

Summary of Housing Needs and Issues in the Village of Cumberland

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Executive Summary

The Village of Cumberland is a fast-growing community in the Comox Valley. The Village is a young community, with a median age of 38, compared with Courtenay's median age of 46.5. The community has grown from 1,050 households in 2001 to 1,405 households in 2011. During this time, the total number of renters stayed stable, at around 250. In 2001 renters therefore represented over a quarter of all households, while in 2011 they represented fewer than one in five (18.1%).

Based on the information analyzed in this report we can make the following observations about housing affordability in Cumberland:

- **Ownership:** Ownership in Cumberland is generally affordable for median earning families, particularly couple households. However, affordability becomes an issue for households that are earning less than median income. With a projected growth of between 1% (302 households) and 5% (2,100 households) by 2030, price points for any form of ownership targeted at first-time buyers (e.g. townhouses) should be kept in reach of households earning slightly below median incomes.
- **Market Rental:** Between 1996 and 2011, while the number of households in Cumberland grew, there was no change in the number of rental households. These households went from representing about a quarter of all households in Cumberland to less than one in five households. During this time there were no new purpose-built rentals in the Village. The affordability of rental housing represents a challenge for median-earning lone-parent families and individuals, while the scarcity of rentals in general will impact all renting households. Additionally, in 2011, 145 households reported paying more than 30% of their income toward shelter costs.
- **Subsidized and Non-Market Rental:** There are currently 76 households in Cumberland in some form of subsidized housing. In 2011 there were 75 households reporting living in subsidized housing, meaning that in 5 years the total number of new subsidized/non-market units in Cumberland has not changed. While this group only represents about 5% of the households in Cumberland, it highlights inactivity in this area of the housing affordability spectrum.
- **Emergency and Transitional Housing:** While there is some use of housing with supports by Cumberland households (e.g. mental health services, services for women fleeing abuse, etc.), this population remains relatively small.

While not limited to one area, the municipality should focus on rental housing as key priority, while putting in place measures to support both affordable ownership and more supportive forms of housing. A main indicator in determining affordability for different types of households is what households can afford when contributing no more than 30% of their income toward shelter costs. By this measure most renter households (57%) cannot afford rent for appropriate housing in Cumberland.

1. Background and Purpose

In January 2015 the Village struck the Homelessness and Affordable Housing (HAH) Committee with a three-year work plan, including (1) collecting information on priority housing needs issues and (2) developing a framework for implementing the high-level affordable housing policies outlined in the OCP, including consideration of the regional context and other stakeholders (e.g. non-profits in the region). “While a concerted, region-wide initiative through the work of the Coalition is supported by the Village through active participation of stakeholders from the Village, some of its local priorities may differ from regional objectives.” This report represents the completion of the first of those two actions: a summary of priority housing issues and needs.

To develop a clear understanding of key issues in the Village, this Summary of Needs and Issues was developed by M. Thomson Consulting in close collaboration with the Village of Cumberland’s HAH Committee (the Committee). It represents a snapshot analysis of key indicators around population, demographics and housing, with a focus on affordability. The purpose of this report is to:

- Identify overall trends in population and demographics in the Village of Cumberland
- Conduct an affordability analysis by household type
- Analyze trends in housing affordability, including both rental and ownership
- Catalogue social housing needs and resources in Cumberland
- Provide a gap analysis identifying priority housing needs and issues

2. Cumberland’s People and Homes

2.1. Demographics and Income¹

The Village of Cumberland is an incorporated municipality of about 3,400 in the Comox Valley on Vancouver Island. The municipality is experiencing rapid population growth, with the population increasing by nearly a quarter (23%) between 2006 and 2011. The Village also has a high proportion of working age adults (25-64), with 57% of the population in this age group. The Village is a young community, demographically, with a median age of 38 years, compared with 48 years for the Comox Valley as a whole.

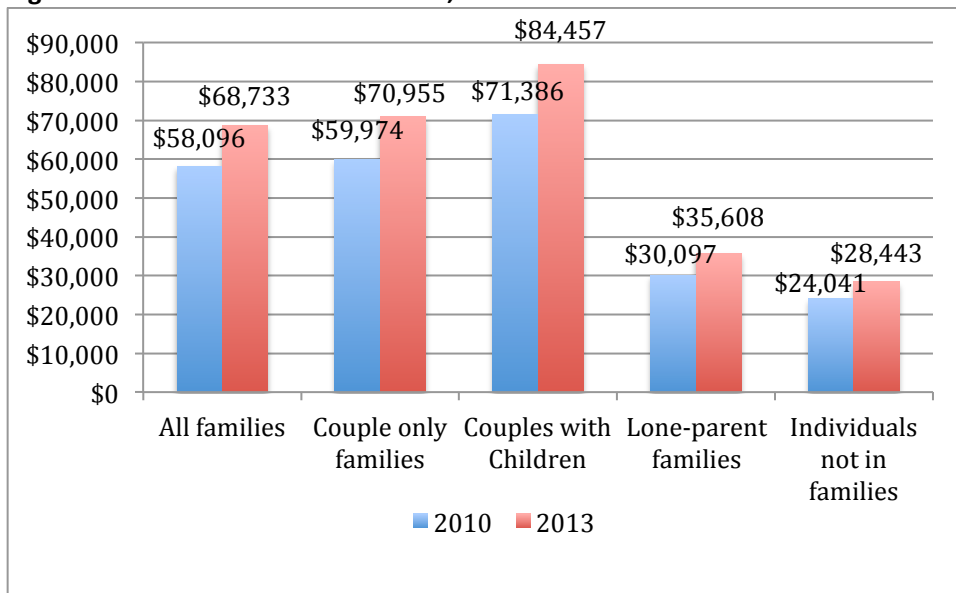
As of 2011 there were 1,405 households in the Village of Cumberland. Most of these households are families, which represent over two-thirds of all households (67%) in the community. Twenty-seven percent are couples without children, and 13% are lone-parent families. The remaining third of households are one-person households (26%) and two or more unrelated persons in a household (6%).

¹ A note about non-response rates: in the 2011 National Household Survey Cumberland had a global non-response rate (GNR) of 37%, compared with a GNR as low as 21% in other parts of the Comox Valley. As the Quality of Life study notes, “We still have confidence in the reported numbers because they are in a range of expectation given earlier census data.” This report also cross-checked income data using tax-filer data.

In recent years, incomes have also risen. According to Statistics Canada’s tax-filer data, median incomes rose by nearly a quarter between 2010 and 2013, at a rate of over 6% annually. Compared with 11% total growth in median incomes in Canada and 9% in BC over the same time period, this represents a considerable increase in income in a relatively short time period.

Figure 1 shows a comparison of household incomes in 2010 and 2013, using tax-filer data to estimate income growth during this time period.² Figure 1 shows that lone-parent families have less than half the median income of couples with children who are the highest earning households, earning approximately \$35,600 annually.³

Figure 1: Household Median Income, 2010 and 2013



The data therefore show that Cumberland is a young and growing community, with a large number of family households, and that incomes have risen much more quickly in Cumberland than in BC and across Canada.

² For a review of the methodology used to calculate 2013 household incomes see Appendix 1.

³ All data from Statistics Canada, Census (1996-2011) and 2011 National Household Survey except where otherwise noted.

2.2. Housing Stock and Tenure

As of 2011, Cumberland's housing stock was primarily single-detached homes, which accounted for more than three quarters (78%) of all dwellings. However, secondary suites cannot be identified through the Census data, and new builds will often incorporate a secondary suite or coach house as a 'mortgage helper.' A small number of other forms of housing comprise the remaining 22% of dwellings: movable dwellings (7%), duplexes (5%), small apartments (4%), row houses (3.5%) and semi-detached homes (2.5%).

One-third of Cumberland's housing stock (33%) was built in 1960 or before, while 22% were built between 1961 and 1990 and 16% were built between 1991 and 2005. Since 2006, over 400 new dwellings have been built, representing 29% of all dwellings in the Village. This is commensurate with the population growth seen during this period.

With increased demand, dwelling values also increased between 2001 and 2011. In 2001 average dwelling values (collected through the Census) were about \$110,000, which increases by 194% to more than \$324,000 in 2011. In comparison, median household incomes only increased by 36% over the same time period.

In this same ten-year period (2001-2011) housing tenure shifted as the number of owner households in the Village grew. In 2001 there were 790 owner households (75%) and 265 renter households (25%). By 2011 the number of owner households had increased by an additional 360 households, while renter households remained virtually stagnant.

Where renter households used to represent a quarter of Cumberland's households, they now represent less than one-fifth. The stability of the total number of renting households indicates that little to none of the new housing supply was added to Cumberland's housing rental housing stock between 2001 and 2011.

3. Housing Issues, and Needs, and Demands

The following sections describe and analyze existing data to determine housing needs for a variety of housing tenures and household types on the Affordable Housing Spectrum: from Market Housing to Emergency and Supportive Housing.

3.1. The Market, the Role of Government and the Affordable Housing Spectrum

Planning measures and tools, including zoning bylaws, regulate the housing market and impact the supply of new housing units. Assuming an appropriate regulatory environment (i.e. one that creates development potential and certainty), the market is able to provide housing that is in **demand** (such as single family homes, townhome developments and condominiums, if enough serviced land is available).

If regulated properly, affordability and diversity for a large proportion of households can be generated using this market approach. For many households seeking to get into the market, their needs and demands are congruent.

As is often the case, however, the market cannot meet all housing **needs**. An example is housing for people with disabilities, who live on an income where their ability to pay for shelter is fixed. Even unsubsidized rental housing is rarely provided through the market.⁴

The market will supply most forms of housing with the appropriate incentives, such as up-front subsidies (capital grants, process incentives). Affordability can also be achieved through ongoing support mechanisms (e.g. rental subsidies). Regulation can also be used to encourage market development.

The affordable housing spectrum, shown in Table 1 below, shows a range of housing types that meet different needs. The three major categories are market housing (rental and ownership), non-market housing (including affordable, or below market, rental and ownership) and emergency and supportive housing. Moving from right to left on the spectrum, three different categories require progressively more government intervention. Emergency and supportive housing typically requires significant financial incentives and ongoing operating supports, non-market housing may include government support (e.g. rental subsidies), while market housing will have no (direct) government intervention with regards to affordability (not considering federal tax incentives).

Local governments, through facilitation of partnerships, incentivization, regulation and education (F.I.R.E), can impact all three forms of housing. The degree of intervention that is necessary increases as we move towards Emergency and Supportive Housing.

⁴ FCM, 2012. According to the Federation of Canadian Municipalities less than 10% of all housing starts since 2001 in major Canadian centres were rental units. FCM, 2012.

Table 1: Affordable Housing Spectrum

Emergency shelters	Transitional Housing	Special Needs/Supportive Housing	Affordable Rental Housing	Affordable Home Ownership	Market Rental	Home Ownership
Emergency and Supportive Housing			Non-Market Housing		Market Housing	

The affordability analysis in sections 3.2-3.5 discusses affordability along four sub-groupings:

- Ownership (market housing)
- Rental (market housing)
- Affordable rental housing (non-market housing)
- Emergency and transitional housing (emergency and supportive housing)

3.2. Ownership: Affordability Analysis

Table 2 below shows estimated household income levels in 2013 and the monthly affordable shelter amount that each household type can affordably pay per month. The monthly affordable shelter amount is defined as 30% of household income. The same overview is provided for households earning 80% of median incomes in Cumberland, reflecting households that fall below the typical level of income. All estimates were developed using tax-filer data.⁵

To understand affordability and ownership, three household groups were analyzed:

1. Families as a whole, where 83% out of a total of 945 households own⁶;
2. Couples only, where 91% out of a total of 375 households own; and
3. Couples with children, where 82% out of a total of 340 households own.

Lone-parent families and non-family-households (i.e. individuals or shared houses) are not included in this analysis as the affordability gap is so large that lone parents and non-family households earning a median income are not able to afford to purchase a home at current market rates.

⁵ These estimates were developed observing changes in tax-filer data between 2010 and 2013 and extrapolating household income levels from National Household Survey household income figures, based on tax-filer growth rates. The purpose of this was to reflect changing income levels between 2010 and 2013. A full discussion of this methodology is provided in Appendix 1 of this report.

⁶ According to Statistics Canada, a family household refers to a household that contains at least one census family, that is, a married couple with or without children, or a couple living common-law with or without children, or a lone parent living with one or more children (lone-parent family).

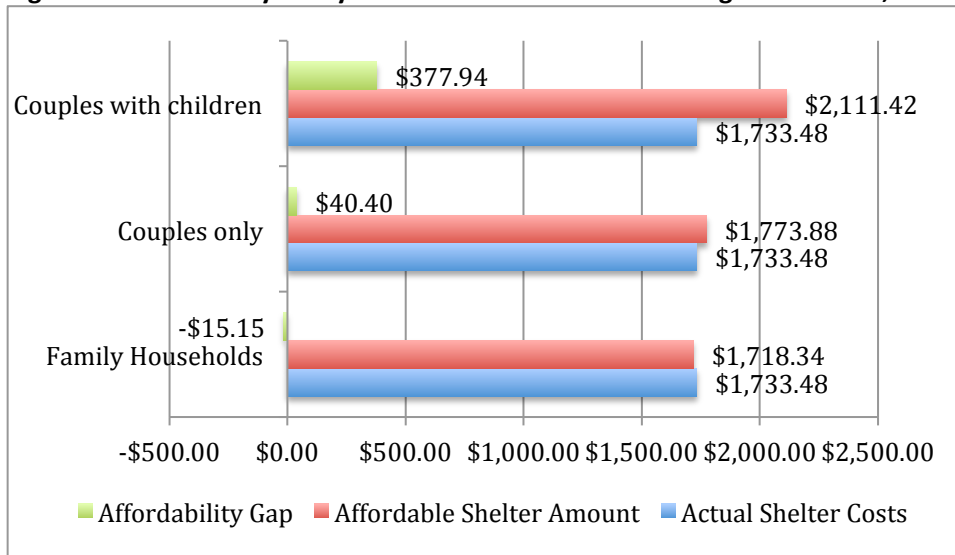
Table 2 shows estimated income from 2013 and affordable monthly shelter amounts for different family groups in Cumberland. Six-hundred twenty (620) couple households (with and without children) own homes in Cumberland.

Table 2: Income and Affordable Monthly Shelter Amount by Family Type, 2013

	Median Income	Monthly Affordable Shelter Amount	80% of Median Income	Monthly Affordable Shelter Amount
Family households	\$68,733.46	\$1,718.34	\$54,986.77	\$1,374.67
Couples only	\$70,955.32	\$1,773.88	\$56,764.26	\$1,419.11
Couples with children	\$84,456.88	\$2,111.42	\$67,565.50	\$1,689.14

As Figure 3 shows, median-earning family households and couple households (based on 2013 income data) in Cumberland will not experience affordability issues in paying a typical mortgage and associated shelter costs (based on 2013 single-family sales prices).⁷

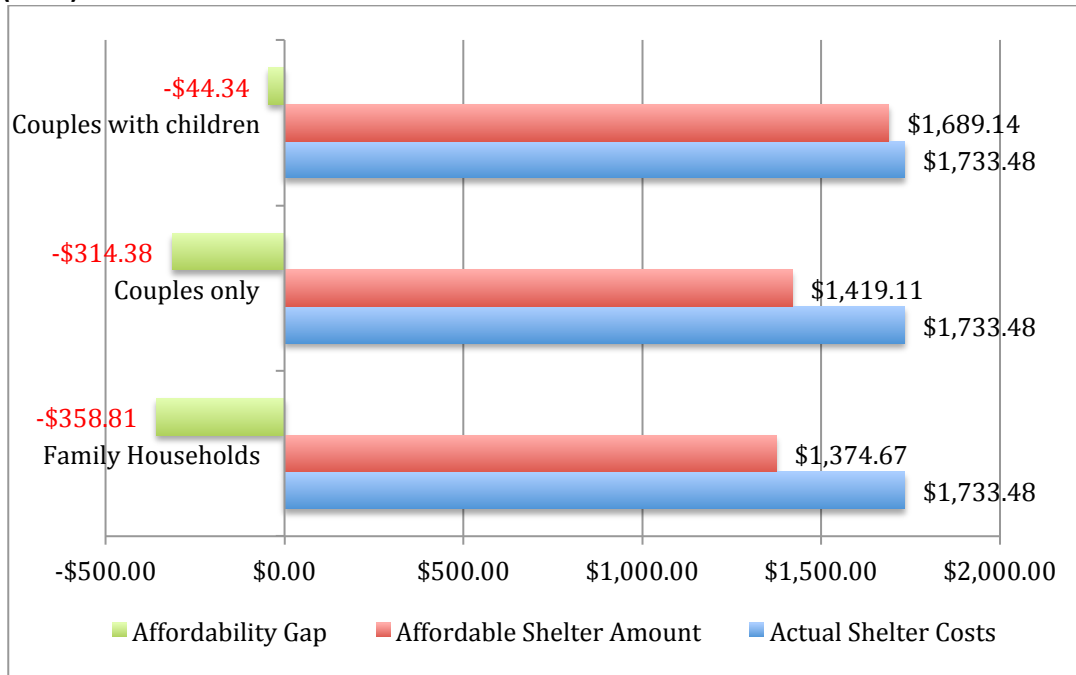
Figure 3: Affordability Analysis for Selected Median-Earning Households, 2013



⁷ A median priced home in Cumberland for 2013 was \$291,000 (VIREB, 2016). The analysis assumes 10% down payment, a 3.5% interest rate, 25-year mortgage and monthly payments. It also factors in some associated costs such as average monthly electricity, property tax payments, homeowners insurance and telephone costs. See Appendix 1 for more information. Mortgage calculated using the CMHC Mortgage Calculator.

Affordability starts to become an issue for households earning 80% or less of median income. For couples with children the gap between what is affordable and shelter payments for a median-priced home are minimal (less than \$45 per month). However, the gap is larger for couples-only families, at more than \$300 per month. These families are much more likely to experience affordability issues in financing a home.

Figure 4: Affordability Analysis for Ownership Households Earning 80% of Median Income (2013)



While market housing therefore serves median-earning couple families relatively well, an affordability gap becomes apparent for households earning less than median income. While one avenue for these households to explore is the purchase of housing below median sales prices, less expensive housing may require renovations, increasing the real costs of home ownership in a way that is not factored into this analysis. Another important consideration for home ownership is saving for down payments. A 10% down payment on a median priced home would be \$29,500.⁸ This represents 43% of a median family annual income, or more than 8 years of saving 5% of before tax income.

⁸ VIREB, 2016.

3.3. Rental: Affordability Analysis⁹

In 2011 there were 255 renter households in Cumberland representing 18% of all households, paying an average of \$982 per month on shelter costs. The clearest indicator of need for rental housing is the high number of renters paying more than 30% of annual income on shelter costs. Of all renter households, 56.9%, or 145 households, were paying more than 30% of their income toward housing. Based on a rental market survey undertaken by the consultants between June and October of 2016 average rent values for different unit types (from bachelor to three-bedroom) were identified in order to assess affordability for various households. Due to the small sample size, this survey should be viewed with some caution. However, it gives insight into rental market conditions at a specific point in time (June-October, 2016).

Table 3 below shows estimated household income levels in 2013 and the amount they can affordably pay per month on shelter (30% of total income). This analysis considers four household types:

1. Couples only, where 9% out of a total of 375 households rent;
2. Couples with children, where 18% out of a total of 340 households rent;
3. Lone-parents, where 32% out of a total of 170 households rent;
4. Non-family where approximately 19% of 370 households rent;

With an estimated median income of only \$35,600, even median earning lone-parents fall below the Housing Income Limit (HIL) defined by BC Housing for Courtenay-Comox (\$36,500), meaning they cannot afford to pay an average rent in the region.¹⁰ Similarly, median-earning individuals are below the HIL for a one-bedroom unit (\$27,000), though above the HIL for a bachelor (\$23,500).

Table 3: Income and Affordable Monthly Shelter Amount by Household Type

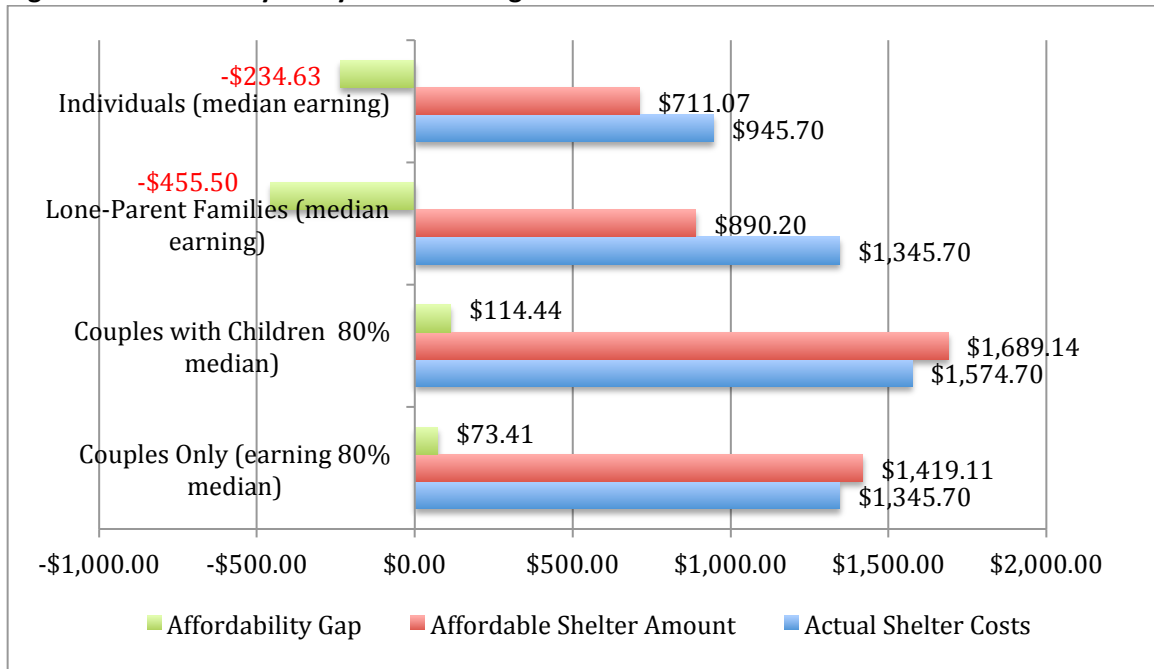
	Median Income	Affordable Shelter Amount	80% of Median Income	Affordable Shelter Amount
Couples only	\$70,955.32	\$1,773.88	\$56,764.26	\$1,419.11
Couples with children	\$84,456.88	\$2,111.42	\$67,565.50	\$1,689.14
Lone-Parent Families	\$35,607.80	\$890.20	\$28,486.24	\$712.16
Individuals	\$28,442.94	\$711.07	\$22,754.35	\$568.86

⁹ Some notes about the limitations of this analysis: a central concern is the use of 2013 income data in conjunction with 2016 rental housing statistics. The limitation of this analysis is that it will not fully reflect income changes in Cumberland within the last 3 years.

¹⁰ BC Housing, 2016a. "Housing Income Limits represent the income required to pay the average market rent for an appropriately sized unit in the private market. Average rents are derived from CMHC's annual Rental Market Survey, done in the fall and released in the spring. The size of unit required by a household is governed by federal/provincial occupancy standards."

Table 4 shows the results of an analysis relating incomes to market supply, with clear affordability gaps for couples with children and individuals earning below median income.¹¹ Couples with children earning 80% of median income can, at current market rates, afford an average three-bedroom in the rental market. The biggest affordability issue exists for median-earning lone-parent families and median-earning individuals. Even when earning median incomes, lone-parent families earn far less than is required for an average two-bedroom unit in Cumberland. Although lone-parents could afford a one-bedroom unit (\$815/month), this is unsuitable for parents with two children older than five.¹²

Figure 5: Affordability Analysis for Renting Households



¹¹ Shelter costs are calculated through average rents acquired in the rental market survey, combined with estimated electricity, telephone and homeowners insurance costs.

¹² Here suitability is defined by the National Occupancy Standard as determined by Canada Mortgage and Housing Corporation.

Table 4 shows the total number of listings by month from the rental survey, showing the overall relative lack of availability in the market during the four-month survey. While couples with children are generally able to afford rentals, the relative scarcity of two and three-bedroom units may make it more difficult to find something that meets a family’s needs. In the total four-month survey (June 7-October 7), only 24 units were listed as vacant. This represents an average vacancy rate of only 2%, ranging from a low in June (1.5%) to a high in August and September (2.7%). Typically a healthy rental market is considered between 3% and 5%.

With less than 7 listings in any given month, the rental market survey showed a low volume of rentals available on the market. It is important to consider that a key pressure on rent prices is the low vacancy rate, which can drive prices up.

	One-Bedroom	Two Bedroom	Three Bedroom	Vacancy Rate
June 7-July 7	0	2	2	1.5%
July 8-August 7	3	2	1	2.4%
August 8-September 7	0	6	1	2.7%
September 8-October 7	2	3	2	2.7%
Total	5	13	6	2.0%

These figures show a clear need for more affordable rental housing to serve specific household groups, particularly for lower earning households (lone parents and individuals). Collectively these two groups of renter households represented 124 households in 2011 and many cannot afford average market rental housing. In 2011, a total of 145 renting households were paying more than 30% of their income toward shelter costs.

3.4. Subsidized Market and Non-Market Rental

Affordable rental housing can be defined as any rental housing that falls below rental rates that are available in the market. Affordable rentals can be provided through a private market subsidy from BC Housing (e.g. RAP or SAFER subsidies) or secured through a housing agreement that ensures a specific rental rate over a given period of time. Some of these affordable rentals may have some measure of support (e.g. meals provided, part-time care, etc.).

As of 2011, 75 households were living in subsidized housing. As of July 2016, there are 76 subsidized housing units in Cumberland, meaning that there has been no change in affordable rental housing in Cumberland since 2011.¹³

Despite a high number of renters experiencing affordability issues (as noted in section 2.3), the number of renting households has not changed in Cumberland since 2011 with regards to new low-income rental units or subsidies. While this group comprises a small proportion of total households (only 5.4% of 1,405 households), maintaining this rate (5-6% of total households are subsidized) as the community grows represents a potential target for additional non-market rental.

3.5. Emergency and Transitional Housing

Without conducting a concerted point-in-time count or having a local shelter to track usage rates, it is difficult to estimate individuals who may need transitional or emergency housing in Cumberland. The Comox Valley Transition Society said that in 2014, fifteen (15) Cumberland women used shelter services, Dawn to Dawn has two (2) Cumberland residents receiving housing subsidies and Eureka Support Society provides support to a total of six (6) Cumberland residents. M'akola provides five (5) units of housing. This is a total of 28 households accessing some form of emergency, transitional or supportive housing, or 2% of all households in Cumberland.

These numbers indicate that a small proportion of households (approximately 2%) make use of some kind of emergency housing or need some form of emergency and transitional housing. Typically, supportive and transitional housing and emergency shelters would be more ideally provided through a larger urban centre, such as Courtenay. Connectivity to these services is an important consideration.

¹³ BC Housing, 2015 and 2016. Of the 76 subsidized units, 27 are supported or assisted living (26 units for frail seniors, 1 unit for special needs housing). There are 19 units of independent social housing, with 15 units for low-income seniors and 4 units for low-income families. There are also a total of 30 households who are subsidized in the private market, 19 of which are rental assistance for families and 11 of which are shelter aid for elderly renters. There were also 5 applicants on the BC Housing registry as of March 2015. Two were family applicants, one person with a disability, one person seeking a wheelchair-modified unit and one was seeking a rent supplement.

3.6. Gap Analysis

Based on the presented information we can make the following observations about housing affordability in Cumberland:

- **Ownership:** Ownership in Cumberland is generally affordable for median earning families, particularly couple households. However, affordability becomes an issue for households that are earning less than median income. With a projected growth of between 1% (302 households) and 5% (2,100 households) by 2030, price points for any form of ownership targeted at first-time buyers (e.g. townhouses) should be kept in reach of households earning slightly below median incomes.
- **Market Rental:** There have been no new rental units added to Cumberland's housing stock since 1996, despite renters representing nearly one in five households in the Village. The affordability of rental housing represents a challenge for median-earning lone-parent families and individuals, while the scarcity of rentals in general will impact all renting households. Additionally, in 2011, 145 households reported paying more than 30% of their income toward shelter costs.
- **Subsidized and Non-Market Rental:** There are currently 76 households in Cumberland in some form of subsidized housing. In 2011 there were 75 households reporting living in subsidized housing, meaning that in 5 years the total number of new subsidized/non-market units in Cumberland has not changed. While this group only represents about 5% of the households in Cumberland, it highlights inactivity in this area of the housing affordability spectrum.
- **Emergency and Transitional Housing:** While there is some use of housing with supports by Cumberland households (e.g. mental health services, services for women fleeing abuse, etc.), this population remains relatively small.

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5. Appendix: Methodology and Limitations

5.1. Which Data Sources Were Used?

The primary data source for this report was Statistics Canada's Census of Canada (1996-2011) and National Household Survey (2011). BC Housing's Research department provided additional statistics, at the request of the Committee and the consultant.

In order update income statistics a custom data request was made to Statistics Canada for individual tax-filer data for Cumberland, which was provided for 2009-2013. This was the most recent year for which income data was available through Statistics Canada.

Housing sale prices were provided by the Vancouver Island Real Estate Board.

5.2. How were most recent household incomes determined?

To determine housing affordability in Cumberland a combination of taxfiler and NHS data was utilized.

Using tax-filer data, the proportional increase in income between 2010 and 2013 was measured, and found to have increased 24.1% in this time period (compared with 9.2% in BC and 11.0% in Canada). The measured increase was applied to household income statistics from the 2011 National Household Survey (income data from 2010) in order to estimate median incomes in 2013 for a range of households, including lone-parents, couples with children, couples only and individuals not in families.

As an indicator of change in income levels it provides a useful estimate of more recent household income levels.

This being said, this method has the following limitations:

- individual income pattern changes do not apply evenly across all households; it is likely that some household types – namely family households – are attributable to the rise in incomes; following this assumption, some household types may be more adversely affected by a lack of affordable housing than becomes apparent when using 2011 numbers;
- further, relative increases in incomes are likely attributable to a shift in household types rather than an absolute increase of incomes in existing households; following this assumption, the result is that, all other being equal, the existing population may be priced out of the market as prices increase with demand.

5.3. How was affordability calculated for market ownership housing?

Affordable ownership was calculated using the income approach outlined above in combination with residential sales figures from VIREB in 2013. The median sales price of

a single family home in Cumberland in 2013 was \$291,000. With an assumed 10% down payment the mortgage amount is reduced to \$261,900. At a 3.5% interest rate over 25 years, this translates to \$1,307.59 in monthly mortgage fees. In addition to mortgage, other shelter costs include electricity, homeowner's insurance, telephone costs and property tax, bringing total monthly shelter costs up to \$1,733.48.

Households' affordable housing payments are determined as 30% of household income. A household earning \$50,000 annually can affordably pay \$15,000 - 30% of its income - toward housing costs in a year, or \$1,250 per month. Assuming the above mortgage conditions, this household would have an affordability gap of nearly \$500 per month.

This approach reflects affordability of home ownership only up to 2013. Any changes in income or residential sales prices since 2013 will impact the affordability analysis.

5.4. How was affordability determined for market rentals?

Rental statistics in this report were collected by conducting a rental market survey between June 7 and October 7. During this period the consultants reviewed a range of online listing services, including listings in Currently Cumberland, Comox Valley Craigslist, Used Courtenay-Comox and Padmapper. The survey found a range of housing options, including shared accommodations, bachelors, and one to four bedroom units. For the purposes of this study, only one to three bedroom units were considered, due to lack of sample size of bachelors and four bedroom units (one listing in this time for each).

Rents were averaged out to provide an average rental statistics for the affordability analysis. For example, two-bedrooms in Cumberland averaged at \$1,185 during this period. In addition to rental costs, other shelter costs including electricity, renter's insurance, and telephone costs were added to the average rental price. This brought the total cost of renting a two-bedroom unit up to \$1,345.70 per month. This was then compared with what different household types can affordably pay in shelter costs (30% of their gross income).

A limitation of this approach is that while rental costs were collected in 2016, the income data were only updated to 2013, and therefore estimated 2013 incomes were used in the affordability analysis. The analysis therefore does not reflect potential changes in income rates since 2013, which may positively affect affordability.