

City's home ownership leads Canada, survey says

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As snapshots go, the portrait of Calgary in the 2011 National Household Survey is a flattering one, capturing a city with a sizable cohort of high income earners and a greater rate of home ownership than many parts of the country.

Figures released by Statistics Canada Wednesday pegged the rate of home ownership in Alberta at 73.6 per cent - third highest in the country - and even higher in Calgary at 73.9 per cent.

But the picture has changed since 2011, with a combination of factors making home ownership more difficult to attain today - and likely in the near future, too.

Just ask Jamie Daniel, who was shopping for her first home last year when the federal government reduced the maximum amortization period for a mortgage to 25 years.

The 25-year-old office worker was initially approved for a \$230,000 mortgage over 30 years, but the new rules prompted her lender to claw that back to \$193,000 over the new 25-year limit.

This, at a time when the average price of a single family home was about \$432,000 and apartment-style condominiums averaged just under \$250,000.

"I looked at a lot of places to find something suitable in my price range," said Daniel.

"To find something livable was really a challenge."

Months of searching paid off in the spring, when Daniel found a two-bedroom condo where she and her four-year-old daughter Kendra now live.

"I can understand why a lot of people give up. Every time I thought I could reach it, something would change," she said.

One Calgary economist said regulatory changes and market forces won't make things any easier for people trying to buy their first home now.

"A number of factors are squeezing the new homebuyer out of the market a little bit more," said Ben Brunnen, a Calgary economic consultant and former chief economist at the Calgary Chamber of Commerce.

In August, the Canada Mortgage and Housing Corp. announced a cap on the guarantees it offers banks, credit unions and other lenders.



CREDIT: Colleen De Neve, Calgary Herald
Calgary's Jamie Daniel worked with Momentum, a local agency that teaches financial literacy, to save up enough money for a down payment. She and her daughter Kendra, 4, eventually found a two-bedroom condo.

The move was aimed at limiting the agency's financial exposure if housing prices slump, but Brunnen said it will likely result in rising mortgage rates for home buyers.

Alberta's strong economy continues to lure newcomers to the province, with 27,100 people moving to Alberta from other parts of Canada and abroad during the first quarter of 2013.

That in-migration is heating up the housing market as well, said Brunnen.

"We're seeing housing prices start to appreciate," he said.

Newcomers to Alberta are lured by jobs - the province's unemployment rate is approximately 4.5 per cent - and relatively high wages.

Income figures in the National Household Survey show two per cent of Albertans earn more than \$191,150 a year - earnings that make up the top one per cent nationally. In Calgary, the proportion of wage earners above that threshold is even higher, at 2.9 per cent.

But more recent numbers obtained from Statistics Canada by Public Interest Alberta show there are a significant number of wage earners at the other end.

In Alberta, 381,200 people - approximately 20 per cent of the workforce - earned \$15 an hour or less according to StatsCan data for the year ending June 30.

"The average income in Calgary is pretty high, but the (income) spread is even higher," said David Watson, president of Attainable Homes Calgary.

Attainable Homes is a municipally owned company that partners with local builders to offer entry-level homes to buyers by offering upfront assistance with a down payment in exchange for a share of equity.

Buyers who qualify for assistance from Attainable Homes must have a household income of less than \$80,000 - but they must also qualify for a mortgage and provide a minimum of \$2,000 toward down payment.

It's a hand up - not a handout - in a market that's increasingly hard to break into, Watson said.

"We're seeing higher levels of overall income, which are sparking the (housing) prices in Calgary to rise. This has made the down payment side of the process more difficult for more and more people," he said.

That was the case for Daniel, who had help from Momentum, a local agency that teaches financial literacy.

Daniel qualified for the Owen Hart Home Owners program, which requires participants to save up to \$200 a month toward a down payment and matches their contributions at a 4-to-1 ratio.

"It would have taken me a good 10 years without it," Daniel said.

Momentum helped Daniel make a down payment, but its programs are designed to give clients the skills to hold onto their homes through savings and prudent budgeting.

The agency's philosophy is that building assets helps people get ahead, rather than simply getting by.

Daniel believes owning a home has put her on that track.

"It has opened up a lot of doors for us. Building equity means the world for us. It can hopefully pay for my child's education down the road," she said.

While getting into home ownership club may be getting more difficult, Brunnen said people who already own homes will benefit from Alberta and Calgary's relatively high wages and strong housing market.

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