratios less than 100 per cent.

Income data collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

Acceptable housing is defined as adequate and suitable shelter that can be obtained without spending 30 per cent or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as living in unacceptable housing and unable to access acceptable housing is considered to be in core housing need.

Components may not add up to totals due to rounding.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 17

Real Median Household Income After-Tax, Canada, Provinces and Selected Metropolitan Areas, 2001-2009 (2009 constant dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	**47,700**	**47,900**	**47,600**	**48,000**	**49,100**	**50,000**	**51,300**	**52,100**	**52,000**
Provinces									
Newfoundland and Labrador	38,700	38,900	39,300	39,200	39,700	41,900	44,200	44,500	46,300
Prince Edward Island	38,800	40,400	41,800	42,200	43,500	44,000	46,400	48,100	48,500
Nova Scotia	42,000	40,900	40,300	42,200	42,600	43,800	45,600	44,500	44,500
New Brunswick	41,900	41,200	40,800	40,700	40,900	41,800	43,600	44,000	44,500
Quebec	40,900	41,700	41,900	41,700	41,900	42,400	43,500	42,600	44,700
Ontario	54,200	54,700	54,600	54,300	55,000	55,200	56,600	56,900	56,700
Manitoba	43,600	43,200	43,800	44,300	45,400	45,500	47,200	49,700	49,300
Saskatchewan	43,400	42,400	42,900	42,600	44,100	45,900	48,900	51,200	52,500
Alberta	55,800	55,300	54,300	57,800	59,100	62,900	65,900	67,600	66,700
British Columbia	46,100	46,300	46,400	48,100	49,800	51,300	52,100	54,000	52,100
Metropolitan Areas									
St. John's	48,100	42,600	43,300	44,000	44,900	44,800	47,500	51,600	50,800
Halifax	46,900	44,700	43,500	46,200	45,900	46,400	50,100	48,800	49,300
Saint John	45,600	44,700	44,500	45,200	44,100	46,500	46,800	54,500	53,100
Saguenay	41,300	40,000	37,800	38,800	39,900	40,100	39,600	39,000	42,500
Québec	42,500	47,500	45,600	46,100	45,000	45,000	45,000	50,400	50,200
Sherbrooke	32,200	37,800	40,600	41,100	38,900	38,000	40,700	40,000	41,400
Trois-Rivières	37,800	39,700	36,200	38,700	34,000	34,300	39,300	38,200	40,000
Montréal	42,500	43,600	44,700	44,400	43,500	44,500	44,600	42,300	45,200
Ottawa-Gatineau	54,700	57,700	57,200	60,300	56,500	56,500	59,200	60,200	61,600
Kingston	54,500	50,200	52,900	54,300	46,600	49,400	51,500	60,300	49,500
Oshawa	59,600	59,800	64,100	61,400	62,000	58,600	61,100	60,100	61,600
Toronto	61,900	59,700	60,500	58,900	59,200	58,700	60,200	61,100	61,300
Hamilton	60,800	60,700	59,500	58,700	55,800	60,600	60,700	59,500	62,300
St. Catharines-Niagara	53,900	55,500	56,500	55,100	49,300	51,300	50,000	50,400	52,100
Kitchener	55,500	53,100	53,600	54,200	52,200	55,100	55,200	53,600	56,700
London	50,300	48,500	47,700	48,100	54,400	55,200	58,700	53,200	52,000
Windsor	54,500	55,300	55,200	54,900	54,800	55,800	55,600	53,100	48,700
Greater Sudbury	46,900	45,800	44,200	44,800	47,600	49,700	50,200	48,900	46,700
Thunder Bay	56,400	49,800	51,500	52,800	52,500	53,600	55,900	55,100	53,400
Winnipeg	46,600	46,300	47,300	48,900	48,400	47,500	49,800	52,200	53,200
Regina	53,300	52,700	50,300	49,400	53,400	54,700	55,600	58,500	64,200
Saskatoon	44,600	45,600	47,900	46,500	44,700	47,300	51,500	52,400	53,600
Calgary	61,100	61,200	57,000	62,200	60,200	66,600	69,200	69,100	69,200
Edmonton	57,800	54,400	57,700	58,200	59,000	61,200	65,700	66,700	64,600
Abbotsford	46,800	45,100	43,300	45,200	53,700	53,200	60,000	55,600	57,200
Vancouver	49,600	49,700	51,400	51,200	52,600	56,100	57,200	55,500	52,600
Victoria	44,900	46,700	44,800	46,800	47,800	47,300	48,000	57,100	54,400

All data are rounded to the nearest $100.

Source: Statistics Canada (*Survey of Labour and Income Dynamics*)

TABLE 18

Home Equity and Net Worth by Tenure and Age Group, Canada, 1999 and 2005 (2005 constant dollars)

Age Group[2]	Renters[1]		Owned with a Mortgage		Owned without a Mortgage		All Owners		All Households	
	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average
Equity in Principal Residence[3]										
2005										
All ages	0	0	84,000	120,000	175,000	228,000	121,000	169,000	58,000	110,000
Less than 65	0	0	81,000	119,000	180,000	232,000	110,000	158,000	48,000	101,000
65 years or over	0	0	NA	NA	168,000	222,000	160,000	212,000	100,000	149,000
1999										
All ages	0	0	58,000	83,000	138,000	173,000	92,000	125,000	37,000	78,000
Less than 65	0	0	58,000	82,000	144,000	183,000	82,000	117,000	30,000	72,000
65 years or over	0	0	78,000	101,000	136,000	159,000	127,000	153,000	81,000	104,000
Net Worth[4]										
2005										
All ages	14,000	69,000	219,000	378,000	525,000	764,000	327,000	552,000	166,000	383,000
Less than 65	11,000	54,000*	216,000	377,000	561,000	826,000	289,000	530,000	141,000	359,000
65 years or over	40,000*	147,000	355,000	404,000	491,000	670,000	462,000	638,000	309,000	491,000
1999										
All ages	14,000	71,000	169,000	284,000	402,000	599,000	257,000	430,000	136,000	296,000
Less than 65	12,000	58,000	166,000	279,000	439,000	659,000	229,000	412,000	114,000	276,000
65 years or over	43,000	132,000	278,000	407,000	355,000	511,000	349,000	501,000	245,000	382,000

[1] Includes households occupying their homes rent free.

[2] Age of the highest income earner in the household. Where owners and renters are both present, refers to the owner with the highest income.

[3] Home equity is the value of the principal residence less any outstanding mortgages.

[4] Includes the value of employer pension plan benefits. Net worth is the difference between a household's assets and its liabilities.

All dollar figures are rounded to the nearest $1,000.

NA - Not available. Suppressed by Statistics Canada to meet the confidentiality requirements of the *Statistics Act.*

* Use with caution.

Source: CMHC, adapted from Statistics Canada *(Survey of Financial Security)*

For additional data, please refer to the CMHC website: www.cmhc.ca/observer

TABLE 19

National Mortgage Market Highlights, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Residential mortgages outstanding, year-end, $ billions[1]	461.7	497.5	543.4	602.7	662.7	733.4	827.8	891.0	970.3	1,038.2
Chartered banks	293.8	316.7	340.7	367.8	391.3	420.8	460.8	452.5	465.8	506.5
Credit unions and caisses populaires	60.0	65.1	72.7	80.4	89.3	98.3	107.1	114.2	120.6	124.9
Other financial institutions[2]	57.0	54.7	55.6	60.6	63.1	66.2	69.5	70.2	69.6	67.8
CMHC Securitization (NHA MBS, IMPP and CMB)[3]	34.7	45.4	59.8	78.6	100.3	124.2	166.3	234.0	300.3	325.8
Private Securitization	16.2	15.6	14.5	15.3	18.7	24.0	24.1	20.2	13.9	13.2
Mortgage Performance										
Mortgage arrears rate[4]	0.43%	0.40%	0.35%	0.29%	0.26%	0.25%	0.26%	0.28%	0.41%	0.43%
Net impaired Canadian mortgages ratio[5]	0.25%	0.19%	0.19%	0.13%	0.12%	0.13%	0.13%	0.26%	0.38%	0.41%
Loss provisions ratio[6,7]	0.11%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.01%	0.04%	0.05%
Household Affordability										
Mortgage debt service ratio[8] (interest paid on mortgage as per cent of disposable income)	4.3%	4.0%	3.9%	3.8%	3.8%	4.0%	4.3%	4.3%	3.9%	3.8%
Mortgage payment ratio[9] (interest and principal as per cent of personal disposable income per worker)	26.8%	27.7%	27.8%	28.8%	29.8%	33.3%	37.4%	35.2%	30.5%	31.3%
Household debt to personal disposable income[8]	111.6%	114.3%	117.6%	120.3%	125.4%	127.1%	132.4%	136.9%	144.8%	147.0%
Household debt to GDP[8]	67.6%	70.4%	71.0%	72.8%	74.3%	76.0%	79.8%	82.6%	90.1%	93.9%

[1] CMHC and adapted from Bank of Canada

[2] Includes: trust and mortgage loan companies, life insurance companies, pension funds, and non-depository credit intermediaries and other financial institutions.

[3] NHA MBS: *National Housing Act* Mortgage-Backed Securities; IMPP: Insured Mortgage Purchase Program; CMB: Canada Mortgage Bonds.

[4] Canadian Banker's Association. Annual average of number of mortgages in arrears as per cent of total number of mortgages, data from 9 banks. Arrears are defined as mortgages that are past due for 3 months or more.

[5] Annual reports from Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, TD Banking Group (as at Oct. 31 of each year). Impaired loans are residential mortgages that are 90 days past due, or 365 days past due if government-guaranteed, net of allowances for credit losses. Ratio is value of net impaired Canadian residential mortgages as per cent of total Canadian residential mortgages.

[6] Annual reports from Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, TD Banking Group (as at Oct. 31 of each year). Provisions for credit losses on residential mortgages (all countries) are annual charges to income to provide for impaired loans, as per financial state and accounting policies and assumptions. Ratio is value of provision as per cent of total residential mortgages (all countries).

[7] 2002 and 2003 do not include data from Bank of Nova Scotia

[8] Statistics Canada (CANSIM)

[9] CMHC, adapted from Statistics Canada (CANSIM), unpublished data, and CREA

Source: CMHC, unless otherwise noted

TABLE 20

CMHC Mortgage Loan Insurance Highlights, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Overview										
CMHC insurance-in-force outstanding ($ billions)	211.2	223.0	231.3	244.4	273.4	292.1	334.0	411.9	479.7	514.2
Annual number of insured units[1]	507,237	583,225	517,795	652,573	746,157	528,074	695,971	798,309	1,048,736	643,991
Annual CMHC insurance volumes ($ billions)[2]	39.9	50.3	43.6	60.1	77.1	70.7	104.5	126.3	154.9	106.1
Homeowner loans by interest rate type (%)										
% Fixed	92.1	81.7	89.1	80.4	78.2	88.4	89.2	72.1	80.3	75.7
% Non-fixed[3]	7.9	18.3	10.9	19.6	21.8	11.6	10.8	27.9	19.7	24.3
Credit Profile										
Distribution of CMHC homeowner insurance-in-force by LTV ratio, based on original property value[4]										
Share with LTV ≤ 80%	NA	NA	NA	NA	NA	NA	NA	NA	62%	58%
Share with LTV 80.01% ≤ 90%	NA	NA	NA	NA	NA	NA	NA	NA	21%	23%
Share with LTV 90.01% ≤ 95%	NA	NA	NA	NA	NA	NA	NA	NA	14%	18%
Share with LTV > 95.01%	NA	NA	NA	NA	NA	NA	NA	NA	3%	2%
Average LTV ratio of CMHC-insured homeowner mortgages	NA	NA	NA	NA	NA	NA	NA	NA	61%	63%
Average outstanding mortgage principal per CMHC-insured loan ($)	NA	NA	NA	NA	NA	NA	NA	NA	132,442	137,349
Distribution of insurance-in-force average loan amount per household (%)										
< $60,000	NA	NA	NA	NA	NA	NA	NA	NA	8	7
$60,000 - $100,000	NA	NA	NA	NA	NA	NA	NA	NA	11	10
$100,000 - $250,000	NA	NA	NA	NA	NA	NA	NA	NA	48	46
$250,000 - $400,000	NA	NA	NA	NA	NA	NA	NA	NA	24	25
$400,000 - $550,000	NA	NA	NA	NA	NA	NA	NA	NA	6	7
> $550,000	NA	NA	NA	NA	NA	NA	NA	NA	4	4
Distribution of credit scores for high-ratio homeowner loans, approved annually (%)[5]										
No score	NA	0	0	0	0	0	0	0	0	0
< 600	NA	4	3	3	3	3	3	2	1	0
600 - 659	NA	13	14	14	14	14	14	13	11	9
660 - 699	NA	17	18	18	19	18	18	18	17	17
≥ 700	NA	66	64	64	64	65	65	66	73	74
Performance										
CMHC insured mortgages arrears rate (%)[6]	0.55	0.46	0.42	0.33	0.33	0.33	0.32	0.36	0.47	0.44
CMHC losses on claims expense ($ millions)	306.5	214.7	185.8	166.0	147.1	217.9	217.4	248.2	512.0	678.0

[1] From 2006 on, series revised to refer to mortgages for which CMHC received a premium (including pool insurance for low-ratio loans), rather than approved applications.

[2] Data is based on the loans for which premiums were received in a given year. The CMHC Annual Reports prior to 2010 reported on the approved loan volumes.

[3] Includes: variable, capped variable, adjustable, buydown, and indexed rates.

[4] Overall portfolio, e.g. including both homeowner and multi-unit > 4 units.

[5] Canadian credit scores generally range from 300 to 900.

[6] Ratio of all loans that are more than 90 days past due as a percent of the number of outstanding insured loans.

Source: CMHC

TABLE 21

Canadian Mortgage Funding Sources, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Residential Mortgage Credit Outstanding by Source ($ billions)										
Deposits	353.8	381.8	413.4	448.2	480.6	519.0	565.0	556.9	575.2	606.4
Private Securitization	16.2	15.6	14.5	15.3	18.7	24.0	24.1	20.2	13.9	13.2
Covered Bonds	-	-	-	-	-	-	2.8	9.8	11.3	25.0
CMHC Securitization (NHA MBS, IMPP and CMB)	34.7	45.4	59.8	78.6	100.3	124.2	166.3	234.0	300.3	325.8
Other funding sources[1]	57.0	54.7	55.6	60.6	63.1	66.2	69.5	70.2	69.6	67.8
Total Residential Mortgage Credit Outstanding	**461.7**	**497.5**	**543.4**	**602.7**	**662.7**	**733.4**	**827.8**	**891.0**	**970.3**	**1,038.2**
CMHC Annual Mortgage Securitization Guarantees ($ billions)										
Market NHA MBS[2] (including IMPP)	3.8	7.4	9.8	10.3	12.4	11.0	22.3	61.1	88.5	55.7
CMB	4.7	13.2	17.3	19.3	18.0	25.1	35.7	43.5	46.9	39.4
Total CMHC Annual Securitization Guarantees	**8.5**	**20.6**	**27.0**	**29.6**	**30.4**	**36.1**	**58.0**	**104.6**	**135.4**	**95.1**

[1] Includes: trust and mortgage loan companies, life insurance companies, pension funds, and non-depository credit intermediaries and other financial institutions.

[2] This data represents NHA MBS that is not sold to or used in the CMB program.

Source: CMHC, Bank of Canada, DBRS Monthly Canadian Covered Bond Report

TABLE 22

Covered Bond Market[1] in Canada, 2007-2010[1,2]

	2007	2008	2009	2010
Total Annual Covered Bond Issuance (C$ billions)	**2.84**	**6.98**	**1.45**	**17.34**
Issuance per Issuer (C$ billions)				
Royal Bank of Canada (RBC)	2.84	1.88	0.75	2.36
Canadian Imperial Bank of Commerce (CIBC)	-	3.60	0.70	5.66
Bank of Montreal (BMO)	-	1.50	-	2.08
Bank of Nova Scotia (BNS)	-	-	-	5.17
Toronto-Dominion Bank (TD)	-	-	-	2.08
National Bank of Canada (NBC)	-	-	-	-
Caisse centrale Desjardins	-	-	-	-
Issuance by Currency (billions in currency indicated)				
CAD (Canadian Dollar)	-	-	0.75	0.85
EUR (Euro)	2.00	4.57	-	-
USD (United States Dollar)	-	-	-	14.75
CHF (Swiss Franc)	-	-	0.68	0.50
AUD (Australian Dollar)	-	-	-	0.75
Issuance by Term (C$ billions)				
2-yr	-	3.60	0.31	
3-yr	-	-	-	5.89
5-yr	2.84	1.50	1.14	11.00
7-yr	-	-	-	0.45
10-yr	-	1.88	-	-
Total Covered Bonds Outstanding	**2.84**	**9.83**	**11.27**	**25.02**
Outstanding per Issuer (C$ billions)				
Royal Bank of Canada (RBC)	2.84	4.73	5.48	7.84
Canadian Imperial Bank of Commerce (CIBC)	-	3.60	4.30	6.36
Bank of Montreal (BMO)	-	1.50	1.50	3.58
Bank of Nova Scotia (BNS)	-	-	-	5.17
Toronto-Dominion Bank (TD)	-	-	-	2.08
National Bank of Canada (NBC)	-	-	-	-
Caisse centrale Desjardins	-	-	-	-
Outstanding by Currency (billions in currency indicated)				
CAD	-	-	0.75	1.60
EUR	2.00	6.57	6.57	4.25
USD	-	-	-	14.75
CHF	-	-	0.68	1.18
AUD	-	-	-	0.75
Outstanding by Term (C$ billions)				
2-yr	-	3.60	3.91	0.31
3-yr	-	-	-	5.89
5-yr	2.84	4.34	5.48	16.48
7-yr	-	-	-	0.45
10-yr	-	1.88	1.88	1.88

[1] There were no covered bonds issued in Canada prior to 2007.

[2] Denominated in Canadian dollars (except where indicated) based on the exchange rate posted in issuers' covered bond investor reports at time of issuance.

Source: DBRS Monthly Canadian Covered Bond Report, Issuers' Monthly Covered Bond Program Investor Reports

TABLE 23

CMHC NHA Mortgage-Backed Securities (MBS) Program, 2006-2010[1]

	2006	2007	2008	2009	2010
Total Annual NHA MBS Issuance ($ billions)	**58.447**	**85.673**	**144.972**	**134.236**	**124.638**
Total NHA MBS Outstanding ($ billions)	**124.155**	**166.291**	**254.274**	**298.246**	**325.133**
Annual NHA MBS Issuance by Pool Type ($ billions)					
867 Pool (Multi-Component FRM)[2]	-	-	-	17.058	3.848
880 Pool (Multi-Component ARM)[3]	-	-	-	0.108	0.074
885 Pool (Multi-Component VRM)[4]	-	-	-	-	0.097
964 Pool (Homeowner)	0.267	0.162	1.064	1.789	0.573
965 Pool (Mixed)	0.572	1.139	3.397	4.593	3.575
966 Pool (Multi-Family)	-	0.059	0.180	0.145	0.065
967 Pool (Homeowner - prepayments retained)	-	-	-	-	-
970 Pool (Homeowner - 36 mth prepayment lock-out)	4.855	3.431	1.723	1.289	0.146
975 Pool (Homeowner - 60 mth prepayment lock-out)	41.080	66.586	79.764	73.531	77.921
980 Pool (Homeowner ARM)	0.291	1.491	4.562	11.878	12.808
985 Pool (Homeowner VRM)	9.600	8.689	46.810	19.443	18.777
987 Pool (Homeowner WAC)[5]	1.048	3.022	6.956	3.737	6.098
990 Pool (Social Housing Loans)	0.735	1.092	0.515	0.666	0.657
Total Annual NHA MBS Issuance	**58.447**	**85.673**	**144.972**	**134.236**	**124.638**
NHA MBS Outstanding by Pool Type ($ billions)					
867 Pool (Multi-Component FRM)	-	-	-	13.782	12.691
880 Pool (Multi-Component ARM)	-	-	-	0.097	0.151
885 Pool (Multi-Component VRM)	-	-	-	-	0.097
964 Pool (Homeowner)	1.288	1.018	1.635	2.590	2.450
965 Pool (Mixed)	2.893	3.604	6.300	10.211	12.881
966 Pool (Multi-Family)	1.752	1.190	1.092	1.018	0.942
967 Pool (Homeowner - prepayments retained)	0.005	0.001	0.001	0.0005	0.0004
970 Pool (Homeowner - 36 mth prepayment lock-out)	15.275	13.272	9.121	5.685	2.735
975 Pool (Homeowner - 60 mth prepayment lock-out)	80.103	118.910	160.592	178.558	201.814
980 Pool (Homeowner ARM)	0.379	1.694	5.867	15.859	23.849
985 Pool (Homeowner VRM)	16.729	18.065	55.498	54.579	48.947
987 Pool (Homeowner WAC)	1.738	4.068	9.587	11.139	13.534
990 Pool (Social Housing Loans)	3.994	4.468	4.582	4.727	5.042
Total NHA MBS Outstanding	**124.155**	**166.291**	**254.274**	**298.246**	**325.133**
Number of NHA MBS Pools Outstanding					
867 Pool (Multi-Component FRM)	-	-	-	151	279
880 Pool (Multi-Component ARM)	-	-	-	12	21
885 Pool (Multi-Component VRM)	-	-	-	-	6
964 Pool (Homeowner)	132	107	143	243	262
965 Pool (Mixed)	205	225	265	312	378
966 Pool (Multi-Family)	118	91	72	57	52
967 Pool (Homeowner - prepayments retained)	16	4	3	2	2
970 Pool (Homeowner - 36 mth prepayment lock-out)	413	424	408	358	245
975 Pool (Homeowner - 60 mth Prepayment lock-out)	1,201	1,712	2,653	3,635	4,351
980 Pool (Homeowner ARM)	35	117	270	551	943
985 Pool (Homeowner VRM)	272	344	532	644	673
987 Pool (Homeowner WAC)	73	180	330	432	451
990 Pool (Social Housing Loans)	93	109	115	131	144
Total Number of NHA MBS Pools Outstanding	**2,558**	**3,313**	**4,791**	**6,528**	**7,807**

[1] Data prior to 2006 is not available.

[2] FRM are Fixed Rate Mortgages.

[3] ARM are Adjustable Rate Mortgages.

[4] VRM are Variable Rate Mortgages.

[5] WAC is Weighted Average Mortgage Rate.

Source: CMHC

TABLE 24

CMHC Canada Mortgage Bonds (CMB) Program, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Annual CMB Issuance ($ billions)	**4.7**	**13.2**	**17.3**	**19.3**	**18.0**	**25.1**	**35.7**	**43.5**	**46.9**	**39.4**
Total CMB Outstanding ($ billions)	**4.7**	**17.9**	**35.2**	**54.5**	**72.6**	**95.4**	**118.5**	**141.7**	**175.6**	**195.5**
Annual CMB Issuance by Term ($ billions)										
3-yr Fixed	-	-	-	-	-	-	-	6.0	2.0	-
5-yr Floating-Rate Note	-	-	-	0.8	3.0	-	-	1.5	9.2	7.9
5-yr Fixed	4.7	13.2	17.3	18.5	15.0	25.1	35.7	34.0	28.5	23.8
10-yr Fixed	-	-	-	-	-	-	-	2.0	7.2	7.8
CMB Outstanding by Term ($ billions)										
3-yr Fixed	-	-	-	-	-	-	-	6.0	8.0	8.0
5-yr Floating-Rate Note	-	-	-	0.8	3.9	3.9	3.9	5.4	14.6	18.6
5-yr Fixed	4.7	17.9	35.2	53.7	68.7	91.6	114.7	128.3	143.8	152.0
10-yr Fixed	-	-	-	-	-	-	-	2.0	9.2	17.0
Investor Profile by Region (market share in %)										
Canada	84.0%	48.7%	59.7%	56.5%	62.3%	66.7%	71.9%	77.3%	76.6%	71.9%
United States	3.0%	19.3%	11.1%	17.8%	16.4%	16.1%	11.4%	12.5%	17.6%	15.8%
Europe	12.8%	30.1%	25.5%	22.4%	19.1%	12.9%	11.3%	5.6%	3.4%	5.0%
Australasia	0.2%	1.9%	3.6%	2.9%	1.9%	2.9%	4.9%	4.4%	2.0%	4.0%
Middle East and Other	0.0%	0.1%	0.1%	0.5%	0.3%	1.4%	0.5%	0.3%	0.4%	3.2%
Investor Profile by Investor Type (market share in %)										
Insurance companies and pension funds	58.6%	50.9%	42.5%	52.9%	54.1%	44.5%	47.5%	47.1%	42.9%	45.4%
Other institutional investors	15.1%	13.7%	7.3%	16.4%	17.6%	9.5%	14.5%	9.1%	4.0%	10.2%
Government	11.7%	4.2%	20.7%	6.3%	5.2%	7.5%	5.1%	2.7%	2.3%	3.6%
Chartered banks and quasi banks	6.4%	19.1%	19.9%	16.8%	9.9%	20.1%	17.2%	26.6%	43.0%	30.0%
Brokers/dealers	4.2%	2.5%	0.1%	0.3%	1.1%	0.1%	0.4%	0.7%	1.1%	0.2%
Canadian retail investors	3.8%	5.4%	2.7%	3.0%	3.5%	2.3%	2.4%	2.5%	1.9%	1.8%
Monetary authorities	0.2%	4.2%	6.7%	4.3%	3.5%	6.4%	7.0%	5.4%	2.3%	7.1%
Hedge funds	0.0%	0.0%	0.0%	0.0%	5.1%	9.7%	6.0%	6.0%	2.5%	1.7%

Source: CMHC

TABLE 25

Canada Mortgage Bonds (CMB) 5-Year Spread over the Constant Maturity Over The Counter (OTC) Curve,[1] 2003-2010 (basis points)

	January[2]	February	March	April	May	June	July	August	September	October	November	December	Annual Average
2003	-	-	-	-	-	12.3	12.2	17.7	18.5	13.6	12.8	11.3	**14.0**
2004	10.4	10.4	10.1	12.1	14.4	15.0	15.0	14.7	14.2	13.9	12.2	11.1	**12.8**
2005	11.0	10.8	10.1	10.6	9.5	8.5	8.5	8.0	7.7	8.8	8.9	11.2	**9.5**
2006	11.4	9.8	10.2	9.9	10.3	12.6	12.7	12.1	11.7	11.2	11.2	11.4	**11.2**
2007	11.6	11.8	11.8	11.3	11.6	13.4	14.1	16.0	19.5	19.7	28.9	31.2	**16.7**
2008	28.7	33.6	50.9	54.2	47.8	48.5	47.8	50.1	58.3	70.0	45.6	48.3	**48.6**
2009	32.4	32.4	38.9	37.6	35.8	41.1	34.9	26.7	25.7	23.5	22.4	23.2	**31.2**
2010	19.8	20.6	21.3	26.7	35.7	39.5	31.9	26.8	23.6	22.3	24.0	26.1	**26.5**

[1] The constant maturity spread represents the exact term indicated and is calculated by an interpolation using CMB market spreads to Government of Canada yields.

[2] The data presented for the months is the monthly average of daily data.

Source: CMHC

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