

Housing Review – Nakusp and Area

March 12, 2009

A meeting was held in Nakusp on March 12, 2009 to review the housing situation in Nakusp and area. 25 local stakeholders attended, including service providers, builders, real estate agents, community leaders and interested residents.

The meeting began with a presentation by George Penfold, the Regional Innovation Research Chair for Rural Economic Development for Selkirk College. He has gathered together statistics from the 2001 and 2006 census and from land assessment rolls in the region. After his presentation, the attendees offered their experiences with housing in the area.

The following themes were identified:

1. “Amenity migration” and retiring boomers are changing the demographics and the housing pressure in our region.

As the boomer generation retires, we are seeing an increasing demand for housing for retired and semi-retired “amenity migrants” (people who prefer to live here for the lifestyle or environment). Thus demand for housing has increased and so has the value of homes. This has not corresponded with a similar increase in incomes: dwelling values have increased by 62%, while average household incomes increased by only 14%, making it unaffordable to purchase a home for many people.

We can look forward to local people staying here when they retire, due to the fact that it is the best place in the world to live (okay, George didn't say that) and also the fact that anywhere they might consider moving is as expensive.

We can therefore expect the trend of an aging population to continue. The population in our area has declined in the past 10 years, and is predicted to continue to gradually decline. The only age group that is predicted to increase is seniors (65+).

A recurrent issue is that of non-local ownership of property. In Nakusp itself, it was reported that 70 of 700 titles are owned by non-residents. According to the assessment rolls, non-regional ownership in the Arrow and upper Slocan Lakes (by looking at the postal code of the listed owner) is at 38.4%. Amenity migrants are purchasing homes in Nakusp to use as holiday homes. Some of these folks may intend to live here when they retire, some may be using their real estate as an investment.

It would help us to know the intentions of non-resident owners in order to plan.

Real Estate agents at the meeting reported that 85% of home buyers in 2007/08 are “taking occupancy” (meaning they will use the home for personal use – does not mean they will live here full time). In 2007, 70% of buyers were from Alberta; now more are local.

Agents also said that some people are now considering renting or selling their secondary homes due to the recession. That may impact the availability of housing.

Over 90% of housing in the Arrow Lakes area is in the form of detached dwellings, compared to the RDCK at less than 80%, and the rest of BC at 50%. Detached dwellings are the most expensive form of housing, and are often larger and require more maintenance (eg yard work) than apartments or other multifamily dwellings. The inventory we have may not be the most appropriate for our aging population.

2. The supply of affordable housing is inadequate.

From 2001 to 2006, the number of rental households has declined by 120 in Nakusp and area. This is an implied lack of rental stock, since the vacancy rate is close to zero. The increase in non-residents purchasing homes for vacation use seems to be part of the reason for the decline in available rental stock.

There is a seasonal shortage of rental dwellings. Real estate agents talked about having 6 or 7 people coming into their offices every week looking for rental accommodation in the summer. It is likely this is related to seasonal employment opportunities.

The Arrowtarians (housing for people over 55) have 29 older units already occupied (1 bedroom); and 14 new units (1-2 BR) being built and anticipated to be ready in October. They have 65 people on their waiting list.

Investors pointed out that, given the cost of purchasing a house, even with low interest rates, it is not viable to purchase a house and rent it out. **The market is unable to meet the demand for affordable rental housing.**

3. Although everyone is affected by the lack of housing in Nakusp, the situation affects some groups of people more than others.

According to the stakeholders present, the average rent in Nakusp and area is \$750 plus utilities for a decent 2 BR home. Substandard housing may be rented for less (eg. 500 – 600 per month), but service providers described the living conditions as unsafe and deplorable. Lack of insulation in substandard housing makes the cost of heating an issue as well.

When house prices go up and rental accommodation is unavailable, people on low incomes are squeezed out of the market. A person on welfare or disability might have \$375/ month for housing. A person on minimum wage working 30 hours per week makes 1,032 per month, and will have a difficult or impossible time finding an affordable place to rent in Nakusp.

Low income households are common in the Nakusp area. In 2005, the average household income in the Arrow Lakes/Slocan area was \$44,804, compared to \$51,574 in the RDCK and \$67,675 in all of BC.

Individuals, couples and single-parent families have the greatest need for affordable housing. Of the households spending 30% or more on housing in 2006, 85 were individuals, 50 were couples with no children, 45 were lone-parent households, and 20 were couples with children. 37.5% of lone parent families have affordable housing needs in Nakusp and area K. Of the individuals needing affordable housing, over half are seniors.

The lack of support for individuals is a particular problem. People on a disability allowance cannot afford shelter, single people are not eligible for the rental assistance program (unless they are seniors), and programs for people on disabilities are fragmented and inadequate.

We need housing for service jobs and for professionals as well. As local people retire, their jobs will need to be filled by someone moving to the community. The West Kootenay labour force is projected to need about 7,100 new and replacement workers by 2011.

4. Construction and real estate industries are important to our local economy.

Mr. Penfold began with information on the importance of housing industries to the regional economy. Construction, real estate and related services amount to approximately 15% of the employment in the Kootenay Development Region (which includes both east and west Kootenay). We should keep in mind the positive economic impact of having local people at work in the building trades, whenever we are advocating building projects.

Now is considered a good time to build, as tradespeople are available and interest rates are low. A local builder suggested that more flexibility in the building code would make it possible to build housing more affordably.

Mr. Penfold, however, noted that with the addition of more stringent code for “green” building, construction costs may go up.

A tradesperson told us that infrastructure across Canada is deteriorating and that approximately 40% will need to be replaced in the next 10 years.

5. What next?

This is a summary of a lively discussion about what to do next.

- a) **Seniors Housing:** Arrowtarians will finish the 14 apartments in phase 4 of Rotary Villa, probably by October. Due to the costs of construction, these units may not be low-rent housing, but will help by adding to the rental stock in Nakusp.
- b) **Affordable Housing:** Arrow and Slokan Lakes Community Services will continue to seek funding for the 10 unit affordable housing complex they are proposing. This is the only foreseeable opportunity for low-income affordable housing in our community.
- c) **Secondary Suites:** The Village of Nakusp and the Housing Committee need to increase awareness that secondary suites are now allowed in residential zones in the Village. This was recently put into place, after an OCP review identified housing as a major issue. The Housing Committee will organize a public meeting on this issue, and will invite CMHC to talk about their Secondary Suite program, as well as a local expert to talk about zoning and building codes.
- d) **More information:** There are many unanswered questions that may require surveys or focus group discussions.
 - What will the future housing needs of our area be? What size of dwelling, detached or not, rental vs purchase, how much will people be able to pay for rent?
 - How helpful will the new zoning for secondary suites be? Will it pay for an owner to put in a secondary suite, is it something people want to do, and is it even possible with most of the housing stock, given the building code requirements.
 - Are there other options we should look at, for example, modular housing, carriage houses, multifamily residences.