

Housing Affordability- Comparative study St. John's and Fort McMurray

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Fort McMurray's Million Dollar Houses Complement Oil Boom

The Huffington Post Alberta

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Alberta's oilsands hub is home to an oil boom and soaring real estate prices and has seen many luxurious, million dollar homes being built in recent years.

The oil and gas industry is also the number one contributor to an increase in Canada's economic output, according to recent numbers by Statistics Canada.

While Alberta is not the only oil and gas producing province in the country, it is the

N.L. real estate prices soar

The Canadian Press

Published on September 12, 2013

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Income gaps widen in oil-rich St. John's

Offshore oil and major construction projects have sparked an economic boom in St. John's and other parts of Newfoundland and Labrador that has never been seen here before.

By Sue Bailey

THE CANADIAN PRESS—ST. JOHN'S

Housing prices have soared, wages are



Beda Gautam sits with her mother-in-law Dhan Maya Adhikari and father-in-law Deo Narayan Adhikari in their home in St. John's.

The average house in Fort McMurray has lost \$117,000 or 20% of its value in one year

NP MARIO TONEGUZZI, POSTMEDIA NEWS | November 23, 2015 | Last Updated: Nov 23 1:05 PM ET
More from Postmedia News



Housing market in St. John's expected to flatline

By Terry Roberts, CBC News | Posted: Mar 11, 2015 3:14 PM NT | Last Updated: Mar 11, 2015 3:14 PM NT



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That was then...and this is now

Housing affordability can be defined as a negotiation between housing cost and non-housing expenditures within the constraints of a household budget (Stone 2006).

What is housing affordability?

Explore the dynamics of housing affordability in St. John's and Fort McMurray 1991 and 2011

- 1. Housing cost and household income trends contributing to increasing housing affordability problems?**
- 2. Housing related vulnerability rising?**

Objectives

1. Cost to income ratio

Affordable housing should not cost more than 30 % of gross household income

2. Housing tenure

3. Debt

**Conceptualizing housing
affordability...**

- **Data:**

Microdata files from Census of Canada

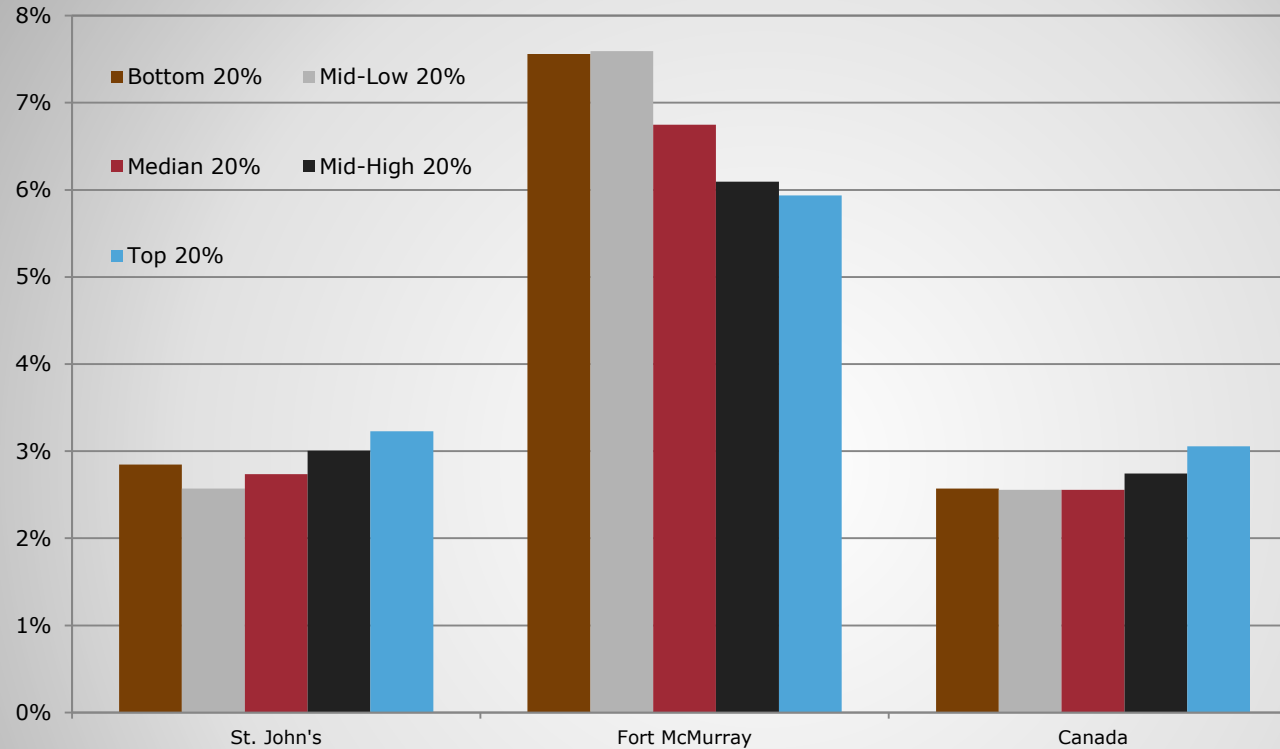
1991, 1996, 2001, 2006,

National Household Survey (NHS) 2011

1. Confidential microdata at RDC
2. Aggregation of household data into income quintiles and census agglomerations
3. Descriptive data analysis and quantile regression

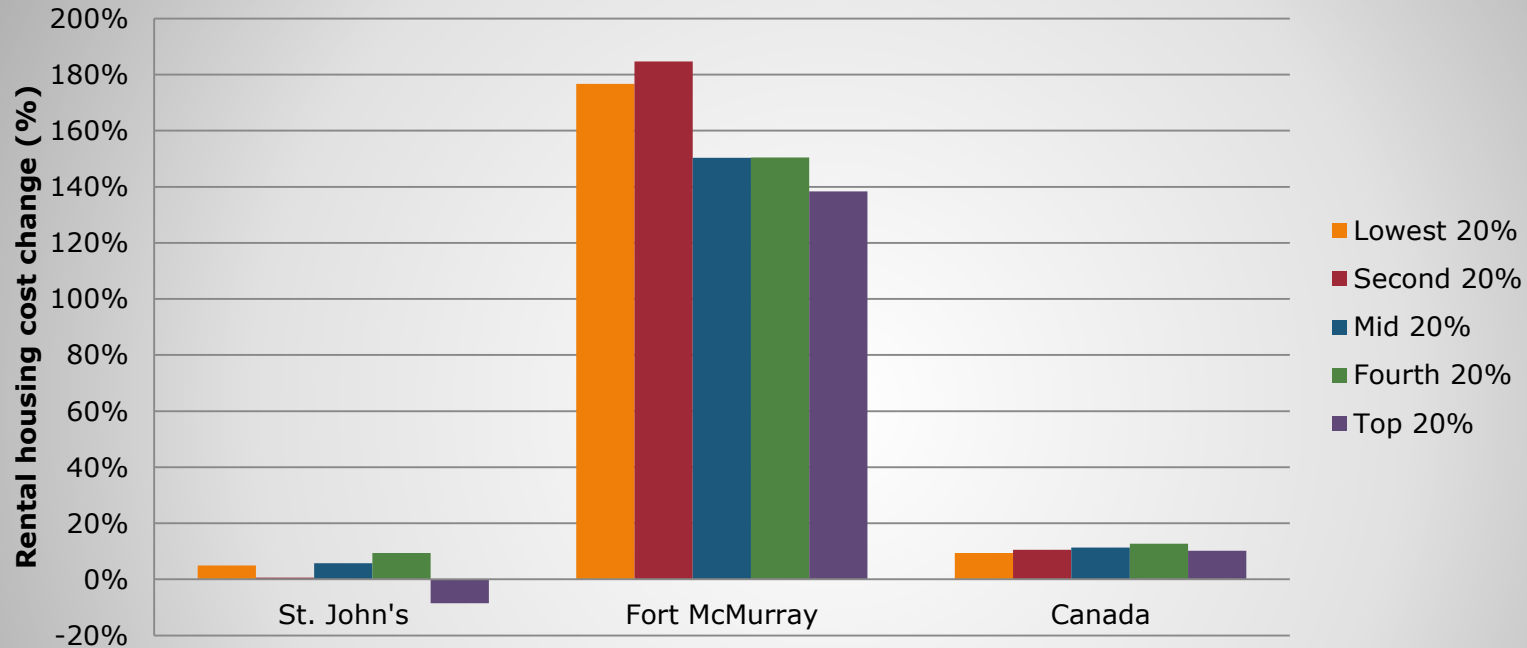
Data and methods

CAGR% (1991-2011)

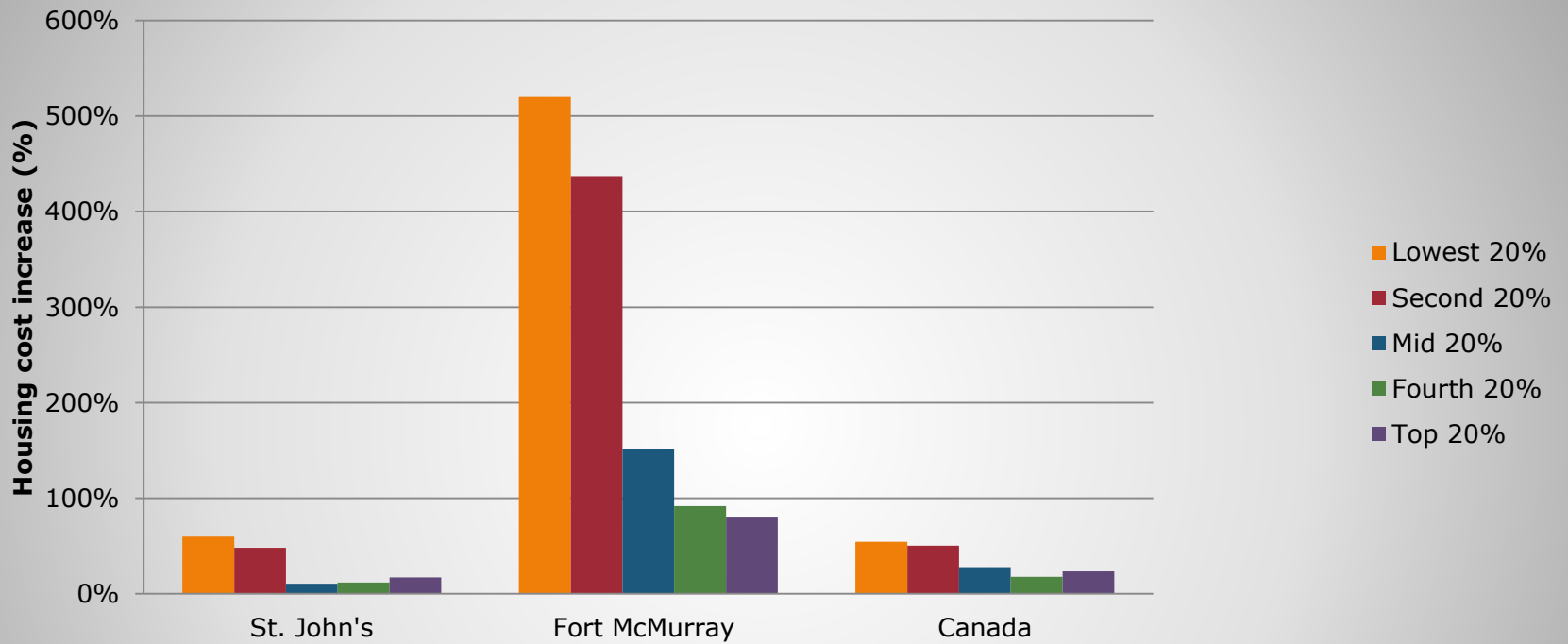


Results - Income increase

Change in rental housing cost between 1991 and 2011



**Results -Housing cost renters
 $\Delta\%$ (2011-1991) per income
quintiles**



**Results -Housing costs for owners
 $\Delta\%$ (2011-1991) per income
 quintiles**

Housing tenure

- Increasing share of home owners among low and moderate income earners

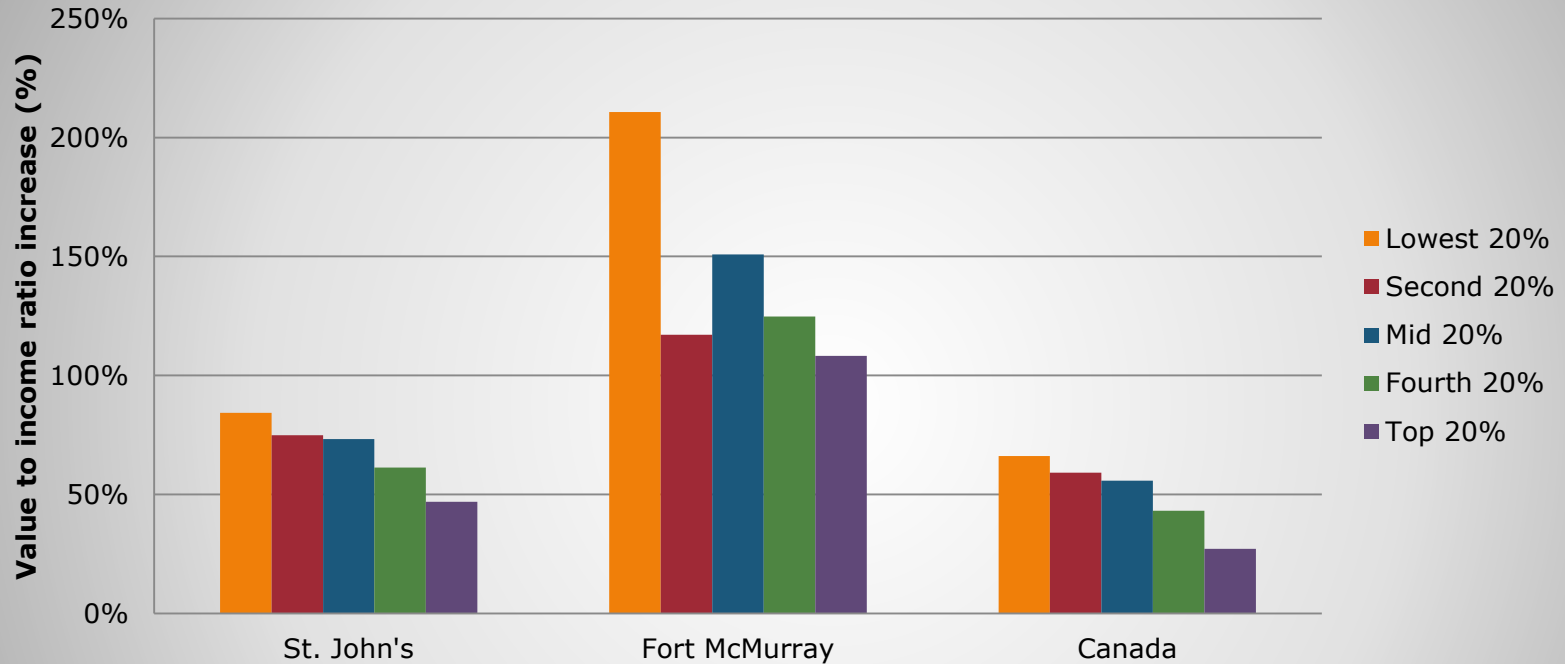
Housing Debt

- Increasing numbers of low and moderate income households contract mortgages

**Canada 31%, St. John's 41%,
Fort McMurray 68% for q1 home owners**

Housing tenure and debt

Increase of Value to income ratio between 1991 and 2011



**Value to income ratio
 $\Delta\%$ (2011-1991) per income
quintiles**

Housing affordability among the three bottom income quintiles for renters and owners, 1991-2011*

Income quintile		St. John's		Fort McMurray		Canada		
		2011	Δ %	2011	Δ %	2011	Δ %	
		(%)	(91-11)	(%)	(91-11)	(%)	(91-11)	
Bottom 20%	Renters	65%	-1%	69%	-6%	70%	0%	
	Owners Total	55%	36%	65%	121%	49%	44%	
	with mortgage	91%	4%	84%	11%	90%	4%	
Mid-Low 20%	Renters	15%	-28%	24%	54%	27%	2%	
	Owners Total	27%	11%	27%	27%	30%	37%	
	with mortgage	47%	-13%	31%	-40%	60%	3%	
Median 20%	Renters	1%	-15%	2% (*)	-57%	7%	7%	
	Owners Total	7%	-49%	2% (*)	-57%	16%	4%	
	with mortgage	10%	-53%	3%	-78%	27%	-7%	

Housing cost to income

- **Income increases generally higher for the highest income quintiles.**
- **Housing costs and prices increases are higher for low/mid income earners.**
- **Shortage of affordable housing**
- **Increasing shares of mortgaged home owners among low/mid income earners.**

Conclusions



L-SERDA

Thank you