



City of Richmond

Report to Committee

To: Planning Committee **Date:** February 11, 2016
From: Cathryn Volkering Carlile **File:** 08-4057-01/2016-Vol
 General Manager, Community Services 01
Re: **Affordable Housing Strategy Update – Draft Community Profile Statistics**

Staff Recommendation

1. That the staff report titled “Affordable Housing Strategy Update – Draft Community Profile Statistics”, dated February 11, 2016, from the General Manager, Community Services, be received for information.

Cathryn Volkering Carlile
 General Manager, Community Services
 (604-276-4068)

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Policy Planning	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

The Affordable Housing Strategy was first created to respond to residents' need for access to safe, affordable and appropriate housing. The Strategy recognized the importance of ensuring that all Richmond residents have access to suitable and appropriate housing with the necessary community supports to serve the needs of a diverse population. The Strategy was adopted on May 28, 2007.

The purpose of this report is to provide Council with updated statistics and information with respect to housing need and affordability in Richmond (Attachment 1). As part of Phase 1 of the Affordable Housing Strategy update process, the statistics will be supplemented by feedback from community and stakeholder consultations. The statistical information and feedback will be collated into a comprehensive community profile, which will be presented to Council for their consideration.

This report supports Council's 2014-2018 Term Goal #2 A Vibrant, Active and Connected City:

Continue the development and implementation of an excellent and accessible system of programs, services, and public spaces that reflect Richmond's demographics, rich heritage, diverse needs, and unique opportunities, and that facilitate active, caring, and connected communities.

2.2. *Effective social service networks.*

This report also supports Council's 2014-2018 Term Goal #3 A Well-Planned Community:

3.4. *Diversity of housing stock.*

This report also supports the Social Development Strategy Goal #1: Enhance Social Equity and Inclusion:

Strategic Direction #1: Expand Housing Choices

Analysis

Currently, the Affordable Housing Strategy has three priorities:

- Subsidized rental housing – for households earning \$34,000 or less;
- Low end market rental housing – for households earning between \$34,000 or less and \$57,000 or less; and
- Entry level homeownership – for households earning \$60,000 or less.

However, as the Strategy has not been updated since 2007, the current demographics, market conditions, estimated needs and senior government funding situation may no longer be accurately captured in the priorities and policy areas. The Community Profile will be the first

step in re-examining demographics, needs and market conditions to shape future policy directions.

Figure 1 outlines the Affordable Housing Strategy update timeline.

Figure 1: Affordable Housing Strategy Update Timeline



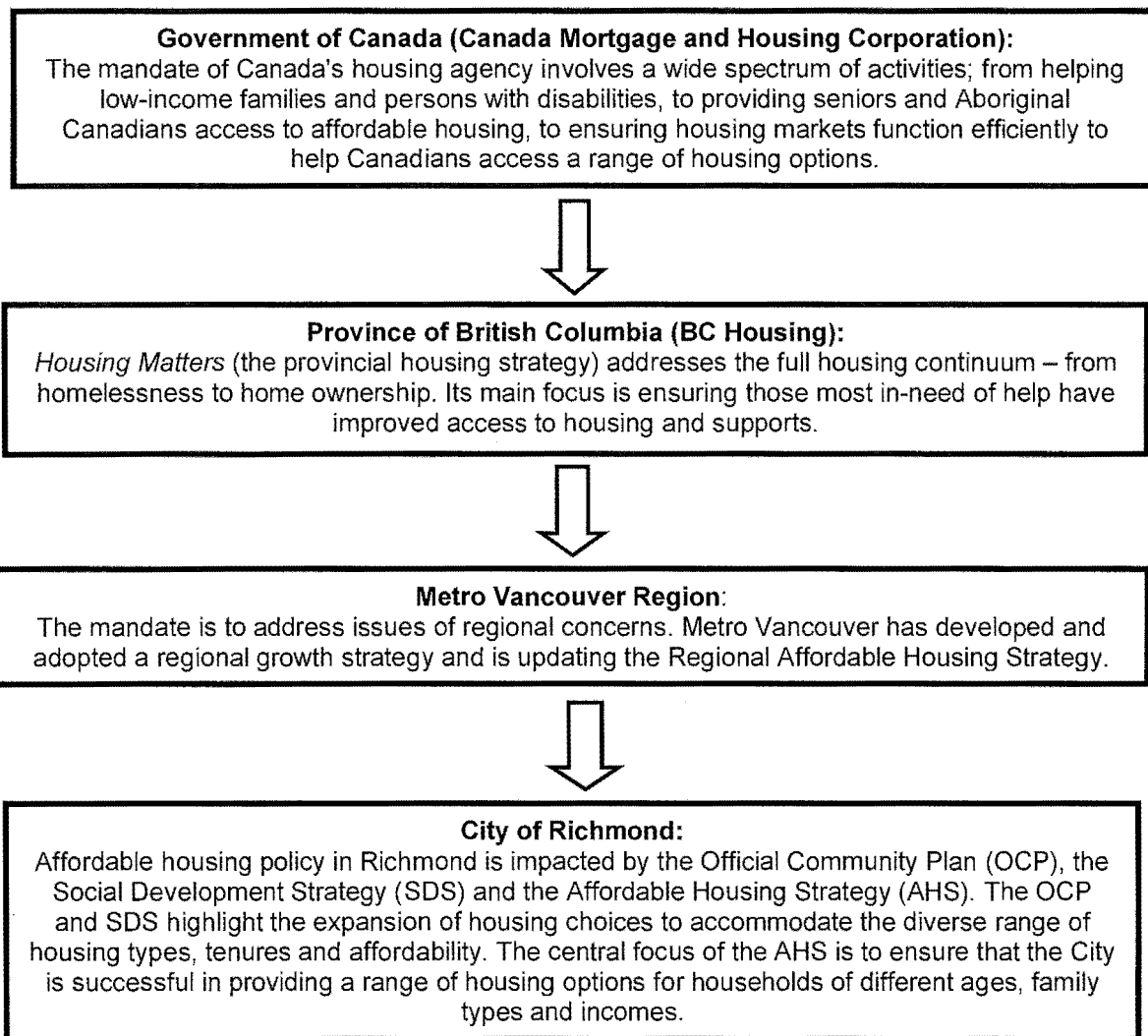
The Strategy is guided by the understanding that generating an effective housing system at all points of the continuum requires a multi-level government housing policy and funding commitment.

Policy Context

In the absence of a national housing strategy, much of the responsibility for overseeing and funding affordable housing falls to the provincial government (BC Housing). Recently, BC Housing has shifted from the development and management of affordable housing units, and focused on administering the projects in collaboration with non-profit providers and municipal government. In particular, BC Housing developed a Non-Profit Asset Transfer Program in late 2014. The program provides non-profit societies with the option to purchase the land from the Provincial Rental Housing Corporation (BC Housing’s holding company), where the non-profit societies already own and manage the social housing buildings. Using the funds generated from the sale, the Province recently announced \$355 million in funding for over 2,000 new affordable housing units.

Figure 2 highlights the mandates of each level of government with regards to housing policy and provision.

Figure 2: Housing Policy and Provision Mandates



Indicators of Need

The draft Community Profile examines a variety of statistics to develop a preliminary background of housing need in Richmond. Staff recognize that statistical data can be limited in terms of uncovering the causes of housing need. To supplement the numbers, staff will undertake stakeholder and community consultation in Spring 2016 to generate a greater understanding of challenges people face when looking for, or maintaining housing in Richmond.

Some of the statistics that help inform housing need include:

Vacancy rates:

- In 2015, vacancy rates in Richmond were lower than 1% for all unit types in purpose-built rental apartments, except 1 bedroom units (1.4%).
- The average vacancy rate in Richmond was 0.9% in 2015.
- By comparison, the average vacancy rate in 2015 for all-unit types in Canada's 35 major urban centers was 2.7%.
- The low vacancy rate could indicate a constrained rental housing market, which may result in higher rents and a lack of supply.

Core Housing Need:

- According to Canada Mortgage and Housing Corporation (CMHC), a household is said to be in core housing need if the housing falls below one of the standards: adequacy, suitability or affordability.
- This definition also includes households spending 30% or more of their gross income to pay the median rent in their community.
- As of 2011, 13% of renter households and 7% of owner households were in core housing need in Richmond.
- As well, 10% of Richmond households were not living in suitable dwellings for their family composition in 2011.

Low-income demographics:

- The Low-Income Measure after tax (LIM-AT) provides municipalities with an understanding of low-income households that may face barriers or challenges to finding housing.
- According to this measure, 22.4% of Richmond residents in 2011 were considered low-income (an increase of 1.5% since 2006).
- The prevalence of low-income households is higher in Richmond's City Centre, Thompson, Blundell and West Cambie planning areas.

Housing Stock:

- Approximately 1,371 units have been secured through Affordable Housing Strategy policies since 2007.
- There are an estimated 2,694 affordable rental and cooperative units in Richmond, secured prior to 2007 through the efforts of the non-profit sector under a number of now-ended senior government funding programs.
- According to CMHC, there are an estimated 1,000 purpose built rental units and 468 accessory suites (constructed/secured outside of the Affordable Housing Strategy) since 2005.
- As of 2011, approximately 36% of Richmond's total housing stock is 30 years or older, which may have implications on future redevelopment due to aging of housing infrastructure.

Social Housing Waitlist Numbers:

- There are approximately 641 households on the BC Housing Social Housing Registry, with seniors and low-income families being the top two households in need.
- BC Housing administers the waitlist for 16 developments on the Housing Registry in Richmond.
- Although the waitlist is not for the units secured through the AHS, the Housing Registry waitlist provides an indicator of households in need of affordable units in the community.

Metro Vancouver Housing Demand Estimates:

Metro Vancouver has calculated 10 year housing demand projections (2011-2021), so municipalities are able to determine policies and housing targets to address the needs over time. Figure 3 below shows the number of units required to meet the demand annually and over 10 years.

Figure 3: Housing Demand Estimates 2011 – 2021

Types of Housing	Annual	10 year
Low-Income Rental	180	1,800
Low-Moderate Income Rental	220	2,200
Moderate and Above Market Rental	160	1,600
Total Rental	560	5,600
Ownership	1040	10,400
Total Demand	1600	16,000

Affordability Challenges

The City follows a commonly accepted benchmark provided by CMHC to define when housing is affordable: when renter households should not spend more than 30% and owner households should not spend more than 32% of their gross income on housing costs. This does not include additional expenses, such as utility fees, telephone and internet. The owner household benchmarks are slightly higher, as the housing costs include strata fees, homeownership insurance and heating costs.

The 2011 Census data shows that 32% of owner households are spending 30% or more of their total household income; and 47.5% of tenant households are spending 30% or more of their total household income on shelter costs. Although these numbers are important in highlighting the number of households spending beyond the “affordable” benchmark, it does not take into consideration the condition or suitability of a unit.

Average Rents in Richmond

In the last five years (2011-2015), the average rents for all unit types have increased by 12.4%, which is more than the cost of living. Increasing rents and low vacancy rates may lead to increased affordability challenges for all household types, and decreased access to suitable and affordable units in the private rental market.

Figure 4 displays the average rent as of October 2015, and the percentage increase since 2011.

Figure 4: 2015 Average Rents and Percentage Increase Since 2011

Unit Type	Fall 2015 monthly rent	% increase since 2011
Bachelor	\$843	13%
1 Bedroom	\$1,025	12%
2 Bedroom	\$1,296	1%
3 bedroom+	\$1,596	17%

Incomes Needed to Purchase or Rent in Richmond

According to Statistics Canada, the median household income for Richmond was \$60,479 in 2011. As demonstrated by the data in Figure 5, this amount is below the annual incomes necessary to purchase any of the housing types listed at the benchmark price in Richmond. Households may have to spend more than 32% of their income on housing costs in order to afford purchasing a home.

Figure 5: Annual Income Necessary to Purchase a Housing Unit in Richmond

Housing Type	Benchmark Price	Down Payment	Annual Income Necessary
Single Detached	\$1,209,600	5%	N/A due to new CMHC regulations
		10%	
		20%	\$192,606
Townhouse	\$567,000	5%	\$112,972
		10%	\$107,963
		20%	\$95,780
Apartment	\$372,100	5%	\$76,274
		10%	\$72,986
		20%	\$64,991

Note: The annual income necessary assumes a 32% gross-debt-service (GDS) ratio, meaning that households are not spending more than 32% of their income on housing costs

Figure 6: Annual Income Necessary to Rent a Housing Unit in Richmond

	3+ Bedroom Unit	2 Bedroom	1 Bedroom	Bachelor
Monthly Rent	\$1,327	\$1,198	\$994	\$808
Annual Income Required	\$53,080	\$47,920	\$39,760	\$32,320

Note: The annual income necessary assumes a 30% gross-debt-service (GDS) ratio, meaning that households are not spending more than 30% of their income on housing costs

It can be assumed that with the high purchase price of homes and significant down payment needed, low to moderate income households may face challenges moving along the housing continuum into homeownership. In terms of renter households, larger households may face affordability challenges with accessing units with two or more bedrooms, as demonstrated in Figure 6. Renters may also face additional affordability barriers with low vacancy rates and lack of housing supply.

Next Steps

The data shows that housing supply is decreasing, while housing demand is increasing. Furthermore, homeownership may not be an affordable option for many households and renter households face increased barriers to obtaining housing due to low vacancy rates and rising rents.

However, at this time, the data is limited and does not highlight Richmond residents' experiences and challenges in obtaining housing in the community. A series of community engagement opportunities will be organized to gain a broader perspective of housing challenges and opportunities that may not be captured in the statistics. Staff will be engaging the public, as well as key stakeholders to learn more about the housing needs in Richmond. Some of the opportunities for consultation include:

- Online survey (Let's Talk Richmond) for the general public to complete: staff hope to gain a deeper understanding of the lived experiences of individuals accessing housing in Richmond, and also for the public to provide input on future housing policy directions.
- Open houses – this will be an opportunity for the public to ask questions and provide feedback on housing challenges and opportunities in Richmond.
- Stakeholder roundtables with Council-appointed advisory committees, community committees, non-profit housing and service providers, government entities, and the development community; these will be targeted discussions around housing topics that directly impact the stakeholder groups.

After the consultation sessions are completed, the findings will be synthesized with the data in the attached document to form a comprehensive Community Profile for Council's consideration. This will be the foundation piece for guiding policy updates, which is Phase 2 of the Affordable Housing Strategy update process.

Financial Impact

None.

Conclusion

The draft Community Profile Statistics (Attachment 1) marks the first step of Phase 1 of the Affordable Housing Strategy update. In order to re-examine current policy and objectives, a clear understanding of the housing needs and trends in Richmond is needed to inform future directions. The goal of the community profile will be to generate discussion around gaps and opportunities to enhance current housing policy initiatives. Although the City has already made significant contributions to increasing affordable housing, it cannot solve housing affordability alone.

The proposed initiatives will provide opportunities to identify and address the housing needs of Richmond's low to moderate income households, and ensure that current and future residents can live, work, play and thrive in Richmond.



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Att. 1: Draft Community Profile Statistics

City of Richmond
DRAFT

Affordable Housing Community Profile

Part 1 – Statistics

Community Profile

The purpose of this document (Part 1 of the Community Profile) is to help identify current and emerging trends in Richmond's housing market to better understand key issues that residents face in terms of housing. This Community Profile is intended to help inform City Council, staff and the broader community of the housing affordability challenges being faced in Richmond. The combined quantitative and qualitative analysis of housing affordability will help to inform the direction of policy research for the Affordable Housing Strategy Update.

Part 2 (to be completed during Summer 2016) will provide a qualitative analysis, based on feedback through Richmond residents' own 'lived experiences' in addressing their own unique housing situations.

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1. Policy Context

1.1 Senior Government

The federal and provincial governments in Canada have traditionally and historically played a major role in the provision of affordable non market and subsidized housing. This has changed significantly over the past 20 years, as senior government policy changes have resulted in less funding to support the creation of new affordable housing options for low and moderate income households. In BC, the provincial government has continued to match available federal funding on housing but with an increased focus on providing rent supplements as the primary means of improving affordability for low-income households. These changes have continued to place considerable pressure on local governments to become more active, beyond their primary land use planning and development approvals role, in the provision of affordable housing.

1.2 Metro Vancouver Regional District

Metro Vancouver 2040 – Shaping Our Future (2011), the regional growth strategy, provides the overall growth management framework for Metro Vancouver. It coordinates regional land use and transportation planning and directs future growth to urban centres. It also provides population, employment, and housing projections to inform municipalities of future demands on specific communities. In supporting the regional growth strategy, municipalities are required to develop local Municipal Housing Action Plans, which will play an important role in implementing regional goals to provide diverse and affordable housing choices.

1.3 City of Richmond

Although the mandate to provide affordable housing is the primary responsibility of senior governments, the City of Richmond has long acknowledged that providing a range of affordable and diverse housing types for residents is an integral part of creating a liveable community. The City acknowledges that it cannot solve local affordable issues on its own but can play a role in partnership with senior levels of government, and the private and non-profit sectors. It is important to note that many affordable units, especially those built prior to 2007, when the current Affordable Housing Strategy was endorsed, are the result of collaboration among the non-profit sector, senior government, and at times the City of Richmond.

Richmond's *Official Community Plan (OCP) 2012*, is a legal document under the *Local Government Act* and the City's statement of its long-term planning vision (2012 – 2041). The OCP guides land development in alignment with regional growth plans (*Metro Vancouver 2040*), responds to current issues, and is a tool for directing the creation of a sustainable community. In terms of housing, the OCP directs development to accommodate for a diverse range of housing types, tenure, and affordability.

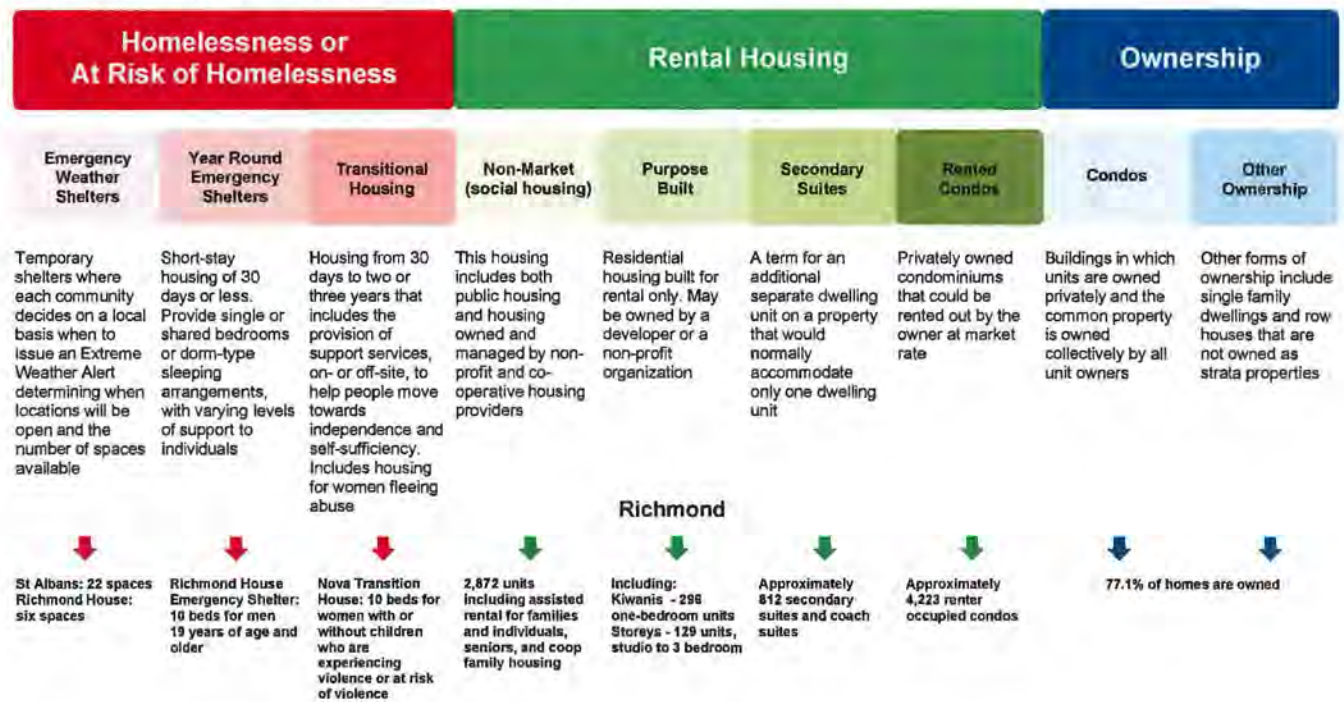
Richmond's *Social Development Strategy (SDS) 2013*, is the City's commitment to addressing social issues in planning and service delivery. One of the SDS's strategic directions is to expand housing choices to ensure that there are suitable and affordable housing options for all Richmond residents, including those on low-income, homeless persons, and persons with other barriers to housing.

Richmond’s current *Affordable Housing Strategy* (AHS) was adopted in 2007 following earlier Council adopted strategies in 1994 and 1989. A central focus of the current AHS is to ensure that the City is successful in providing a range of housing options for households of different ages, family types, and incomes. The strategy prioritizes the need for subsidized housing, low end market rental housing (LEMR), and entry level homeownership. Through the 2007 AHS, the City in partnership with the private sector has been able to secure 1,371 units of affordable housing for low-income households.

Housing affordability continues to be a significant issue both regionally and at the local level. Richmond’s AHS is currently being updated to reflect the current and future needs of the community and to align with regional housing goals. Figure 1 displays some of the successful projects that have been accomplished in Richmond. This housing continuum identifies a mix of housing options to ensure a community has access to options that meet the diverse needs of residents.

Figure 1: The Housing Continuum and Examples of Affordable Housing Projects in Richmond

The Housing Continuum



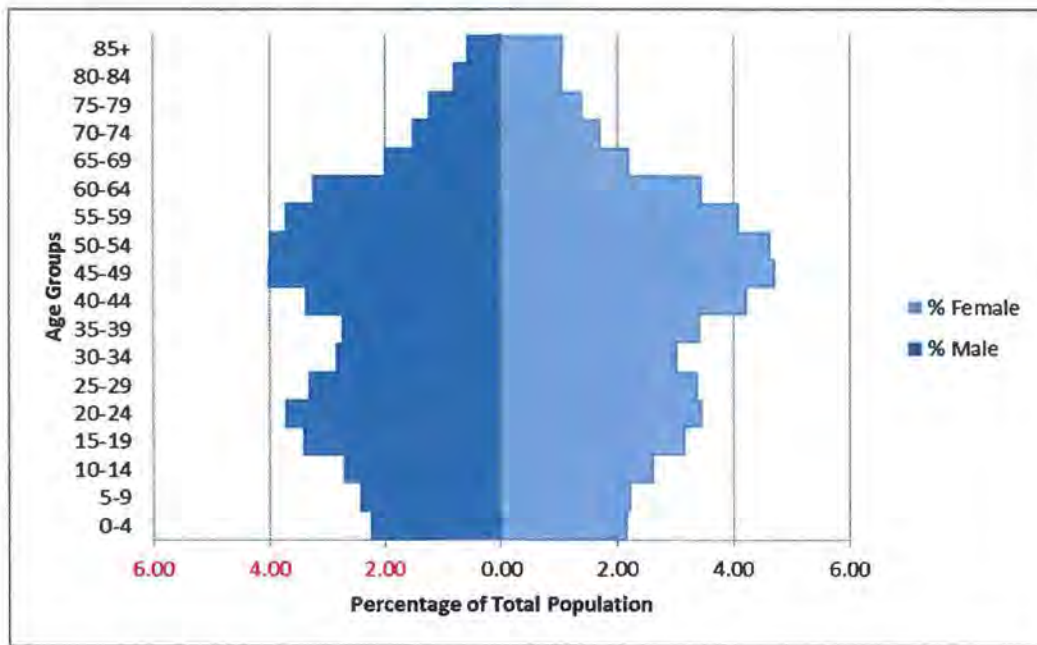
Source: City of Richmond, 2015, Affordable Housing Inventory & 2011 NHS.

2. Demographics

2.1 Population

In 2016, the City’s estimated population is 213,891 making Richmond the fourth largest municipality in British Columbia after Vancouver, Surrey and Burnaby. Richmond’s population is both growing and getting older. Total population growth between 2006 and 2011 was 9.2%, similar to the regional growth rate of 9.3% (City of Richmond, 2014). The fastest growing planning areas of Richmond during this time period were City Centre, Steveston, Shellmont, West Cambie and Broadmoor neighborhoods. Figure 2 displays the number of male and females for each age group as a percentage of the total population. In 2011, individuals over the age of 65 accounted for 13.7% of the total population, this is a 2% (6,690 residents) increase from 2001 (2001 & 2011 Census). The percentage of seniors is expected to rapidly increase as it is estimated they will account for 26% of the population by 2041 (City of Richmond, 2012 Official Community Plan).

Figure 2: Richmond Population Pyramid, 2011

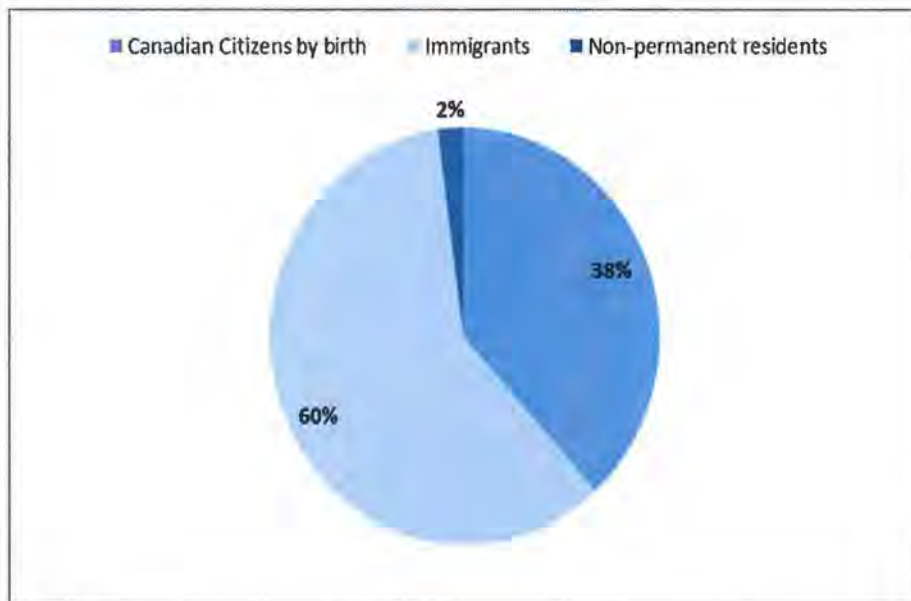


Source: Statistics Canada, 2011 Census.

According to the 2011 Census, Richmond has 55,400 families with an average of three persons per census family. 84% (46,480) of these families are either married or common-law and the remaining 16% (8,920) are lone-parent families. Female lone-parents account for 83% (7,404) of all lone-parent families (2011 Census).

Figure 3 highlights the immigration status of Richmond residents in 2011. While 112,875 residents were born in Canada, 72,480 have immigrated to Canada and 3,955 persons currently residing in Richmond are non-permanent residents who may be on a work or study permit or a refugee claimant. New immigrants and refugees may face multiple barriers when searching for housing including discrimination, language barriers, and a lack of knowledge with the rental or homeownership process.

Figure 3: Population in Richmond by Immigration Status in 2011



Source: 2011 NHS.

Richmond residents speak a diversity of languages. According to the 2011 Census, English (49%), Chinese (33%), Tagalog (2%), and Punjabi (2%) are the languages most often spoken at home. In 2011, there were 1,935 individuals or 1% of Richmond’s total population who identified as Aboriginal (2011 Census).

2.2 Income

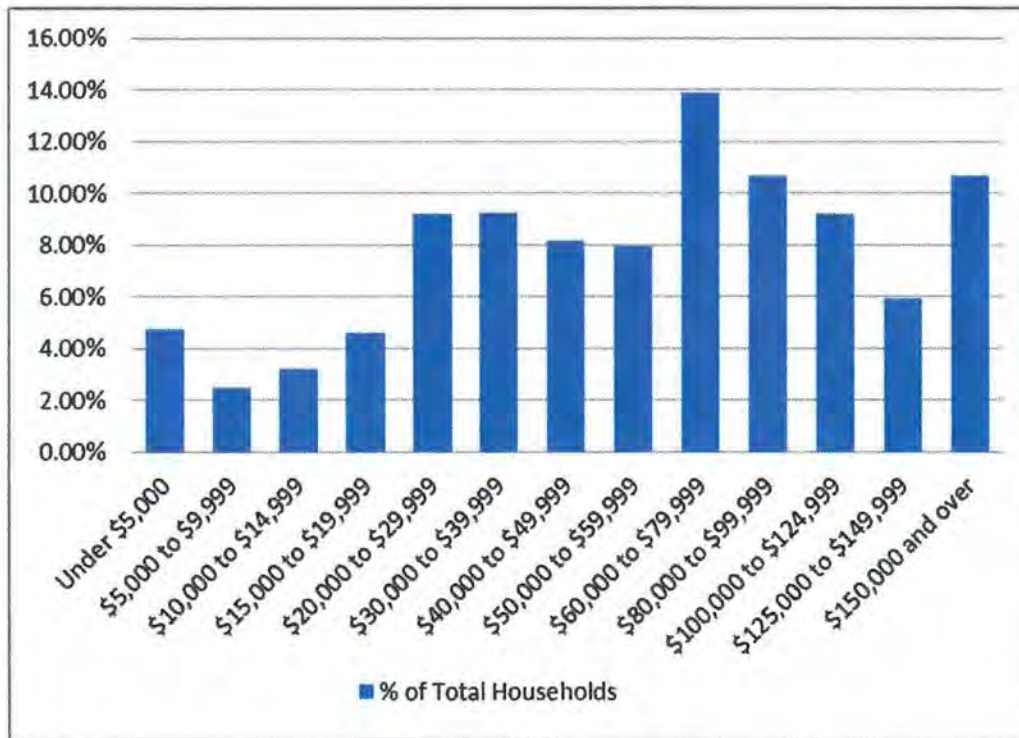
In 2011, the median total annual income of households in Richmond was \$60,479, which is slightly lower than Metro Vancouver, at \$63,347 (2011 NHS). Data from the 2011 NHS also indicated that the median gross family income for lone-parent families was \$42,129. Figure 5 highlights the distribution of household income in Richmond.

Figure 4: Median Household Total Incomes by Area in 2011

Median Household Total Incomes by Municipality	
Metro Vancouver	\$63,347
City of Vancouver	\$56,113
Richmond	\$60,479

Source: 2011 NHS.

Figure 5: Distribution of Household Total Incomes in Richmond in 2011



Source: 2011 NHS.

The Low-Income Measure after tax (LIM-AT)¹ gives municipalities an understanding of the number of households that may be struggling to find housing. According to this measurement, in 2011 Statistics Canada estimated that 22.4% of Richmond residents were considered low-income. This is a 1.5% increase since 2006. Presently, Richmond’s low-income households are concentrated in City Centre, Thompson, Blundell, and West Cambie planning areas, and 20.8% of all low-income residents in 2011 were children under the age of 18.

Figure 6: Richmond Population in Low-Income by LIM-AT

Richmond Population in Low-Income by Age	
Under 18 Years	8,820
18 - 64 Years	28,700
65+ Years	4,855
Total Persons in Low-Income	42,365

Source: 2011 NHS.

¹ This measurement is a fixed percentage (50%) of median adjusted after-tax income of households observed at the person level, where “adjusted” indicates that a household’s needs are taken into account. Adjustment for household sizes reflects the fact that a household’s needs increase as the number of members increase, although not necessarily by the same proportion per additional member. For example, if a household of 4 persons has an after tax income of less than \$38,920 all members of the household are considered low-income (Statistics Canada, 2010).

2.3 Employment

Figure 7 displays employment comparisons with the City of Richmond, City of Vancouver, and Metro Vancouver from the 2011 Census.

Figure 7: 2011 Employment Rates by Area

		Employment Rates		
		Richmond	Vancouver City	Metro Vancouver
Number of Persons	Total Population	190,473	603,502	2,313,328
	In the labour force	99,910	349,145	1,273,335
	Employed	92,850	324,475	1,182,395
	Unemployed	7,065	24,670	90,940
	Not in the labour force	62,130	169,830	652,895
Percentage	Participation rate	61.70	67.30	66.10
	Employment rate	57.30	62.50	61.40
	Unemployment rate	7.10	7.10	7.00

Source: 2011 NHS.

While the current unemployment rate for the City of Richmond is not available, the current unemployment rate for the Vancouver census metropolitan area is 4.7% (Statistics Canada, 2016).

Richmond’s employment sector has grown by approximately 900 jobs per year over the last 10 years (City of Richmond, October 2014). In 2011 the jobs-to-population ratio was 0.59, which means there were local jobs for approximately 60% of Richmond’s working population, ages 15 to 64. Richmond had a lower ratio than the City of Vancouver (0.67) (2011 NHS).

This ratio does not take into account individuals who commute to their jobs from other municipalities. 55.18% of Richmond’s employed population (40,705 residents) stay within the City for work, while 27.4% (20,215) travel to Vancouver, and 17.05% (12,575) travel to other regional municipalities (City of Richmond, October 2014).

61,020 individuals commute into Richmond for work. These employees are commuting from Vancouver (21.89%, 22,270), Surrey (13.81%, 14,050), and Delta (6.72%, 6,842). The difference between individuals commuting from and into Richmond for work results in a net incoming flow of 27,955 workers (City of Richmond, October 2014).

According to the 2011 NHS, there were 126,105 jobs in Richmond including those with a fixed workplace, no work place (including contractors) and those who work from home. The most prevalent occupations in Richmond are the sales and service sector (29% or 32,215 jobs); business, finance, and administration (18% or 20,405 jobs); and management occupations (12% or 12,090 jobs) (2011 NHS).²

A Business Development Report survey conducted by the City of Richmond (June 2014),³ concluded that top concerns for employees are commuting and transportation, cost of living, child care availability, and housing affordability.

² The most prevalent occupations in Richmond are given as a percentage of the total occupations in Richmond that have a fixed workplace and those that work from home, a total of 109,945 jobs.

³ This survey included responses from 52 companies representing over 100 employees.

3. Housing Statistics

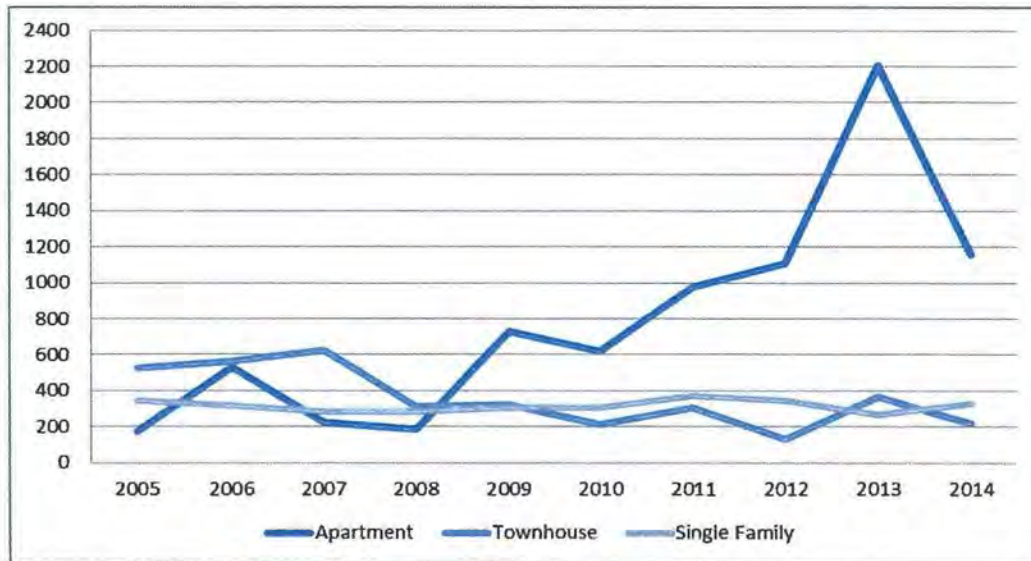
3.1 Tenure

In 2011 77.1% (52,420) of households in Richmond were owners, while 22.9% (15,555) were renters (2011 NHS).

3.2 Starts and Completions

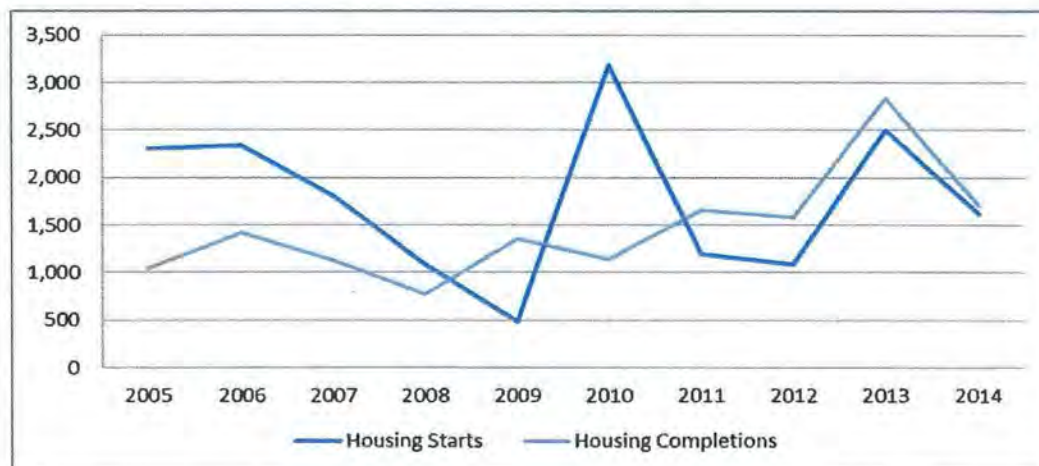
In 2014, apartments comprised of 71% of all housing starts in Richmond, followed by single family dwellings (21%), and townhomes (8%). Figure 8 displays the number of completed new housing units in Richmond by unit type, highlighting that apartments have dominated residential development in Richmond since 2009. Figure 9 highlights that new residential development in Richmond has increased since 2004, although the number of construction starts and completions vary year by year.

Figure 8: Completions in Richmond 2005 - 2014, by Unit Type



Source: City of Richmond building permits records.

Figure 9: Richmond Starts and Completions 2004 - 2014

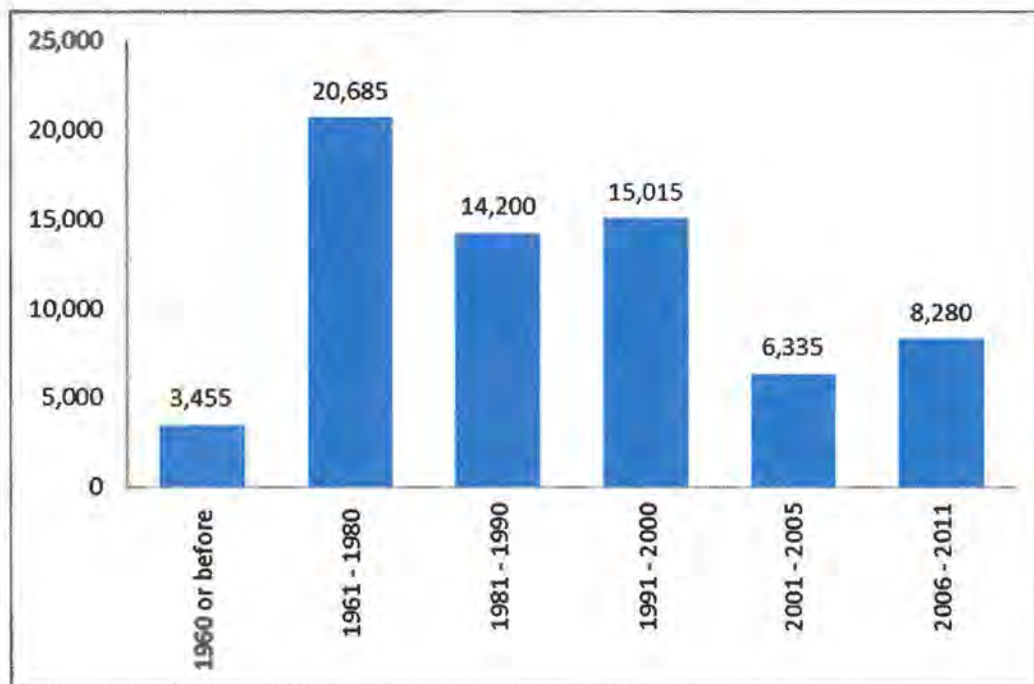


Source: City of Richmond building permits records.

3.3 Age of Housing Stock

In 2011 36% (24,140 units) of Richmond’s total housing stock was 30 years or older. This will have implications on future redevelopment due to the aging of housing infrastructure.

Figure 10: Age of Richmond's Housing Stock by Years Old in 2011



Source: NHS, 2011.

3.4 Affordable Housing

As noted, the City recognizes that the provision of affordable housing is the mandate of senior levels of government, but it acknowledges that it has an important role to play, as a range of affordable and diverse unit types is integral to a liveable community. It is estimated that there are a total of 2,694 affordable rental and cooperative units in Richmond (City of Richmond, October 2015). Most of these units were secured prior to 2007, when the AHS was adopted, primarily through the efforts of the non-profit sector with a variety of earlier senior government funding programs.

A critical issue with respect to much of this older affordable housing stock is expiring operating agreements. These are senior government subsidies provided to non-profit and co-operative (co-op) societies to support the financial viability of affordable housing projects and subsidized rents for low-income tenants through a rent-g geared-to-income approach. These agreements were secured during the 1960s/1970s and were usually tied to a mortgage, meaning that when the mortgage expires, non-profits and co-ops are solely responsible for the project’s ongoing financial viability. Although these non-profits will have greater control over financial management without an operating agreement, they may be vulnerable to revenue deficits, insufficient capital reserves, and major project renovation repairs without continued government financial support. The number of affordable units, administered by co-op and non-profit societies, with expiring operating agreements in Richmond in the next five years is 1,543 (BC Housing, 2014). Figure 11 displays the number of affordable housing units with expiring operating agreements over time, which is important to understand while planning for affordable housing in the city.

Figure 11: Affordable Housing Units in Richmond with Expiring Operating Agreements

Richmond Affordable Housing Units with expiring Operating Agreements	
Year	Number of Units
2016-2020	1,543
2021-2025	534
2026-2030	299
2030-2040	80
Total by 2040	2,513

Source: Metro Vancouver, 2015. Housing Data Book.

Since the adoption of Richmond’s AHS in 2007, the City has played an important role in securing affordable housing. This has directly resulted in the construction of approximately 1,371 affordable housing units including low end market rental, market rental, entry level ownership, or secondary suite units in Richmond.

Low End Market Rental (LEMR) units are secured through an inclusionary zoning approach that offers a density bonus for residential rezoning applications for built dwellings that must meet the City of Richmond’s maximum allowable rents for affordable units. All developments greater than 80 units are required to provide 5% of their units as LEMR. In some circumstances the City will accept cash contributions in-lieu of built units, which are held in a fund to be used for larger scale affordable housing projects. Figure 12 displays units secured by year and unit type.⁴

Figure 12: Affordable Housing Units Secured through the AHS (2007 - 2015), by Unit Type

Units Secured Through the Affordable Housing Strategy						
Year	Subsidized Rental	Affordable Rental (LEMR)	Market Rental	Entry Level Home Ownership	Secondary Suite	Annual Total of Units Resulting from AHS
2007	0	27	110	19	0	156
2008	0	39	22	0	16	77
2009	0	139	0	0	12	151
2010	0	46	0	0	30	76
2011	0	21	135	0	24	180
2012	316	103	0	0	19	438
2013	15	0	0	0	17	32
2014	146	66	144	0	15	371
2015	0	16	0	0	22	38
Adjustments	0	-146	0	0	-2	-148
Total	477	311	411	19	153	1,371

Source: City of Richmond, 2015. Affordable Housing Unit Inventory.

⁴ Adjustments are made to reflect 148 units that were secured from three different developments and then changed to cash-in-lieu contributions to support two subsidized rental housing projects, the Kiwanis Towers (completed in 2015) and the Storeys Development (to be completed in 2017).

3.5 Market Rental Housing

Figure 13 displays the number of purpose built rental units and secondary/accessory units built from 2005 – 2014 in Richmond and secured outside the AHS. Although these units do not necessarily provide affordable rents to low-income families, they provide diversity in the Richmond housing market. Note that secondary/accessory suites were not permitted by the City of Richmond bylaw until 2011.

Figure 13: Annual Market Rental Units Constructed in Richmond, outside of the AHS

Annual Market Rental Completions in Richmond		
Year	Purpose Built Rental Units	Accessory Suites
2005	22	
2006	11	
2007	7	
2008	8	
2009	0	
2010	92	
2011	232	100
2012	163	172
2013	76	108
2014	389	88
Total	1,000	468
Annual Average	100	117

Source: CMHC, 2015 "Housing Now – Vancouver & Abbotsford CMAs" Table 2.5.

The average rents, for all rented units in Richmond, are slightly lower than the Metro Vancouver average, however rents throughout the region have been increasing at approximately the same rate since 2013. In the last five years (2011 – 2015), the average rents for all types of units in Richmond have increased by 12.4%; the largest increase (20.5%) was for three bedroom units. Figure 14 displays the increase in rent for all unit types in Richmond from 2011 - 2015.

Figure 14: Richmond Rents Increase 2011 - 2014, by Unit Type

Richmond Monthly Average Rents, by Unit 2011-2015 (\$)				
	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +
2011	736	905	1,278	1,325
2012	749	947	1,365	1,417
2013	796	953	1,177	1,508
2014	808	994	1,198	1,327
2015	843	1,025	1,296	1,596
% Change	14.5%	13.2%	1.4%	20.5%

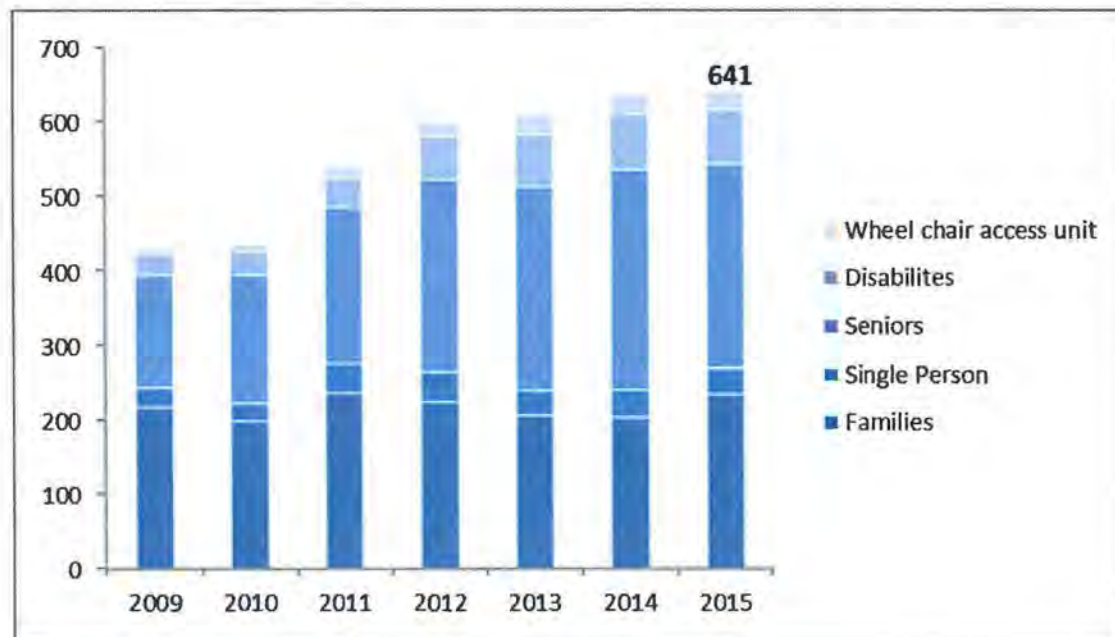
Source: CMHC, 2011 – 2015. Rental Market Surveys.

In 2015, rental vacancy rates in Richmond were lower than 1%, except for 1 bedroom apartments (1.4%). This is an average decrease of 25% in vacancy since 2011. According to the CMHC Rental Market Survey (2015) the average vacancy rate for purpose-built apartments in Canada’s 35 major urban centres was 2.7%, close to what many housing professionals believe is a healthy market rate. Richmond has lower than average vacancy rates, which is indicative of a constrained rental housing market resulting in higher rents and making it more difficult for renters to find adequate housing due to lack of supply.

3.6 Subsidized Housing Waitlists

BC Housing provides subsidized affordable housing throughout BC, including rent-geared-to-income for households under specific income thresholds. The BC Housing Registry for this type of housing in Metro Vancouver has increased by 30% from 2010 (7,421 households) to 2015 (9,674 households) and is an important indicator of affordable housing need throughout the region. The number of households currently waiting for subsidized housing in Richmond is 641 (Metro Vancouver, May 2015). Figure 15 highlights that seniors and families are the largest groups needing subsidized housing in Richmond and the need for units with adaptations for people with disabilities has increased 180% from 35 households (2009) to 98 households on the waitlist (2015). BC Housing currently administers the waitlist for 16 developments on the Housing Registry in Richmond.

Figure 15: Richmond Households on Social Housing Waitlists, by Need



Source: Metro Vancouver, 2015, Housing Data Book.

4. Housing Affordability

4.1 Housing Affordability

While housing affordability can be difficult to define, CMHC provides a commonly accepted measurement for households based on a ratio of housing costs to gross income. According to this measurement, renter households should not spend more than 30% and owner households should not spend more than 32% of their before tax income on housing costs. Owners’ gross-debt-service (GDS) ratio includes applicable strata fees, homeownership insurance, and heating costs and their GDS is therefore slightly higher than that for renters. Figure 16 displays the number of owner and renter households in Richmond who spend more than 30% of their before tax income on housing provision.

Figure 16: Number of Owner and Renter Households spending 30% or Greater of Total Annual Income on Shelter

Owner Households in Richmond		Renter Households in Richmond	
Number of owner households in private dwellings	52,305	Number of tenant household in private dwellings	15,545
% of owner households with a mortgage	55%	% of renter households in subsidized housing	15.3%
% of owner households spending 30%> of household total income on shelter costs	32%	% of renter households spending 30% or more of households total income on shelter costs	47.5%
Median monthly shelter costs for owned dwellings (\$)	\$1,047	Median monthly shelter costs for rented dwellings (\$)	\$1,101
Median annual household income	\$66,661	Median annual household income	\$43,115

Source: 2011 NHS & Metro Vancouver, 2015. Housing Data Booklet.

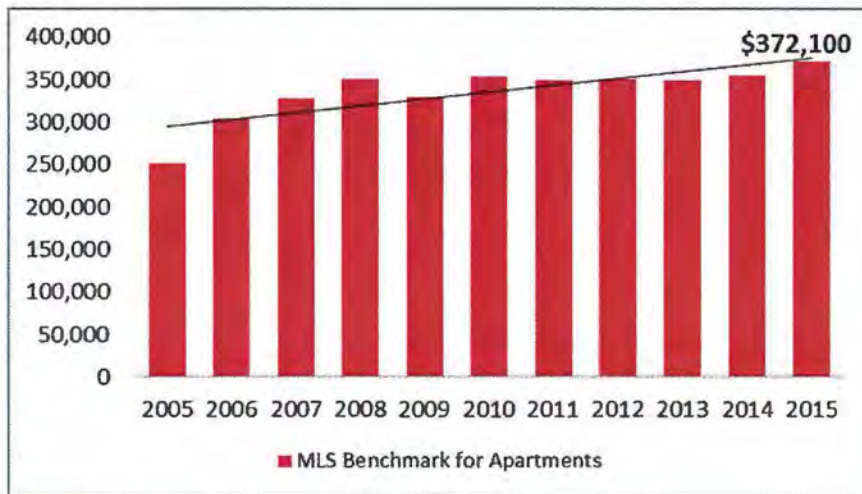
Households’ GDS ratio is an important indicator of housing affordability, however it does not take into consideration the condition or suitability of a household’s unit. For example, households may need to exceed the 30% GDS ratio if they need to rent or purchase a multi-bedroom that is out of their affordable price range in order to accommodate their family. This measurement also does not take into consideration the costs of living including child care, transit and food. The following section discusses various indicators of housing affordability in Richmond.

4.2 Homeownership

The benchmark price of housing units in Richmond has been steadily increasing from 2005 to 2015. Specifically the benchmark price of apartments has increased by 48%, townhomes by 76%, and single detached houses by 131% (Real Estate Board of Greater Vancouver, 2015). Figures 17 – 19 demonstrate the increase in benchmark price for an apartment, townhouse and single detached housing unit based on the home price index used by the Vancouver Real-Estate Board, 2005 - 2015.⁵

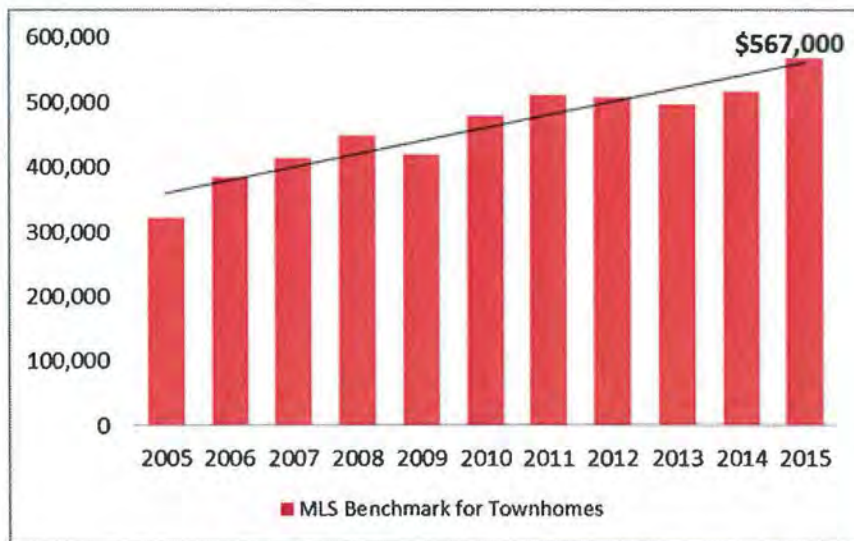
⁵ The MLS Benchmark price represents the price of a typical property within each market. It takes into account characteristics such as lot size, age, and the number of rooms that average and median price of housing units do not account for.

Figure 17: MLS Benchmark Price for Richmond Apartments, 2005 - 2015



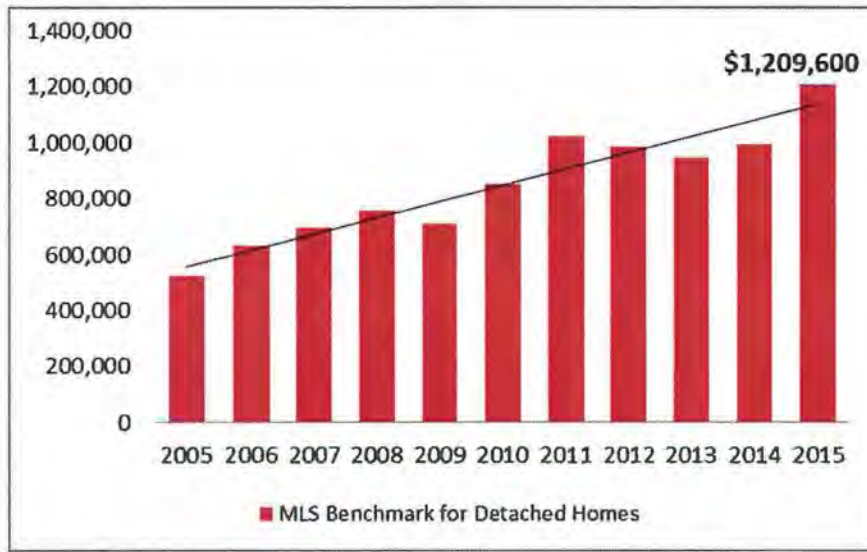
Source: Real Estate Board of Greater Vancouver. July 2015, MLS Home Price Index.

Figure 18: MLS Benchmark Price for Richmond Townhouses, 2005 - 2015



Source: Real Estate Board of Greater Vancouver. July 2015, MLS Home Price Index.

Figure 19: MLS Benchmark Price for Richmond Single Detached Houses, 2005 - 2015



Source: Real Estate Board of Greater Vancouver. July 2015, MLS Home Price Index.

According to the Annual Demographia International Housing Affordability Survey (2015), Metro Vancouver ranked as the third most unaffordable market internationally for homeowner affordability, behind Hong Kong and Sydney, Australia. This organization ranks urban centres using the median multiple, which divides the median house price of all housing types by the gross annual median income. According to this ratio (a recommended measure by the World Bank), buyers in Metro Vancouver need to earn 10 times the median income to purchase the median housing unit. Figure 20 displays the median multiple ratings indicating unaffordability.

Figure 20: Demographia International Housing Affordability Survey: Housing Affordability Rating Categories

Demographia International Housing Affordability Survey: Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 - 5.0
Moderately Unaffordable	3.1 - 4.0
Affordable	3.0 & Under

Source: Demographia, 2015. Annual Demographia International Housing Affordability Survey.

When the median multiple is calculated for Richmond (using available data of benchmark housing prices), all housing types in the City are considered severely unaffordable relative to the median household income in Richmond (\$60,479). See Figure 21 for calculations of the affordability for Richmond.

Figure 21: Median Multiple of Richmond Housing Types

Housing Type	Benchmark Price	Median Multiple
Single Detached	1,209,600	20.0
Townhouse	567,000	9.4
Apartment	372,100	6.2

Figures 22 and 23 illustrate the minimum annual income necessary to purchase a housing unit in Richmond based on a gross-debt-service (GDS) ratio of 32%.⁶ According to the calculations in the charts, the annual income necessary to purchase a typical unit in Richmond exceeds median household income (\$60,479) and therefore no household with median income can affordably purchase a housing unit in Richmond.

Figure 22: Annual Incomes Necessary for Homeownership in Richmond with 32% GDS, by Unit Type⁷

Housing Type	Benchmark Price	Down Payment	Annual Income Necessary with 32% GDS Ratio
Single Detached	\$1,209,600	5%	*See footnote 7
		10%	
		20%	\$192,606
Townhouse	\$567,000	5%	\$112,972
		10%	\$107,963
		20%	\$95,780
Apartment	\$372,100	5%	\$76,274
		10%	\$72,986
		20%	\$64,991

4.3 Renter Households

The median annual income for renter households in 2015 was \$43,115 (Metro Vancouver, 2015). Figure 23 highlights the minimum annual income necessary and the % of median renter annual income required to spend 30% or less of gross annual income on the average priced rental unit. Although these minimum annual incomes are less than those necessary to own a home – due to the extremely low vacancy rates, it can be assumed that finding affordable rents may be a challenge, especially for renter families who require multi-bedroom units.

⁶ Calculations are made with the following assumptions. The purchase price is the benchmark price for the Richmond housing market, set by the Real Estate Board of Greater Vancouver, October 2015 Home Price Index. The mortgage amount is calculated with a 25 year amortization period with a 5 year fixed interest rate of 2.96% and bi-monthly payments. The strata fees are calculated as 50% of an assumed median strata fee of \$300. Heating costs were assigned a price of \$25 monthly, and \$50 for a single detached unit.

⁷ In December 2015, the Federal Government changed the requirements regarding CMHC insured mortgages. Homebuyers will now need to place a 5% down payment on a \$500,000 portion and a 10% down payment on the portion after \$500,000. Therefore calculations for minimum annual income needed for a townhouse in Figure 22 are slight underestimations. CMHC will not insure mortgages for units over \$1,000,000, so therefore a household must have a 20% down payment for units greater than this price.

Figure 23: Annual Income Necessary to Rent in Richmond, by Unit Type

Housing Type	3+ Bedroom	2 Bedroom	1 Bedroom	Bachelor
Average Monthly Rent	\$1,327	\$1,198	\$994	\$808
Annual Income Necessary to Rent with 30% GDS	\$53,080	\$47,920	\$39,760	\$32,320

4.4 Indicators of Housing Need

While affordability is one indicator of housing need, according to CMHC, a household is said to be in core housing need if its housing falls below one of the standards: adequacy, suitability, or affordability; and if the household spends 30% or more of its gross income to pay the median rent of alternative local housing that meets all three housing standards. Figure 24 defines CMHC’s adequacy standards that are used to help determine core housing need.

Figure 24: CMHC Adequate Housing Definition

CHMC Characteristics of “Adequate” Housing	
Adequate	Housing that is not in need of major repair and meets the minimum health and safety standards
Affordable	Households spend 30% or less of their before tax income on shelter and households have security of tenure
Suitable	Housing that has enough bedrooms for the size and composition of the household

According to Metro Vancouver (2015), 8.7% of all households, 13% of renter households, and 7% of owner households are in core housing need in Richmond.

Figure 25 displays the number of households that do not meet two of CMHC’s housing adequacy standards; suitability and adequacy (housing needing major repair). This data indicates that 10% of Richmond households are not living in suitable dwelling for their family composition. It is noted that households may choose to live in units that are too small due to the higher price of larger units as well as the lack of available larger units. In addition, data from the 2011 NHS also highlights that 17% (2,670) of all renter households in Richmond are living in overcrowded conditions, meaning that their unit does not have enough bedrooms for the size and composition of their household.

Figure 25: Number of Richmond Households living in Inadequate Housing Units in 2011

Number of Private Households living in suitable units		Number of Private Households living in units needing major repairs	
Total Households	67,975	Total Households	67,975
Suitable Dwellings	61,950	Only regular maintenance needed	63,480
Not Suitable Dwellings	6,950	Major repairs needed	4,500

Source: 2011 NHS.

4.5 Homelessness

The Homelessness Hub (2015) defines homelessness as “the situation of an individual without stable, permanent, appropriate housing, or without the immediate prospect, means, and ability of acquiring it. It is the result of systematic or societal barriers, a lack of affordable housing, the individual’s financial, mental, cognitive, behavioral or physical challenges, and/or racism and discrimination. Most people do not choose to be homeless, and the experience is generally negative.”

The Metro Vancouver Homeless Count has been conducted regionally every three years since 2002. Homeless Counts are anticipated to be underestimations since they are 24-hour surveys that cannot locate all homeless persons throughout a city. The 2014 Homeless Count found in Richmond:

- 38 homeless people in total
- 16 adults and unaccompanied youth who were sheltered, 5 of which had no fixed address
- 22 adults and unaccompanied youth unsheltered

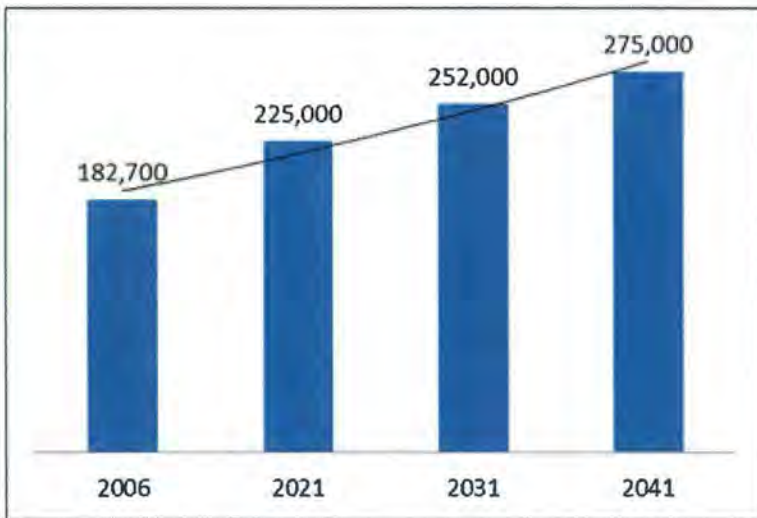
According to local services providers and the RCMP, the number of absolutely homeless in Richmond is approximately 100. In Richmond, there are 20 beds within two safe houses and 22 additional beds that are open during extreme weather conditions. There are no shelter beds for women and children unless they are fleeing violence; this population is in need of more housing support.

5. Future Need

5.1 Projections

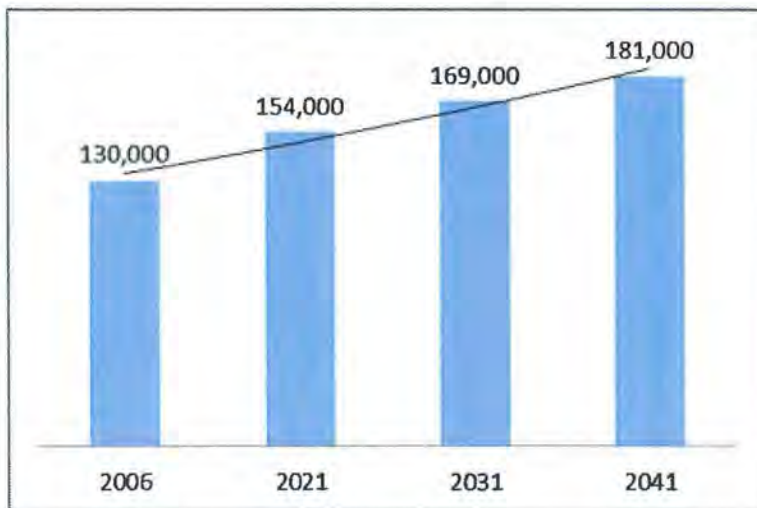
According to the Regional Growth Strategy, by 2041, Richmond’s population is projected to grow to 275,000; this is a 28.6% increase since 2016 (213,891). Along with an increase in population, there will be an increase in demand for local employment opportunities and dwelling units. Metro Vancouver (2015) estimates that the City of Richmond will have to accommodate a total of 181,000 jobs and 115,500 housing units by 2041. According to Richmond’s OCP (2012), much of the growth of will largely be accommodated in the City Centre planning area. Figures 26 – 28 display Metro Vancouver’s population, employment, and housing unit projections for Richmond.

Figure 26: Richmond Population Projections, 2006 - 2041



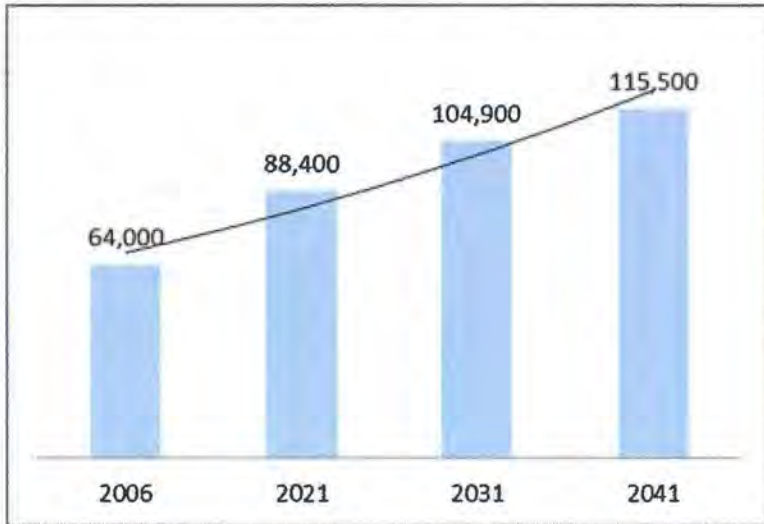
Source: Metro Vancouver, 2011. Metro 2040: Shaping Our Future.

Figure 27: Richmond Employment Projections, 2006 - 2041



Source: Metro Vancouver, 2011. Metro 2040: Shaping Our Future.

Figure 28: Richmond Housing Unit Projections, 2006 - 2041



Source: Metro Vancouver, 2011. Metro 2040: Shaping Our Future.

Projections prepared for the City of Richmond (Urban Futures, 2010) predict that apartments will comprise 42% of all housing units in Richmond by 2041, with most located in the City Centre. According to the 2011 Census, apartments currently comprise 33% of housing units.

5.2 Housing Demand Estimates

Metro Vancouver, with consultation from housing planners throughout the region has calculated 10 year housing projections so that municipalities are able to more accurately direct their affordable housing strategies. Figure 29 displays Richmond’s housing demand estimates by type annually and for the next 10 years.

Figure 29: Richmond’s Housing Demand Estimates, 2011 - 2021

Richmond Housing Demand Estimates 2011 - 2021		
Types of Housing	Annual	10 Year
Low-Income Rental	180	1,800
Low-Moderate Income Rental	220	2,200
Moderate and Above Market Rental	160	1,600
Total Rental	560	5,600
Ownership	1,040	10,400
Total Demand	1,600	16,000

Source: Metro Vancouver, 2015.

6. Conclusion

The data and statistics presented in this profile have identified some of the key housing affordability issues and trends facing the City which will help guide the development of an updated Affordable Housing Strategy, including:

- Richmond's population will continue to grow and age,
- The number of low-income residents is growing and in 2011 22.4% of the population was considered to be low-income,
- The number of seniors, families, and persons with disabilities on BC Housing's subsidized housing waitlist is growing,
- Vacancy rates are consistently low and the limited supply of rental units increases the cost of renting,
- 47% of tenants and 32% of owners in Richmond are spending more than 30% of their gross income on housing (exceeding CMHC's measurement of affordability),
- 9% of all households are in core-housing need according to CMHC,
- Renter households with a median annual income (\$43,115) cannot afford to rent units that are larger than 1 bedroom,
- The price of homeownership is increasing – the benchmark prices of single detached, townhouse, and apartment units increased by 131%, 76%, and 48% respectively from 2005 - 2015, and
- Homeownership is considered to be severely unaffordable in Richmond. Using a 'median multiple' calculation, households would have to earn 6.2 times the median income to affordably purchase a typical apartment in Richmond.

The statistical research and analysis presented in this profile will be supplemented with Richmond residents' 'lived experiences,' with respect to housing gained through upcoming consultation opportunities including a public survey, open houses and discussions with local stakeholders during Spring 2016 (Part 2). Feedback from these sessions will help to further develop a collective understanding of the scope of current and future affordable housing challenges in Richmond. The completed Community Profile will be presented to Council in Fall 2016 as part of the Richmond Affordable Housing Strategy Update.

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