

Are we making any difference? Measures to assess housing outcomes: Comparing the Experience in Canada and the UK

A DISCUSSION BRIEF

PREPARED FOR THE WELLESLEY INSTITUTE

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1. Introduction and Objectives

This brief was commissioned by the Wellesley Institute with the objective of identifying a set of reliable indicators of housing insecurity in Canada.

In their 2010 report *Precarious Housing in Canada*, Wellesley Institute defined housing insecurity on the basis of housing that is in poor and unsafe conditions, overcrowded or unaffordable. This closely mirrors the characteristics used by Canada's national housing agency, Canada Mortgage and Housing Corporation (CMHC) in their core housing need measure.

This brief first reviews how housing need has been defined and measured historically in Canada. It then examines alternate definitions and indicators and data availability. There is a perception that other countries, notably the UK may have more extensive measures, so section three briefly reviews the measures being used. The UK experience is then compared with Canada and lessons and insights are drawn to help refine a set of indicators to monitor both need and more importantly outcomes of public investment in housing programs.

2. Measuring Housing Need and Insecurity in Canada

The concept of housing need is a normative one relying on generally accepted standards or norms in society. This is the basis for the "core housing need" model

developed and used in Canada since the mid 1980s.¹

The concept of core housing need in Canada was originated in the early 1980s, not as a formal way to measure progress against some measurable indicator but as the basis for allocating federal funding across provinces and territories under the 1986 Global Agreements on Social Housing. At the same juncture, core need income was also adopted as an eligibility criterion to target social housing assistance to households "in need."

CORE HOUSING NEED

The core housing need measure uses a two-step assessment.

First, does a household experience one of three housing problems:

1. Housing in need of major repair (poor condition "inadequate");
2. Dwelling does not have enough bedrooms for the size and makeup of the household (crowding, or "unsuitable");
3. Shelter costs 30 percent or more of the household

¹ Prior to that time there was no formal threshold for eligibility. Housing programs simply identified low-moderate income households, but without an explicit definition of this term.

total gross income.

Second, is the household gross income below the amount needed to rent an alternative housing unit that meets these standards without paying 30 percent or more of their income? This income measure is referred to as the core need income threshold (CNIT, re-labelled Housing Income Limit (HIL)).

The CNIT/HIL is calculated from the CMHC semi-annual rental survey for each urban centre and is based on the income required to afford the median priced dwelling by bed count, at 30 percent of income. This income threshold is rounded to the closest \$500 and published for each urban centre (over 10,000 population) by bed size, which is then compared to the number of bedrooms a household requires using a National Occupancy Standard.²

The core need measure has consistently reported issues of core need based on adequacy and suitability alone to be relatively minor. In total fewer than 8 percent of all households in need – the majority of housing problems relate to affordability (either alone or in combination).

MEASURING CORE HOUSING NEED

In order to populate the core need measure, two separate data sources are employed and merged. Household characteristics (household composition and income) and dwelling condition are obtained from census data (an alternate annual update method is separately described below). This is used to determine if a household experiences one of the three defined housing problems. The CNIT/HILs are separately generated from the CMHC October rental survey and mapped onto the census data to filter the households identified as facing a housing problem. This removes those with incomes above the threshold who are deemed to have to resources to find appropriate housing meeting the standards.

While the census, due to its sample size, provides unparalleled geographic coverage, a critical issue with the census based core need measure is poor timeliness and data mismatch. Typically, census data is not released until two years after the census — shelter data

for 2006 was released in mid 2008. Since it reflects 2005 income it is three years out of date at the moment it is released (and by the end of the census cycle is up to eight years out of date).

Also because the census measures income in prior year (i.e. 2005 for 2006 census) but rent in May of census year there is a mismatch – household may gain (lose) employment/income, or move or change cost of shelter. As a result a substantial portion of households are found to pay over 100 percent for rent (and in some cases to have negative income). Because data is uninterpretable CMHC excludes all such households from the measure. This results in the exclusion of a substantial number of households, many of whom may have low income and live on the margin and might well be in need.

For example, in 2006 CMHC counted only 11.7 million households in determining core need, while census reported 12.2 million, a difference of 450,000 (3.6% of all). Most of this variance was from renters. For households declaring shelter ratios over 100% the incidence among renters was over 6% compared to 2.5% among owners. Because of this data issue, CMHC tends to publish incidence rates rather than absolute counts of core housing need.

Many communities use the CMHC core need measure in enumerating need as part of local housing strategies. However these are limited to the five-year census core need estimates, so the trend data is limited and quickly out of date.

As an alternate intercensal measure, CMHC also estimates core need using the Survey of Household Spending (SHS) and Survey of Labour Income Dynamics (SLID). Because this is a sample survey with relatively small sample size, (roughly 35,000) its coverage does not permit analysis at city level. It can provide national and provincial estimates (and in larger provinces an intra-provincial split on households in centres greater or less than 500,000 population). Because the data is not city specific this means that CMHC also cannot map CNITs onto the database. Instead CNITs are estimated using median rents of households with-in sample. This overcomes the issue of mismatch and exclusion of uninterpretable data, and also provides data on a more timely basis (e.g. the 2009 SHS data file was available in Spring of 2011).

Because two different methodologies are used it is not appropriate to compare core need estimates from the census source with the intercensal SHS/SLID estimates. With the change in the long-form census in 2011 (a non mandatory survey), it is also questionable

² The NOS required children to have a separate room from parent(s) and children of opposite gender over age 5 to have separate rooms. So a single parent with a boy and girl both over 5 requires a 3-bed unit and their income is compared to the 3-bed CNIT. So if median rent for a 3-bed unit were \$895 the CNIT would be $\$895 / .30 \times 12$ months (rounded to closest \$500 = \$36,000).

whether 2011 data will be comparable to 2006 or earlier census.

SHS/SLID runs in the census year and can be a basis for ongoing monitoring, even without census data. This can provide monitoring at a provincial scale, but is not useful in sub-provincial analysis (and thus not useful in monitoring outcomes of local housing strategies).

One useful aspect of the SLID core need is that SID is a panel survey, tracking a group of households overtime. It is used to explore income dynamics and CMHC has accordingly used the file to explore the dynamics of core need.³ This provides valuable insight (particularly that core need is for most a short term transitional phase, rather than a permanent situation. The data shows that between 2002-2006 only 25 percent remained in need throughout the six years; 48 percent were in need for less than two years). While not useful as a monitoring indicator, this insight is valuable in program design re the potential of housing allowance approaches.

OTHER MEASURES OF NEED AND INSECURITY IN CANADA

The concept of housing insecurity has not been widely used or measured in Canada. The term implies some degree of risk, lack of secure tenure and potentially in loss of housing. While households in core need are considered to a degree “at risk” (of losing housing) there is no evidence to formally associate core need status and insecurity (i.e. that households in core need are more likely to fall into arrears or face eviction).

In developing housing and homeless strategies some municipalities (e.g. Waterloo, Calgary) have adopted the US concept of “worse case need” based on spending greater than 50 percent of income on housing. It is presumed (again lack of evidence) that those paying greater than 50 percent are at greater risk of rent arrears and eviction than those at lower shelter burdens.

Any measure of affordability that utilizes a shelter cost to income ratio or percentage inevitably conflates two separate indicators – shelter cost and income. As such, any affordability measure is an imprecise measure. It fails to identify the cause of source of a change in the measure. Is an increase (decrease) in the number of households paying greater (less) than 30 percent or 50 percent a result of rising real housing costs or declining or stagnant real income, or both?

Moreover there is a strong association between low income and core housing need, suggesting that the

income component of this concept may be predominant.

A more effective measure should seek to expose the real cause and track, for example the change in number of rental units below certain “more affordable” levels to see if housing market issues are influencing levels of need (vs. this being impacted mainly by income and poverty). This is discussed further in the latter section of this brief.

OTHER MONITORING ISSUES IN CANADIAN HOUSING

While core need is a measure of demand and requirements the other area that requires monitoring is the response to this need from government. Arguably, government programming is not, and never has been, driven by need statistics. As noted, the core need measure was developed as an inter-provincial needs based budgetary allocation mechanism. But the level of overall funding has never been linked to levels of need.

Statistics on housing programs have focused on spending levels (total federal or P/T spending) and on the number of units produced or households assisted. There has been no ongoing measure of effectiveness or outcome measurement beyond some assessments in the context of periodic mandated program evaluations.

Over time it has been increasingly difficult to track program outputs. Prior to 2002, in its annual statistical publication, CMHC published data on annual social housing starts and completions by province. Until 1994 social housing was funded under specific National Housing Act (NHA) sections and measured by CMHC so unit starts were easy to enumerate. With the termination of new federal social housing funding in 1994 new initiatives evolved outside of NHA programs and often with unilateral provincial or mixed funding sources. Social Housing (meaning RGI subsidized) was replaced with affordable housing – which was not necessarily targeted and could be developed by for profit as well as not for profit corporations. Even non-profit projects could have market rent units as a way to cross subsidize, so buildings were no longer strictly social or market. While CMHC continued to publish a table in the annual Canadian Housing Statistics, data quality was questioned (enumerators continued to look for NHA support to count units and ignored unilateral provincial units). Rather than improve the enumeration process the table was terminated in 2002.

Even with the Affordable Housing Initiative (AHI)

³ See CMHC Canadian Housing Observer 2010, chapter 6

commencing in 2002, data have been highly aggregated and do not distinguish between rental supply, rental assistance (housing allowances) and affordable ownership. CMHC provides a National AHI Funding Table on its website, but this provides only the aggregate total spending and units assisted since inception of the AHI in 2001 (no years by year counts). The table shows each province and territory's share of the federal AHI dollars, as well as the federal dollars and number of housing units committed and/or announced in each jurisdiction (as distinct from actual completions).

Subsidy expenditure on housing has historically been available through Statistics Canada's publication series in the national accounts, but this too has severe limitations because it aggregates federal, provincial and local spending and it is extremely difficult to separate the effects of cost sharing program transfers to calculate net spending by each jurisdiction.⁴ The last published series was in 2008 and Statistics Canada is now revising its system of accounting such that no additional data will be published until 2012. So monitoring of respective levels of expenditure by the federal, provincial and local government is not possible for the interim period.

3. Brief Overview of the UK Use of Indicators

There is a perception that more detailed data is available in the UK and this has prompted some interest in exploring the experience in that country. Before exploring what specific indicators are used, it is important to put the UK experience in context. This relates to the size of the social housing sector, inter-governmental management and use of performance measures and a much stronger focus on local issues and outcomes.

UK CONTEXT

Social housing is a much larger component of the UK housing system, accounting at its peak (1980) for almost one-third of total housing stock (now down to just under one-fifth, but still substantial).⁵ The rela-

tive size of the social stock has shrunk, in part due to the sale of public housing to in-situ residents (under the so called "right to buy legislation, mainly during the 1980s), but also as housing production over the last 30 years has predominately been in private market dwellings for sale.

As a unitary state many services are delivered via local government but funded by the national government (this is changing with devolution to Scottish and Welsh parliaments, but remains in place in England). As part of the public accountability process, between central and local government in the UK there is an extensive system of reporting and performance management focusing on outcomes and value for money. The activities and performance of local authorities is closely regulated and measured, as too is the performance of the now mainstream social housing providers – nonprofit housing associations. The value for money emphasis emerged first during the Thatcher-Major conservative administrations (1979-97), but was extended under New Labour over the subsequent decade (1997-2007).

Over the last quarter of the 20th century, the UK wrestled with its decline from an industrial-manufacturing power and many former manufacturing cities faced serious economic decline and pervasive issues of poverty and marginalization. This imposed a stronger geographic focus on policy initiatives to address regional decline, deprivation and on measuring outcomes of these remedies at the local level.

In the late 1990s New Labour added a new focus under an innovative new approach coined "social exclusion," a policy approach that set out to tackle a host of "wicked issues" in a focused, proactive and balanced way. A new Social Exclusion Unit was established soon after the 1997 election, and located in 10 Downing Street, placing action on some of the most difficult – and costly social policy challenges firmly at the very heart of government. Central to this new approach was the creation of an extensive set of social exclusion indicators, against which government planned to measure and monitor the impact of policy and programs.

Concurrently, European regeneration and economic development funding was initiated to tackle issues of multiple deprivation and regional decline, again defined at the local level with EU funding typically targeting those locals scoring lowest of an index of deprivation.

In the UK there is broad acceptance, even with the Treasury, that overall national economic performance and competitiveness is tied to the success at the local

4 In particular, while gross housing expenditures are explicit for each level of government, any associated cost sharing payments are concealed within larger "general transfers."

5 In 2009, there were 22.3 million dwellings in England. Some 15.0 million (67%) were owner occupied, about one in six (16%) were privately rented and the remaining 17% was split fairly evenly between local authorities and housing associations. Issue 4: English Housing Survey Bulletin, July 2011

level — in places where people live and work. This was articulated in the 2007 Local Government White Paper: Strong, Safe, Prosperous Communities and focuses on delivering economic development and sustainable communities. This introduced a new Local Performance Framework to improve quality of life in places and deliver improved public services.⁶

In short, a massive array of indicators, including some related to housing, were developed and used in policy making and funding, but in almost all cases these were applied not at a national scale, but as local measures to identify localities in need, to target funding, and to monitor outcomes.

With respect to housing, the issues in the UK were very different from those in Canada. As a much older country with old housing stock, the primary concern was (and is) dwelling condition. A key policy thrust in 2000 was adoption of a new condition standard labeled the Decent Homes Standard — which imposed an obligation on local authorities (that built and managed public housing) to bring their stock up to standard within 10 years.

INCLUSIONARY HOUSING

In the UK the planning and development approval process is more complicated and arduous, a fact highlighted in the 2004 Barker Review (of housing supply) as a contributing factor in the boom and bust nature of UK housing markets.⁷ But it also embraces the concepts of sustainability and an appropriate mixed supply of housing type and affordability in a more formal way than is the case in Canada. Inclusionary requirements (in England under section 106 agreements) impose requirements that private developers set aside a portion of land to accommodate affordable housing (with separate funding to social landlords to develop in partnership, as distinct from requiring the developer to foot the bill). This is premised on the concept of planning gain — that the public decision to grant development permission endows a land owner with a windfall gain and therefore there should be some sharing of this benefit. Under this policy it remains incumbent on government to fund sufficient volume of affordable

housing the balance growth and supply.⁸

A third important statutory requirement is that legislation defines homelessness and local authorities are statutorily obliged to house anyone meeting this definition. This imposes a significant obligation (and cost) on local authorities to provide housing. As a consequence absolute homelessness is less visible, but the response has been to place statutorily homeless persons into temporary accommodation — bed and breakfasts or inns, at substantial cost.

Also distinctly different from Canada, the issue of housing affordability is not the predominant issue for lower income households. This is because alongside its much larger social housing stock the UK has a national shelter allowance program as part of its income security system. This is an entitlement program and is available to all low-income persons. For many it covers 100 percent of actual shelter costs. As a consequence issues of affordability are not prevalent in the same way that they are in Canada. The affordability issue in the UK tends to be aligned more with ability to buy, and affordability is defined not as a low-income renter issue but as a middle class issue (can our kids afford to buy at prevailing high prices?)

Alongside measuring and monitoring the performance of local authorities (municipalities) the national government (and sub-national regions of Scotland, Wales and Northern Ireland) regulates the organizations that build and manage social housing — categorized in the UK as Registered Social Landlords (RSL). All RSL are subject to detailed performance measures and are audited regularly. Performance results are published and a rating is assigned to RSLs. Low ratings result in disqualification from funding for new initiatives and may result in RSLs being placed under supervision. Conversely, well performing RSLs are given more flexibility and resources to grow. For example only well rated RSL's are now permitted to take on new development.

UK INDICATORS

Recent research for Communities and Local Government (CLG) sought to help establish formal measures

6 CLG/DIUS/BERR/DWP Delivering Economic Prosperity in Partnership, March 2008, see also CLG/HMT, The new performance framework for local authorities and local authority partnerships, October 2007

7 Kate Barker (2004) Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs Final Report www.barkerreview.org.uk

8 Social housing has averaged 13% of all housing completions over the past decade and reached 22% of all completions in 2010. Under the new coalition government and emphasis on spending constraint the parameters of affordable housing are being revised, for example with rent targets set at 80% of market versus affordable levels, however social housing remains as a significant proportion of housing starts.

of housing need.⁹ However this is a very recent undertaking and has not yet materialized into the adoption of formal measures. The modeling considered four types of indicator: Lack of own secure tenure (including homelessness and sharing with others); mismatch/unsuitability (crowding); house condition (fail the decent homes standard) and social needs (mainly special needs/supports). The first of these is most closely aligned with the concept of housing insecurity.

While affordability is used in the UK context, this generally yields a low number of need, mainly because affordability issues are most prevalent among private sector renters and this is a much smaller sector in the UK (generally only 10-12 percent of all households, but as a result of the global financial crisis and tightening of mortgage credit in the UK this has risen substantially to 16 percent in 2010).

An affordability indicator (developed by Bramley) based on a 30% shelter to income ratio has been used mainly in the development of local housing plans and strategies (e.g. reflected in the 2000 local housing needs assessment guidance and its recent replacement (CLG 2007) strategic housing market assessment guidance or strategic housing market assessment).

There is an assessment of housing requirements (supply required), and this does include a breakdown by market and affordable requirements, but this is not aggregated to formally track or publish data on unmet housing need. Housing (or a small suite of housing measures) are generally incorporated in broader sets of indicators used to assess local issues and need for regeneration, a more place-based application than has been the case in Canada.

So overall, while there is in the UK a myriad of performance measures and indicators related to the providers of social housing and local services there is no comparable overall statistic on housing need (as used in the Canadian context).

4. Some comparison and possible insights for Canada

The UK experience and practice is distinctly different from that in Canada. There is a much wider acceptance (notably including within the Treasury) of the role of housing and housing market outcomes and shortfalls on national economic performance. Although now

scaling back (along with many other spending areas) housing investment remains a substantial level of public investment and policy concern).

The focus of measures in the UK is twofold:

- First, these carefully monitor the performance of housing providers and the outcomes that they achieve for their tenants and for the larger community. This type of outcome focus is largely absent in Canada. Compliance monitoring in Canada is purely financial (was money spent on purpose intended?) or periodic via program evaluations.
- Second, housing is seen as an integral part of a community and neighbourhood, such that social housing investment is part of a bundled partnership of renewal and revitalization with outcomes measured at the community level. Is quality of life and economic opportunity improved across the neighbourhood?

Again, practice in Canada does not take this place-based approach. There is a general view among social housing and social justice advocates in Canada that simply providing affordable housing will improve household well-being. Clearly positive outcomes will not be achieved if the affordable home is located in a deprived area, with absence of employment, issues of crime and insecurity and often poorer quality schools. So an indicator that simply counts the number of affordable units constructed without regard to locational context may have no bearing on household outcomes.

Although not yet extended to the broader issue of housing affordability, the recent experience in Canada in requiring more comprehensive plans to respond to homelessness reveals some positive thinking along the lines of more integrated and inter-sectoral approaches (although these too fall far short of necessary systemic reform and realignment of spending to measurable outcomes). It also recognizes the importance of providing shelter together with the right balance of supports, customized to particular sub-populations of the homeless. A similar approach is required in housing strategies. When is it appropriate to use supply versus rental assistance and how can certain housing interventions be mixed and complemented with other interventions to optimize outcomes? This requires both a household and a place-based lens.

A further advantage of more comprehensive planning and integrated service delivery is that causality and outcomes are often not linear. A multiplicity of factors may influence outcomes so it is hard to sim-

⁹ Glen Bramley, Hal Pawson, Michael White, David Watkins Nicholas Pleace (2010) Estimating Housing Need. For Department for Communities and Local Government (CLG)

ply draw the conclusion that providing (for example) affordable housing alone made the difference. More often than not housing assistance is a necessary, but alone, insufficient response that is influenced by a range of other factors.

Another consideration is the prominence or lack thereof of housing in the national policy agenda. In the UK housing has been an important policy thrust of both conservative and labour administrations. Thatcher championed the growth in homeownership, via both right to buy and general market support and also promoted the role of non-profit housing associations; The Blair Administration presided over a period of strong economic growth that raised incomes and capacity to buy for many moderate-middle income households while also promoting various assisted ownership initiatives and continuing and expanding Housing Association roles.

With respect to affordable social housing this is on the agenda by virtue of its sheer volume and legacy of funding over decades. Social housing assets are found at scale across all communities (although not always seen in a positive light, but even here this drives investment in regeneration). Inclusionary and statutory homeless provisions also dictate housing supply expenditure.

In short in the UK the impetus for indicators has not been driven as much by efforts of advocates to embarrass or cajole government into action on housing and more particularly affordable housing. The focus has fallen much more on a desire to assess and where appropriate modify the impact and outcomes of policy and investment programs. In effect, indicators are seen as an integral part of an empirically based policy development process.

This is a far different context than in Canada where it is very difficult to find any indicators or measures of the outcomes of housing investment or performance of key players (funders and providers) in the housing system.

Canada does have a comprehensive measure of housing need (core need) that enables us to periodically track and assess need, by location and across household types. But, arguably, this vehicle has not proven useful in developing or reshaping policy and investment levels.

5. Options: what measures might Canada consider?

With the more place-based insights from the UK and our experience to date in Canada primarily with the core need measure, there may be some merit in developing

and applying more localized set of indicators that clearly demonstrate when and how housing investment (or lack of) has an impact and when households/individuals experience some form of housing insecurity.

Housing markets are local not national and issues of market failure or dysfunction are most evident at the local level (although ultimately can have national consequences as recently seen in US and UK). Local effects can potentially be rolled up and aggregated into some national assessment, but local measures are also valuable in developing local responses and strategies.

Many provinces and cities are now developing housing strategies and poverty reduction strategies and this provides some impetus for new, more integrated approaches. Many poverty reduction strategies have identified and utilize a core set of measurable indicators, with a strong emphasis on income. So it is less important to track income. What would be more useful is to track housing measures and to assess how housing issues impact on poverty and insecurity.

Possibly the most useful housing indicator(s) would be one(s) that explicitly tracks the availability and change in the volume of modest cost/rent affordable dwellings and opportunities at the margin to access ownership.

This does not mean simply monitoring new supply (starts and completions) by price, it also means monitoring change in the existing stock of housing. Ongoing market change in both vacancy rates and overall rental supply via demolition for intensification or conversion to condominiums far outstrips the volume of new affordable development. In addition, general inflation tends to move rental and ownership units out of more affordable ranges.

Housing insecurity is most acute among low-income households, so ideally indicators should focus on the lower cost/rent part of the market. So measures that reflect trends in the existing stock are likely more important than tracking additions to stock. Such data is easier and timely to track than income data due to availability of CMHC semi-annual rental surveys.

BRIEF OVERVIEW OF DATA SOURCES AND OPTIONS

Developing indicators depends on availability of credible data sources. One approach is to develop “ideal indicators” and then seek the development of appropriate data sources to populate the measure; the alternative, and perhaps more realistic approach, is to explore data sources that currently exist, and develop indica-

tors that draw on such data while coming as close to idealized measures as possible.

Generally housing data is readily available from CMHC (augmented by sources like CREA for home resale prices). This provides detailed city level information of rents, vacancies, size of the rental universe and change in the universe etc. and is relative timely in its publication.

Income data is generally collected by Statistics Canada or made available for publication by Statistics Canada. It can be more problematic as it is often not reported at the city scale, or at a household vs. individual scale and is usually published on a lagged basis. The two timeliest sources are the Survey of Household Spending (subset of the Labour Force Survey) and annual tax filer data (which can be aggregated to a “census family” or household level).

SHS provides data in an annual data file for a sample of roughly 16,000. This provides income estimates at the provincial and national scale, but not at local level. It allows for a distinction by tenure (owners and renters) and can for example generate income estimates by tenure. There is roughly an 18-month lag: the data for the 2009 reference year was collected in early 2009 and published in December 2010

The annual tax filer data is a much larger file and provides very good geographic coverage. It is also fairly timely. Data for the 2009 tax year was filed by between February and May 2010 and the data file was then released for use in June 2011. The main constraint with the tax filer file (TIFF) is that it does not distinguish between owners and renters.

It is possible to develop reasonable estimates to update lagged income data. For example the RBC (ownership) affordability index is a proprietary index developed by RBC. It estimates the household income required to purchase a median priced dwelling in a cross section of cities. It then compares this required income to actual median incomes to determine what percentage of median income would be taken up by the associated mortgage payments (including taxes and heat). However because income data is somewhat lagged (e.g. in spring of 2011, most recent available is 2009 median household income as generated by Statistics Canada) the median household income is estimated by applying an inflation factor based on the weighted change in average weekly earnings (by province and city) such that 2011 house prices and related carrying costs can be compared against 2011 estimated incomes.

It would similarly be possible to develop a renter

affordability index - comparing the median rent (from CMHC semi-annual survey) to the same median household income as used by RBC. This would then show what percentage of median household income is consumed by the median income household. However this distorts renter affordability as the incomes of owner households are much higher than renters (roughly double). A better measure would be to use a sample of renter incomes only, but here there are data limitations. The TIFF data does not have tenure and the SHS is not useable at the cma/city level (except for the largest cma's, at best, Vancouver, Toronto, Montreal, Edmonton, Calgary and Ottawa). However information on the relative rate of change in renter versus owner incomes could be used to adjust the RBC inflator.

MINIMUM HOUSING WAGE

A variant on a renter affordability index is a minimum housing wage measure. This draws on a concept developed in the US to track the relative affordability of rental housing in relation to local/state earnings. The concept can be readily adapted to Canada using the CMHC average market rent statistics released each fall following a rental survey conducted in October by CMHC. Generating the minimum housing wage for Canadian metropolitan areas provides additional insight on relative levels of affordability in different cities by relating rent levels to wages. The minimum housing wage (MHW) determines the hourly wage required for households to pay the average market rents in their city at 30 percent of gross income (the nationally adopted affordability norm). It overcomes the need to obtain actual income of households by simply comparing rent data to readily available minimum wage data. While it would be more challenging to estimate what number or percentage of renters in each city fall below this necessary income and thus might experience housing insecurity, tracking the MHW overtime would reveal whether renter costs were increasing. This can be compared to some wage index to explore if housing costs are outpacing income growth.

A further source is to explore the use of administrative data. In the course of delivering programs agencies collect substantial amounts of data from program applicants and beneficiaries (e.g. social housing providers have detailed data on household composition, income, rent paid etc., social assistance programs have similar details).

In this vein, the Homeless Individuals and Families Information System (HIFIS) initiative is a commun-

ity-driven national information system that has been implemented both to help shelter operators in managing intake and process, but also as a centralized data source that can potentially help to identify patterns in shelter use and inform programming related to ending homelessness. It is not evident that the administrative data captured in HIFIS is in fact being used to its potential (in part due to incomplete subscription across shelters).

Waiting list data in social housing is another example of administrative data that helps track trends in housing need. This source is not useful when there are multiple lists with duplicate applicants, but many cities have now moved to various types of centralized registries. That said, some caution is required as waiting lists may be a distorted measure of need.¹⁰

SOME SUGGESTIONS

Given the discussion about multiple place-based and synergistic effects, it is debatable whether it is appropriate or desirable to develop stand-alone housing measures. Ideally, such measures should be just one component of a broader set of measures (such as a neighbourhood monitor, or poverty reduction strategy). With this in mind, the following measures are suggested as a component of such a broader system of integrated measures.

Drawing on measures for which data is generally readily available the following set of indicators are suggested. This employs a two-tiered approach:

- At the first level it identifies a series of measures that reflect the housing continuum – homelessness, unmet need, rental affordability and ownership affordability. Because housing functions as a system weakness (or strengths) in one part can impact another. Thus this suite of indicators takes a more holistic view and can help to identify gaps and weaknesses in the housing system at a local level.
- At a second level the suggested measures focus more in the narrower concept of housing insecurity (arrears, evictions, rental vacancies, change/erosion in existing affordable housing stock). Ideally these would be applied at a neighbourhood scale.

¹⁰RGI based social housing provides shelter at a below market price. Like any commodity, when price is low, demand expands – for example line-ups at boxing day sales reflect this demand-price relationship. To the extent that social housing reflects a similar phenomenon, the volume of people on the list may not reflect true need.

In addition, based on UK experience, it would be desirable to develop some neighbourhood indicators as a way to track how housing issues impact poverty and insecurity at more local level, however, data is not always available at this scale.

Using a suite of measures is an alternative to a single composite indicator and can help to identify causes (e.g. erosion of available lower rent stock) better than a composite measure is able to do.

The following tables suggest some possible measures. More work is required to specify data sets and test the utility of these measures. In each case these indicators alone may be less meaningful than trends and changes in the measure overtime.

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1. HOUSING SYSTEM MONITORING INDICATORS (LOCAL MONITORING)

	INDICATOR	USE	DATA SOURCE
1A	Homeownership Affordability	What proportion of homes for sale are affordable to a median income household	E.g. RBC Indicator already provides this on a quarterly basis
1B	Rental Affordability	What proportion of rental units (formal universe) are affordable to a median income renter household (or perhaps household at 80% 50% of median income of all tenures to reflect lower renter incomes)	Draw of income data tax files and adjust as in RBC measure and use CMHC Rental survey
1C	Minimum Housing Wage	Compares wage required to afford average rent unit. Compare against income index to determine how rental stock is impacting affordability	Derive from CMHC semi-annual rental survey
1D	Households seeking social housing assistance;	A general measure of “demand” for housing assistance (not necessarily a reflection of supply need)	Social housing waiting lists/registry (where consolidated)
1E	Households in core need	A periodic (every 5 years locally; annual at prov/national scale) milestone measure	CMHC
1F	Homeless Shelter Use	Reflects bottom end of continuum and an extreme measure of need (although reflects more than just lack of housing). Possibly augment with periodic homeless counts, if a standardized methodology	Administrative data from Shelter providers. Ideally segment by transitional vs. episodic and chronic based on use nights

2. POTENTIAL INDICATORS OF HOUSING INSECURITY (LOCAL MONITORING)

	INDICATOR	USE	DATA SOURCE
2A	Filing of notice of arrears/eviction (and possible mortgage arrears/foreclosure)	Provides an indicator of housing insecurity and trends over time	Admin data – local provincial court records
2B	Rental vacancy rate	Provides a measure of availability and options. Low vacancies usually lead to fewer options and pressure on rents	CMHC semi annual rent survey
2C	Rental vacancy rate in units below median rent, by bed count	More specifically targeted to modest-low rent stock	CMHC semi annual rent survey
2D	Change in number of rental units below median rent (by bed count)	Tracks change in availability of lower rent stock Ideally augment with count below 80% of median	CREA/Local Real Estate Boards and Statistics Canada Income data
2E	Access to ownership	Percent of MLS sales at prices affordable to marginal buyers (e.g. 80-100% of median family income (set threshold percentage based on incomes of renters as % afford price in most recent census)	CREA/Local Real Estate Boards and Statistics Canada Income data

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