



This document contains answers to frequently asked questions about the data used in the Canadian Rental Housing Index. If you have a question and you cannot find the answer here, please contact the research and policy department at research@bcnpha.ca.

Q: For the Affordability indicator, the percent of income spent on rent and utilities in the first quartile sometimes exceeds 100%. How is it possible to spend more than all of your income on rent?

- A.** There are a variety of reasons for high shelter-to-income ratios seen in the Canadian Rental Housing Index. All of the data in the Index excludes households with a reported income that is negative or zero. As such, cost-burdens in excess of 100% can represent households living off savings or credit, or households whose rent and utilities exceed their annual income.

Another reason is that the long-form census asks households to report their 2015 income and their 2016 monthly rent. The time lag between these years explains why we see such high rent-to-income ratios in the first income quarter. Here is an example: a student in 2015 has a very low income but then graduates at the end of that year. In 2016 they find full-time employment and move into a new apartment. Their reported income in 2015 is very low but their reported rent for 2016 is high, creating a high rent-to-income ratio.

Q: Why are average rents in the Rental Housing Index different from Canada Mortgage and Housing Corporation's (CMHC) numbers?

- A.** CMHC reports primarily on rents for purpose-built rental units through the Fall Market Survey they conduct annually, while the data we use from the long-form census is self-reported by individuals filling out the census questionnaire. As a result, the census includes data from all types of rental units, including the secondary stock such as rented condos, basement suites, and shared homes. The secondary housing stock has come to constitute a bigger proportion of the rental stock over the last 25 years in Canada and these units typically rent at lower rates than the purpose-built stock. Given that the long-form census includes these units, average rents in the RHI are frequently lower than those reported by the CMHC.

It is important to note that the CMHC does survey rents in secondary accommodation and condominium units, but that these surveys are limited to large urban centres, where the Canadian Rental Housing Index includes data from these types of units in all communities. More information can be found on CMHC's website: https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_004.cfm

Q: Why don't the numbers add up in some of the data tables?

- A.** There are three reasons why the numbers don't seem to add up:
Rounding: Statistics Canada uses "random rounding" to protect the confidentiality of respondents. This means they round all figures, including totals, either up or down to a



multiple of five. They do this randomly. This means that the numbers may not always add up but they are very close.

Data Suppression: Statistics Canada deletes information for communities with populations below a certain size. This means that some cells in a table might report a '--' but the suppressed numbers are still expressed in the total. Again, the numbers may not always add up but they are very close.

Exclusion of 5+ bedrooms: The tables include breakdown data for studio, 1-, 2-, 3- and 4-bedroom units. The total column shows data for all units in a community including 5+ bedroom units. Therefore, the total column might be slightly higher because it includes units that do not appear in the table.

Q: In the fourth income quartile, there are more overcrowded households than I would expect at that income range. Why is this?

A. We suspect that the main reason we see a lot of overcrowding in the fourth income quarter is that groups of renters are sharing accommodation to bring down their individual rent burden. So while a lot of people living together in a house may have a relatively high household income overall, that comes at a cost of living in overcrowded conditions.

Here is an example: A group of five singles are each working at a full-time minimum wage job and are sharing a four-bedroom house. Overall, they would have a fairly high *household* income but would have a one-bedroom shortfall (i.e. need an extra room to house everyone suitably).

Q: How do you determine whether a household is overcrowded?

A. We use the National Occupancy Standard developed by the Canada Mortgage and Housing Corporation. The Standard determines the number of bedrooms a household requires given its size and composition. Statistics Canada provided us with data that told us how many units in each community had a one, two or three-bedroom shortfall.

What might be considered unsuitable housing by the National Occupancy Standard, may not be considered overcrowding to the people who live there. This is particularly true for households that choose to live intergenerationally.

More information on the National Occupancy Standard can be found here:
https://cmhc.beyond2020.com/HiCOCDefinitions_EN.html# Adequate dwellings

Q. The “total number of renter households” in official Statistics Canada documents and the numbers presented in the Index do not match exactly. Why is this?

A. Roughly 15,000 renter households in Canada have negative incomes, which represents less than 0.01% of all renter households in the country. According to Statistics Canada, negative



income “generally applies to net self-employment income, net rental income and net limited partnership income. Negative income would indicate that expenses exceeded gross income.” We factored out these households because they would artificially inflate the Affordability and Income Gap indicators.

Q: Why isn't my community in the Rental Housing Index?

- A.** One of our primary drivers for developing the Canadian Rental Housing Index was the need for rental data in small- and mid-sized communities. Based on data availability and data quality, we had to make some tough decisions on which communities to include. The Rental Housing Index provides data for all communities in Canada that have more 4,000 people, and more than 500 renter households. To request data for your community, contact research@bcnpha.ca.



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