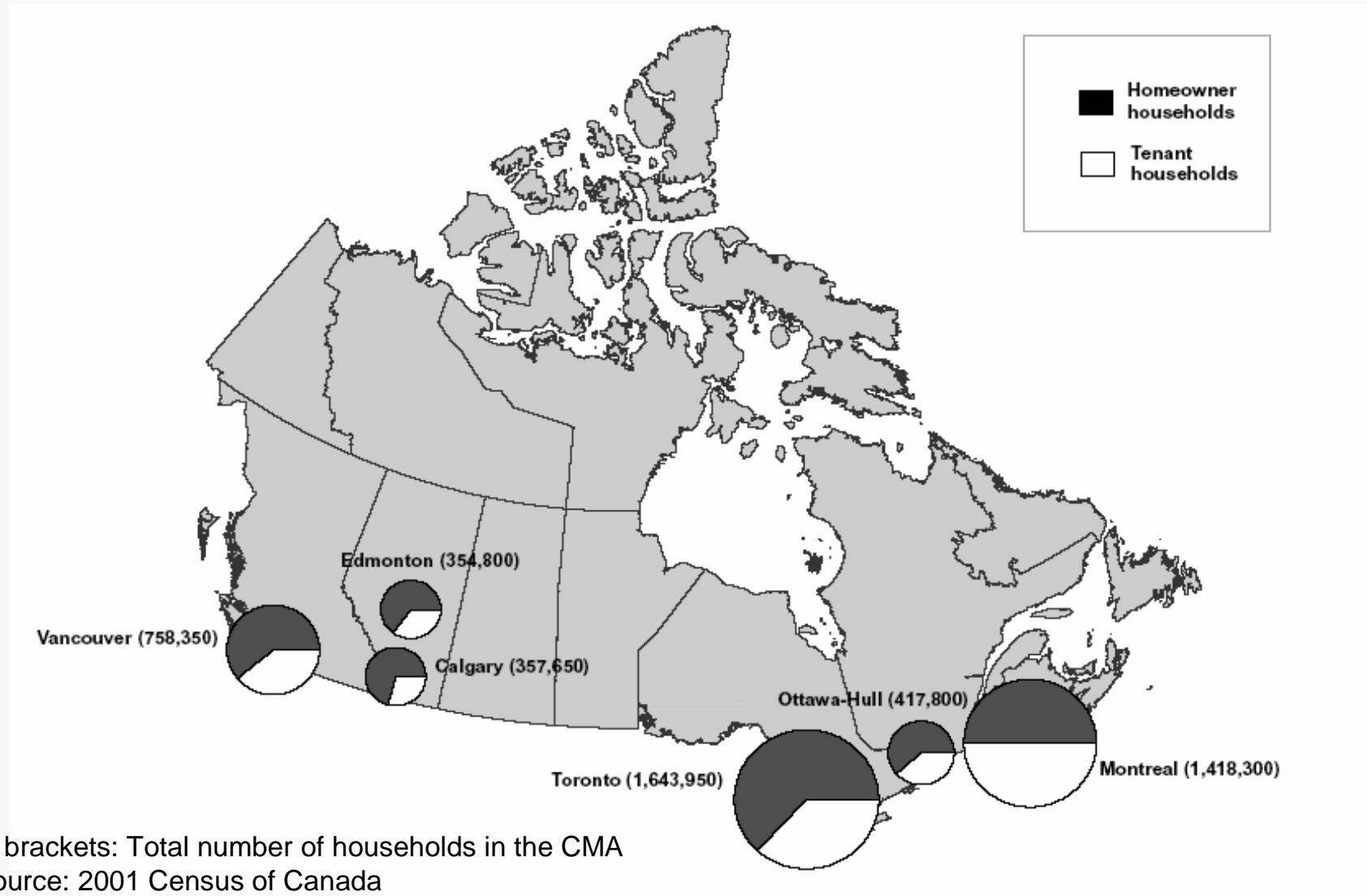


Immigrant Capacities of Entry into Homeownership in Vancouver, Canada

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Canada: A Nation of Homeowners



Metropolitan house prices, 2001

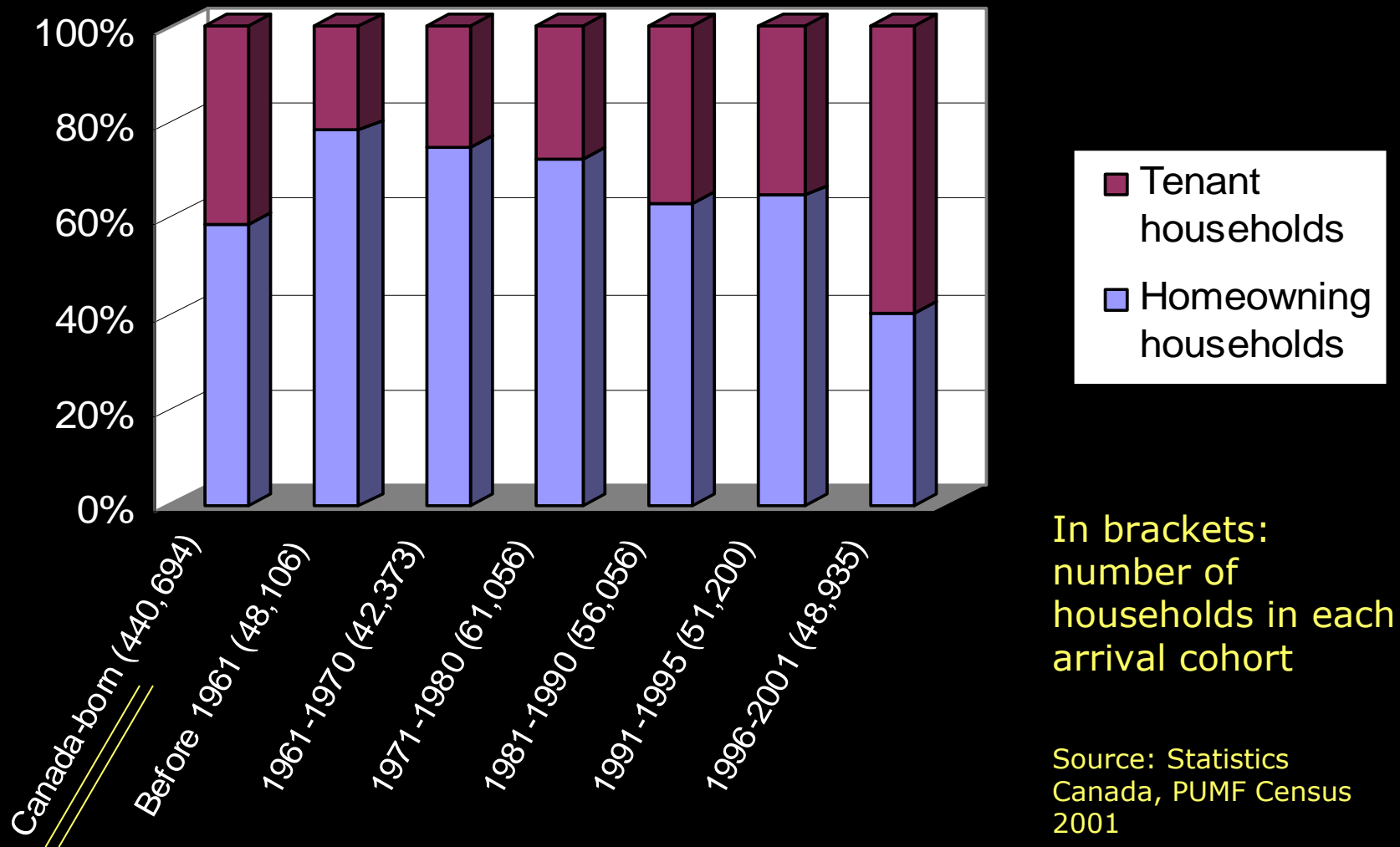
	Average house price	Median household income
Montreal CMA	\$128,550	\$42,123
Toronto CMA	\$251,500	\$59,502
Vancouver CMA	\$285,900	\$49,940

Sources: CMHC; 2001 Census of Canada (Catalogue number 95F0437XCB2001004).

Vancouver Census Metropolitan Area (CMA)

- Demand for housing driven by rapid population growth (population of 1,380,750 in 1986; by 2001, it was 1,967,500)
- 90% of the CMA's population growth over the past three decades is the result of immigration (Vancouver is Canada's third largest destination for newcomers)

Housing Tenure – Immigrants vs. Non-Immigrants (Vancouver, 2001)



But when it comes to those who are still renters, how many could afford to buy a house? More importantly, how many could not?

How many of these 'priced out' tenant households are immigrants, and what are some of their demographic characteristics?

Methodology

- Goal:

To estimate the proportion of tenant households with incomes below the amount that banks would require in order to qualify for a mortgage.

Mortgage-qualifying income thresholds, Vancouver CMA, 2001

	Average priced house			Moderately priced (75% of average)		
	Price	Estimated yearly payments	Mortgage qualifying income threshold	Price	Estimated yearly payments	Mortgage qualifying income threshold
Vancouver CMA	\$285,900	\$26,575	\$88,350	\$215,000	\$20,800	\$69,350
<p>Average mortgage rate, May 2001: 7.75% A 10 percent down payment is assumed. Yearly payments include mortgage payments, mortgage insurance payments, property taxes, homeowners insurance, and electricity, heating and water costs. They do not include expenses for maintenance or renovations.</p>						

Before tax household incomes, 2000

Vancouver Census Metropolitan Area (CMA):	
Tenant households	Before-tax household income
Group 1 (qualifies for average mortgage)	\$85,000 or more
Group 2 (qualifies for moderate mortgage)	\$70,000 to \$84,999
Group 3 (does not qualify for either)	\$69,999 or less
Median household income	\$49,940

Adapted from: 2001 Census of Canada Catalogue number 95F0437XCB2001004 and 2001 Census PUMF – Individuals file.

Total homeowner households 462,650

Total tenant households 295,700

Group 1 tenant households 9.7%

Group 2 tenant households 6.3%

Group 3 tenant households **84.0%**

Qualifying tenant households, by period of immigration of Primary Household Maintainer

(Number of households and proportions of all tenants,
Vancouver CMA, 2001)

	Canadian-born	All immig. cohorts ¹	Year of immigration:					
			Arrived before 1961	1961-1970	1971-1980	1981-1990	1991-1995	1996-2001
Total homeowners	259,600	201,700	37,550	31,700	44,200	35,500	32,900	19,800
Total tenants	181,050	106,000	10,550	10,650	16,850	20,550	18,300	29,100
Group 1 tenant households	11.1%	7.5%	5.2%	8.3%	12.1%	7.4%	8.9%	4.4%
Group 2 tenant households	7.0%	5.5%	2.8%	8.6%	7.5%	6.1%	5.5%	3.8%
Group 3 tenant households	82.0%	87.0%	91.9%	83.1%	80.5%	86.5%	85.7%	91.8%

¹ Immigrant household figures do not include non-permanent resident households.

Qualifying tenant households, by generational ties to immigration of Primary Household Maintainer (Number of households and proportions of all tenants, Vancouver CMA 2001)

	Total	1st generation immigrants	2nd generation: both parents born outside Canada	2nd generation: one parent born outside Canada	3rd generation and over
Total homeowners	462,650	204,700	59,750	49,850	148,350
Total tenants	295,700	115,400	30,400	30,750	119,150
Group 1 tenant households	9.7%	7.4%	10.2%	12.6%	10.9%
Group 2 tenant households	6.3%	5.4%	6.1%	6.3%	7.3%
Group 3 tenant households	84.0%	87.2%	83.6%	81.1%	81.8%

Qualifying tenant households, by ethnic category of the Primary Household Maintainer, immigrants only, Vancouver CMA

(Number of households and proportions of all tenants, 2001)

	Total	European	African	Arab	West Asian	South Asian	East and South East Asian	Latin, Central, South American	Caribbean	Multiple ethnicities
Owner hhlds.	199,500	61,200	800 ^E	800 ^E	2,450	23,150	80,250	700 ^E	750 ^E	29,450
Tenant hhlds.	106,000	28,150	1,650 ^E	950 ^E	5,150	9,950	36,300	2,950 ^E	750 ^E	20,150
Group 1 tenant hhlds.	7.5%	8.0%	4.5%	11.5%	4.3%	6.3%	5.7%	8.8%	10.0%	11.0%
Group 2 tenant hhlds.	5.5%	5.0%	2.3%	3.8%	2.9%	6.7%	5.0%	7.5%	10.0%	7.2%
Group 3 tenant hhlds.	87.0%	87.0%	93.2%	84.6%	92.8%	87.1%	89.3%	83.8%	80.0%	81.8%

^E: Sample size for this category is small. Use this figure with caution.

Qualifying tenant households, by primary language spoken at home by Primary Household Maintainer

(Number of households and proportions of all tenants, Vancouver CMA, 2001)

	Official language	Non-official language*, but knows E/F	Non-official language*, and doesn't know E/F	Total
Total homeowners	357,100	86,850	18,700	462,650
Total tenants	234,250	50,850	10,400	295,550
Group 1 tenant households	10.8%	5.7%	F	9.7%
Group 2 tenant households	7.0%	4.2%	F	6.3%
Group 3 tenant households	82.1%	90.2%	95.9%	84.0%
* Aboriginal languages not included in these figures.				
F: Too unreliable to be published.				

Conclusions

- Of the 295,700 tenant households in Vancouver, there are 248,385 that cannot afford homeownership in their city of residence.
- Of these, 92,220 (37%) are 'headed' by an immigrant.

Conclusions

- Different ethnic origin groups display different patterns of financial accessibility to homeownership.
- Generational ties to immigration also seem to make a difference.
- Not all immigrant households give priority to the attainment homeownership.

Conclusions

- Despite the important role that various demographic characteristics and household preferences seem to play, it appears that the most important determinant of tenure status for immigrant households is the level of income relative to local house prices.

Thank you.

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March '06
PRELIMINARY REPORT

MLS HOUSING PRICE INDEX

REAL ESTATE BOARD OF GREATER VANCOUVER

DETACHED

AREA	BENCHMARK PRICE	PRICE RANGE	3 MONTH AVG BENCHMARK	PRICE INDEX	1 YEAR CHANGE	3 YEAR CHANGE	5 YEAR CHANGE
Greater Vancouver	\$610,382	0.8%	\$597,808	180.2	21.3	55.5	79.9
Burnaby	\$608,828	2.2%	\$595,665	179.2	22.4	54.2	83.1
Coquitlam	\$529,907	3.0%	\$522,364	186.4	25.2	56.4	88.1
South Delta	\$553,927	2.6%	\$537,289	181.0	20.4	52.6	80.0
Maple Ridge	\$382,186	2.2%	\$374,377	174.3	14.9	42.6	72.2
New Westminster	\$495,062	5.9%	\$496,390	204.0	25.7	80.5	106.3
North Vancouver	\$740,578	2.2%	\$728,622	185.0	17.8	49.6	91.7
Pitt Meadows	\$396,236	4.2%	\$396,210	162.6	8.1	38.4	75.6
Port Coquitlam	\$442,727	3.5%	\$428,002	187.1	16.9	48.4	97.2
Port Moody	\$582,796	6.3%	\$551,875	175.2	24.3	41.4	61.6
Richmond	\$593,478	1.6%	\$584,447	175.2	21.2	48.3	77.0
Squamish	\$397,420	5.6%	\$411,392	151.0	8.8	1.3	68.9
Sunshine Coast	\$365,527	4.8%	\$364,307	208.0	20.0	75.7	118.1
Vancouver East	\$562,575	1.9%	\$547,523	190.5	24.4	63.4	91.8
Vancouver West	\$1,059,663	2.8%	\$1,037,191	175.8	22.9	60.4	67.3
West Vancouver	\$1,221,965	4.1%	\$1,177,038	180.0	23.0	63.6	74.7

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

- **Adequate** dwellings are those reported by their residents as not requiring any major repairs.
- **Suitable** dwellings have enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements.
- **Affordable** dwellings cost less than 30% of before-tax household income.

A household is said to be in core housing need if its housing falls below at least one 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 of alternative local housing that meets all three standards.

Source: 2001 Census Housing Series: Issue 3 Revised

CMHC Measures of Housing Affordability

Vancouver Census Metropolitan Area, 2001				
	All Households	Households Living In or Able to Access Acceptable Housing (%)	Households in Core Housing Need (%)	Households in Core Need and Spending At Least Half = Households "At Risk" (%)
Total	707,200	82.7%	17.3%	7.4%
Owner	442,200	91.0%	9.0%	4.1%
Rental	265,000	68.9%	31.1%	12.8%

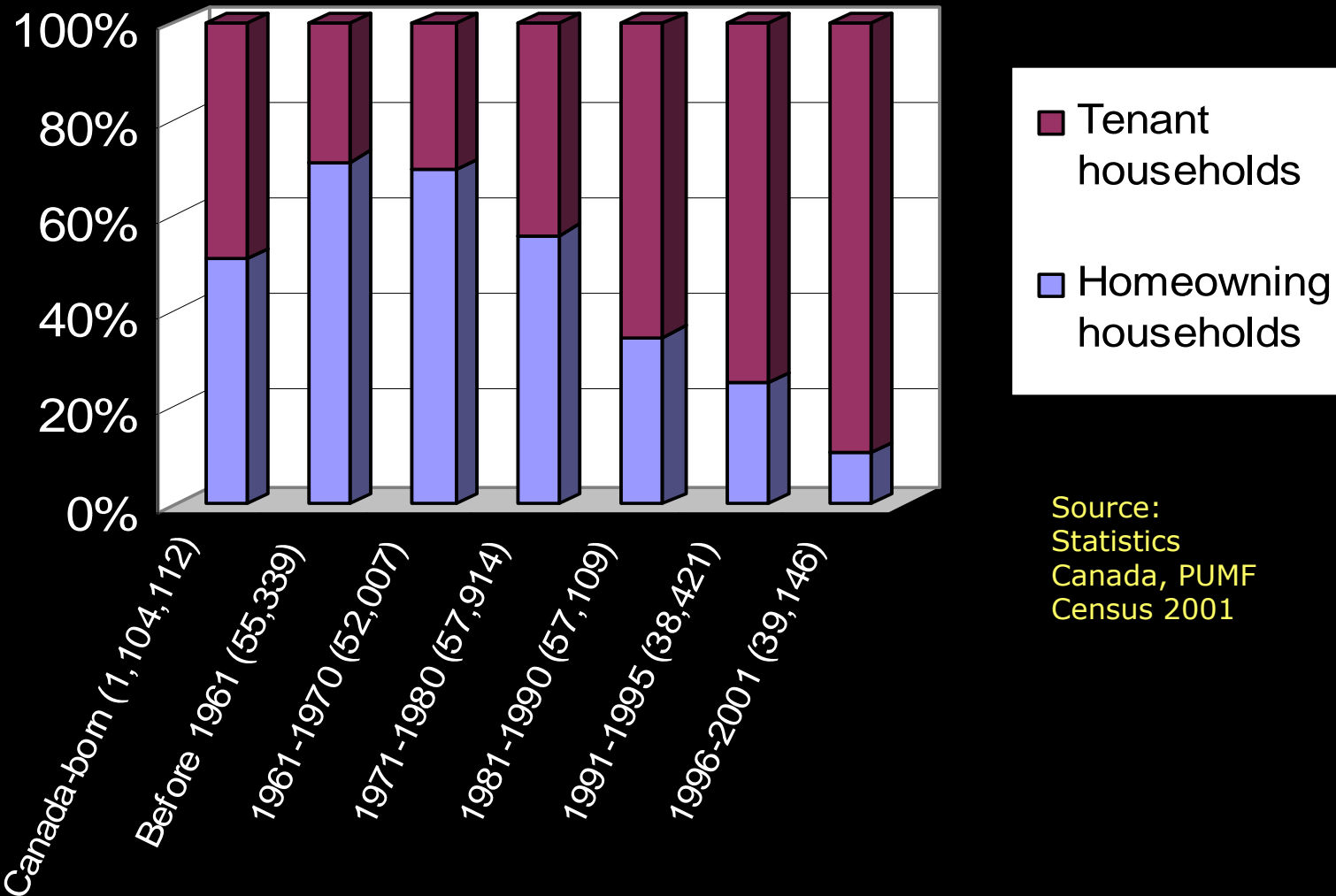
Source: CMHC (2004) Research Highlight - 2001 Census Housing Series Issue 4

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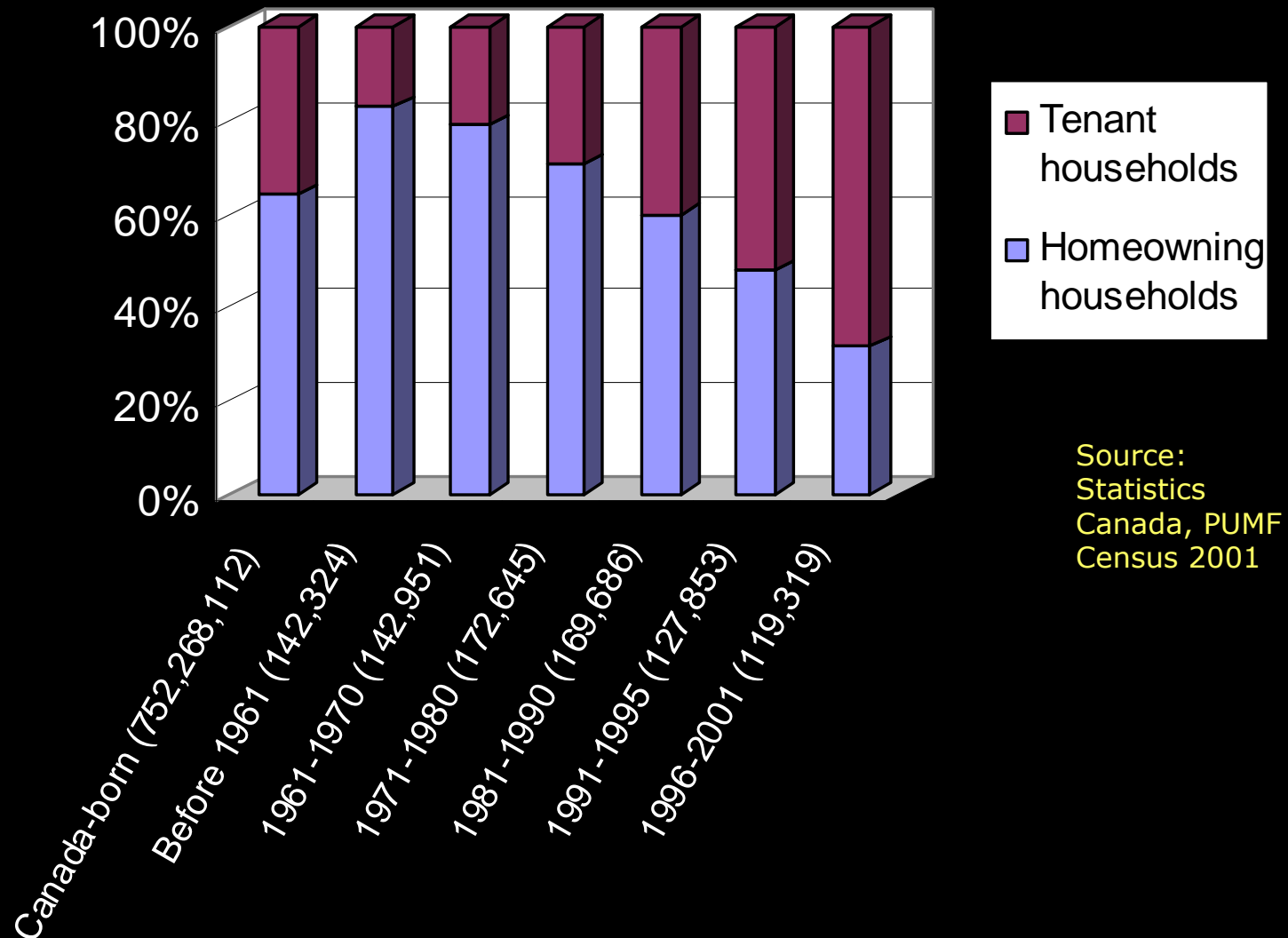
Source: CMHC; 2001 Census of Canada (Catalogue number 95F0437XCB2001004).

Housing Tenure - Montreal



Source:
Statistics
Canada, PUMF
Census 2001

Housing Tenure – Toronto



Mortgage qualifying income thresholds, MTV, 2001

	Average priced house			Moderately priced (75% of average)		
	Price	Estimated yearly payments	Mortgage qualifying income threshold	Price	Estimated yearly payments	Mortgage qualifying income threshold
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Toronto CMA	\$251,500	\$23,800	\$79,350	\$190,000	\$18,750	\$62,500
Vancouver CMA	\$285,900	\$26,575	\$88,350	\$215,000	\$20,800	\$69,350

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