



2020

**HOUSING AND
TRANSPORTATION
COST ESTIMATE
STUDY**

for the Capital Regional District

CRD

Making a difference...together

TERRITORIAL ACKNOWLEDGEMENT

Coast Salish and Nuuchahnulth peoples have lived on this territory since time immemorial. The CRD wants to acknowledge those Nations along with the many Indigenous peoples who now find their homes here.

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KEY FINDINGS

Affordability is a significant ongoing concern for many households in the region. The Capital Region Housing and Transportation Cost Estimate Study examines the combined housing and transportation costs as a measure of overall affordability in the Capital Regional District's (CRD) Growth Management Planning Area (GMPA).

Overall, the study found the combined housing and transportation costs borne by households differ due to the age of housing stock and location in the region. The data suggest that transportation costs have the potential to impact location choices for households, and the availability of transportation choice provides for more potential cost savings at a household level. Some key preliminary findings from the Housing and Transportation Cost Estimate Study include the following:

Housing

Housing location has the potential to directly impact household transportation costs and therefore overall affordability.

Housing costs are less pliable while transportation costs can be managed through use of various transportation options.

Housing costs are more moderate in mixed use areas where there is a diversity of housing options considering both length of tenure and age of building stock, such as Victoria, southern Saanich and Sidney.

Some developing communities in the outer areas of the region such as Sooke show more housing affordability due to lower land values and availability.

Lower housing costs are associated with areas of the region where significant stock of older apartments and condos and within dwellings where there is longer tenant tenure.

Average estimated housing costs may not necessarily reflect what it would cost for a new resident to enter the housing market in a given location.

Transportation

Higher transportation costs are largely a product of vehicle ownership. Regardless of level of use, the fixed costs of vehicle ownership are significant.

The number of vehicles owned has a proportionate impact on transportation costs.

Transportation costs tend to be lower in geographies where a broader choice of transportation options are available and where density and mixed use development is prevalent as it is in Victoria, southern Saanich and Sidney.

Transportation costs tend to be higher in areas where households depend on personal vehicle use in order to access services and employment opportunities.

Vehicular ownership rates are generally lower in more mixed use walkable centres such as Sidney and the core of Victoria.

Transportation choice provides more potential for savings at a household level.

Some households may benefit from transportation cost savings by choosing to live in well serviced areas of the region where there is more ready access to services and employment opportunities, and less demand for personal vehicle usage.



BACKGROUND

The Capital Regional District's largest employment base is situated on the south eastern periphery of the regional boundary in downtown Victoria and along the Douglas Street Corridor between the Legislature and Uptown. The location of this employment base is not central to the broader region.

As residential growth has developed westward and to the north, access to employment options has increasingly required more lengthy and time consuming commutes. Employment clusters have developed in districts such as the airport lands and industrial parks of the peninsula. Growth of these clusters resulted in non-traditional traffic flows between the peninsula, the west shore and health, education and defense campuses around the region.

These trends highlight the need to consider not only housing affordability and the transportation infrastructure implications of commuting patterns, but also the climate impacts from associated greenhouse gas emissions.

Regional policies and plans, including the Regional Housing Affordability Strategy (2018), Regional Growth Strategy (2018) and Regional Transportation Plan (2014), speak to the need to use an evidence base to better align housing and transportation policy decisions.

DATA, SOURCES & METHODS

The Housing and Transportation Cost Estimate Study uses numerous data sources including the 2016 Census of Canada and the 2017 CRD Origin and Destination (OD) Household Travel Survey. Census tracts and municipal boundaries are used as aggregated geographies.

The following tables, figures and maps present estimated housing and transportation cost data and show a point in time overview of costs in the estimate area.

It is important to note that the study provides average estimated costs and as such it cannot be used to indicate the actual costs for any given household or neighbourhood. Findings are based on data from 2016 and 2017 and do not reflect 2020 costs.

The report includes a series of tables, figures and maps to present the findings of the estimate. Table 1 summarizes key characteristics and costs associated with existing municipal household and transportation formations. Map 1 and Figure 1 show different ways of looking at combined data results.

Further information about the research methodology for this study can be found at www.crd.bc.ca/project/regional-transportation/origin-destination-household-travel.

OBJECTIVES

The objectives of the Housing and Transportation Cost Estimate Study are as follows:

- Identify the average household housing cost.
- Identify the average estimated household transportation cost.
- Identify the average combined estimated housing and transportation cost.
- Create a baseline data set to track trends over time.

COST ESTIMATE AREA

The Capital Region Housing and Transportation Cost Estimate Study examines all households including non-working households. Although effort was made to include all communities in the CRD, the project focused on the area within the GMPA for which we have data.

This excludes the Southern Gulf Islands and Salt Spring Island as they fall under the planning jurisdiction of Islands Trust. First Nations and other areas with minimal data were also excluded. Map 1 displays the relationship between Census Tracts and Census Subdivisions in the study area. It is acknowledged that households in the excluded areas may face unique and differing cost pressures related to housing and transportation.

HOUSING AND TRANSPORTATION COSTS

Table 1: Breakdown of Housing and Transportation Costs

Source: CRD Origin and Destination Household Travel Survey except *Statistics Canada Table 46-10-0049-01 Total family income and owner characteristics at the residential property level

Sub Region	Geography	Average Assessed Value of Dwellings*	Average Vehicles Per Household	Average Household Size	Average Annual Transportation Cost Per Adult	Average Annual Household Transportation Cost	Average Annual Household Housing Cost**	Total Average Household Housing and Transportation Cost
Core								
	Esquimalt	\$580,000	1.2	2.0	\$5,171	\$8,730	\$14,400	\$23,130
	Oak Bay	\$1,240,000	1.6	2.3	\$6,531	\$12,115	\$17,352	\$29,467
	Saanich	\$780,000	1.7	2.4	\$6,156	\$12,294	\$16,152	\$28,446
	Victoria	\$660,000	1.1	1.8	\$4,995	\$7,921	\$14,040	\$21,961
	View Royal	\$620,000	1.6	2.4	\$6,119	\$11,808	\$17,352	\$29,160
Saanich Peninsula								
	Central Saanich	\$700,000	2.0	2.4	\$7,655	\$15,429	\$16,104	\$31,533
	North Saanich	\$960,000	2.4	2.4	\$8,684	\$18,009	\$16,680	\$34,689
	Sidney	\$600,000	1.5	2.0	\$6,621	\$11,423	\$13,104	\$24,334
West Shore								
	Colwood	\$580,000	1.9	2.5	\$7,210	\$14,230	\$16,740	\$30,970
	Highlands	\$780,000	2.5	2.7	\$8,827	\$19,027	\$19,212	\$38,239
	Juan de Fuca (Part 1)	\$590,000	2.2	2.3	\$9,040	\$18,101	\$15,876	\$33,977
	Langford	\$550,000	1.8	2.5	\$6,927	\$13,444	\$17,556	\$31,000
	Metchosin	\$760,000	2.4	2.5	\$8,927	\$18,350	\$15,960	\$34,310
	Sooke	\$480,000	1.9	2.5	\$7,841	\$15,102	\$15,660	\$30,762

Map 1: Average Annual Combined Housing and Transportation Cost

Source: CRD Regional and Strategic Planning, 2020

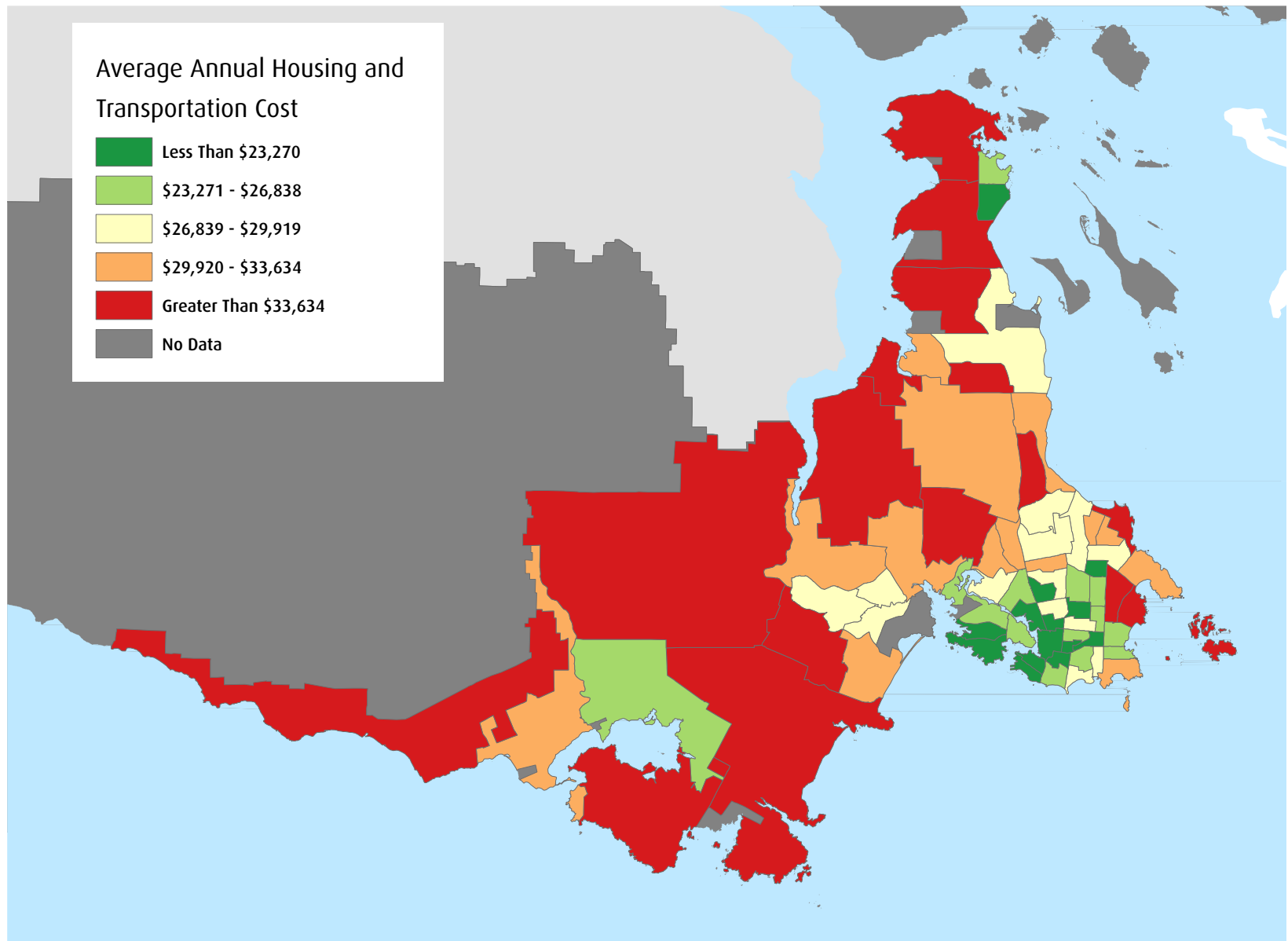
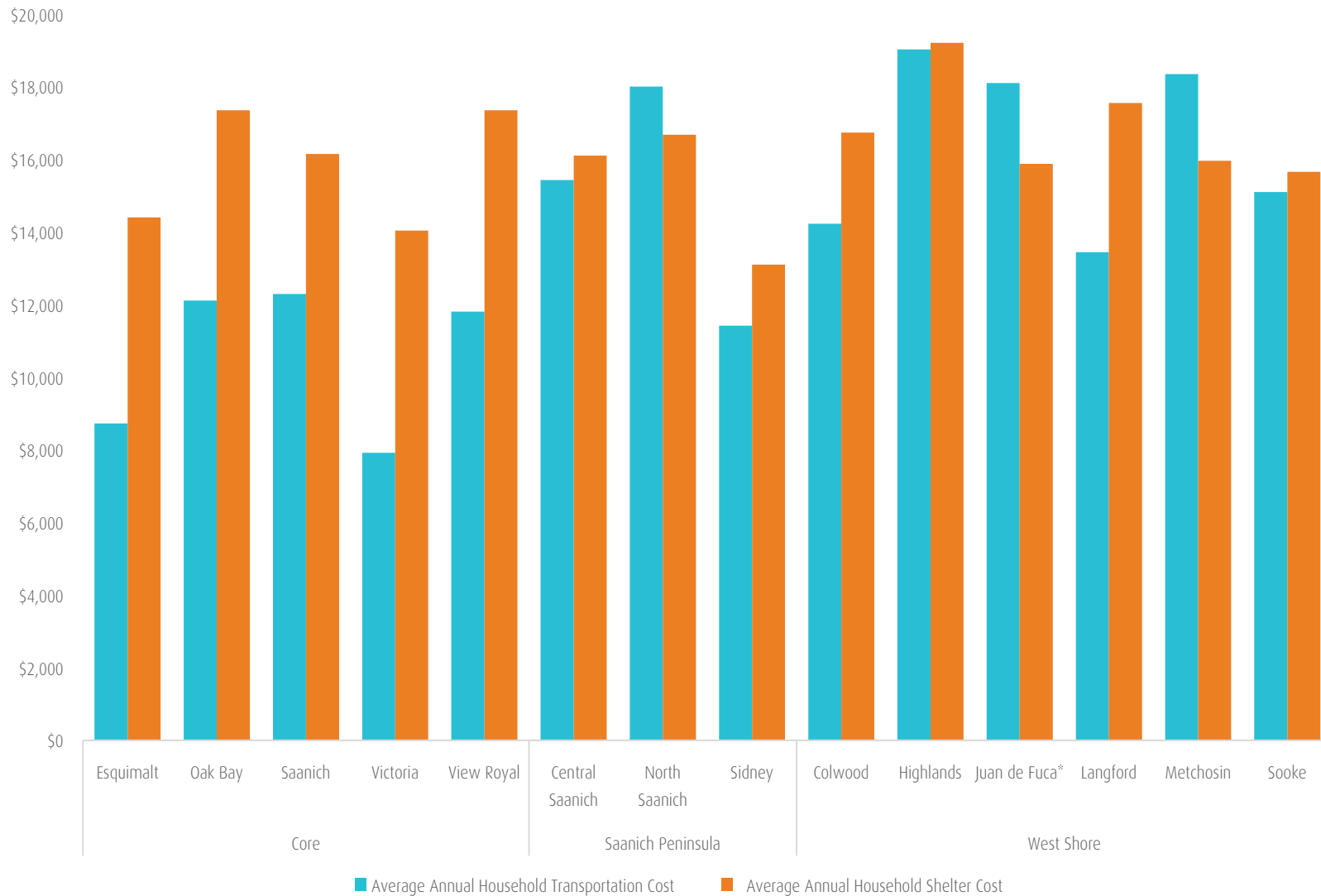


Figure 1: Average Annual Estimated Housing and Transportation Cost Side by Side Comparison

Source: Statistics Canada, 2016 Census of Population and CRD 2017 Origin and Destination Household Travel Survey

Average Annual Estimated Housing and Transportation Cost



HOUSING COSTS

The Housing and Transportation Cost Estimate Study includes rented, owned and mortgaged properties. For the purposes of the estimate, housing costs represent the average monthly total of all housing expenses paid by households that own or rent their dwelling including mortgage payments or rent, property taxes, strata fees, heat, water and electricity.

Housing costs associated with this report are sourced from the 2016 Census of Population Statistics Canada. Housing cost is called shelter cost in the Statistics Canada 2016 Census of Population data. All private dwellings including single family homes, apartments and townhomes are included in the estimate.

The housing stock and settlement patterns across the region vary notably from urban centres, with a propensity for apartments and condominiums, to suburban subdivisions, rural waterfront acreages and estates as well as semi-rural lands. There are marked distinctions in housing stock within local areas which can result in a broad range of housing costs within the same Census Tract or municipality.

Both the age of the primary household maintainer and tenure in the housing market can influence housing costs. Average costs can also be impacted by other factors including the age and condition of housing stock as per Figure 2, or the overall number of mortgage free households within a given jurisdiction (this ranges from 25% in Langford to 54% in North Saanich).

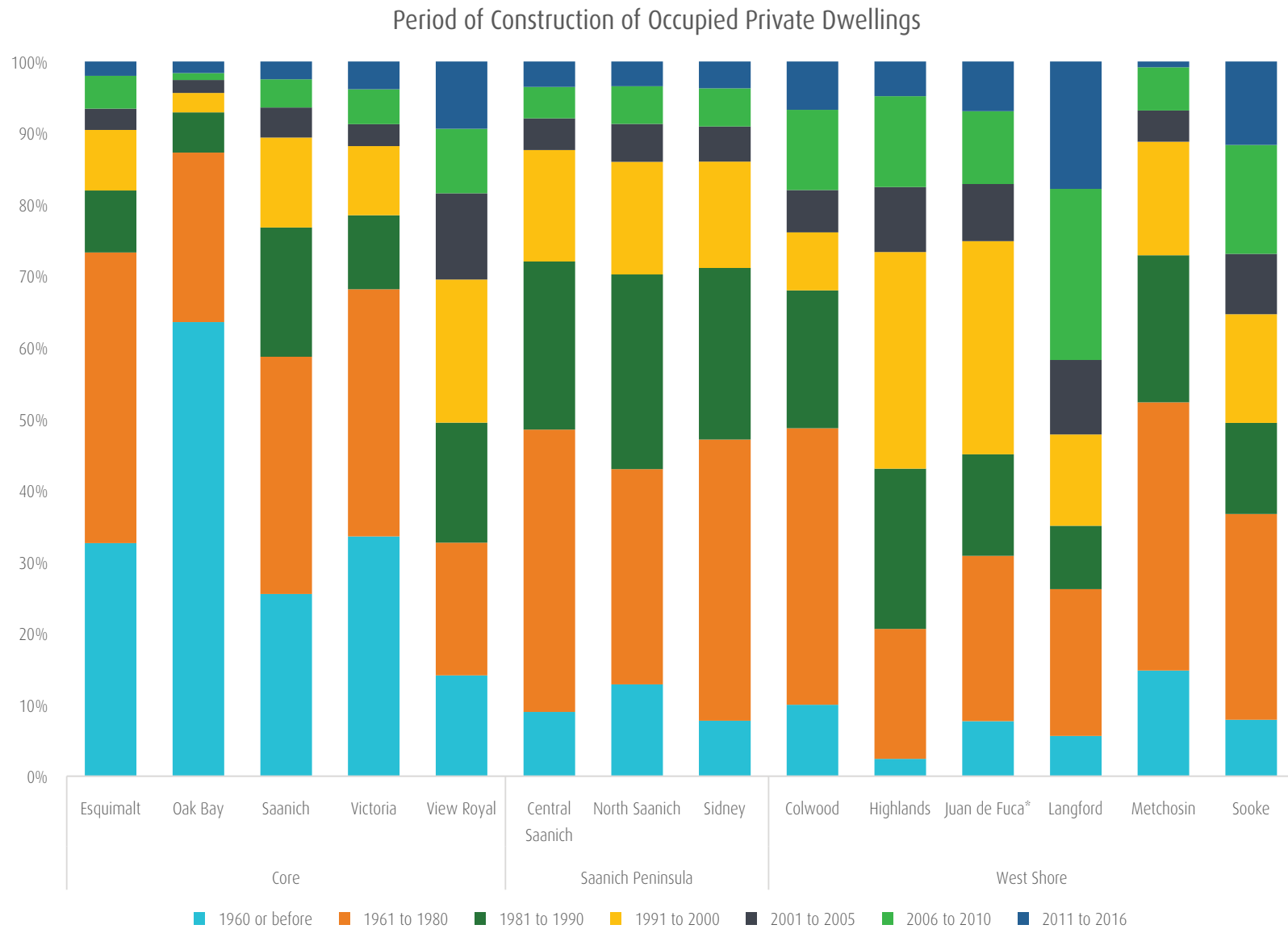
Figure 2 shows the age of the region's housing stock at a municipal level. The table clearly demonstrates that some municipalities such as Oak Bay have added very limited housing stock in recent years while others, such as Langford, have increased their housing stock significantly over the same time frame.

Figure 3 shows the percentage of owner households with a mortgage and Figure 4 provides information showing the distribution of renter households paying more than 30% of their income on housing costs.

Average housing costs in the region may not represent the real costs that new entrants into the rental or owner market would be expected to pay.

Figure 2: Period of Construction of Occupied Private Dwellings

Source: Statistics Canada, 2016 Census of Population



HOUSING COST ESCALATION

An important factor to keep in mind is the recent escalation of housing costs in the region. This escalation has created circumstances where households in the same neighbourhood, or even living next door to one another, may be paying substantially different housing costs for very similar properties. New entrants into the housing market within these neighbourhoods or buildings now bear significantly higher costs than their neighbours did in order to purchase and service a mortgage for a similar property. For example:

1

Neighbour 1, may have bought their house or strata lot in 1980 for \$135,000 and are now mortgage free.

2

Neighbour 2, on the other hand, purchased a similar house or strata lot for \$400,000 in 2009 requiring a \$300,000 mortgage, which the household has now paid down to \$175,000.

3

Neighbour 3 purchased their house or strata lot in 2019 for \$800,000, requiring a mortgage of \$600,000.



HOUSING COST ESCALATION

With provincial rent protection programs limiting annual increases for existing tenants, and the introduction of new purpose built rental stock into the market, similar cost escalation scenarios are also evident within the rental market. In the capital region, newly built rental stock has been renting at substantially higher rates than the stock built in the 1960s and 1970s.

This has been influencing an overall upward trend in rents, wherein households may be paying up to 40% higher rents for housing units that are 25% smaller in size.

For example, an older two bedroom rental unit that is 1,100 square feet may be renting at \$1,125 per month, while an 850 square foot two bedroom unit in a new development next door may be renting at \$1,850 per month.

There is also evidence that this is leading to rent escalations in older built stock, where identical apartments in the same building could be rented out at very different price points based on the date of initial tenure.

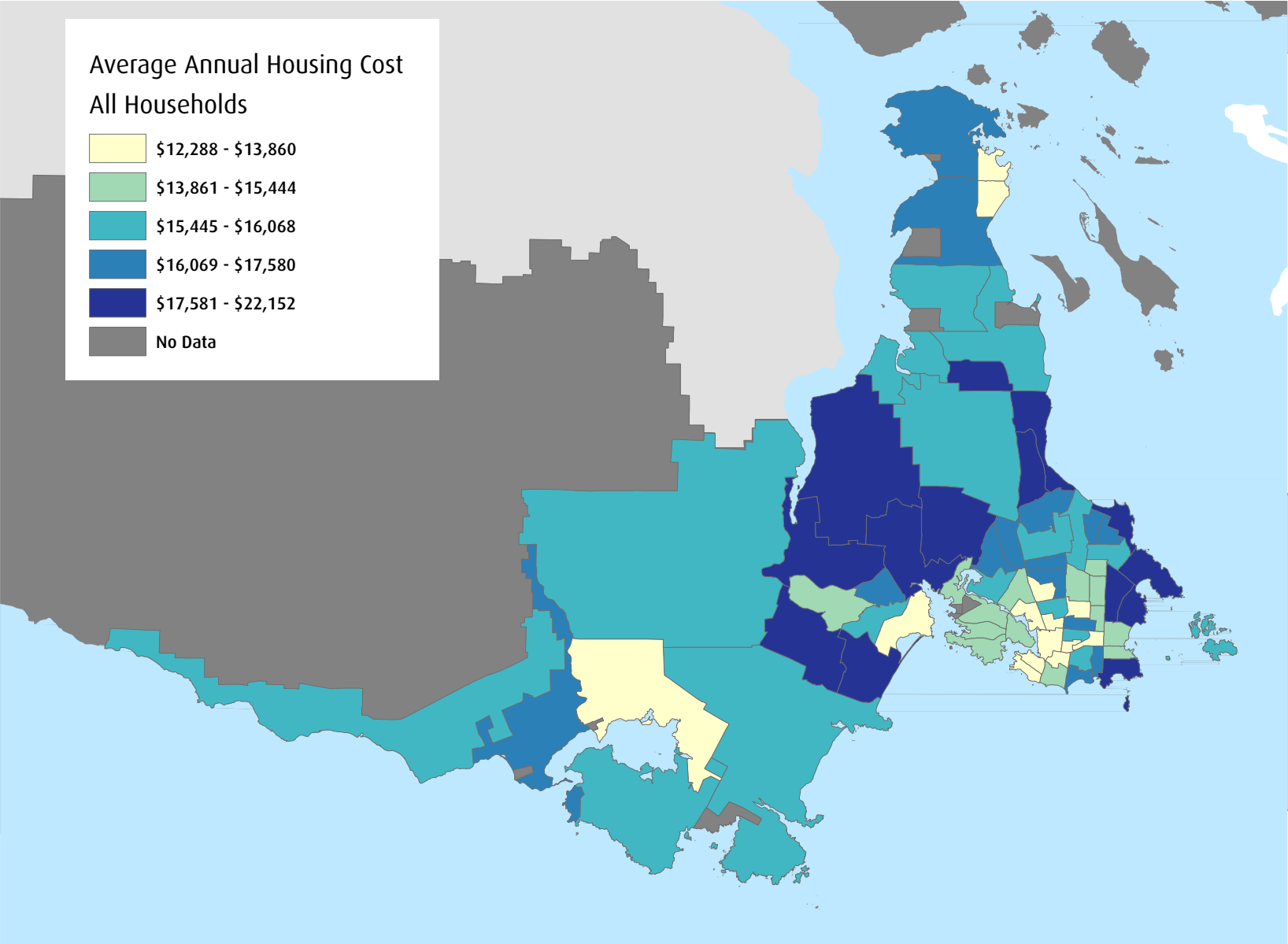
For example, a resident commencing tenure tomorrow would be required to pay market rental rates for 2020 which may be many hundreds of dollars more than their neighbour who commenced their tenure sometime in the 1990s.

In addition, the region's island location lends itself to high demand for water front and view properties, even in areas with poor access to services and transportation, which can impact the average costs of specific areas significantly.

The following maps show average annual housing costs for all households, renter households and owner households. As previously noted, the map quintiles are scaled to show the cost variation within each category.

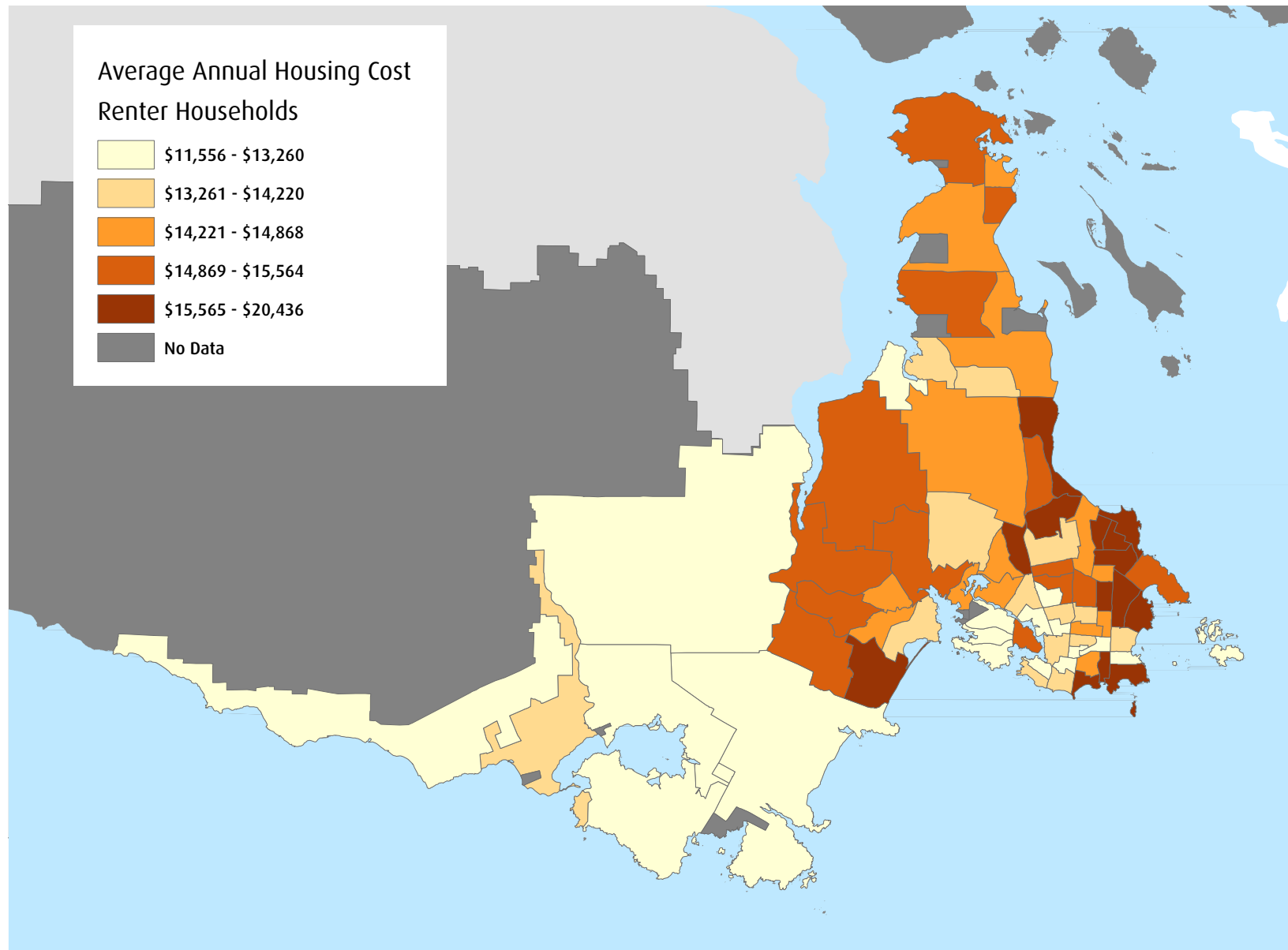
Map 2: Average Annual Housing Cost All Households

Source: Statistics Canada, 2016 Census of Population



Map 3: Average Annual Housing Cost Renter Households

Source: Statistics Canada, 2016 Census of Population



Map 4: Average Annual Housing Cost Owner Households

Source: Statistics Canada, 2016 Census of Population

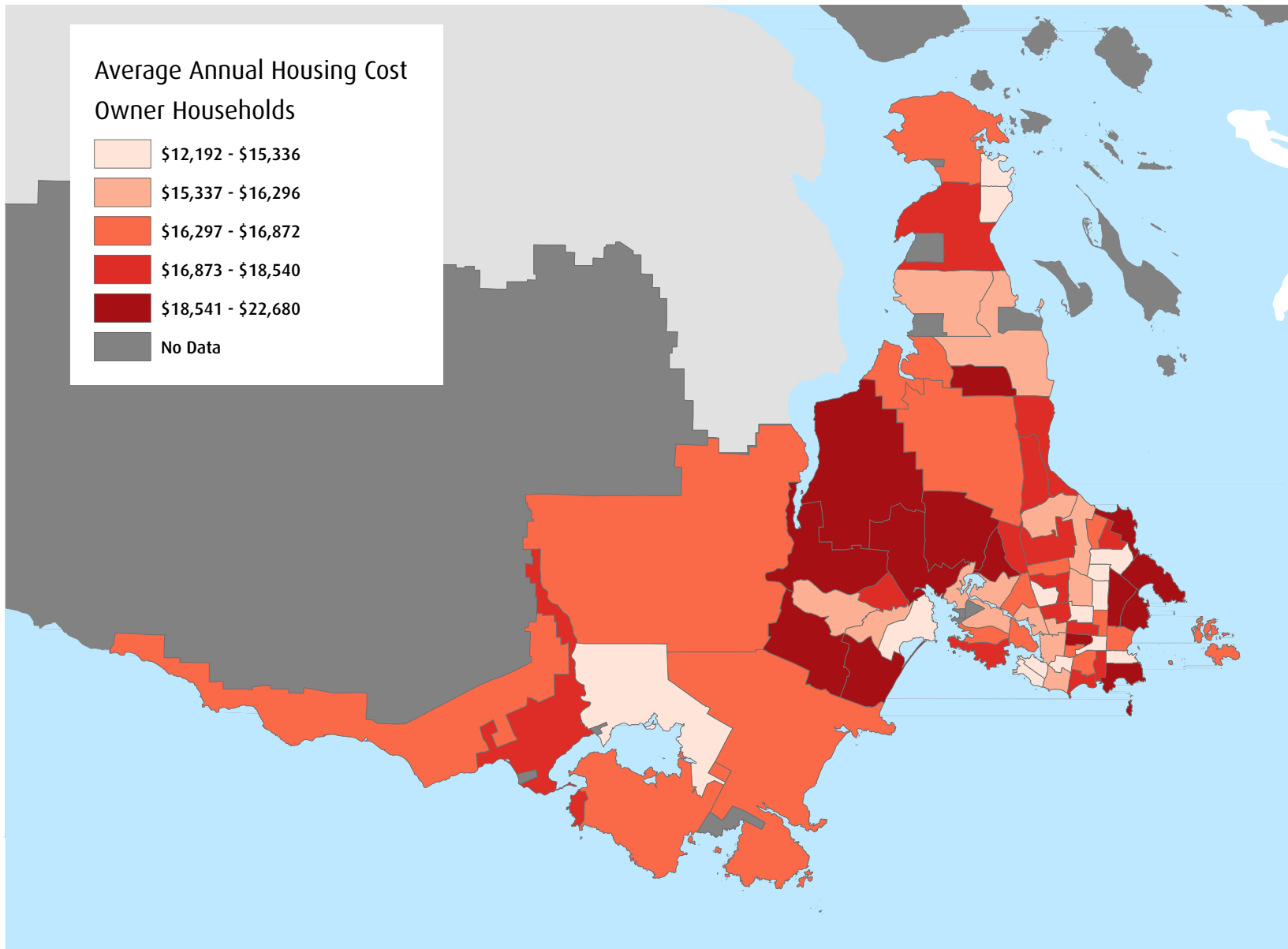


Figure 3: Percentage of Owner Households with a Mortgage

Source: Statistics Canada, 2016 Census of Population

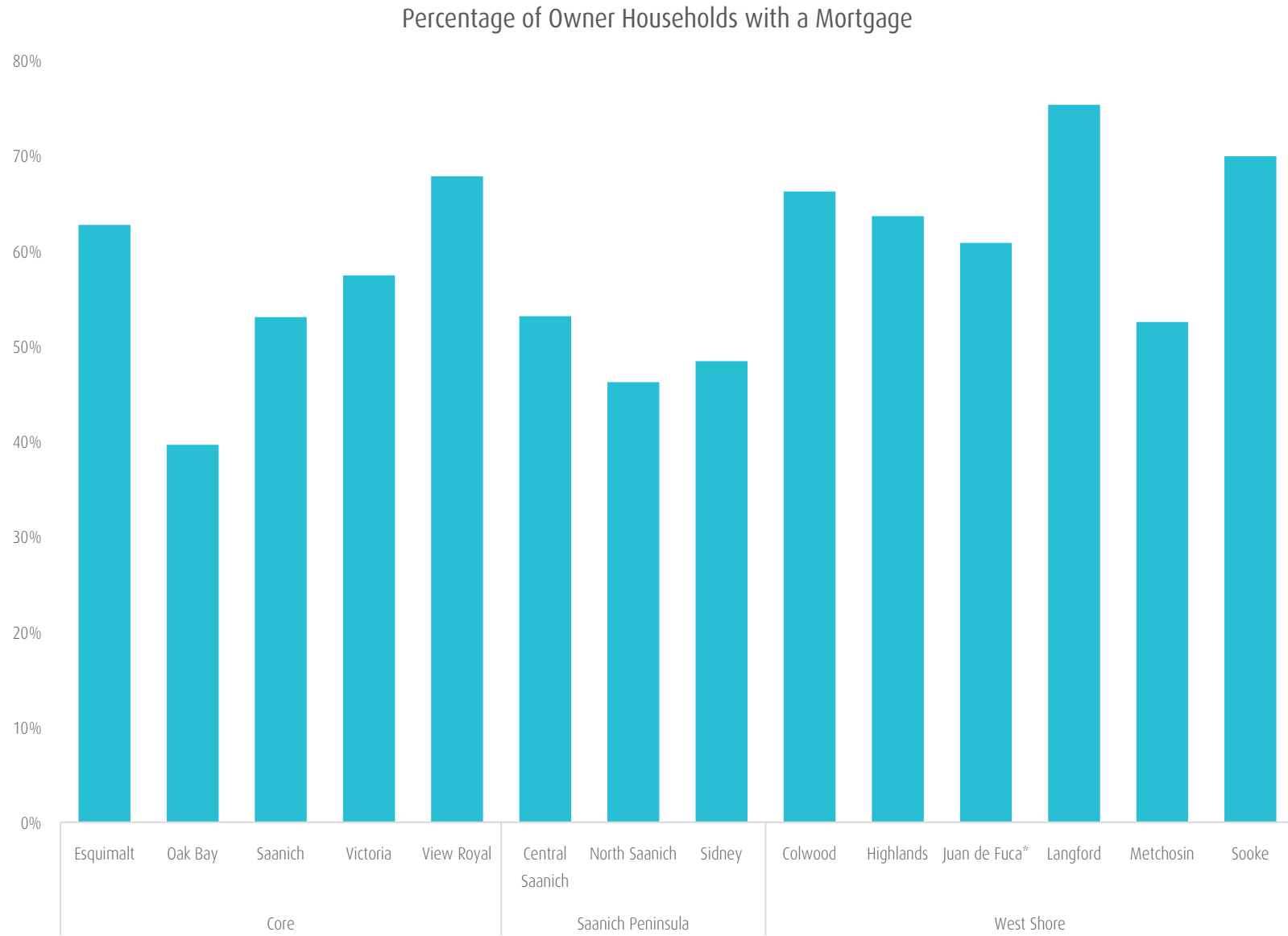


Figure 4: Percentage of Tenant Households Spending 30% or more on Housing Costs

Source: Statistics Canada, 2016 Census of Population



TRANSPORTATION COSTS

For the purposes of the Housing and Transportation Cost Estimate Study, transportation costs are defined in terms of the average annualized capital, operation and maintenance costs of a vehicle or bicycle along with costs associated with transit passes and tickets. Active transportation options outside of cycling, including walking and using scooters, skateboards, or wheelchairs, do not have costs attributed to them. The opportunity cost of time lost travelling or waiting in traffic or for transit has not been provided a financial weighting in this estimate. No cost for parking has been allocated as part of this estimate. There is no generally accepted cost burden or threshold for affordable transportation costs unlike housing which identifies payment of more than 30% of net household income towards housing to be unaffordable.

Transit Cost

The Victoria Regional Transit System operates under a single zone structure. Transit costs for the estimate are calculated based on the monthly pass rate. Different parts of the region are served with varying levels of transit. Some locations do not have access to regular and reliable transit and, in those locations, transit is not a practical transportation option.

There are a number of transit programs that aim to incentivize the use of transit for specific target groups. In particular, students attending local campuses, residents with disabilities, and youth who reside in the City of Victoria can access heavily discounted, or in some cases, free transit passes. Two of the three school districts operate school bus systems for their resident student base. These programs offer transit passes at no cost or at significantly reduced costs to qualified users. The Victoria Transit Commission also provides bus passes and tickets to various nonprofits for distribution on a needs basis. Transit passes aimed at commuters from larger organizations offer moderate monthly discounts on commitment of annual ridership.

Vehicle Ownership

Capital, operation and maintenance costs are all components of costs associated with vehicles. The estimate uses a fixed cost of \$6,300 per vehicle owned, which is a benchmark based on the 2015 Metro Vancouver Housing and Transportation Cost Burden Study. An additional cost, vehicle kilometers travelled (VKT) of 14 cents, was applied per kilometer driven. The VKT amount is variable and based on the use of actual vehicles. Paid parking is largely limited to the core of the City of Victoria with additional paid parking at key regional attractors such as tertiary institutions and health centres. Elsewhere, public parking is generally free to users. The region does not have toll roads or bridges.

Vehicular ownership and maintenance is the most significant cost, not the distance travelled, and expenses are the same whether the vehicle is driven often or rarely with the exception of fuel costs.

Cycling

Cycling has not traditionally been allocated a cost but it is recognized that there is a financial cost to owning, maintaining and operating a bicycle. For the purposes of this estimate a fixed annualized cost of \$350 has been attributed to bicycles identified as being used for transportation.

Commuting

Table 2 looks at commuting duration and percentage of commutes by active travel. Map 5 shows average annual transportation costs, and Map 6 shows the average number of vehicles per household.



Table 2 highlights the percentage of residents in each local area that spend greater than 45 minutes on their commute and provides detail on the percentage of commuters using active transportation. It is evident that workers in areas such as Sooke, Juan de Fuca and Metchosin have significantly higher commute times than other parts of the region.

COMMUTING

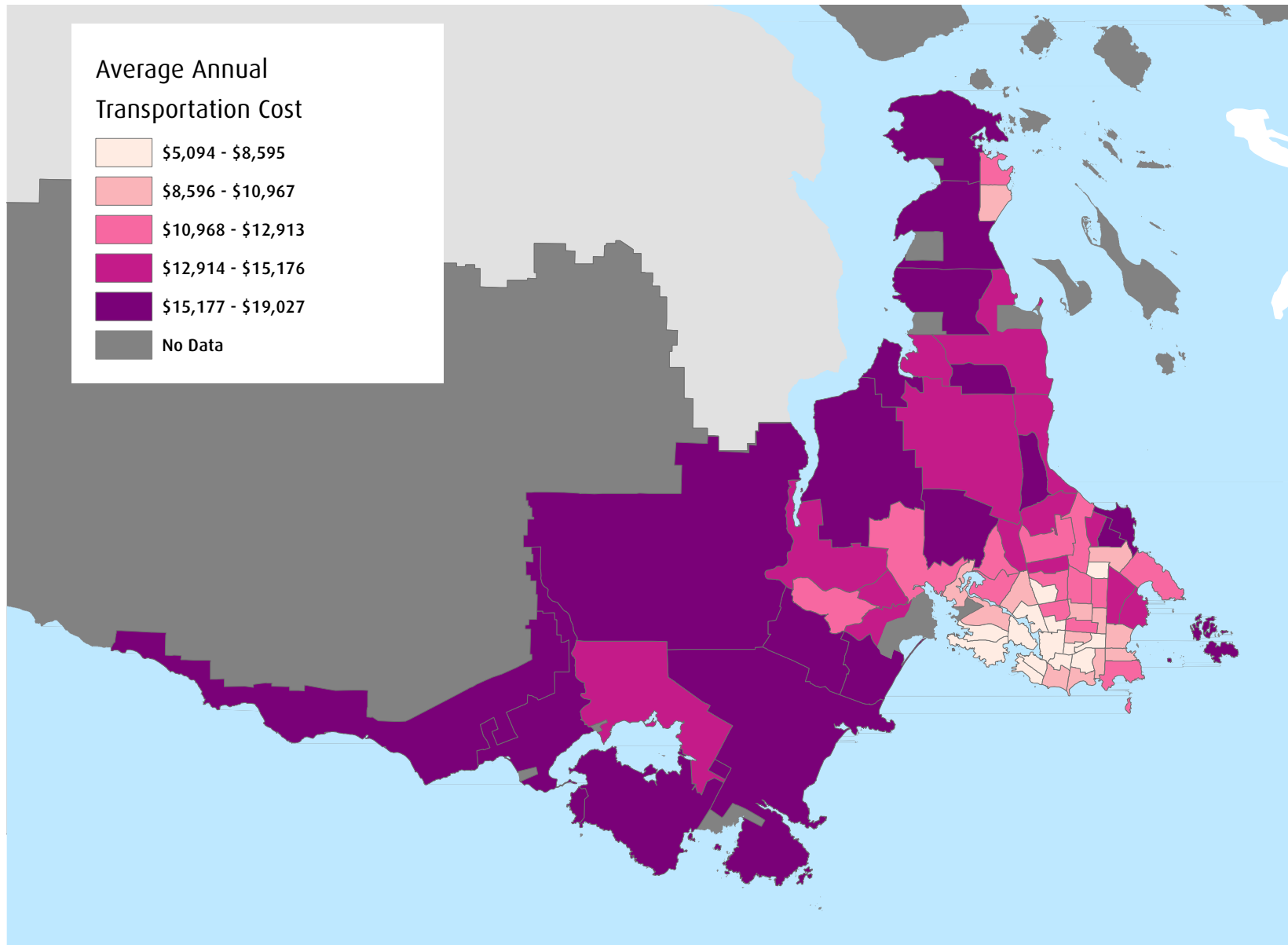
Table 2: Commuting

Source: Statistics Canada, 2016 Census of Population *Active travel includes walking, cycling and transit

Sub Region	Geography	Percentage Commuting within Home Sub Region	Percentage Spending >45 minutes on Commute	Percentage of Commutes By Active Travel*
Core				
	Esquimalt	90.5%	7.1%	35.9%
	Oak Bay	93.6%	4.4%	30.2%
	Saanich	84.5%	5.2%	24.5%
	Victoria	91.5%	6.1%	48.8%
	View Royal	67.3%	9.2%	18.8%
Saanich Peninsula				
	Central Saanich	45.3%	8.5%	12.1%
	North Saanich	57.3%	12.2%	10.5%
	Sidney	69.1%	9.0%	25.1%
West Shore				
	Colwood	31.5%	20.2%	14.3%
	Highlands	33.9%	21.5%	5.8%
	Juan de Fuca (Part 1)	46.8%	43.0%	9.4%
	Langford	32.2%	20.3%	14.1%
	Metchosin	47.9%	30.5%	6.9%
	Sooke	51.1%	43.6%	15.6%

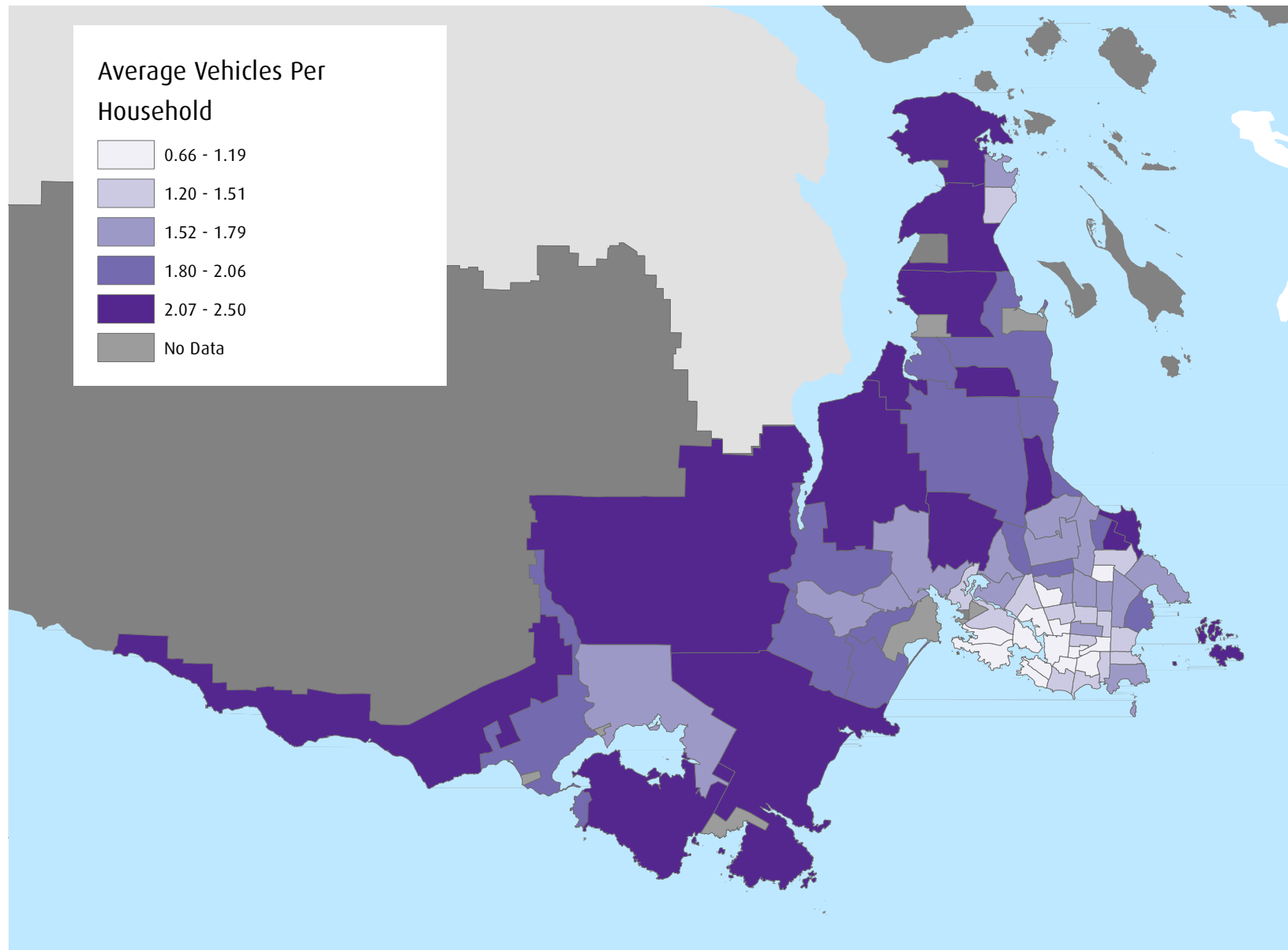
Map 5: Average Annual Transportation Cost

Source: Statistics Canada, 2016 Census of Population



Map 6: Average Vehicles Per Household

Source: CRD Regional and Strategic Planning, 2020





CONCLUSION

The combined housing and transportation costs borne by households differ due to the age of housing stock and location in the region. The data suggests that transportation costs have the potential to impact location choices for households, and the availability of transportation choice provides for more potential cost savings at a household level.

Some areas in close proximity to services and major employment centres have comparatively low housing costs. It is evident through the research that there are many factors, including age and type of housing, length of tenure and market forces, which combine to influence average housing costs in various parts of the region.

It is likely that housing costs will continue to increase as older housing stock and long rental tenures are replaced by newer housing stock and a new generation of renters entering at market rates. Similarly, new home buyers in the study area will continue to face escalating entrance costs. As such, the average housing costs are likely to see notable upswings over time.

This preliminary analysis of combined housing and transportation costs has confirmed a pattern within the region that is shared with other urban-suburban-rural commuter centres across North America. Transportation costs tend to be higher in car dependent areas with limited access to services and employment centres.

There is relevance in examining transportation cost when considering the transportation options available where new housing is being developed. Transportation cost can have a significant impact on overall affordability. Similarly, the opportunity cost of long commutes needs to be considered.

