

2023 DEFINITION OF HOUSING AFFORDABILITY

According to CMHC and Statistics Canada, housing in Canada is defined as affordable if it costs less than 30% of a household's before-tax income. While this seems straightforward, the reality is complicated by differences in household circumstance: income and household size are the two primary drivers for affordability as they determine what a household can afford and what kind of unit they need.

For example, single-income households like lone-parent families have a lower median income than dual-income households like couples with children, despite potentially having the same housing needs.

Saanich's definition of housing affordability uses a range of household types and income levels to ensure that it captures a wide range of households who may be experiencing housing pressures. It is customized to the local context, but also aligns with regional and provincial guidelines and funding programs that address affordable housing.





This clear definition is necessary as Saanich works to encourage affordability in new development, for example in the context of the Community Amenity Contribution and Inclusionary Housing policy and the Affordable Housing Fund.

The Saanich definition of housing affordability will be updated annually in the beginning of the year, to reflect changes to the rates referenced (e.g., BC Housing's HILs rates and Middle Income Levels).

AFFORDABILITY FOR RENTERS

The median income for renter households in Saanich is significantly lower than owner households, and rent affordability is needed for the many households who do not earn enough to afford market rents. The definition for rental affordability for Saanich is organized into three tiers: very low, low, and moderate incomes, and also considers unit size.

The Province of BC's shelter rates make up the Very Low Income values below, and the rates for households with Moderate to Median income reflect BC Housing's current Housing Income Levels (HILs). The Low income affordability rates are the average of the two.

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Very Low Income	\$500	\$695	\$790	\$840	\$890
Low Income	\$783	\$973	\$1,208	\$1,445	\$1,639
Moderate to Median Income	\$1,065	\$1,250	\$1,625	\$2,050	\$2,388

AFFORDABILITY FOR OWNERS

Determining an affordable price for ownership in Saanich took into account the price of different unit types, income by household type, and unit size.

The following rates have been identified for affordable ownership in Saanich. The income thresholds are aligned with BC Housing's Middle Income Limits (also used under BC Housing's Affordable Home Ownership Program), and the monthly affordable housing cost represent 30% of that income. The upper limit for an affordable unit reflects the maximum purchase price required to achieve that monthly cost.

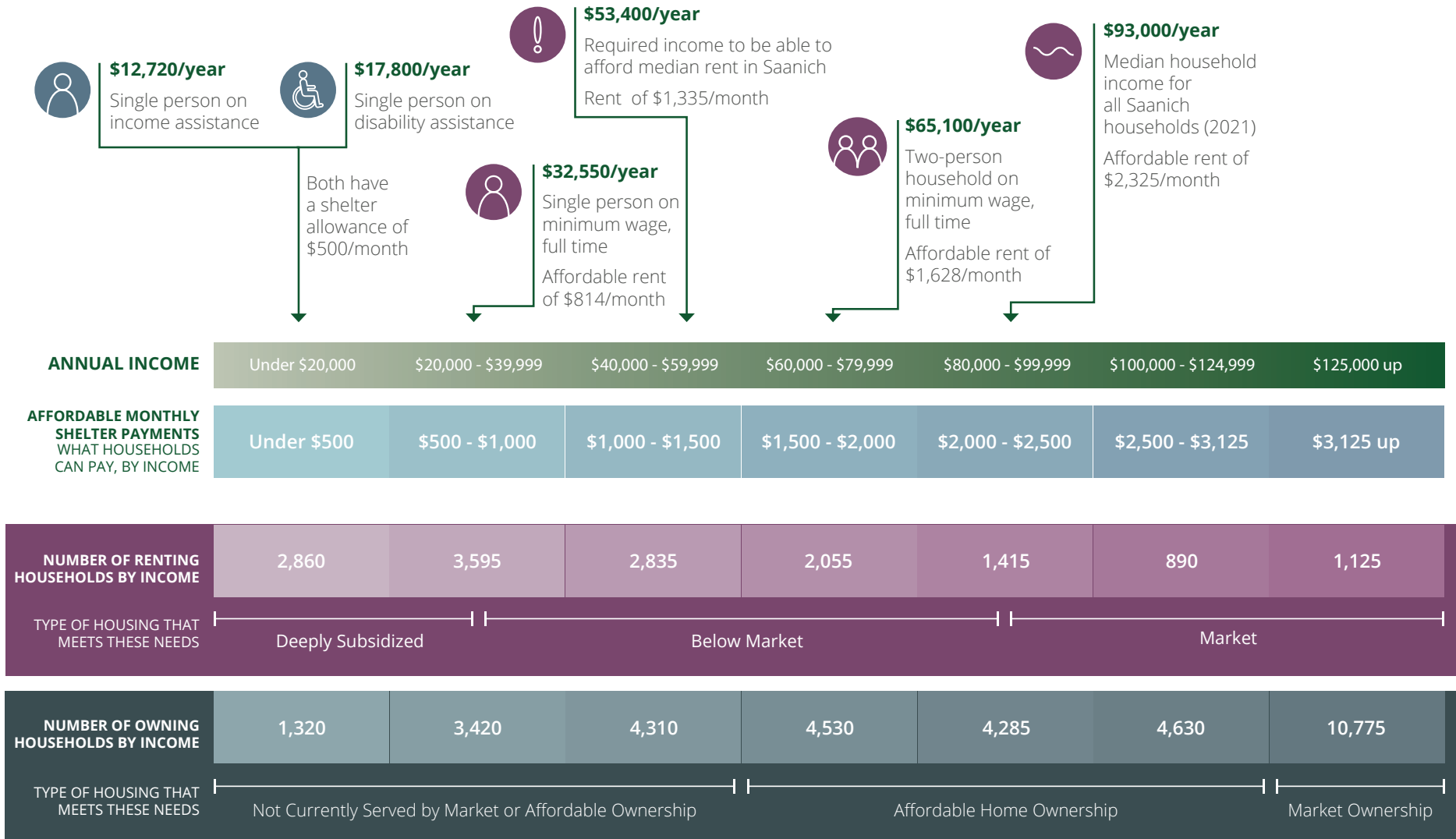
	Small Units (<2 bedrooms)	Large Units (>2 bedrooms)
Income threshold	\$126,050/yr	\$182,870/yr
Monthly Affordable Housing Cost¹	\$3,151/mo	\$4,572/mo
Upper Limit for an Affordable Unit²	\$411,000	\$642,000

¹. This value includes mortgage payments, strata fees, property tax, home owners' insurance, and basic utility payments (sewer, water, hydro).

². Mortgage payments were calculated assuming 10% down payment, 25-year amortization periods and a 5.34% interest rate.

AFFORDABILITY, HOUSEHOLD INCOME GROUPS, AND HOUSING TYPES IN SAANICH

The image below shows what renters and owners can afford based on their income in Saanich, and the types of housing that serve these income levels.³ The graphic also shows where different types of residents may sit based on their income. For example, a single person earning minimum wage can afford about \$814 per month in rent, while median rent in Saanich as of 2021 was \$1,335 per month. With about 90% of all renters earning at or below median income for all of Saanich, there is a high need for a range of rental price points. Similarly, only about one third of current owners would be able to afford a new home as first-time buyers based on current housing prices; this highlights the need for a range of more affordable ownership options in Saanich.



³. The number of renter and owner households in each income category are based on an extrapolation of 2016 data (Statistics Canada Census Program 2016, Custom Data). 2021 custom data set is not yet available.