BUILDING FOUNDATIONS FOR THE FUTURE:
Housing, community development, and economic opportunity in non-metropolitan Canada

Spring 2020

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Acknowledgements

Availability

This report is posted on the website of the Community Development Institute at UNBC: https://www.unbc.ca/community-development-institute/researchprojects.

The Community Development Institute

The Community Development Institute (CDI) at UNBC was established in 2004 with a broad mandate in the areas of community, regional, and economic development. Since its inception, the CDI has worked with communities across the northern and central regions of British Columbia to develop and implement strategies for economic diversification and community resilience.

Dedicated to understanding and realizing the potential of BC's non-metropolitan communities in a changing global economy, the CDI works to prepare students and practitioners for leadership roles in community and economic development, and to create a body of knowledge, information, and research that will enhance our understanding and our ability to deal with the impacts of ongoing transformation. The Community Development Institute is committed to working with all communities – Indigenous and non-Indigenous – to help them further their aspirations in community and regional development.

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Executive Summary

In non-metropolitan Canada, the state of housing has become a key constraint on economic and community development. This study points to a number of emerging issues and challenges, looks at the implications of these, and concludes with a call to action on housing issues in non-metropolitan Canada.

The Community Development Institute (CDI) at the University of Northern British Columbia (UNBC) has been gathering information on non-metropolitan housing stock and the housing needs of the changing non-metropolitan demographic across all Canadian provinces and territories. Statistics Canada classifies communities as Census Metropolitan Areas (CMA) when they have reached a population of 100,000. There are 52 CMAs in Canada. For the purpose of this research, the CDI has focused on the areas outside of the 52 CMAs. Close to one-third of Canada's total population lives in these non-metropolitan areas (NMA).

For this study, we have selected a sample of 26 NMA communities from our dataset; two from each province and territory. The communities selected range in 2016 population size from 790 (Watson Lake, YT) to 63,260 (Medicine Hat, AB). The histories of the communities in our sample vary from settlements established with early settler economic activity to instant towns purpose-built in the mid to late twentieth century. They also represent a diverse range of primary economic activity, which includes agriculture, forestry, mining, oil and gas, fishing, manufacturing, tourism, retirement living, and government services. The sample communities are commonly located some distance from, and have a weak connection to, a CMA. To provide context for comparison, we have also included the amalgamated data of the eight largest CMAs in Canada: Toronto, Montreal, Calgary, Ottawa, Edmonton, Mississauga, Winnipeg, and Vancouver.

Despite wide variations in the sample communities, a number of patterns are evident in practically all of the non-metropolitan communities examined so far. These communities appear to tell a consistent housing story.

Population Data

NMA housing has to be considered in the context of the NMA population and their needs. Demographic data for each community, including current population, population change over time, age, and household size is included to provide a context for housing need.

- Population change between 1981 and 2016 in our NMA sample ranged from over 230% growth to almost 40% decline, with well over half of the sample communities registering growth. The CMA sample average has seen 57% growth in the same time period.
- Median age shows that NMA communities in most provinces tend to have an older population than metropolitan centres. The oldest median age in the sample is Bathurst, NB with 52.5 years.
- Population pyramids of the sample communities further demonstrate that retirement and pre-retirement tend to be the largest age groups in most rural communities.
- Household size has decreased in all communities, on average by almost one-quarter. While the average for most communities used to be rounded to three persons per household in 1981, it is now much closer to two persons.

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Housing Data

The data collected on housing stock illustrates that there are housing issues common across non-metropolitan Canada.

- Between 50% and 85% of the housing stock in the majority of these NMA sample communities is at least 35 years old.
- In NMA, 11% of homes are in need of major repairs, compared with 6% in the CMAs. A closer look at the data reveals that dwelling condition in non-metropolitan Canada varies by tenancy, with rented dwellings commonly reporting a greater need for major repairs.
- In the NMA sample, between 50% and 90% of the housing stock consists of only one dwelling type: single detached homes. The CMA sample has a more balanced variety of dwelling types.
- A comparison of the prevalence of one- and two-person households with the proportion of one- and two-bedroom homes, reveals an undersupply of small homes. This points to a lack of housing options for smaller households.
- A comparison of the four- and more person household prevalence with four- and more bedroom homes, demonstrates an oversupply of large homes. This points to opportunities for better utilization of the existing housing stock and addressing the undersupply of smaller housing units.
- In terms of affordability, home owners are less vulnerable in NMA communities compared to CMAs. Tenants, however, are just as vulnerable in these communities as in metropolitan areas, and the gap between owners and tenants consequently tends to be larger outside metropolitan areas. In addition, senior tenants, as one example of a vulnerable population subset, are even more vulnerable in the majority of rural communities.
- The average home value in the NMA sample communities in 2016 was $255,054. This compares with $618,212 in the metropolitan sample. The comparatively lower equity in NMA homes implies more affordable home ownership but also future financial limitations and vulnerability for those home owners.

Implications

The economic sustainability and community wellbeing of non-metropolitan Canada is at risk because the state of housing has become a key constraint on economic and community development. NMA communities, expecting to see large parts of their workforce retiring in the next decade, are concerned with retaining their youth, attracting a new workforce, and enabling their retirees to age-in-place. The current NMA housing stock ticks none of those boxes. It is old, not energy efficient, in need of major repairs, lacks modern amenities and design, and is not accessible or adaptable for those wanting to age-in-place. Ignoring housing issues in non-metropolitan Canada will have serious consequences, including decreased economic potential and increased cost of public services.

Conclusion

More data will be needed to inform decision making, including program and policy development. This includes the expansion of the number of communities in the data set and a further expansion of the data subsets, especially those related to vulnerable populations. More information is also needed about capacity at the local level including, for example, the capacity of the non-metropolitan construction and trades sector, the non-profit housing sector, and the readiness of the local government sector.

The data collected should then be used to inform federal, provincial, and local government policy and decision-making to address housing issues in non-metropolitan Canada. This would include the renewal of existing housing stock and the development of new housing. Options could include: renovation and redesign of existing housing, infill housing, and new development within the existing infrastructure envelope.

If non-metropolitan Canada is to realize its economic and community development opportunities, the state of housing must be addressed. The findings of this study point to a need for coordinated and synergistic action by federal, provincial, and local governments.

It is time to put housing issues in non-metropolitan Canada on the agenda.

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Introduction

In non-metropolitan Canada, the state of housing has become a key constraint on economic and community development. This study points to a number of emerging issues and challenges, looks at the implications of these, and concludes with a call to action on housing issues in non-metropolitan areas in Canada.

Understanding that housing is a critical building block for community and economic development, the Community Development Institute (CDI) at the University of Northern British Columbia (UNBC) has focused much of its research on identifying and exploring the issues, needs, and opportunities for non-metropolitan housing. Based on our long-standing background in housing, and through a number of commissioned housing studies in northern British Columbia communities in recent years, the authors began to recognize patterns of housing issues across non-metropolitan communities. This caught the attention of BC Housing, who then commissioned further research to explore whether those patterns held true across BC. When this was confirmed, the CDI began to look at other provinces and territories across Canada.

This report is organized into four sections. The first section provides the context for understanding housing issues in the non-metropolitan areas of Canada through providing information on the current population and population change over time. The next section of the report presents data that identifies housing issues in these regions, looking at the housing stock, housing affordability, and home ownership rates. This is followed by a discussion of the implications of the housing issues in the context of demographic change. The report concludes with a call to action on housing issues in non-metropolitan Canada.

Methodology

Statistics Canada classifies communities as Census Metropolitan Areas (CMA) when they have reached a population of 100,000. According to the 2016 census, roughly one-third of Canadians live outside of CMAs. Communities with 10,000 to 99,999 people are categorized by their population size as Census Agglomerations (CA). Smaller municipalities and settlements are sorted into Metropolitan Influence Zones (MIZ) according to their level of regional interconnectivity with metropolitan centres.

For this study, we decided to look at the full range of communities outside of CMAs. From this non-metropolitan area (NMA) of Canada, we selected a sample of 26 communities from our dataset; two from each province and territory. These NMA communities range in 2016 population size from 790 (Watson Lake, YT) to 63,260 (Medicine Hat, AB). The histories of the communities in our sample vary from settlements established with early settler economic activity to instant towns purpose-built in the mid to late twentieth century. They also represent a diverse range of primary economic activity, which includes agriculture, forestry, mining, oil and gas, fishing, manufacturing, tourism, retirement living, and government services. The sample communities are commonly located some distance from, and have a weak connection to, a CMA. To provide context for comparison, we have also included the amalgamated data of the eight largest CMAs in Canada: Toronto, Montreal, Calgary, Ottawa, Edmonton, Mississauga, Winnipeg, and Vancouver.

NMA housing has to be considered in the context of the NMA population and their needs. For this reason, the research focused first on collecting demographic data, including current population, population change over time, age, and household size. Next, data was collected on the housing in each community, including characteristics of the housing stock, housing affordability, and home ownership rates in each community. The data was analyzed and despite the wide variations in the sample communities, a number of patterns are evident in practically all of the NMA communities examined so far. These communities appear to tell a consistent housing story.

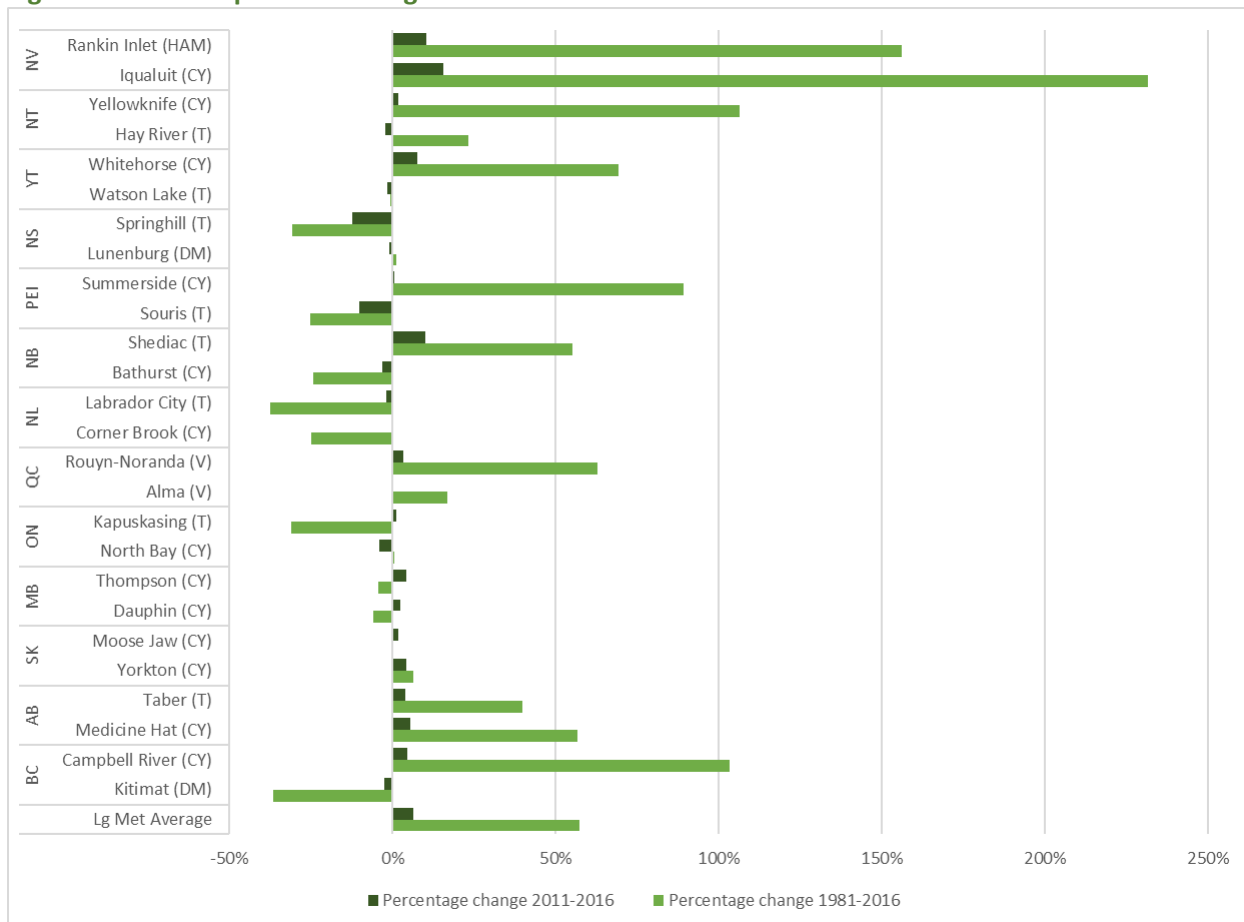COMMUNITY
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Population Data

NMA housing has to be considered in the context of the NMA population and their needs. This section provides demographic data for each community in our sample, including current population, population change over time, age, and household size, to provide a context for housing need.

Total Population

Information on population size shows that population change is dynamic and varies greatly across the NMA sample communities. While there are some communities with a steady population decline, and some that have experienced stagnation for decades, there are also numerous municipalities registering significant growth. As presented in Figure 1.1, population change between 1981 and 2016 in our NMA sample communities ranged from over 230% growth to almost 40% decline, with well over half of them registering growth. The CMA sample average saw 57% growth in the same time period. This is relevant in the context of this report as it shows that, despite considerable diversity among the sample communities in terms of location, settlement history, population size, and economy, the demographic and housing data presented in this report tells a consistent story of an existing or imminent housing need and crisis throughout non-metropolitan Canada.

Figure 1.1 Total Population Change

Source: Statistics Canada. 1981-2016. Census Program.

Population Aging

Population aging is a worldwide phenomenon that has implications for all areas of community life, including housing needs and preferences. Accessibility, affordability, and home maintenance, are key considerations in planning seniors housing and services. With the likelihood of mobility issues and frailty increasing with age, accessibility features like a level entrance, wide doorways, adapted bathrooms, and key living areas located on one floor become important. In addition, regular maintenance of larger homes and properties, for example summer yard work, winter snow clearing, repairs, and housekeeping can become burdensome or impossible for seniors at some point. Moreover, seniors on a fixed income can be financially vulnerable, and energy inefficient homes and major repairs can create financial strain.
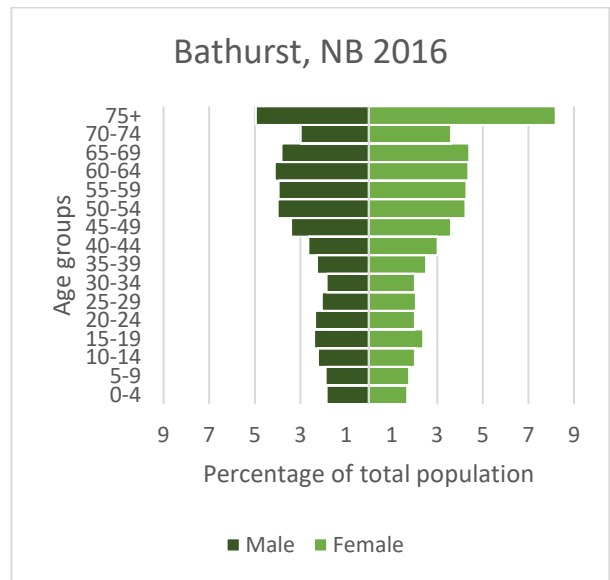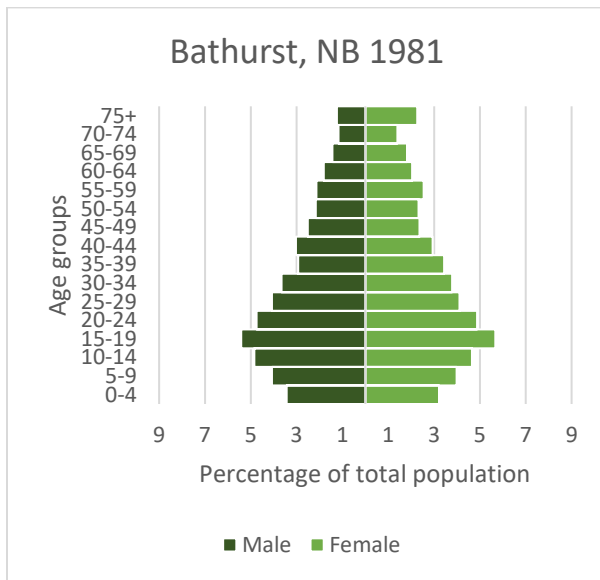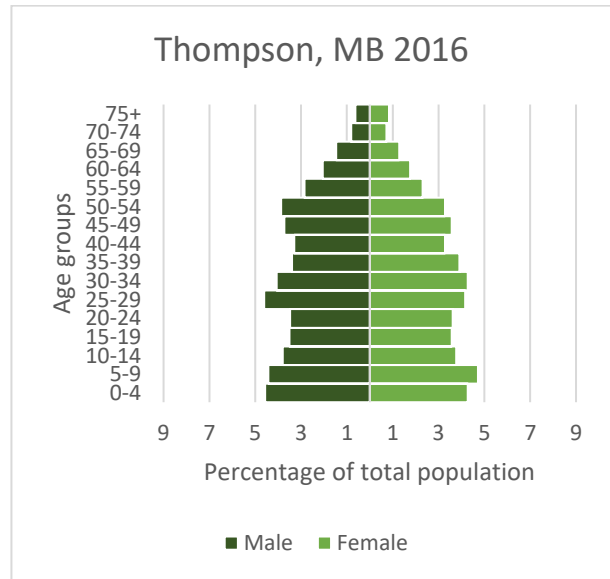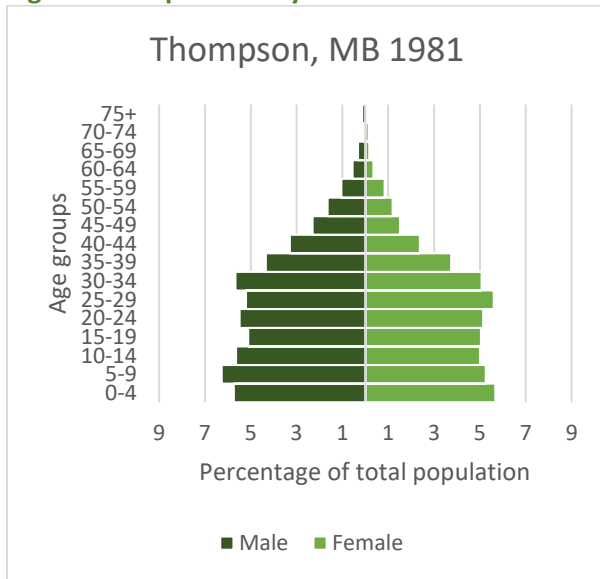
Thompson, MB is one of the youngest communities in this report with a median age of 30.8 (Figure 1.2). With a median age of 52.5, Bathurst is the oldest. Figure 1.3 shows how their population age has changed between 1981 and 2016. In 1981, youth and young families made up the largest population groups in both communities. The shape of the 2016 population pyramids in both communities shows noticeable aging. In Bathurst, as in many other sample communities, population aging has progressed to a point where people aged 50 and over make up the largest part of the community, meaning the majority of the community are either retired or will likely retire in the next 10 to 15 years.

Figure 1.2 Median Age, 2016

Source: Statistics Canada. 2016. Census Program.

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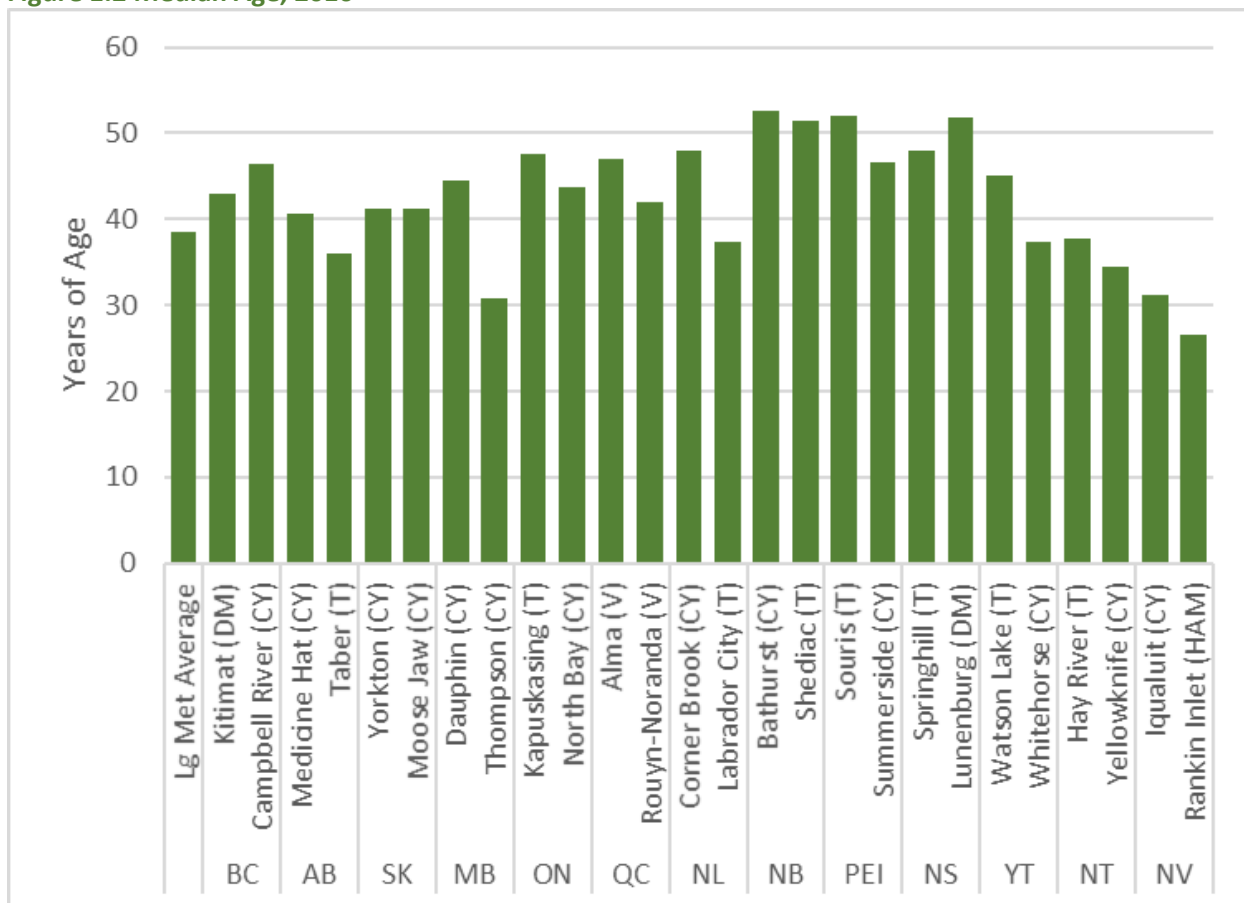
Figure 1.3 Population Pyramids

Thompson, MB 1981

Thompson, MB 2016

Bathurst, NB 1981

Bathurst, NB 2016

Source: Statistics Canada. 1981 and 2016. Census Program.

Household Size

Household size is another factor that influences housing, in particular the dwelling size a household needs or wants. As outlined in Figure 1.4, household size has decreased across all sample communities and has decreased on average by almost one-quarter. While the average household size for most communities used to be rounded to three persons per household in 1981, in 2016, it was much closer to two persons.

Figure 1.4 Average Number of Persons per Private Household

Source: Statistics Canada. 1981 and 2016. Census Program.

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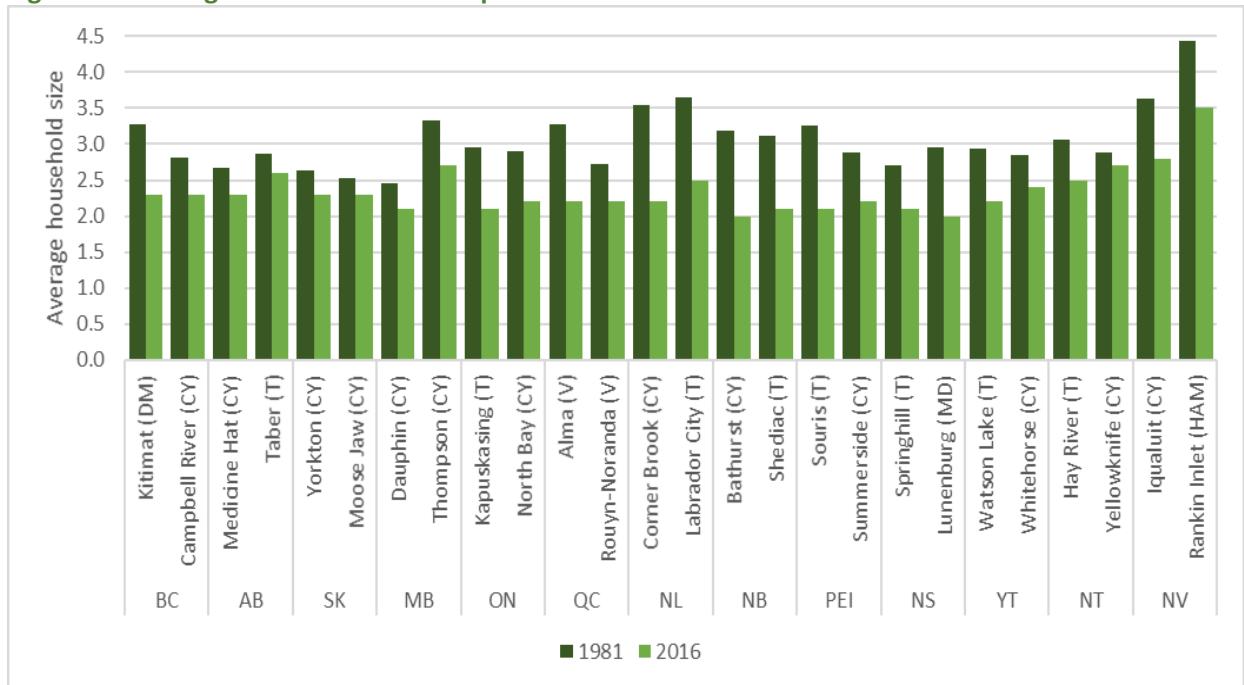
Housing Data

In the context of the population data introduced in the previous section, this section of the report presents some of the data collected on housing stock. The data presented here continues to show that, despite the diversity across the NMA sample communities, common patterns and issues emerge. This information is critical to the understanding of housing needs and issues in non-metropolitan Canada.

Age of Housing Stock

The construction period of residential housing stock reveals information and implications about the characteristics of the available dwellings. A look at the period of construction of the existing housing stock (Figure 2.1), as recorded in the 2016 census, confirms that between 50% and 85% of the housing stock in the majority of the NMA sample communities was built before 1981. In fact, much of the housing and many neighbourhoods date back to the 1960s and 1970s. These homes are not energy efficient; do not have the aesthetic, amenities, or design features young professionals and families are looking for today; and are not designed to be accessible or adaptable for older residents wishing to age-in-place.

Each of these characteristics impacts housing affordability. The cost of heating an energy inefficient building in winter; the cost of renovating and modernizing an old, outdated home; or the cost of adapting a split-level dwelling, a popular design in the 1960s and 1970s, for aging-in-place will have a significant impact on housing affordability. Other factors can also impact housing affordability, for example the amount of wear and tear that naturally increases with the age of a home and the degree of regular maintenance, renovations, and major restoration work that may have taken place over the lifespan of a home.

Figure 2.1 Period of Construction
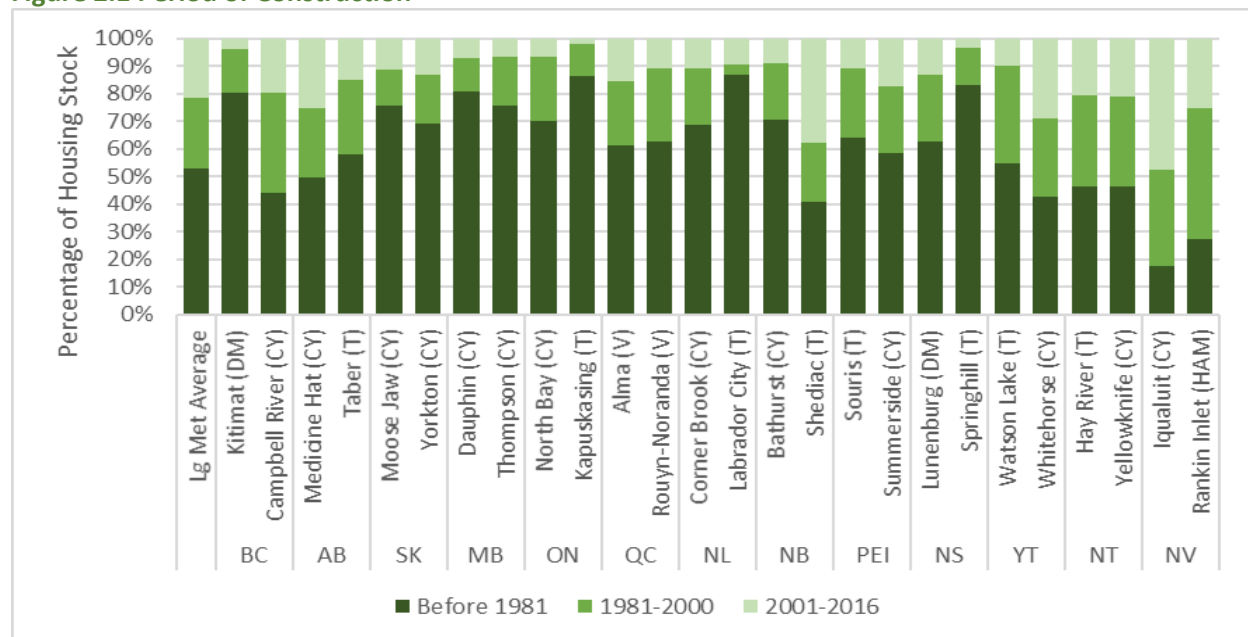
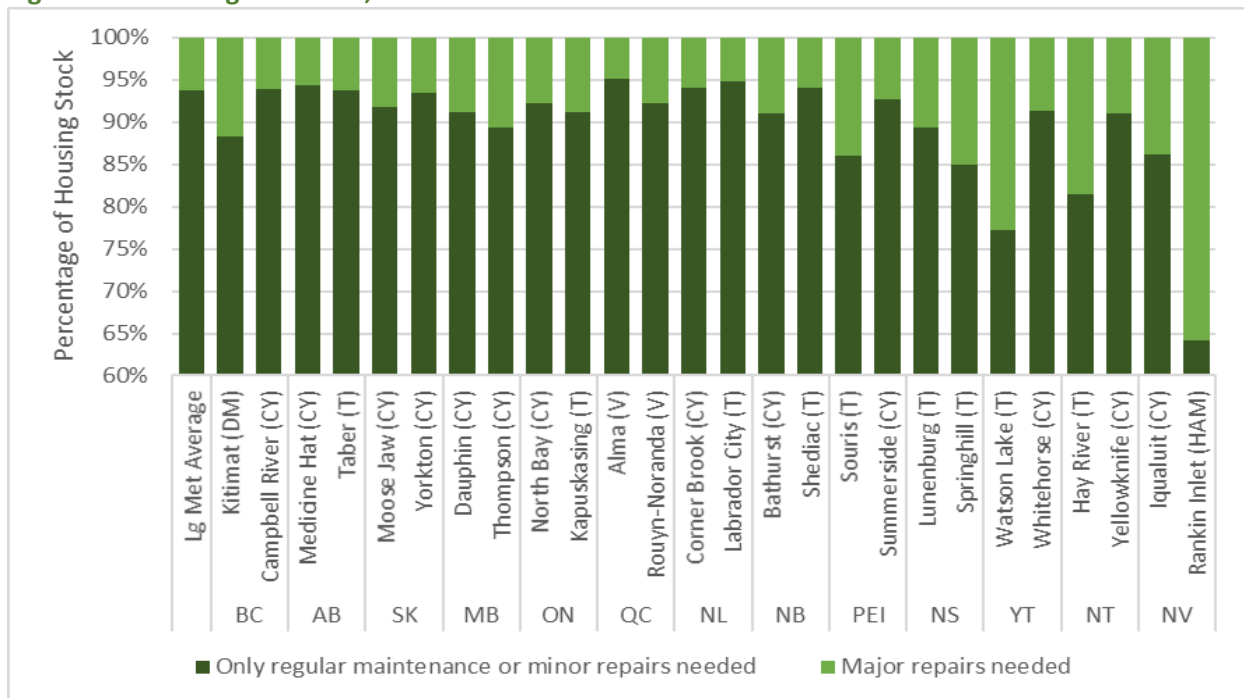Source: Statistics Canada. 2016. Census Program.

Dwelling Condition

Dwelling condition in non-metropolitan communities reflects the age of the housing stock. In our sample, the need for major repairs ranges from 36% in Rankin Inlet, NV to 5% in Alma QC. Across the NMA sample, 11% of homes are in need of major repair. This compares with just 6% in the CMA sample communities.

Additional concerns about dwelling condition are raised when the need for major repairs is viewed through the lens of owner-occupied versus tenant-occupied dwellings. Figure 2.3 shows that, in more than half of the sampled NMA communities, rental dwellings are more likely to be in need of major repairs than owner-occupied dwellings.

It should be noted that the Canadian Census does not collect data about repairs, maintenance, and renovation work that has been completed. Information about the types of renovations and updates that have taken place would further our understanding of housing needs.
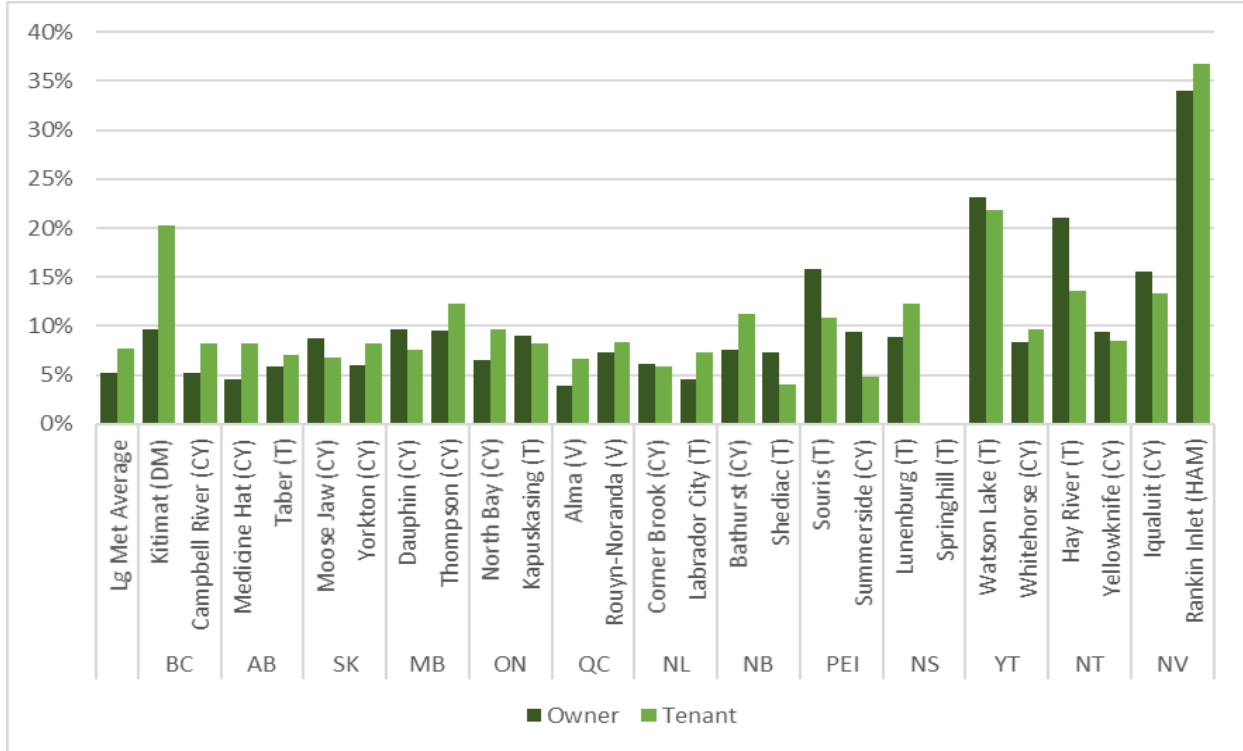
Figure 2.2 Dwelling Condition, 2016

Source: Statistics Canada. 2016. Census Program.

**Figure 2.3 Major Repairs Needed by Tenancy, 2016**

Source: Statistics Canada. 2016. Census Program. Note: Data for Springhill not available.

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Dwelling Type

Dwelling types are defined in the Census program and include, for example, single detached homes, multi-storey apartment buildings, row houses, duplexes, and mobile homes. The various types have implications for the size of a dwelling as well as, for example, associated maintenance effort and cost, or likelihood of being available as rental or owned dwellings. A robust mix of dwelling types is desirable to ensure housing options and choices.

Figure 2.4 shows that between 50% and 90% of the housing stock in most NMA sample communities consists of only one dwelling type: single detached homes. This data demonstrates a lack of choices in NMA communities, for example for smaller households and residents who wish to downsize and cut down on dwelling maintenance.

Figure 2.4 Single Detached Dwellings, 2016

Source: Statistics Canada. 2016. Census Program.

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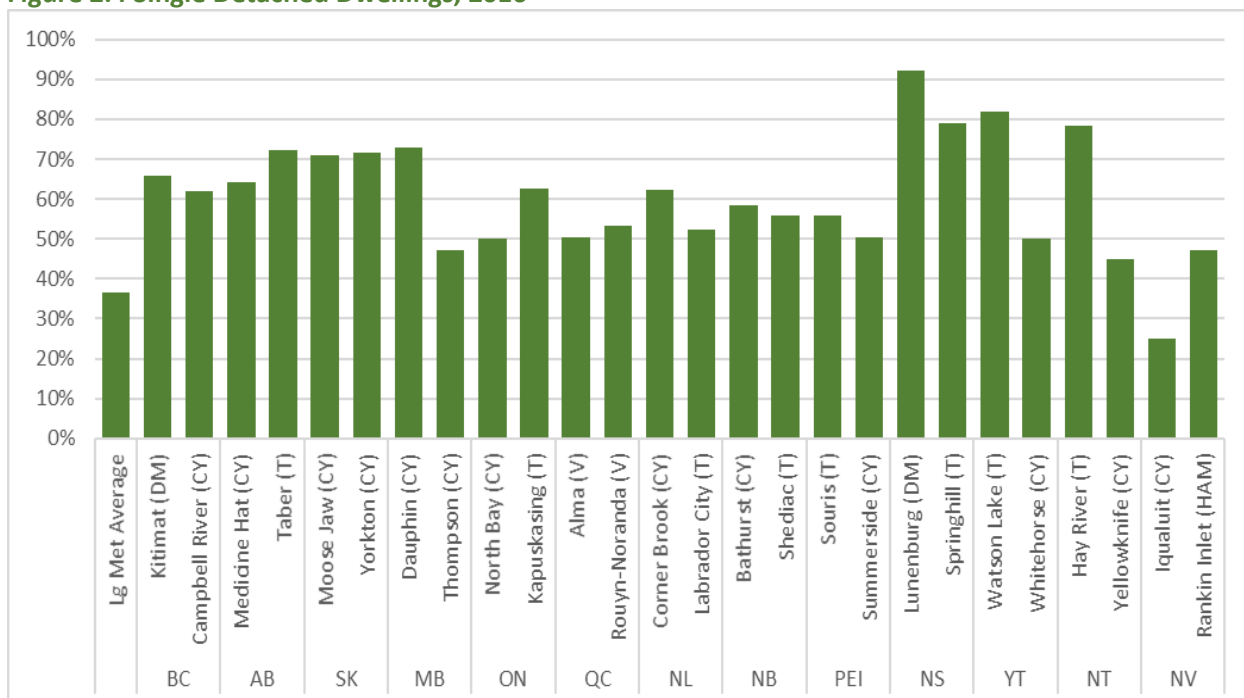
Dwelling Size

The size of a household is the primary factor that determines how many bedrooms are needed, or expected, in the search for an ideal home. Therefore, the match between household size and size of dwelling, as determined by number of bedrooms, is a key indicator of how well the housing stock in a community meets the housing needs in that community.

Figure 2.5 compares the prevalence of one- and two-person households with the proportion of one- and two-bedroom homes in the existing NMA sample housing stock. It shows a pronounced shortage of smaller homes. Figure 2.6 confirms the mismatch of the housing stock with household sizes by comparing four- and more person household prevalence with four- and more bedroom homes. The comparison demonstrates the oversupply of large homes. This mismatch in dwelling size and household size further underlines the lack of housing options and choices, especially for smaller households, throughout non-metropolitan communities in all the provinces and most of the territories.

The mismatch between housing stock and household size is a significant constraint for communities wishing to attract young professionals, young workers, and young families, or to retain seniors. These smaller households will find few housing options in NMA communities that meet their needs.

Figure 2.5 Smaller Households vs. Smaller Dwellings, 2016

Source: Statistics Canada. 2016. Census Program.

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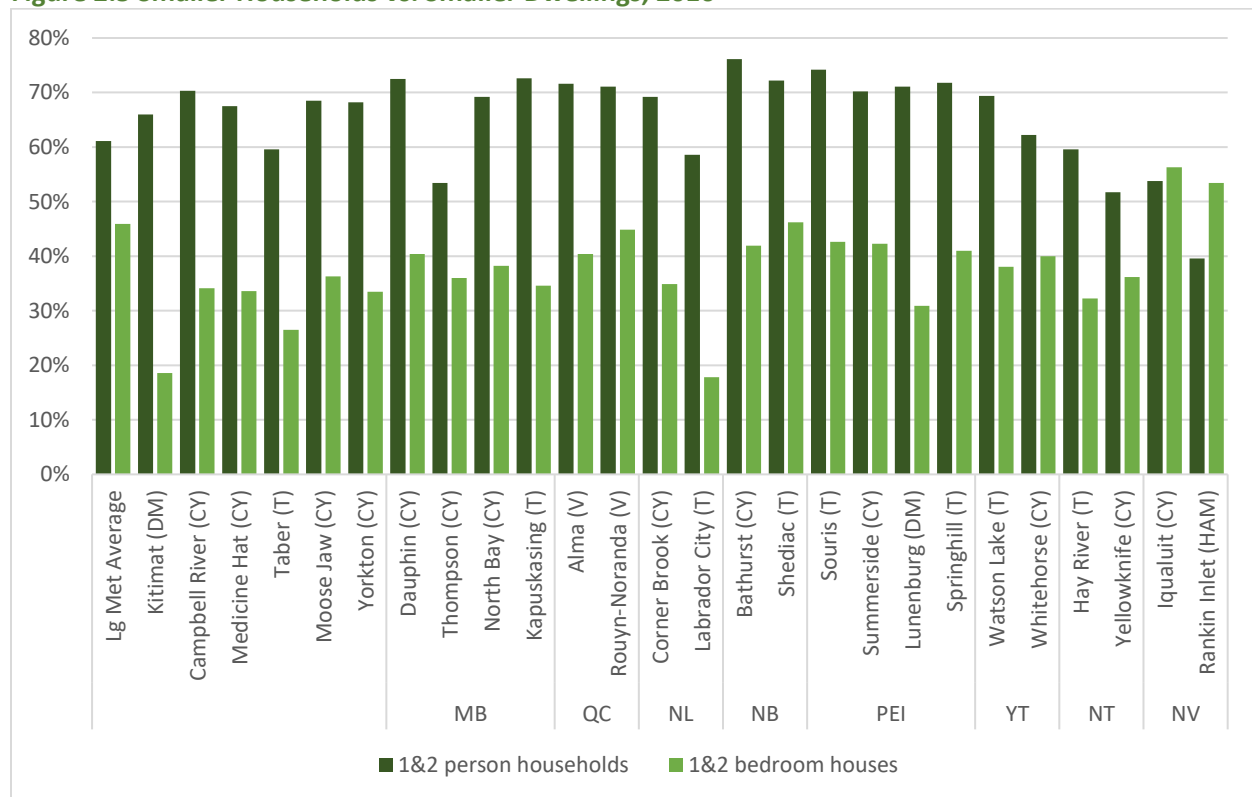
Figure 2.6 Larger Households vs. Larger Dwellings, 2016
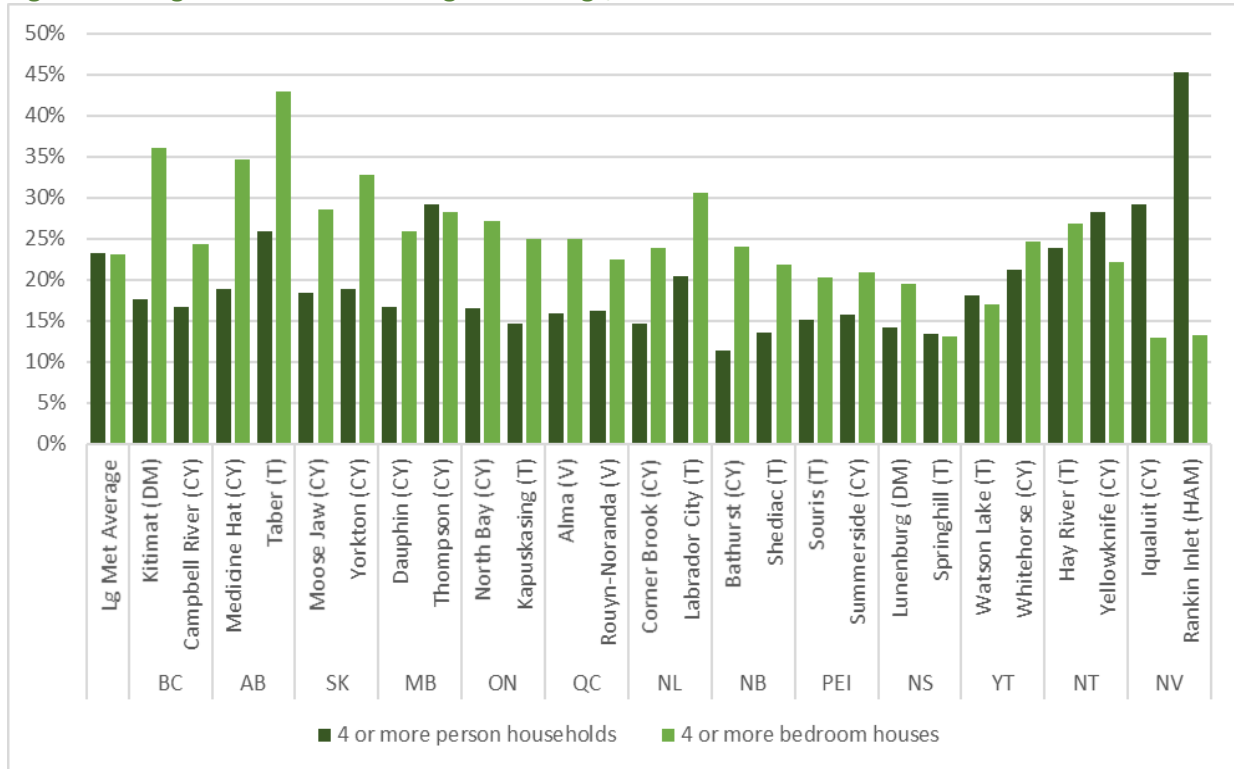
Source: Statistics Canada. 2016. Census Program.

Home Equity and Affordability

While non-metropolitan housing issues are clearly related to the availability of housing, and availability of appropriate housing, issues associated with affordability and home equity add to these challenges. Figure 2.7 demonstrates the positive aspect of non-metropolitan living in the context of affordability; NMA home owners in our sample are less vulnerable compared to those in large metropolitan centres. However, the data also shows that tenants are just as vulnerable in NMA communities as in CMAs, and the gap between owners and tenants consequently tends to be larger outside metropolitan areas.

A further breakdown of affordability data, as presented in a smaller subset of our sample in Figure 2.8, illustrates how an additional layer of community-specific detail can result in a greater understanding of NMA housing issues. Figure 2.8 shows that, within the vulnerable tenant group, seniors are shown to be even more vulnerable in non-metropolitan communities. In our sample, up to 57% of tenants aged 65 years and over spend 30% or more of their income on shelter costs.

Figure 2.7 Households Spending 30% + of their Income on Shelter Costs
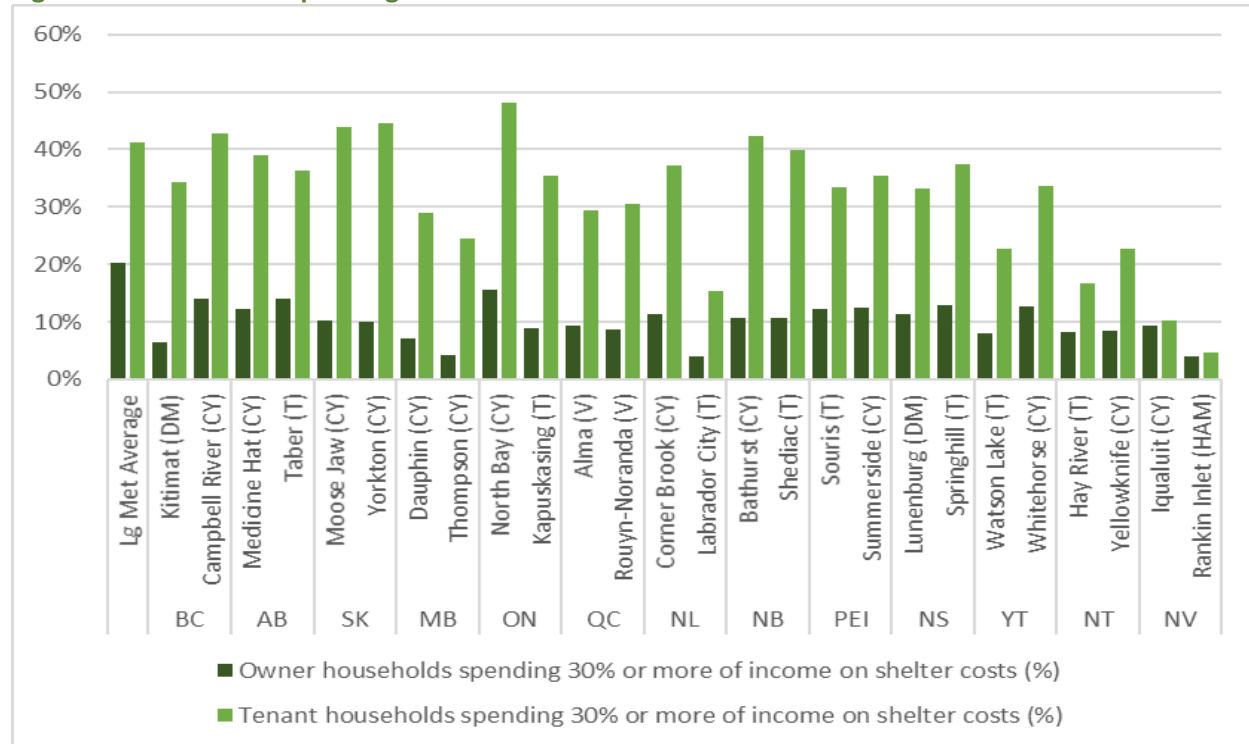
Source: Statistics Canada. 2016. Census Program.

Figure 2.8 Rental Affordability by Tenant Age, 2016
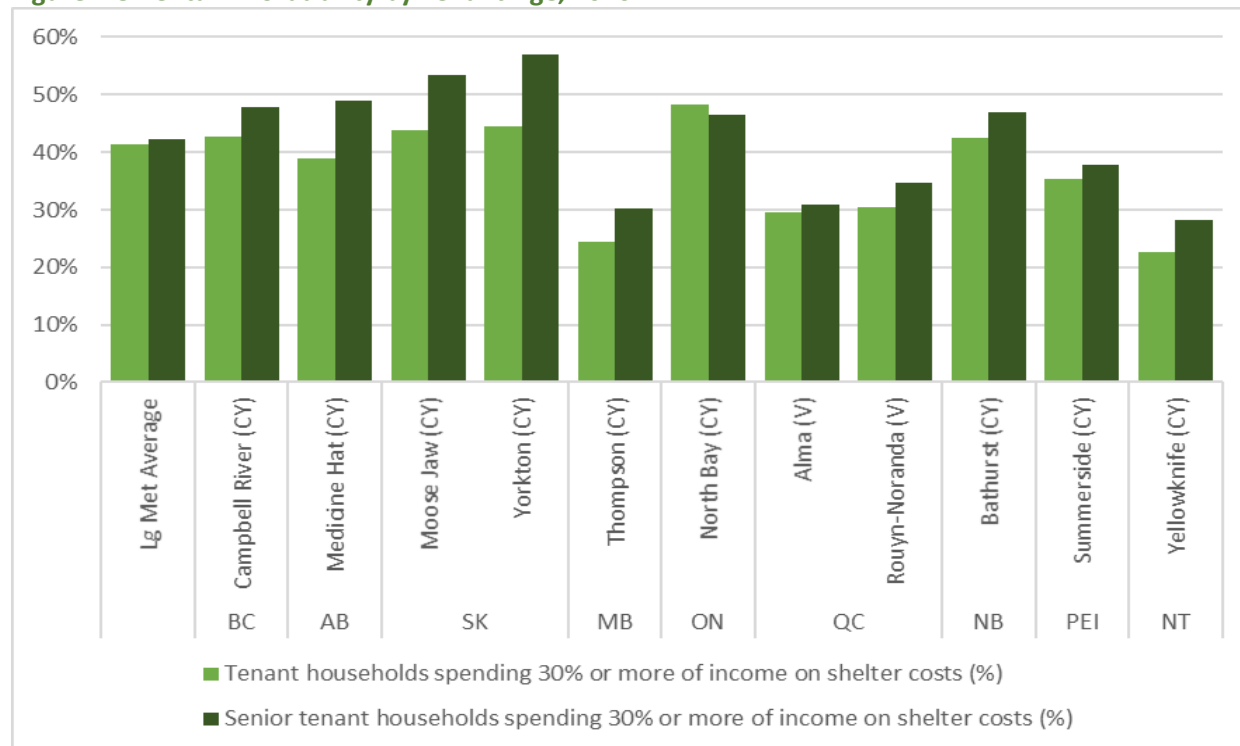
Source: Statistics Canada. 2016. Census Program.

Figure 2.9 outlines the average values of dwellings in our sample of NMA communities. These values range from a low of $74,987 in Springhill, NS to a high of $532,214 in Iqualuit, NV. The average value in Canada's eight largest metropolitan areas in 2016 was $618,212. Supporting the finding of increased affordability suggested in Figure 2.7, home ownership rates in NMA tend to be higher than in metropolitan areas (Figure 2.10). While this is likely due, in part, to the more affordable housing prices, limited rental options also play a role in higher home ownership rates. The second implication of comparatively lower housing prices is that lower equity in their homes affects home owners' mobility and financial opportunities. People who would like to move to larger centres will find that the equity in their NMA home does not go far in CMA housing markets.

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Figure 2.9 Average Value of Dwellings, 2016
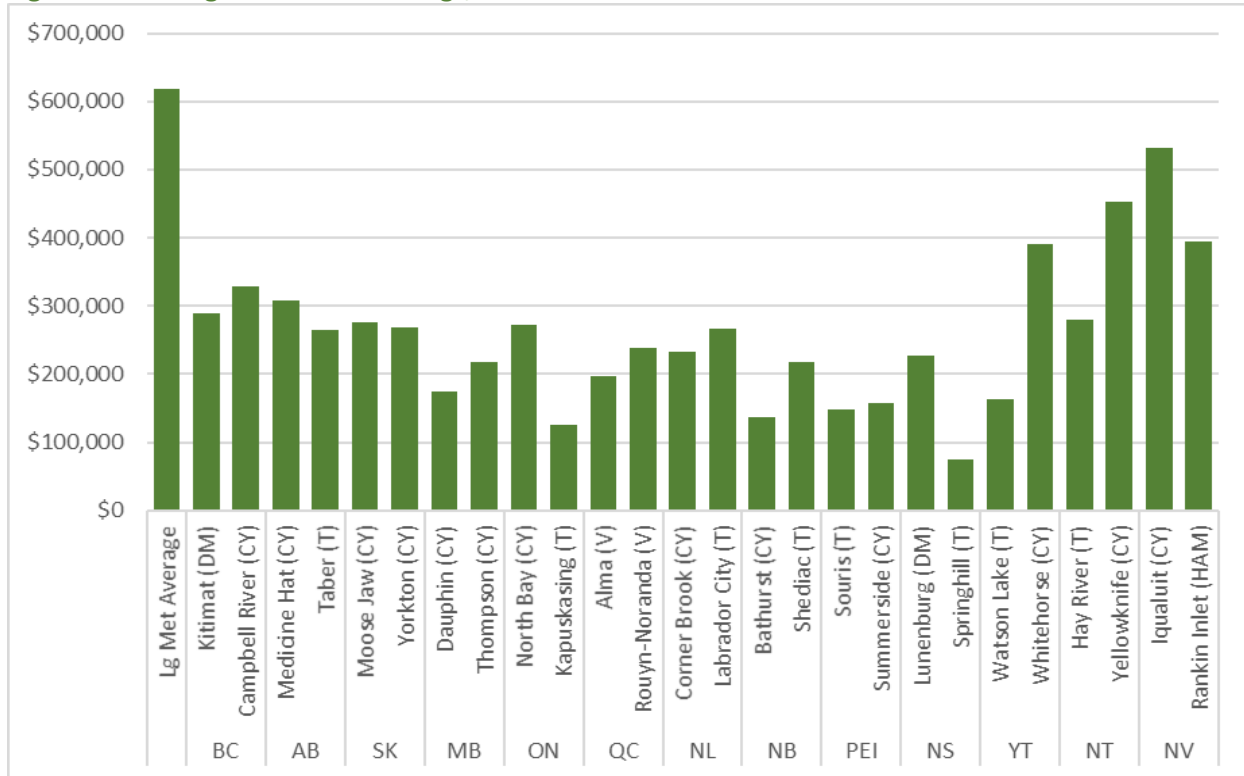
Source: Statistics Canada. 2016. Census Program.

Figure 2.10 Home Ownership Rates, 2016

Source: Statistics Canada. 2016. Census Program.

Implications
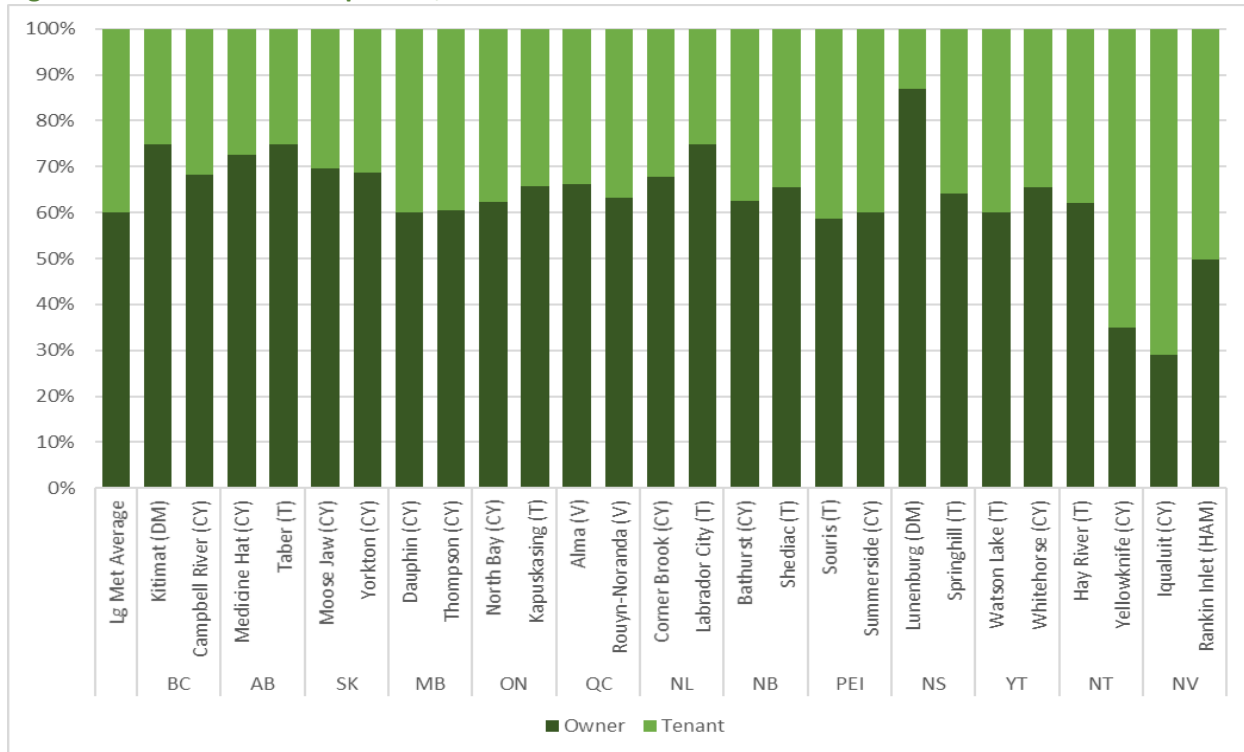
A diverse and adequate supply of housing to suit the evolving needs of the non-metropolitan population is central to a community's economic potential and social health. In this section, we will look more closely at the implications of the findings for two demographic groups key to economic and community development: seniors and young workers.

Seniors

Seniors play a critical role in NMA communities, making a significant contribution to local economic and social life. Retaining seniors benefits the business, non-profit, and voluntary sectors in the community. However, the future trajectory and implications of the data presented do not bode well.

Over the coming years, communities will find that many of their older residents are living in large, older homes that are, or soon will be, too much for them to manage and afford. Major and minor repairs, even regular maintenance, will be neglected. Housing stock will deteriorate, and along with it, home owner equity and neighbourhood attractiveness.

Without options and action, aging-in-place in the community may not be possible. This can lead to out-migration or premature institutionalization.

Young Workers and Families

Attracting young workers and families to the community, and retaining youth, is essential for economic renewal; however, many NMA communities lack the types of housing that appeal to the skilled professionals they are trying to recruit. Many communities have reported that jobs for young workers and young families are available, but that these groups are not coming because they cannot find suitable housing. Again, the future trajectory and implications of the data presented do not bode well.

Housing options for young one- and two- person households are limited. Those hoping to purchase a home find a shortage of one- and two-bedroom homes in non-metropolitan areas. Those who would prefer to rent find that the rental stock is limited, outdated, and in need of repair.

Housing options for young families are also problematic. While there is an abundance of larger homes, the stock dates back to before the 1980s. These homes do not have the features and amenities young families today are looking for, and the cost of renovation and repair can make these homes unaffordable. Furthermore, these homes are not energy efficient and, without energy upgrades, would be expensive to heat in winter or cool in summer.

The implications of these findings are important for NMA communities. They do not have housing that is suitable and safe for older residents and they do not have housing that is attractive to younger residents. This is a formula for community decline.

Conclusion: A Call to Action

The state of housing in non-metropolitan Canada has become a key constraint on economic and community development. Through this research, we have identified challenging patterns within the housing stock and the implications for communities. Without action, community economic opportunities will be lost, housing affordability will decline, especially for vulnerable populations, and health and safety will be put at risk.

The research findings point to a need for coordinated and synergetic federal, provincial, and local government action on non-metropolitan housing. This study concludes with the following recommendations in this regard.

More information is needed for decision making support and policy development

In order to confirm the data patterns and strengthen the findings of this study, the number of communities in the data set needs to be expanded. This would entail collecting information on additional communities in each province and territory. Furthermore, additional information on vulnerable population subsets needs to be included to ensure that average or median measures are not masking deeper issues for these populations.

There is also a need for information about the capacity and readiness in NMA communities of the three sectors that support housing development: the building industry and construction trades, the non-profit housing sector, and local government. Understanding the capacity in these sectors is critical, as many smaller communities have reported that there is a shortage of skilled building trades, that non-profit housing groups are folding due to the age of the directors, and that local government cannot recruit key professionals such as building inspectors and planners. Without this capacity 'in place', housing programs and policies cannot succeed.

Develop programs that renew existing housing stock and encourage construction of new housing

The data collected should then drive the development of housing policy and programs that renew existing housing stock and encourage construction of new housing in non-metropolitan areas.

Renovation and redesign of existing housing: Given the predominance of large, old, single detached dwellings, there is a significant opportunity for renovation and redesign of these units. Renovations should include a focus on energy upgrades, including insulation, doors, windows, appliances, and the heating system. This will protect affordability over the new lifespan of the home. The renovations could also include a redesign to accommodate two households and include features that people today are looking for in their housing. Renovation and redesign approaches would also provide an opportunity to find ways to enhance the accessibility and adaptability of the current housing stock. This would provide options to residents who wish to age in place in the community. It is worth noting that many homes in NMA communities were built from stock plans, which raises the possibility that stock renovation plans could also be developed. This would cut costs and renovation time.

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Infill housing: Large, old single detached homes in NMA communities often sit on large lots. This presents an opportunity for infill housing: garden suites, granny flats, carriage homes, and laneway houses. Once again, standard plans and simplified zoning and permitting could reduce costs and development time.

Encouraging new development within the existing infrastructure envelope: Infrastructure, such as roads, water, sewer, electricity, and gas are expensive to install and maintain. These costs are inevitably passed on to the home owner through property taxes and utility fees – all of which affect long term affordability. Encouraging new housing development within the existing infrastructure envelope will reduce installation and maintenance costs for local government and other service providers, while at the same time increasing revenues to those groups through taxes and fees.

Recognizing community service linkages: As the housing stock is being renewed, attention must also be focused on ensuring NMA communities provide the community services the population needs, particularly health and education services. In addition, younger residents can be expected to be looking for access to communications technology, such as high speed internet and cellular coverage, regular airline service to larger urban centres, and recreation and leisure services in the community. For seniors wishing to age in place, services that provide yard maintenance in summer, snow clearing in winter, housekeeping, home care, and transportation will be important. Particularly for seniors, until housing options and choices are more diverse in NMA communities, services may have to compensate for the shortcomings of the housing stock. For all populations, housing and community services, together, provide the foundations for quality of life, and communities must be prepared to understand and meet these needs.

If non-metropolitan Canada is to realize its economic and community development opportunities, the state of housing must be addressed. Creative and innovative approaches that would expand housing options and bring non-metropolitan housing stock into the 21st Century would allow NMA communities to realize their economic and social potential for the next generation and beyond. It is time to put housing issues in non-metropolitan Canada on the agenda.