

Bangon December 17, 2011 - Housing Affordability

The City of London, like other cities has a role to play in ensuring there is adequate housing for the residents. Since residents have different housing needs, income levels and personal interests, this includes housing of all shapes, sizes, locations and price ranges. However, we hear a lot more about “affordable” housing than any other type of homes, so this week I’d like to put some clarity around what affordable housing is.

For starters, it’s important to make the distinction between affordable and “non-market” housing (that which is made available through some means other than the free market), as this type of housing encompasses everything from temporary shelters to social and special needs housing. Although the city has a role to play in ensuring there are enough non-market residences for Londoners, this responsibility ties into a host of other social responsibilities that are funded and accounted for in a specialized way.

Unanimously, experts agree housing that is 30% or less of the pre-tax household income is deemed affordable. Therefore, determining what a cities affordable housing needs are, requires a detailed examination of the socio-economic make-up. Median income is the mid-point of a range of incomes, where half the households earn more, and half earn less. Median income is widely accepted as a more accurate measure of a community's economic health than average income, as it is not skewed by anomalies at either end of the income range. According to the most recent census data available for London (2006), the annual median income per household is \$68,648. For more information on census data, visit the city of London website and click on the “About London” link.

So what role does the city play in planning for and delivering an adequate supply of affordable housing? The answer is in the number, type and location of new housing developments they approve each year as our population grows. The city uses a growth management implementation strategy to forecast new home development needs over a 20-year period, but unforeseen fluctuations in the economy, the job market and population often influence the timing of the demand. It seems reasonable that these external factors can sometimes cause the forecasts to be inaccurate, which is why some believe that tracking and responding to market demand is a more accurate and timely method of measuring housing needs. Not only will market demand tell us when housing is needed, but it also tells us where, since customers have the right to choose where they want to live.

The census data tells us that of the 145,525 occupied private dwellings (houses) reported on in 2006, exactly 50% were single detached homes, while another 17% were semi-detached or row homes. Only 2% of all dwellings accounted for were high-density apartment buildings exceeding 5 stories. This powerful statistic should confirm to city officials and politicians that despite efforts to move

Londoners into higher density housing types by limiting market access to low-density housing, 67% of us still prefer suburban neighborhoods over high-rises and green space over concrete.

Working together with the housing industry is one of the best ways our or any city can ensure they are responsibly managing their housing needs. Transparent agendas and timely discussions between industry and policy makers help to ensure adequate housing types, locations and prices are available to Londoners, or those considering relocation. In light of our city's economic development plans to attract new business to London, perhaps there couldn't be a more critical time to take stock of our housing availability, assess our market needs, and monitor how government imposed costs impact housing affordability.