# The Housing Experiences of New Canadians: Insights from the Longitudinal Survey of Immigrants to Canada (LSIC)

Michael Haan, PhD
University of New Brunswick

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# Executive summary

This report outlines several aspects of the residential experiences of recent immigrants to Canada. It uses the Longitudinal Survey of Immigrants to Canada (LSIC) to document the experiences of newcomers as they learn how to navigate Canada's housing market. After describing the historical context of immigration in Canada in section one, section two elaborates on housing affordability, and how this varies by census metropolitan area, category of admission, country of origin, and visible minority status. Most analysis in section two is broken down by owners and renters. In section three, multivariate analysis is used to identify the factors that allow those that rented in wave 1 to become owners by wave 3. The report closes by discussing some policy implications and making some suggestions for future research.

## Findings

By and large, the findings in this report suggest that immigrants settle in to the housing market very quickly, and although many face adversity in their early years, they appear to be determined to not let these hardships prevent their residential mobility. In fact, after only four years most have overcome affordability constraints they may have initially faced; many have even purchased a home, suggesting that they have also learnt how to navigate the mortgage and labour markets of Canada.

Section one of the report describes the LSIC and outlines the broad theoretical platform for understanding immigrant integration outcomes, like housing, in Canada. The work of early immigration and housing scholars is described, followed by a descriptive analysis of the housing experiences of immigrants in section two. For the most part, this section consists of a bivariate analysis of shelter costs by housing-relevant characteristics. Following this, a multivariate analysis of the determinants of homeownership appears in section three. The motivation for studying homeownership as an outcome in this section is that homeownership remains the most popular housing type in Canada, and as immigrants integrate into Canadian society, it is expected to be the accommodation type that they will gravitate towards. Consequently, attainment of homeownership represents an important milestone in terms of residential and socioeconomic mobility.

## Conclusion

Overall, this study presents a fairly positive story for one cohort of immigrants to Canada. Although nearly all newcomers face significant affordability constraints at time of entry, most are able to secure affordable housing during the four-year observation period available in the LSIC. Over half of all people that remain in the sample own their homes after only four years. This level of progress is remarkable, and provides some affirmation that immigrants integrate into Canadian society at a rapid pace.

Although the broad storyline is positive for LSIC respondents, there are some trends that warrant closer attention in future research. First, affordability constraints appear to be acute for renters in Ottawa, and for homeowners in Toronto and Vancouver, and although the housing market has cooled somewhat in recent years, it is likely that a significant proportion of newcomers in these locations are dedicating more resources to housing than their counterparts in other parts of Canada. This is likely to be true for all new housing market entrants in these cities, and not just immigrants. Second, some visible minority groups also seem to have more difficulty in the housing market than others, with West Asians standing out as particularly hard-hit. When broken

down by country of origin, it is Africans and those from the Middle East that face the greatest affordability constraints. There are also wide variations by category of admission, with refugees facing the greatest constraints.

One of the implications of this report is that although providing housing support and information to newcomers is probably important, it is immigrants themselves that are the primary reason behind improvements in housing outcomes. Rents (as a proportion of income) drop quickly for most groups, homeownership rates ascend quickly, and shelter costs (for many) quickly fall in line with other people living in the same census metropolitan areas. This suggests that most newcomers to Canada are 'making it', much like their predecessors did, in the largely-private Canadian housing market. That is not to say that there aren't hardships for them regarding other aspects of integration (such as the labour market), but that, remarkably, integration into the Canadian housing market proceeds despite these other hardships. What is interesting, and ripe for future study, is elaborating on how more recent newcomers do this compared to previous arrival cohorts. Are they relying more or less on extended family connections? Entry wealth? The conventional mortgage market? Although this reports provides partial answers to these questions, much work remains to be done.

# 1. Introduction: Immigration to Canada, past and present

## 1.1. Introduction

In the past, most newcomers came to Canada from Europe. They sought the plentiful opportunities that existed here, such as employment opportunities, affordable real estate, and better lives for themselves and their children. Canada, like other immigrant destinations, was a land of opportunity, and attracted millions of newcomers with the promise of a better life.

Most of the time, those who uprooted their lives, and those of their families, to come to Canada found what they were looking for; jobs were plentiful, housing was affordable, and people by and large welcomed them and their children. As a result, newcomers to Canada melded into Canadian society with relative ease, and found many of the opportunities they were hoping for.

By comparison, immigrants to Canada today differ in several important respects, as do their integration experiences. First, they are now largely non-European and predominantly non-white, which potentially distinguishes them from the host society over a longer term (Boyd 2003); second, they no longer stand on the doorstep of a 'frontier-economy', so the opportunities of yesteryear may not exist to the same extent that they did in the past; third, they hold different market skills, and are therefore positioned differently in the labour market relative to the Canadian-born. These changes, alongside numerous others, are altering the processes of immigrant integration into Canadian society.

Heretofore, when researchers try to determine how 'new' the experiences of Canada's immigrants today are, they focus on labour market outcomes, like income (Baker and Benjamin 1994; Frenette and Morissette 2003; McMullen 2009), employment status (Worswick 1996; McDonald and Worswick 1997; Gilmore 2009), occupational attainment (Frenette et al. 2003; Green 1999; Boyd and Thomas 2001; Zietsma 2010), or even remittance behaviour (Houle and Schellenberg 2008). Another research vein looks at immigrant spatial distribution and residential patterns (Hou 2004; Fong and Wilkes 2003; Myles and Hou 2004; Hou 2007; Houle 2007; Ostrovsky, Hou, and Picot 2009), often equating spatial integration with socioeconomic integration.[1]

This report combines these two research areas by using the Longitudinal Survey of Immigrants to Canada (LSIC) to look at housing, another central aspect of the immigrant settlement process. Although housing relates to both spatial and economic positioning in Canadian society, it captures facets of the immigrant experience that other factors do not. Housing, particularly if owned, is a vital component of financial security (Alba and Logan 1992; Hou 2010). Second, it is fixed geographically, and looking at the type, quality, and location of a dwelling not only speaks to the spatial positioning of an immigrant household, but also its access to amenities (Henry 1989). Finally, housing signifies an immigrant household's commitment to their new community and society (Alba and Logan 1992; Haan 2007). Housing therefore represents a mechanism for generating (or preventing) socioeconomic stratification, capturing an element of the immigrant experience that other outcomes cannot.

This report focuses on several housing characteristics of a recent cohort of immigrants in their early years in Canada. It looks at housing expenditures, residential pathways, and how newcomers that buy a home in the early years are able to afford to do so. The structure of this report is as

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[1] Several excellent papers have been written on housing and immigrants, some of them using LSIC. Given the expanse of the topic of housing, however, several things remain understudied. This report fills three of these gaps in the existing literature.

follows: first, the section below contains more detailed information on how immigrants to Canada and their reception has changed over time, and how these changes might affect their residential experiences. Then, a detailed analysis of affordability appears, followed by a discussion of the correlates of ownership. The report concludes by discussing some policy implications.

## 1.2. Canada's changing immigrant population

Immigration researchers interested in understanding the process of integration into Canadian society are fortunate to have a long theoretical legacy to draw upon, relying on research in both Canada and the United States. In Canada, the work of John Porter and Burton Hurd are formative, whereas early US researchers like Robert Park and Ernest Burgess largely based their conclusions on the experiences of immigrants who arrived in their host country in the late 1800s and early 1900s. This work focuses on the largely poor and uneducated migrants that chose to settle in a handful of Canadian and US cities. These newcomers were 'hand-picked' from a short list of countries, and as a result, were fairly homogenous, at least when compared to immigrants today.

By and large, the expectation for these newcomers was a gradual process of diminishing differences from the mainstream population. In the words of Park and Burgess, the expected trend was:

> *a process of interpenetration and fusion in which groups acquire the memories, sentiments and attitudes of other persons and groups and, by sharing their experience and history, are incorporated with them in a common cultural life.*
> *(Park and Burgess, 1921: 735)*

Although not referring to any one outcome in particular, this early work is paradigmatic, and has since then been used by countless researchers to help them understand how immigrants incorporate into their host society.

As mentioned above, however, these early theories were based on the experiences of predominantly white European migrants, who were, for the most part, physically indistinguishable from their host society. Beginning in the 1960s, most immigrant receiving countries (including Canada) began to drop their country-specific immigrant-intake policies in favour of ones based on merit and humanitarian concerns (see Rekai (2002) or Borjas (1991) for a review of these policies). One of the major consequences of this change has been a movement away from Europe to the rest of the world as the primary source for new immigrants, greatly increasing the proportion of non-white immigrants (Figure 1-1).

**Figure 1-1:  Visible minority composition of recent immigrant household heads in Canada's 7 largest CMAs, 1971-2001**
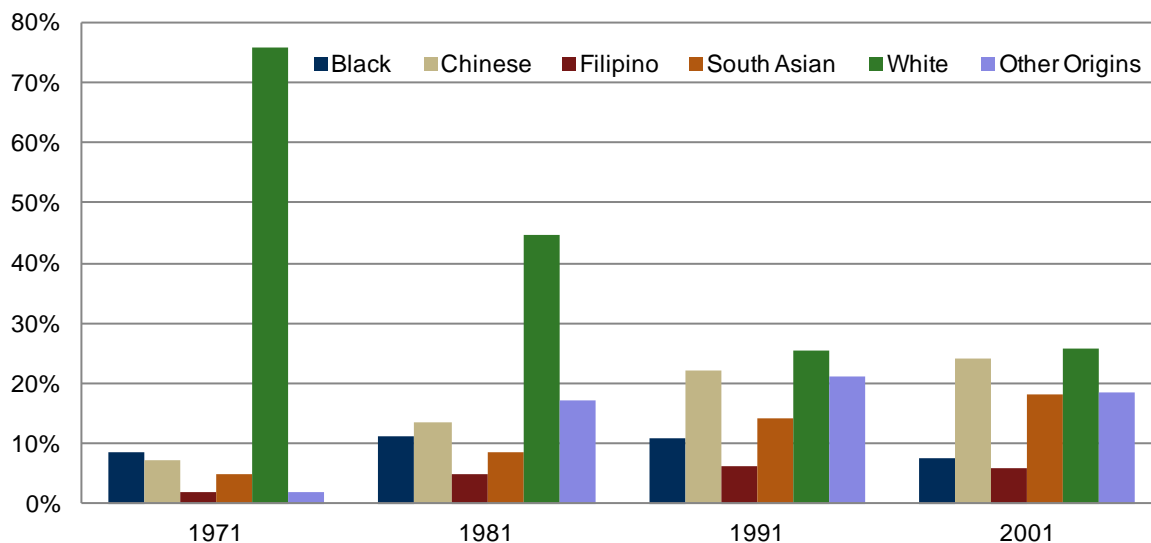


Source:  1971-2001 Census of Canada Household Files created by author.
Note: Refers only to families where highest earner (head) is age 25-54, and arrived 5 years ago or less. Visible minority status in 1971 was imputed by using similar methods to those used by Statistics Canada to impute 1981 status.

As Figure 1-1 shows, in 1971 (the first year in which Europe was supplanted by the rest of the world as the source for Canadian immigrants (Troper 2003)), approximately ¾ of all recent (≤ 5 yrs) Canadian immigrants were white. Over the next 20 years, however, this proportion declined steadily, so that by 1991 only about ¼ of recent arrivals (those that arrived in 1986-91) were white, with sizeable Black, Chinese, and South Asian populations making up the difference. This proportion has remained approximately stable since then.

### 1.2.1. How might changes in visible minority composition affect residential experiences?

Several researchers (Myles and Hou 2004; Zhou 1997; Boyd 2003) believe that the changes in the 'colour' of immigration shown in Figure 1-1 above may result in different integration experiences. Unlike the original theoretical formulations mentioned above, where the forces of change can be expected to eradicate divisions between immigrants and the host society (Hirschman 1983), the diversity of new immigrants challenges theoretical orthodoxy by introducing the prospect of long-term structural/institutional barriers to the life chances of new arrivals.

The primary motivation for reconsidering baseline theories is that immigrants of the past were largely identifiable by cultural and linguistic, but not physical, differences. Now, in addition to these 'secondary barriers' (Murdie et al. 1999) are more enduring physical, or 'primary', barriers to permanently distinguish immigrants from the native-born. Consequently, even after adopting the conventions of the host society, many immigrants today can be distinguished from their (still predominantly white) Canadian-born counterparts. At the same time, visible minority populations are growing rapidly, and are expected to more than double by 2031. In Toronto, this will mean that visible minorities will together outnumber the non-visible minorities. This is further reason to reconsider the integration frameworks of the past.

Although a considerable amount of the research on the immigrant experience today focuses on skin colour ('visible minority status' in Canada, or 'race' in most other countries), this is by no means the only thing that is 'new' about immigrants today. New immigrant entrants can be classified by their age, categories of admission, levels of education, income, wealth, and source region.

As this relates to housing, several questions emerge. First, do immigrants to Canada today have different residential experiences, based on their growing diversity? Second, if housing outcomes differ, can they be explained by factors that co-vary with the distinguishing features mentioned above or are differences explained by factors such as culture and preference? Finally, do the results support or detract from traditional integration expectations? Although this report will only be able to partially answer these questions, and for only one immigrant arrival cohort, they motivate the entire report. Descriptive results in section two are organized according to these 'new' aspects of diversity, whereas section three will identify the impact of all of these factors in a multivariate framework.

### 1.2.2. Changes in Canada's housing market

When studying housing, it is necessary to also look at the host of market-level factors that affect the experiences of Canadian immigrants. Key among these is government policy around issues like down-payment requirements and mortgage lending rates. Policies like the *National Housing Act* (NHA), which launched an effective public housing program (1964), an assisted home ownership program (1973), a housing rehabilitation program (1973), and a non-profit and co-op housing program (1973), directly affect Canada's housing market, by providing affordable options to home-seekers.

In more recent years, many of these supportive policies have been withdrawn, making Canada's housing market one of the most private of any liberal democracy (Hulchanski 2006). Although there are supportive policies in place, like the First-Time Home Buyers' (FTHB) Tax Credit, the Home Renovation Tax Credit (HRTC), and the Home Buyers' Plan (HBP), these incentives are unlikely to shape the buying behaviour of newcomers for several reasons. The FTHB credit provides first-time buyers with a tax credit of up to $750 to help defray the initial costs of purchasing a home (legal fees, disbursements and land transfer taxes, etc.), and it is likely to be too small to dramatically affect the decision to buy versus rent. The HRTC is designed to soften the costs of a renovation, thereby impacting homeowners only, not those contemplating a purchase. The HBP allows first-time homebuyers to withdraw up to $25,000 from their Canadian RRSP contributions and use the amount for a down-payment on a new home. Since newcomers to Canada have probably not had an opportunity to build RRSPs in Canada, they will likely not benefit greatly from the program. Given that these are the three primary housing policies in Canada, it is fairly safe to say that most immigrants must rely primarily on the private market to satisfy their housing needs with little governmental assistance. Furthermore, these policies do not provide support for immigrants (or anyone else) who does not want to buy a home, or upgrade one that they already own.

### 1.2.3. Changes in Canada's mortgage market

Although housing policies may not affect the immigrants in the LSIC sample, mortgage rates likely will. Mortgage rates have fluctuated dramatically in recent history (Figure 1-2), and have an appreciable effect on housing affordability, and an immigrant household's decision to buy versus rent.

**Figure 1-2: Average Canadian yearly mortgage rate 1951-2005, five year term**
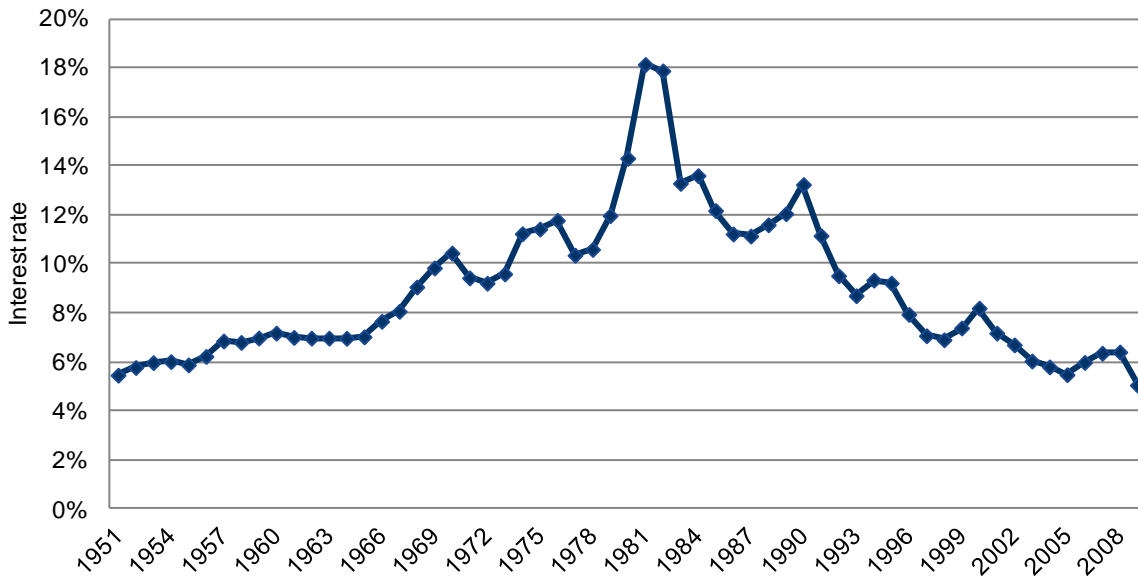


Source: Bank of Canada Economic Research Branch (www.bankofcanada.com)

To illustrate with an example, for a $200,000 home (25-year amortization) with a 7% interest rate, monthly mortgage payments would be roughly $1,400 plus property tax and utilities. A similarly priced home at 18%, which is what rates spiked at around 1981 (Figure 1-2), would be $2,930, or more than twice the amount under a 7% interest amount.

Clearly, immigrants that arrived under one mortgage interest rate regime would have had very different experiences in Canada's housing market had they come under another, as would all new buyers. To further hamper affordability, the home that would have been purchased in 1981 needed a minimum 10% down-payment, a requirement that has been relaxed in recent years. Furthermore, mortgage interest rates have remained fairly stable in recent years, and since the LSIC sample more or less entered Canada at the same time, they face similar, historically low, interest rates. As this relates to expectations of integration, we might expect that this will benefit anyone interested in buying a home that does not have the money to buy a home outright.

Offsetting the positive effects of historically low interest rates are increases in the price of housing itself. Although certainly not everyone wants to own their home, those that do have faced a deterioration in affordability over time (Figure 1-3).

**Figure 1-3:  Owner-occupied housing prices, Toronto, 1966-2011**
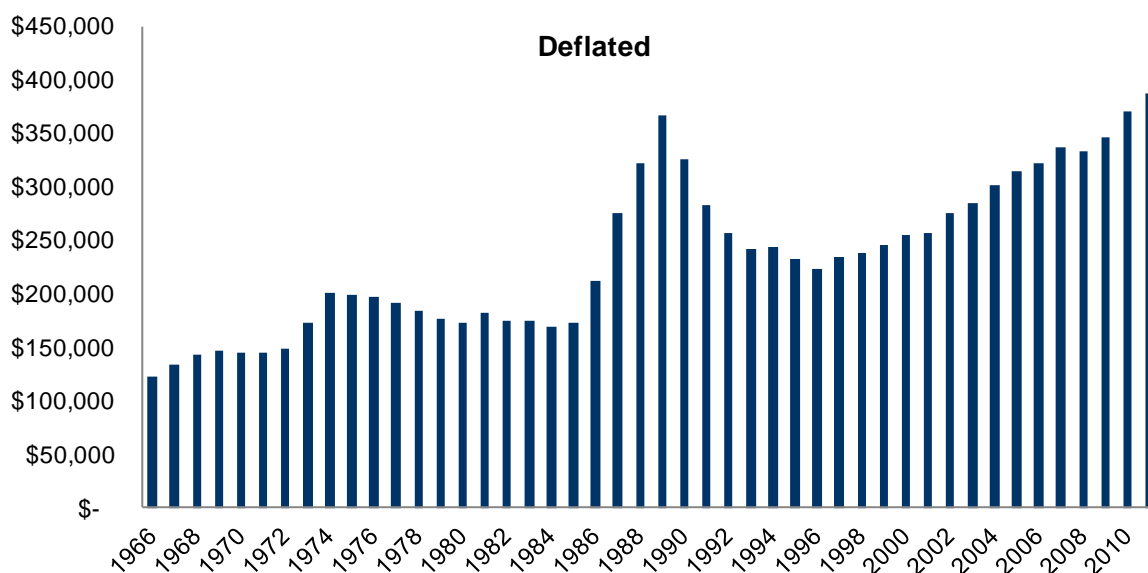


Source:  www.torontohomes-for-sale.com/4a_custpage_2578.html
Note: Y-axis refers to average price in 2010 dollars, and x-axis refer to the years for which data are available.

As Figure 1-3 shows for Toronto (where roughly 40% of all immigrants to Canada have settled in recent history), the price of housing has been steadily creeping up since at least 1966. Although recent trends in mortgage interests have mitigated against this increase somewhat, there has still been long-term decline in the affordability of owner-occupied housing. This not only shapes access levels for new buyers, but even for those that wish to remain tenants. The trends above contribute to an affordability crunch, since rents usually increase alongside owner-occupied dwelling appreciation (OECD 2005). Housing price trends over time therefore provide an indication of what is happening in the rental market (Arnold and Skaburskis 1989).

As this pertains to immigrants in the LSIC sample, Figure 1-3 shows that immigrants now live in more expensive housing (owned and rented) than they did in the past. Given that this is the case, households that rent upon arriving in Canada may have more difficulty saving funds for a down-payment than they did in the past, suggesting that transitions to ownership will be more gradual than it was in the past. Although this is true in Canada generally, several metropolitan housing markets have particularly experienced general declines in affordability. Top among these locations are Toronto and Vancouver, the two top destinations for immigrants in the LSIC sample and immigrants more generally (Hou 2007). At the same time, LSIC respondents that choose to buy receive some of the lowest mortgage interest rates of the past 50 years (Figure 1-2), offsetting some of the price increases demonstrated in Figure 1-3, and suggesting that they may be prompted to buy because borrowing money is now 'cheaper'.

## 1.3.  About the Longitudinal Survey of Immigrants to Canada[2]

As part of adapting to life in Canada, many immigrants face challenges such as finding suitable accommodation, learning or becoming more fluent in one or both of Canada's official languages, participating in the labour market, accessing education and training opportunities, and securing

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appropriate accommodations. The results from the Longitudinal Survey of Immigrants to Canada (LSIC) provide indicators of how immigrants are meeting these and other challenges. While integration may take many years, the LSIC is designed to examine the first four years of settlement, a time when newcomers establish economic, social and cultural ties to Canadian society. To this end, the objectives of the survey are two-fold: to study how new immigrants adjust to life in Canada over time, and to provide information on the factors that can facilitate or hinder this adjustment.

The Survey was designed to provide information on how new immigrants adjust to life in Canada and to understand the factors that can help or hinder this adjustment. The data allow researchers to evaluate the current services available and help improve them. Topics covered in the survey include language proficiency, education, foreign credential recognition, employment, health, values and attitudes, the development and use of social networks, income, and perceptions of settlement in Canada.

As it pertains to housing, there is considerable information on affordability, suitability, and appropriateness, making it an excellent resource for studying this aspect of immigrant integration. Researchers can use the data to look at the residential experiences of immigrants at time of arrival, and how these experiences change over time spent in Canada.

## 1.4. LSIC and generalizability

Except for some native-born comparison data from the census, this report relies almost exclusively on the LSIC as a data source. LSIC is a three-wave study of 12,040 people aged 15 and over (at wave 1) who were randomly selected from the approximately 165,000 immigrants who settled in Canada between October 2000 and September 2001. Respondents were interviewed at six months, 2 years, and 4 years after arrival, and to be part of the LSIC sample, respondents needed to have applied for admission to Canada through a mission abroad (Statistics Canada 2003).

The LSIC sample was created using a two-stage stratified sampling method. The first stage involved the selection of Immigrating Units (IU) using a probability proportional to size method. The second stage involved the selection of one IU member within each selected IU. The selected member of the IU is called the longitudinal respondent (LR). Only the LR is followed throughout the survey. This report reduced the full LSIC sample to contain only respondents with valid information on housing variables of interest, removing roughly 100 observations from the 7716 respondents that were present in all three waves of the sample.

Although an excellent dataset, there are some limitations with LSIC that are worth noting. First, attrition rates are noteworthy, with only 9500 and 7716 people participating in waves 2 and 3 respectively (down from 12,040 in wave 1). One of the consequences of sample attrition is that there may be a growing bias in the sample across waves. This could be especially true when comparing across immigrant classes where refugees can hardly return to their country of origin or move on to another country, where economic classes can, which may exaggerate differences. Even though Statistics Canada adjusts weights to maintain representativity, there is likely to be unobserved differences between those that remain in the sample and those that do not. In addition, it is difficult to know the proportion of respondents who dropped out because they have returned to their country of origin or re-migrated to a third country, or whether they have remained in Canada and cannot be traced. This report looks only at respondents who were present in all three waves and readers are urged to keep this in mind when reading the results.

Unlike some Statistics Canada surveys, LSIC does not permit proxy interviews. The one exception to this is the module on income, where the person in the household (whether or not they are the respondent for the rest of the survey) most knowledgeable about the subject is asked to respond. Otherwise, no interview may be conducted by proxy. The recorded values are based on the interviewee's response, and no information is taken from other data sources (such as tax records). Some consistency editing occurred with income responses, but were largely limited to instances where individual income exceeded economic family income, or of partial non-response.

There are other factors that potentially complicate how representative LSIC is. First, only Government Assisted and Privately Sponsored Refugees (not successful asylum seekers) compose the Refugee category in LSIC, thereby omitting a portion of Canada's total number of refugee claimants.

Additionally, LSIC contains information on one arrival cohort, and it would be presumptuous to assume that the findings from this unique sample apply equally to those that arrived before or after LSIC respondents. At the same time, there are no doubt insights to be gained from this sample that will hold some relevance for immigrants today.

In summary, LSIC is Canada's pre-eminent source for data on the dynamics of settlement, and represents an important resource for understanding an immigrant's early years, including their housing experiences. In section two below, we first look at housing affordability among LSIC respondents, before trying to explain differences between groups in section three. The primary focus in section two is on housing costs, and whether this amount differs by ownership status, census metropolitan area, visible minority status, and category of admission.[3]

## 1.5.  A note on the unit of analysis

Although housing outcomes can be linked to individual characteristics (gender, income, marital status, etc.), most times it is more useful to think of it as a household-level resource, suggesting that it is household level factors that should be used to explain housing outcomes. Quite often, it is families (however defined) that make residential choices, and it is often also these people that contribute payments for the dwelling. Given this, very little information between individual characteristics and housing is provided in this report.

For the same reason, income is not measured at the individual level but rather that of the level of the economic family, where an economic family is defined by Statistics Canada as

> *a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law or adoption. A couple may be of opposite or same sex. Foster children are included. By definition, all persons who are members of a census family are also members of an economic family. Examples of the broader concept of economic family include the following: two co-resident census families who are related to one another are considered one economic family; co-resident siblings who are not members of a census family are considered as one economic family; and, nieces or nephews living with aunts or uncles are considered one economic family.[4]*

There are some necessary exceptions to looking at household characteristics. Visible minority status and source region are not measured for each household member, but only for the longitudinal respondent in the LSIC. Given the policy interest in differences across these groupings, however, the characteristics of the longitudinal respondent are assumed to represent the entire household.

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[3] Additional information about LSIC and variables created from the file appear in Appendix A, B, and C.

[4] Taken from www.statcan.gc.ca/concepts/definitions/economic_family-familles_economiques-eng.htm

All dollar figures in this report are stated in 2002 dollars, adjusted using the Bank of Canada's 2002 Total CPI deflator[5] . All other coding information for the variables used in this report can be found in Appendix C.

## 1.6. A note on terminology

For the purposes of style and brevity, several terms are used interchangeably in this report. First, LSIC respondents were interviewed three times: after roughly six months in Canada, then again after two and four years. Since it would be cumbersome to describe the interviews according to the amount of time that has elapsed for a respondent in Canada, these interviews are at times often referred to in shorthand as waves 1, 2, and 3. Also, since LSIC contains some retrospective information on experiences and resources immediately at arrival, there is essentially another synthetic wave of data for time at arrival. This synthetic wave is referred as 'wave 0'.

Second, assimilation, incorporation, integration, and settlement are used as parallel terms in this report. In Canadian immigration research, the primary convention is to use 'integration' in place of synonyms (particularly assimilation). Third, an affordability constraint is defined as any situation where an economic family is spending more than 30% of its total income on shelter. This definition is consistent with that of Statistics Canada[6] and the US census bureau[7], and is therefore often used in housing research.

Finally, 'household' is used to refer to economic family. Ideally, more information would be measured at the level of the household (particularly financial information) instead of the economic family in the LSIC even though households and economic families are often very similar in composition. Once again, the term 'household' is used to improve the flow of the report, even though there are some (instances where the terms household and economic family are not synonymous).

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[5] Available from the Bank of Canada (www.bankofcanada.ca).
[6] www.statcan.gc.ca/pub/75-001-x/11106/9519-eng.htm
[7] www.census.gov/hhes/www/housing/special-topics/files/who-can-afford.pdf

# 2. How much do immigrants spend on housing?

## 2.1. Introduction

As mentioned earlier, under traditional theories of immigrant integration, newcomers are expected to be increasingly indistinguishable from their host society over time, due to a 'give-and-take' process that brings them closer to the host population. That is not to say that immigrants won't experience some difficulties upon arriving in a new country, or that they will become entirely indistinguishable from Canadians overall, but that they are likely to encounter challenges inherent to navigating a new labour market, housing market, society, etc. What is central in these accounts is that initial difficulties do not persist beyond this transition period. Over time, challenges will subside, and immigrants will increasingly enjoy access to the benefits that other Canadians enjoy, including a 'comfortable home in a good neighbourhood' (Murdie and Teixeira 2002).

As also mentioned earlier, several scholars question the prospect of equal opportunity and attainment as a universal endpoint, arguing instead that, no matter how much time elapses, some groups never fully converge with mainstream society (Murdie et al. 1999; Lee and Bean 2004; Hulchanski 1993; Henry et al. 2000). They instead argue for segmentation, where groups experience different modes of incorporation or contexts of reception based on their physical characteristics (Portes 2005; Boyd 2003; Myles and Hou 2004).

As segmentation relates to housing, the means by which markets are restricted could range widely, but may include higher mortgage cut-offs (Gyourko, Linneman, and Wachter 1999), inflated house prices (Henderson and Ioannides 1986; Ihlanfeldt 1981), or restricted or channelled housing markets (Yinger 1998, 1986; Galster 1990). Although the mechanisms for limiting opportunity could vary widely (and most derive from US research), the outcome will be the same: a lack of convergence with Canadians overall.

With this literature as a backdrop, the primary focus of this section is to elaborate on how much immigrants spend on housing (owned and rented) in Canada, and how this changes in the first four years of settlement. The primary guiding questions for this section are as follows:

1. How much do immigrants pay per month in rent/housing costs (e.g., as a proportion of household income)? Does this amount (as a proportion of household income) increase or decrease with time spent in Canada?

2. Does this vary by location? Visible minority status? Country/Region of origin? Category of admission? Level of education? Age?

## 2.2. How much do immigrants pay per month in shelter costs?

For immigrants and the Canadian-born alike, housing is likely one of the largest expenses that households incur on a continual basis. Given this, and that housing is a basic necessity, households must dedicate a portion of their financial resources to housing. The differences that exist stem from the *amount* spent on housing, and the type of housing that is used, not whether or not an immigrant household chooses to spend money for accommodation.

At the same time, housing is a fixed entity, and the amount a household chooses, or is able to, to spend on housing partially determines their access to amenities, the quality of their surroundings (schools, parks, community organizations, etc.), and the people they come into contact with.

Consequently, it is useful to identify how much immigrants spend on housing, because it serves as an indicator of their social and economic position in Canadian society. Looking at trends over time allows for an assessment of how this positioning evolves. Table 2-1 provides this information for LSIC respondents across the observation period.[8]

### Table 2-1: Median monthly shelter costs ($2002), LSIC waves 1-3

|  | 6 Months | 2 Years | 4 Years |
|---|---|---|---|
| Median Costs, All LSIC Households | 820 | 924 | 1,023 |
| % Owner | 19.9% | 35.7% | 50.8% |

Source: Longitudinal Survey of Immigrants to Canada
Note: All dollar values are stated in 2002 dollars

This table shows that there is a steady increase in housing costs over time (all values are stated in 2002 dollars), suggesting that immigrants are gaining access to better amenities as their time in Canada increases.

The potential explanations for the increase over time are multiple, but a leading contender for rising shelter costs is the more than doubling of home ownership rates over the period. This table shows how quickly many immigrants are able to move into a dwelling they own, with home ownership rates of 50.8% after only about four years in Canada. This impressive acquisition rate is actually *faster* than it was in the past (Haan 2007), and suggests that many immigrants are deftly navigating the Canadian housing market.[9] The implications of this trend are further discussed later in the conclusion of this section.

### Table 2-2: Median shelter costs ($2002) for owners and renters, LSIC waves 1-3

|  | 6 Months | 2 Years | 4 Years |
|---|---|---|---|
| Renters | 764 | 776 | 741 |
| Owners | 1,543 | 1,462 | 1,494 |
| **Ratio of Renter to Owner Costs** | 0.49 | 0.53 | 0.50 |

Source: Longitudinal Survey of Immigrants to Canada
Note: All dollar values are stated in 2002 dollars

This movement into ownership is especially remarkable when the cost differences between owning and renting are considered. Table 2-2 shows that households living in rented accommodations spend roughly half of what those that own do at all points in time. Although the cost waxed and waned over the four-year period, and ended lower than it started, the relative cost of renting versus owning were fairly constant over time. As such, the transitions to ownership were not based purely on immediate economic considerations/affordability issues – if they were, more LSIC respondents would have remained renters, since the initial savings margin was carried forward entirely over time.

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[8] Shelter costs for owned dwellings include mortgage payments, property taxes, condominium fees, and utilities (electricity, heating fuels, water and other municipal services). For renters, they include rent and utilities.
[9] It is important to recall that this is likely an example of where sample attrition affects the widespread applicability of this statement. Since it is likely to be those that succeed in Canada that choose to stay and to participate in the survey, rapid attainment rates like those above are probably biased toward the successful. Second, the question that measures ownership status changed slightly over time, from a self-reported measure in wave 1 to a derived measure in waves 2 and 3. LSIC concordance tables (Statistics Canada 2007) and Statistics Canada methodologists affirm the comparability of measures over time, although it is difficult to be certain what effect a change in question wording will have on a longitudinal trend.

For renters and owners alike, however, it is difficult to speculate on how much tenure choice *really* costs without also looking at income. Accompanying wealth and savings also play a part in this assessment. If the increase in shelter costs for owned dwellings occurred alongside substantial increases in income for homeowners, for example, then the relative costs for renters may have actually increased over time compared to owners, despite the relative stability shown in Table 2-2.

Unfortunately, the LSIC does not contain consistent monthly income information for respondents. For wave 1, respondents reported the income they earned between their landing date and interview date, whereas in waves 2 and 3 they reported their income for the previous 12 months. By dividing the wave 1 figure by the number of months a respondent has been in Canada, and dividing the waves 2 and 3 data by 12, it is possible to get an estimate of the ratio of shelter costs to income. Although imperfect, it is difficult to generate any other affordability figure for renters and owners in LSIC.[10]

**Table 2-3:  Median shelter costs ($2002) for owners and renters, LSIC waves 1-3**

|  | 6 Months | 2 Years | 4 Years |
|---|---|---|---|
| **Renters** | | | |
| Median Shelter Cost | 764 | 776 | 741 |
| Median Monthly Income | 1,278 | 2,545 | 2,861 |
| **Ratio of Housing Costs to Income** | 0.60 | 0.30 | 0.26 |
| **Owners** | | | |
| Median Shelter Cost | 1,543 | 1,462 | 1,494 |
| Median Monthly Income | 2,871 | 4,065 | 4,634 |
| **Ratio of Housing Costs to Income** | 0.54 | 0.36 | 0.32 |

Source:  Longitudinal Survey of Immigrants to Canada

Note: All dollar values are stated in 2002 dollars

In Table 2-3, what could be interpreted as a difference in affordability between owners and renters in Table 2-2 shrinks considerably when read alongside income differences. Renters tend to earn much less than owners, so the affordability differences are not as great as they initially appeared to be in Table 2-2. One exception to this is in wave 1, where renters and owners both spend over half of their income on shelter. Readers should interpret this with caution, however, since it is possible that many respondents relied on other sources (such as savings) rather than income to pay their housing costs. Already by wave 2, however, the ratio of income to shelter costs shrinks considerably for both groups, but especially among renters, suggesting that affordability constraints is a short-term issue for many newcomers (though certainly not all).

As mentioned above, one major reason for such high shelter costs at wave 1 is likely that many immigrants may not work immediately upon arrival to Canada, and that as a result they must either use their savings or incur some debt until they can secure a new source of income. They may also be relatively unfamiliar with the local housing market and over time gain information that allows them to reduce their housing costs (especially for renters). It would be important to identify more about what occurs in the early months, but unfortunately LSIC contains incomplete information for such an analysis. For example, although questions were asked about entry wealth in wave 1, respondents were not asked how much of this money remained after two and four years in Canada (only savings in other countries were asked about). Additionally,

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[10] Previous attempts to use LSIC to measure affordability use the suite of variables (HS1D119, HS2D119, HS3D119) that identify the proportion of family income that a household spends on housing. This information is only asked for renters, however, and does not provide any information on owners.

respondents were asked if they used savings to help them through bouts of unemployment, but they were not asked how much of their savings were used. Consequently, it is possible to respond positively when asked about using savings even though minimal savings were actually used.

It is also important to note that the values presented in Table 2-3 above and later in this report differ from the more commonly-used Average Shelter-Cost-to-Income Ratio (STIR). STIR refers to the proportion of total before-tax household income spent on shelter. The Shelter-cost-To-Income Ratio is calculated for each household individually by dividing its total annual shelter cost by its total annual income. The average STIR is then computed by taking the average of the individual households' shelter to income ratios. STIR is not calculated by dividing the average shelter cost by the average income of the economic family (which may or may not include everyone in a household)[11], as is done here. Since the LSIC mostly contains information on income of the economic family (it does not have income information for every household member), the STIR could not be used here and a proxy was created (based on the economic family and not the individual), even though the numbers should be very close to one another.

## 2.3.  Comparisons with Canadians overall

A considerable body of research in Canada (Haan 2007; Rea et al. 2008; Skaburskis 1996; Ley 2007) compares the housing success levels of immigrants relative to the overall Canadian population. The broad consensus of this research is that by and large immigrants flourished in Canada's housing market at one time. They moved quickly into homeownership, bought into appreciating housing markets, and, in the process, accumulated considerable housing wealth. More recently, however, the research shows that residential outcomes have been more mixed (even though Table 2-1 shows considerable progress for LSIC respondents). Although some groups, most notably the Chinese, continue to do well in Canada's housing market, many others do not, producing a more pronounced bifurcation of housing 'haves' and 'have-nots' (Myles and Hou 2004).

 As a useful backdrop for the current study, the use of Census data and inter-cohort comparisons permits a broad and useful comparison of trends over time (particularly between immigrants and the Canadian-born). However, a lack of detailed information on wealth and household arrangements does not enable an analysis of the many determinants of residential success as is possible with the LSIC. The LSIC, therefore, permits research on topics of immigration and housing that have never been studied in Canada (such as the effect of entry wealth on residential outcomes). One disadvantage of using LSIC is that it does not permit a direct comparison with either the Canadian-born or Canadians overall.

That said, it is important to compare the results from LSIC respondents to the Canadian population to the fullest extent possible because of the wide differences that exist in shelter costs across Census Metropolitan Areas (CMAs). In this section, the LSIC sample is first compared to Canadians overall, regardless of whether they own or rent, then the LSIC sample is divided into owners and renters by CMA. Ideally, the LSIC sample could be compared to Canadians by housing tenure type at each time point, but data limitations prevent this comparison (we must rely on the census, which only has data for 2001 and 2006). Instead, overall comparisons will first be made by CMA, followed by a dwelling type by CMA for LSIC respondents only.

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[11] Economic family refers to a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law or adoption. A couple may be of opposite or same sex. Foster children are included." (www.statcan.gc.ca/concepts/definitions/economic_family-familles_economiques-eng.htm)

For Canadians overall (which includes immigrants and the Canadian-born), Census data show that just over 16% of household pre-tax income was spent on housing in both 2001 and 2006 (Statistics Canada 2008). Although only observed at two time points, given how similar these figures are at both points in time, and how they more or less capture the beginning and end of the LSIC observation period, this figure will be used here as a rough benchmark for comparison with LSIC respondents. In Table 2-3 above, we see that immigrants spend far more on housing than the national average (although, as we'll see in Table 2-4, it is partly because they cluster in more expensive urban markets). LSIC renters come closest to all residents over the observation period, with 26% of their income going to housing in the four years after they arrive in Canada. For owners, 32% of family income is spent on housing in wave 3, which represents a decline from earlier time points but still suggests that the average immigrant family spends a significant amount of their income when they choose to buy. In fact, everyone but renter at wave 3 exceeds the "affordability benchmark", defined by Statistics Canada and the Canada Mortgage and Housing Corporation as 30 percent of pre-tax income. Households that exceed this amount are believed to face affordability issues.

Although the 16 percent figure for Canada overall includes those that own their homes without a mortgage, data from the 2001 and 2006 censuses still suggest that immigrants shoulder much heavier housing burdens than do Canadians overall. Although the 2001 and 2006 comparison points do not align perfectly with LSIC data measurement points, the 2001 census figure for shelter lists renters at an annual cost of $7,932 and owners with a mortgage at $10,022, including owners without mortgage (all figures in $2002), both lower than the comparable figures of $9,168 and $18,516 reported by LSIC renters and owners at six months (calculated by multiplying the monthly costs for owners and renters by 12). By 2006, more than a year after the collection of LSIC wave 3 data, the census reports housing costs among the general population of $7,922 for renters and $10,742 for owners, compared to $8,892 and $17,928 for LSIC respondents at wave 3.[12] These numbers provide further evidence that immigrants face housing affordability issues upon arrival to Canada.

As mentioned earlier, one partial explanation for the much higher than average shelter costs among LSIC respondents is the fact that many of them live in Canada's most expensive housing markets. This is no doubt true, but it is instructive to note that income for immigrants in LSIC are also well below the Canadian average, so it is unlikely that income differentials absorb these high shelter costs by location. Consider that in 2000 average income for Canadian households was $63,613 (or $5,301 per month) and $67,351.55 (or $5,613 per month) in 2005, considerably higher than the values shown for LSIC renters and owners in Table 2-3. In the section below, the national differences above are further broken down into regional variations.

## 2.4. Do housing costs vary by location?

The period in which the LSIC immigrants are followed, 2001-2005, was marked by dramatic change in many of Canada's metropolitan housing markets. As Figure 1-3 shown in part one of this report illustrates, average prices in Toronto increased by at least $50,000 in just four years. In Vancouver, the Real Estate Board of Greater Vancouver reports that the 2001-2005 increase was

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[12] All figures in 2002 dollars. Data for 2001 and 2006 shelter costs taken from CMHC's May 2009 Research Highlight "2006 Census Housing Series: Issue 4 – Growth in Household Incomes and Shelter Costs, 1991-2006". Available: www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=150&itm=26&lang=en&fr=1305887336476

closer to $200,000.[13] Edmonton and Calgary also experienced dramatic increases, whereas several cities in Eastern Canada saw more modest levels of price appreciation.

These changes appear to have impacted affordability for many. According to a report by Statistics Canada, 31.7% of Toronto residents and 30.4% of Vancouverites spend at least 30% of their income on shelter costs (Luffman 2006). This figure is for owners and renters combined, but does show that although more immigrants face an affordability crunch, they are not alone in their concerns in these expensive cities.

Despite this, only about 10% of LSIC respondents in wave 1 stated that affordability was their most serious difficulty in finding housing. By wave 3, this number had declined to less than 5%, suggesting that many newcomers do not believe that they are spending an inordinate amount on housing. As a result, immigrants, like the Canadian-born, face different housing options based on where they live. Furthermore, given how quickly price appreciation occurred in these regions, newcomers who came before a price increase would likely have found both rental and owned housing to be more affordable than those that arrived after the increase.

**Table 2-4:    Median shelter costs ($2002) by Census metropolitan area (CMA), LSIC waves 1-3**

| | | 6 months | | 2 years | | 4 years | |
|---|---|---|---|---|---|---|---|
| CMA | # Obs | Shelter Costs | % Owner | Shelter Costs | % Owner | Shelter Costs | % Owner |
| Montreal | 936 | 523 (597) | 5.4% | 582 | 12.2% | 637 (623) | 21.4% |
| Ottawa/Hull | 267 | 833 (782) | 16.9% | 877 | 33.5% | 1029 (815) | 49.7% |
| Toronto | 2,878 | 971 (923) | 19.3% | 1,067 | 36.4% | 1214 (992) | 53.8% |
| Winnipeg | 164 | 540 (578) | 22.4% | 563 | 34.4% | 628 (600) | 51.7% |
| Calgary | 548 | 863 (868) | 31.1% | 1,073 | 61.4% | 1226 (934) | 76.2% |
| Edmonton | 304 | 699 (670) | 31.0% | 735 | 48.7% | 1031 (758) | 67.2% |
| Vancouver | 1,304 | 823 (796) | 22.1% | 873 | 38.7% | 937 (812) | 52.4% |
| Other CMA | 1,118 | 687 (605) | 24.2% | 709 | 38.7% | 834 (638) | 52.8% |
| Rural | 166 | 813 (381) | 52.3% | 976 | 59.5% | 938 (410) | 70.7% |
| **Average** | | **820 (640)** | **19.9%** | **924** | **34.7%** | **1023(680)** | **50.8%** |

Source: Longitudinal Survey of Immigrants to Canada

Note: All dollar values are stated in 2002 dollars. Number of observations measured at wave 1.

Note: Figures in brackets refer to the CMA median for all primary maintainers, and are taken from the 2001 and 2006 censuses.

Table 2-4 shows that LSIC respondents in some cities experienced much higher increases in shelter costs over time relative to others. Montreal and Winnipeg had the lowest shelter costs for the observation period for LSIC respondents at all time points, and it is Toronto and Calgary with the highest shelter costs across the observation period.

Comparing LSIC respondents to other residents in each CMA (the numbers in brackets), we see several instances of newcomers paying more for shelter than anyone else at wave 1 (CMA medians for the entire population are listed in brackets each time). This is particularly true in "Other CMAs" and rural areas. By wave 3, all LSIC respondents are outspending their other CMA counterparts, with immigrants in rural areas continuing to spend more than double the amount on housing that other rural dwellers spend.

Looking at change within CMAs, although LSIC respondents saw increases in shelter costs in all regions, the increase was especially striking in Calgary and Edmonton, at roughly $360 (42%) and

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[13] www.rebgv.org/

$330 (47%), respectively. On the low end, LSIC respondents in Vancouver 'only' saw a $114 (13.9%), and Winnipeg a $88 (16.3%), increase in shelter costs between 2001 and 2005. For all residents in a CMA, the increases are much smaller in terms of percent increase, and vary from $16 (2%) in Vancouver to $88 (13%) in Edmonton.

The connection between growing rates of ownership and shelter costs, although certainly not perfect, is evident in most cities. For example, Calgary and Edmonton, the CMAs with the largest increase in shelter costs, see 45 and 36 percentage point increases in homeownership between 2001 and 2006. At the same time, Vancouver also sees a sizeable and similar increases in ownership (~30 points), but it has the lowest rate of increase in shelter costs between waves 1 and 3, at 13.9 percent.

**Table 2-5:    Median shelter costs ($2002) for owners and renters, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| CMA | Renter | Owner | R/O | Renter | Owner | R/O | Renter | Owner | R/O |
| Montreal | 514 | 1,016 | 0.51 | 554 | 1,119 | 0.49 | 590 | 1,140 | 0.52 |
| Ottawa/Hull | 812 | 1,329 | 0.61 | 777 | 1,471 | 0.53 | 755 | 1,462 | 0.52 |
| Toronto | 920 | 1,740 | 0.53 | 948 | 1,569 | 0.60 | 913 | 1,687 | 0.54 |
| Winnipeg | 525 | 909 | 0.58 | 496 | 928 | 0.53 | 524 | 946 | 0.55 |
| Calgary | 762 | 1,540 | 0.49 | 705 | 1,462 | 0.48 | 656 | 1,401 | 0.47 |
| Edmonton | 611 | 1,271 | 0.48 | 605 | 1,268 | 0.48 | 630 | 1,292 | 0.49 |
| Vancouver | 770 | 1,621 | 0.48 | 736 | 1,459 | 0.50 | 715 | 1,497 | 0.48 |
| Other CMA | 649 | 1,434 | 0.45 | 635 | 1,263 | 0.50 | 633 | 1,390 | 0.46 |
| Rural | 716 | 1,016 | 0.71 | 780 | 1,058 | 0.74 | 655 | 1,015 | 0.64 |
| **Average** | **764** | **1,543** | **0.50** | **776** | **1,462** | **0.53** | **741** | **1,494** | **0.50** |

Source:  Longitudinal Survey of Immigrants to Canada

Note: R/O denotes the ratio of rental to ownership costs. All values are in 2002 dollars.

Table 2-5 shows that in most cases, renting typically costs roughly half of what owning does. Note that the stark differences in the price of owning a home are also evident in the rental market, where immigrants paid as much as $920 per month at six months to rent in Toronto and as little as $514 to rent in Montreal. Over the observation period, Toronto remains the most expensive CMA for rent, and Montreal is surpassed by Winnipeg for inexpensive rent. Although rent usually costs about half of what owning does for LSIC respondents, the price trends do not always follow one another. Over time, the cost of owning increased in four CMAs but only two CMAs saw an increase in rent (Montreal and Edmonton), and in two places (Ottawa/Hull and Winnipeg), the cost of owning went up alongside a drop in the price of rent.

As with Canadian trends overall, one potential explanation for the changes between cities over time is that some regions provided greater employment opportunities for newcomers, which then translated into an increase in housing expenditures. In Alberta, for example, unemployment rates for recent immigrants in recent history have been nearly half of what they were in other parts of Canada (Alberta Employment and Immigration 2008), suggesting that a greater proportion of newcomers to Alberta may be able to choose to own versus rent compared to those that settled in other parts of Canada. This, of course, assumes that immigrants are making enough money to afford adequate housing, which once again points to the utility of comparing housing costs to income (Tables 2-6 and 2-7).

**Table 2-6: Median shelter costs ($2002) for renters, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| CMA | Rental Cost | Income | R/I | Rental Cost | Income | R/I | Rental Cost | Income | R/I |
| Montreal | 514 | 1,016 | 0.51 | 554 | 1,735 | 0.32 | 590 | 2,298 | 0.26 |
| Ottawa/Hull | 812 | 1,247 | 0.65 | 777 | 2,162 | 0.36 | 755 | 2,388 | 0.32 |
| Toronto | 920 | 1,279 | 0.72 | 948 | 2,800 | 0.34 | 913 | 3,136 | 0.29 |
| Winnipeg | 525 | 1,586 | 0.33 | 496 | 2,098 | 0.24 | 524 | 2,210 | 0.24 |
| Calgary | 762 | 1,650 | 0.46 | 705 | 2,425 | 0.29 | 656 | 2,505 | 0.26 |
| Edmonton | 611 | 1,632 | 0.37 | 605 | 2,405 | 0.25 | 630 | 2,450 | 0.26 |
| Vancouver | 770 | 1,331 | 0.58 | 736 | 2,432 | 0.30 | 715 | 2,901 | 0.25 |
| Other CMA | 649 | 1,521 | 0.43 | 635 | 2,100 | 0.30 | 633 | 2,345 | 0.27 |
| Rural | 716 | 2,476 | 0.29 | 780 | 3,411 | 0.23 | 655 | 3,510 | 0.19 |
| **Average** | **764** | **1,278** | **0.60** | **776** | **2,545** | **0.30** | **741** | **2,861** | **0.26** |

Source: Longitudinal Survey of Immigrants to Canada

Note: R/I denotes the ratio of rental costs to income. All values are in 2002 dollars.

Turning first to renters (Table 2-6), there is a clear trend of rising incomes operating alongside relatively stable rental costs in nearly every city, thereby increasing affordability. The dropping rent-income ratio suggests that many immigrants are choosing to rent even when their income increasingly provides them with the option to buy.

That said, newcomers do appear to earmark a significant portion of their income for housing in their early years in Canada, particularly shortly after arrival. Although this is true in all CMAs, it is particularly the case in Toronto, where respondents report spending over 70% of their median income to afford their dwelling in wave 1. However, this is short lived, and by wave 2 Toronto respondents are spending 34% of their income on housing, slightly less than their Ottawa/Hull counterparts. There is substantial improvement in all metropolitan areas, with immigrants spending an average 26% of their median income on rent. By the third wave, all but one are below 30%, and the one that remains above (Ottawa/Hull) is only slightly above the threshold.

In some ways, the ratio of rental costs to income could be considered misleading, since the income data does not include savings, which might be a major component of how respondents and their families afford housing in their early years. Furthermore, the income data in LSIC includes respondents that did not report earning any income. This is particularly the case for Toronto, where nearly 400 respondents reported no income whatsoever. The decision to include them in the calculations above stems from the fact that housing is a necessity regardless of income or employment, and that it is informative to include these respondents in all calculations.

**Table 2-7:    Median shelter costs ($2002) for owners, LSIC waves 1-3**

| CMA | 6 Months Costs to Own | Income | O/I | 2 Years Costs to Own | Income | O/I | 4 Years Costs to Own | Income | O/I |
|---|---|---|---|---|---|---|---|---|---|
| Montreal | 1,016 | 2,109 | 0.48 | 1,119 | 4,280 | 0.26 | 1,140 | 4,834 | 0.24 |
| Ottawa/Hull | 1,329 | 3,845 | 0.35 | 1,471 | 5,652 | 0.26 | 1,462 | 5,462 | 0.27 |
| Toronto | 1,740 | 2,567 | 0.68 | 1,569 | 4,049 | 0.39 | 1,687 | 4,506 | 0.37 |
| Winnipeg | 909 | 2,456 | 0.37 | 928 | 3,740 | 0.25 | 946 | 4,117 | 0.23 |
| Calgary | 1,540 | 3,113 | 0.49 | 1,462 | 4,589 | 0.32 | 1,401 | 4,768 | 0.29 |
| Edmonton | 1,271 | 3,074 | 0.41 | 1,268 | 4,263 | 0.30 | 1,292 | 4,805 | 0.27 |
| Vancouver | 1,621 | 2,456 | 0.66 | 1,459 | 3,166 | 0.46 | 1,497 | 3,957 | 0.38 |
| Other CMA | 1,434 | 3,455 | 0.42 | 1,263 | 4,454 | 0.28 | 1,390 | 4,799 | 0.29 |
| Rural | 1,016 | 3,176 | 0.32 | 1,058 | 4,161 | 0.25 | 1,015 | 4,732 | 0.21 |
| **Average** | **1,543** | **2,871** | **0.54** | **1,462** | **4,065** | **0.36** | **1,494** | **4,634** | **0.32** |

Source: Longitudinal Survey of Immigrants to Canada

Note: O/I denotes the cost of owning relative to income. All values are in 2002 dollars.

Turning now to owners (Table 2-7), a declining proportion of income dedicated to housing costs is also evident for this group over time. In wave 1, owners spend over half of their income on shelter, but as with renters this amount declines dramatically, so that by waves 2 and 3 the proportion shrinks to roughly 1/3. These rapid declines are evident in all CMAs, but are especially pronounced in the 'big three' CMAs of Montreal, Toronto, and Vancouver, plus Calgary, largely because of the high costs for households six months after arrival.

Toronto and Vancouver's housing markets appear to be especially gruelling for newcomers, as they have some of the highest priced housing, and some of the lowest income levels. Yet, a large majority of immigrants choose to live in these two regions even though it means that, on average, they can expect to have pronounced affordability issues if they choose to own. So great is the proportion of immigrants in these two regions that the total owner/income ratio indicates an affordability crunch for all wave 3 respondents, even though it is only Toronto and Vancouver where respondents report spending more than 30% of their income on their owned dwelling.

## 2.5. Variations across visible minority groups

Up to this point, we have largely looked at immigrants as a homogenous group, distinguished only by their housing tenure status or the housing market they live in. In the remainder of this section we will move beyond this assumption of immigrant homogeneity and begin to focus on differences across subgroups. First, we explore differences across visible minority groups, followed by variations across admission categories, region of origin, education and age.

**Table 2-8: Median shelter costs ($2002) by visible minority status, LSIC waves 1-3**

| Visible Minority Status | # Obs | 6 months Shelter Costs | 6 months % Owner | 2 years Shelter Costs | 2 years % Owner | 4 years Shelter Costs | 4 years % Owner |
|---|---|---|---|---|---|---|---|
| Chinese | 1,381 | 713 | 19.2% | 781 | 34.6% | 930 | 47.7% |
| South Asian | 1,774 | 916 | 22.7% | 980 | 39.5% | 1,175 | 57.1% |
| Black | 454 | 637 | 13.6% | 682 | 26.9% | 688 | 34.4% |
| Filipino | 487 | 809 | 21.2% | 938 | 36.6% | 1,112 | 57.3% |
| Latin American | 232 | 811 | 17.2% | 869 | 35.5% | 947 | 53.7% |
| Korean | 285 | 1,223 | 17.9% | 1,367 | 50.1% | 1,384 | 64.9% |
| Arab | 456 | 609 | 6.8% | 626 | 12.4% | 694 | 23.5% |
| West Asian | 583 | 904 | 12.3% | 906 | 24.4% | 947 | 39.3% |
| White | 1,833 | 813 | 23.7% | 907 | 39.9% | 950 | 54.6% |
| Other Visible Minority | 200 | 819 | 26.9% | 881 | 43.3% | 1,050 | 56.0% |
| **Average** | | **820** | **19.9%** | **924** | **34.7%** | **1,023** | **50.8%** |

Source: Longitudinal Survey of Immigrants to Canada

Note: All dollar values are stated in 2002 dollars. Number of observations measured at wave 1.

In Table 2-8, median shelter costs are shown by visible minority status, revealing wide variations across groups.[14] Arabs and Blacks spend the least money on housing in all three waves, whereas high spenders change across waves. In wave 1, it is Koreans, South Asians, and West Asians that spend the most, whereas by wave 3 all groups but Arabs and Blacks are spending as much as the wave 1 big spenders.

These differences across waves show that different residential trajectories across groups already exist in the first four years after arrival. Some groups, like Arabs and Blacks, maintain low shelter costs across the four-year period, whereas most other groups increase their expenses considerably over this short time frame. Koreans, while having the highest expenses initially, only increase their expenses by about $150, yet they almost have a fourfold increase in ownership rates. For most other groups, shelter costs rise alongside increases in ownership. This is true even for Arabs and Blacks, although wave 3 homeownership rates remain below those of all other groups.

There is wide variation in what each group pays for housing at all points in time, and one of the major explanations for this disparity could be location[15], and this prospect will be investigated more closely in the regression results presented later.

The most obvious explanation for the variation is that some groups move in to homeownership faster than others, and that they encounter the higher housing costs that accompany the transition. Table 2-8 supports this assertion, with Blacks and Arabs posting the lowest homeownership rates of any group at all time points (excepting West Asians in waves 1 and 2). Similarly, most of the groups that spend a lot on shelter also have the highest levels of ownership across the board (Koreans in wave 1 are a noteworthy exception to this). Further evidence of different residential trajectories can be seen by looking at the rates of increase over time. Some groups, like South Asians and Filipinos, experience more than 30 percentage point increases in rates of ownership between 2000/2001 and 2004/5. Not surprisingly, it is many of the groups with the greatest increase in ownership rates that see the greatest increases in shelter costs.

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[14] 'Visible Minority' is a term constructed by the Employment Equity Act of Canada and is intended to denote persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.

[15] There are in fact many competing explanations, and these tables could be sub-divided many different ways. For brevity, only differences across one characteristic at a time are shown throughout this section.

**Table 2-9:    Median shelter costs ($2002) for owners and renters, LSIC waves 1-3**

| Visible Minority Status | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| | Renter | Owner | R/O | Renter | Owner | R/O | Renter | Owner | R/O |
| Chinese | 663 | 1,537 | 0.43 | 682 | 1,341 | 0.51 | 685 | 1,404 | 0.49 |
| South Asian | 813 | 2,026 | 0.40 | 814 | 1,649 | 0.49 | 750 | 1,608 | 0.47 |
| Black | 612 | 1,841 | 0.33 | 585 | 1,461 | 0.40 | 570 | 1,514 | 0.38 |
| Filipino | 736 | 1,521 | 0.48 | 778 | 1,400 | 0.56 | 750 | 1,419 | 0.53 |
| Latin American | 721 | 1,424 | 0.51 | 683 | 1,555 | 0.44 | 655 | 1,423 | 0.46 |
| Korean | 1,223 | 1,223 | 1.00 | 1,240 | 1,552 | 0.80 | 1,193 | 1,501 | 0.79 |
| Arab | 595 | 1,434 | 0.41 | 587 | 1,463 | 0.40 | 619 | 1,419 | 0.44 |
| West Asian | 882 | 1,521 | 0.58 | 840 | 1,649 | 0.51 | 821 | 1,593 | 0.52 |
| White | 762 | 1,418 | 0.54 | 776 | 1,455 | 0.53 | 759 | 1,406 | 0.54 |
| Other Vis. Min. | 736 | 1,434 | 0.51 | 757 | 1,455 | 0.52 | 672 | 1,423 | 0.47 |
| **Average** | **764** | **1,543** | **0.50** | **776** | **1,462** | **0.53** | **741** | **1,494** | **0.50** |

Source: Longitudinal Survey of Immigrants to Canada

Note: R/O denotes the ratio of rental to ownership costs. All values are in 2002 dollars.

Table 2-9 shows that, in most instances, the amount spent on housing (both rented and owned) increases over time, and the ratio of renting to owning converges between groups. At six months, Whites and Latin Americans spend nearly twice as much to own as they do to rent, whereas for Blacks is it is three times as much. For Koreans, there is no difference between the cost of renting and owning at wave 1. After four years in Canada, Koreans continue to spend far more on rent than any other group, at 79% of the cost of owning, whereas all other groups approach the overall trend of renting costs being about half the cost of owning.

The ratio of rental to ownership costs can be considered a proxy for gauging how important homeownership is to a particular group. If, for example, a group spends a much greater proportion of their income to own versus rent, we could conclude that ownership is relatively important within that group, and that households make sacrifices to actualize their goal to own. If, on the other hand, the proportions are roughly equal, we could conclude that the dwelling types are more interchangeable, and that a group is more indifferent about dwelling type than one where costs for ownership are particularly skewed.

**Table 2-10:  Median shelter costs ($2002) for renters, LSIC waves 1-3**

| Visible Minority Status | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| | Rental Cost | Income | R/I | Rental Cost | Income | R/I | Rental Cost | Income | R/I |
| Chinese | 663 | 814 | 0.81 | 682 | 2,017 | 0.34 | 685 | 2,717 | 0.25 |
| South Asian | 813 | 1,685 | 0.48 | 814 | 2,894 | 0.28 | 750 | 3,225 | 0.23 |
| Black | 612 | 1,355 | 0.45 | 585 | 1,953 | 0.30 | 570 | 2,140 | 0.27 |
| Filipino | 737 | 1,977 | 0.37 | 778 | 3,443 | 0.23 | 750 | 3,368 | 0.22 |
| Latin American | 723 | 1,318 | 0.55 | 683 | 2,181 | 0.31 | 657 | 2,378 | 0.28 |
| Korean | 1,223 | 345 | 3.55 | 1,240 | 2,906 | 0.43 | 1,193 | 2,528 | 0.47 |
| Arab | 595 | 1,111 | 0.53 | 587 | 1,714 | 0.34 | 619 | 2,259 | 0.27 |
| West Asian | 882 | 1,473 | 0.60 | 840 | 1,881 | 0.45 | 821 | 1,964 | 0.42 |
| White | 762 | 1,440 | 0.53 | 776 | 2,746 | 0.28 | 758 | 3,253 | 0.23 |
| Other Vis. Min. | 724 | 1,318 | 0.55 | 757 | 2,737 | 0.28 | 672 | 2,395 | 0.28 |
| **Average** | **764** | **1,278** | **0.60** | **776** | **2,545** | **0.30** | **741** | **2,861** | **0.26** |

Source:  Longitudinal Survey of Immigrants to Canada

Note: R/I denotes the ratio of rental costs to income. All values are in 2002 dollars.

Although all groups above face affordability constraints at six months (as assessed with the 30% affordability benchmark criteria), the differences in Table 2-10 are striking. The "other visible minority" group reports spending 55%, Chinese report 81%, and South Asians report spending 48% of their income on rent at wave 1. Koreans spend an 355% of their very low average monthly income. These high spending levels make it difficult to understand how some groups are able to sustain such high expenses (nearly all Koreans enter under skilled worker and other economic classes, which suggests that they have significant entry wealth), and may provide some explanation as to why some groups are likely to form multiple-family dwellings or crowd into cramped quarters. Koreans begin to resemble other groups after two years, largely because they see little change in shelter costs alongside increases in income.

Looking at costs to own (Table 2-11), nearly all groups are spending a huge proportion of their income on housing. Once again, Koreans lead the pack, with 375% of their income going to owned shelter costs. Arabs spend 100% on owned shelter costs. They are not alone here, however, with all groups but Latin Americans, Whites, and Other Visible minorities spending at least half of their income on shelter at six months. Readers are reminded that these figures are to be treated with caution, since LSIC did not have a direct measure of monthly income, necessitating a crude calculation using income earned while in Canada and the number of months a respondent was in Canada. By wave 3, significant across-the-board improvements can be seen, although only Filipinos and Whites are still not facing an affordability constraint, as defined by the 30% cut-off used by CMHC. For most groups, this occurred because costs to own declined slightly while incomes rose substantially. Although it is difficult to know for certain why ownership costs declined, it may be due to a drop in interest rates, an increased knowledge of the housing market, relocation to cheaper housing markets, or to a less expensive location within the same census metropolitan area.

## Table 2-11: Median shelter costs ($2002) for owners, LSIC waves 1-3

| Visible Minority Status | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| | Costs to Own | Income | O/I | Costs to Own | Income | O/I | Costs to Own | Income | O/I |
| Chinese | 1,537 | 1,800 | 0.85 | 1,341 | 3,036 | 0.44 | 1,404 | 3,904 | 0.36 |
| South Asian | 2,026 | 3,642 | 0.56 | 1,649 | 4,240 | 0.39 | 1,608 | 4,651 | 0.35 |
| Black | 1,841 | 2,808 | 0.66 | 1,461 | 4,533 | 0.32 | 1,514 | 4,349 | 0.35 |
| Filipino | 1,521 | 2,208 | 0.69 | 1,400 | 4,255 | 0.33 | 1,419 | 4,919 | 0.29 |
| Latin American | 1,424 | 3,207 | 0.44 | 1,555 | 4,410 | 0.35 | 1,423 | 4,492 | 0.32 |
| Korean | 1,223 | 326 | 3.75 | 1,552 | 2,744 | 0.57 | 1,501 | 3,195 | 0.47 |
| Arab | 1,434 | 1,423 | 1.01 | 1,463 | 3,020 | 0.48 | 1,419 | 4,526 | 0.31 |
| West Asian | 1,521 | 3,055 | 0.50 | 1,649 | 3,268 | 0.50 | 1,593 | 3,459 | 0.46 |
| White | 1,418 | 3,460 | 0.41 | 1,455 | 4,930 | 0.30 | 1,406 | 5,403 | 0.26 |
| Other Vis. Min. | 1,434 | 3,364 | 0.43 | 1,455 | 4,220 | 0.34 | 1,423 | 4,664 | 0.31 |
| **Average** | **1,543** | **2,871** | **0.54** | **1,462** | **4,065** | **0.36** | **1,494** | **4,634** | **0.32** |

Source: Longitudinal Survey of Immigrants to Canada

Note: O/I denotes the cost of owning relative to income. All values are in 2002 dollars.

When comparing Tables 2-10 to 2-11, we see that 4 of the 10 groups in wave 1 report spending a smaller proportion of their income on owner-occupied housing than they do on rented dwellings. Part of the reason for this may be that home owners have more secure employment than renters or employ other strategies such as shared dwellings, and have much higher incomes and are therefore more able to choose accommodations that match their incomes more closely than those that rent. For a group like Arabs, ownership costs exceed rental costs by a fairly wide margin at wave 1.

## 2.6. Variations by source region[16]

Because visible minority categories were designed to capture differences in employment equity, an outcome that stems from differential treatment by the broader society, there are some groups within the scheme that contain considerable heterogeneity. For instance, Blacks in Canada hail from over 60 countries, suggesting that the demand for housing may not be consistent across the many groups that identify as Black. That is not to say that differences across visible minority categories are not important, since it provides a window for looking at differences across potentially racialized categories, but that looking at visible minority status answers some questions and ignores others.

In this section we shift from employment equity designations to one of source region, under the assumption that access to, and desire for, certain housing types might differ by source region. There might be, for example, a strong desire for homeownership within some regions, such as there was for Italian immigrants in postwar Toronto (Iacovetta 1992), or, more recently, the Chinese in several major Canadian cities (Li 1998). For others, renting may be more popular.

Turning first to shelter costs (Table 2-12), there is a relatively small gap of about $170 among all groups at six months, and the rate of growth over time is fairly consistent for most groups (around 20%), except for All Other Areas, which is higher than the others at 29%. African and the Middle East, with a growth rate of 9% over the period is less than half of most other groups.

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[16] This source region variable was coded using the same groupings as found in the Statistics Canada Immigration Database (IMDB), and are based on a respondent's country of birth.

### Table 2-12: Median shelter costs ($2002) by source region, LSIC waves 1-3

| Source Region | # Obs | 6 months Shelter Costs | % Owner | 2 years Shelter Costs | % Owner | 4 years Shelter Costs | % Owner |
|---|---|---|---|---|---|---|---|
| Africa and the Middle East | 1,080 | 694 | 13.6% | 686 | 23.8% | 756 | 35.4% |
| Asia | 4,536 | 842 | 19.6% | 937 | 36.5% | 1,039 | 52.6% |
| South and Central America | 255 | 849 | 21.0% | 952 | 41.0% | 1,015 | 57.0% |
| Europe and the United Kingdom | 1,457 | 795 | 20.7% | 878 | 37.9% | 941 | 53.1% |
| All other areas | 357 | 861 | 37.6% | 973 | 48.3% | 1,107 | 57.2% |
| **Average** | | **820** | **19.9%** | **924** | **34.7%** | **1,023** | **50.8%** |

Source: Longitudinal Survey of Immigrants to Canada
Note: All dollar values are stated in 2002 dollars. Number of observations measured at wave 1.

In Table 2-13, we see once again that most households spend nearly twice as much to own as they do to rent, although there are differences.

### Table 2-13: Median shelter costs ($2002) for owners and renters by source region, LSIC waves 1-3

| Source Region | 6 Months Renter | Owner | R/O | 2 Years Renter | Owner | R/O | 4 Years Renter | Owner | R/O |
|---|---|---|---|---|---|---|---|---|---|
| Africa and the Middle East | 631 | 1,540 | 0.41 | 603 | 1,463 | 0.41 | 617 | 1,488 | 0.41 |
| Asia | 784 | 1,623 | 0.48 | 778 | 1,463 | 0.53 | 750 | 1,497 | 0.50 |
| South and Central America | 781 | 1,433 | 0.54 | 737 | 1,555 | 0.47 | 661 | 1,423 | 0.46 |
| Europe and the United Kingdom | 761 | 1,228 | 0.62 | 776 | 1,362 | 0.57 | 759 | 1,395 | 0.54 |
| All other areas | 709 | 1,623 | 0.44 | 732 | 1,471 | 0.50 | 659 | 1,535 | 0.43 |
| **Average** | **764** | **1,543** | **0.50** | **776** | **1,462** | **0.53** | **741** | **1,494** | **0.50** |

Source: Longitudinal Survey of Immigrants to Canada
Note: R/O denotes the ratio of rental to ownership costs. All values are in 2002 dollars.

Newcomers from Europe and the United Kingdom report spending more than three-fifths as much to rent as they do to own at six months, whereas for those from Africa and the Middle East it is only two-fifths (although there are far fewer owners here). These gaps in shelter costs are much less pronounced when they are compared to income and broken down by dwelling type (Tables 2-14 and 2-15).

### Table 2-14: Median shelter costs ($2002) for renters by source region, LSIC waves 1-3

| Source Region | 6 Months Rental Cost | Income | R/I | 2 Years Rental Cost | Income | R/I | 4 Years Rental Cost | Income | R/I |
|---|---|---|---|---|---|---|---|---|---|
| Africa and the Middle East | 631 | 1,245 | 0.51 | 603 | 1,906 | 0.32 | 617 | 2,210 | 0.28 |
| Asia | 784 | 1,335 | 0.59 | 778 | 2,441 | 0.32 | 750 | 2,762 | 0.27 |
| South and Central America | 781 | 1,367 | 0.57 | 737 | 2,364 | 0.31 | 661 | 2,652 | 0.25 |
| Europe and the United Kingdom | 761 | 1,425 | 0.53 | 776 | 2,718 | 0.29 | 759 | 3,314 | 0.23 |
| All other areas | 709 | 1,617 | 0.44 | 732 | 2,706 | 0.27 | 659 | 2,725 | 0.24 |
| **Average** | **764** | **1,278** | **0.60** | **776** | **2,545** | **0.30** | **741** | **2,861** | **0.26** |

Source: Longitudinal Survey of Immigrants to Canada
Note: R/I denotes the ratio of rental costs to income. All values are in 2002 dollars.

Renters are able to bring their shelter cost ratios down after four years, with no groups spending more than 30% of their income on housing within four years of arrival. In wave 1, Asians spend 59% of their income on rent, but reduce this amount to 27% four years later due mainly to increases in their incomes. Interestingly, after four years in Canada, Europeans spend the most in

absolute terms, but the least relative to income. This compares to those from Africa and the Middle East, who report spending the least in absolute terms, but the most in relative terms.

**Table 2-15:  Median shelter costs ($2002) for owners by source region, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| | Costs to Own | Income | O/I | Costs to Own | Income | O/I | Costs to Own | Income | O/I |
| Source Region | | | | | | | | | |
| Africa and the Middle East | 1,540 | 3,049 | 0.51 | 1,463 | 4,883 | 0.30 | 1,488 | 4,934 | 0.30 |
| Asia | 1,623 | 2,534 | 0.64 | 1,463 | 3,685 | 0.40 | 1,497 | 4,269 | 0.35 |
| South and Central America | 1,433 | 2,903 | 0.49 | 1,555 | 4,444 | 0.35 | 1,423 | 5,030 | 0.28 |
| Europe and the United Kingdom | 1,228 | 3,215 | 0.38 | 1,362 | 4,621 | 0.29 | 1,395 | 5,144 | 0.27 |
| All other areas | 1,623 | 4,269 | 0.38 | 1,471 | 5,290 | 0.28 | 1,535 | 5,414 | 0.28 |
| **Average** | **1,543** | **2,871** | **0.54** | **1,462** | **4,065** | **0.36** | **1,494** | **4,634** | **0.32** |

Source:  Longitudinal Survey of Immigrants to Canada

Note: O/I denotes the cost of ow ning relative to income. All values are in 2002 dollars.

For owners (Table 2-15), affordability constraints are also quite pronounced. At six months, all groups spend more than 30% of their income on shelter. By wave 3, costs have fallen for all except Europeans while for the same period incomes increase. Thus, only Africans/Middle Easterners and Asians still face affordability issues (as judged by the 30% cut-off criteria) in wave 3. However, their numbers are so substantial that the average for all LSIC respondents in wave 3 is pushed above the cut-off.

As with all classifications of immigrants, however, it is difficult to determine the extent to which the trends above stem from affordability choices versus constraints or initial entry wealth. It is possible that some groups choose to allocate more resources to housing than others, because they see owning a home as a worthwhile investment, an essential durable good, or a critical component of building a good life in Canada.

## 2.7.  Variations by admission category[17]

The next subgroup analysis to be presented is by category of admission. Every year Citizenship and Immigration Canada (CIC) endeavours to admit immigrants to collectively fulfill its mandate of meeting Canada's labour market needs, humanitarian obligations, family reunification strategies, etc. CIC classifies immigrants by admission category, and respondents from some of the categories can be found in LSIC.

In the tables below, housing costs are presented for five different admission categories: family class, refugees, skilled worker (principal applicant), skilled worker (spouse and dependents), and other economic class. Family class refers to the process whereby a Canadian citizen or a permanent resident of Canada sponsors his or her spouse, common-law partner, conjugal partner, dependent child (including adopted child) or other eligible relative (such as a parent or grandparent) to become a permanent resident. Refugees are people in or outside Canada who fear returning to their home country. In keeping with its humanitarian tradition and international obligations, Canada provides protection to thousands of people every year. Refugees often have government subsidized housing for their first year in Canada. Skilled workers are selected as permanent residents based on their education, work experience, knowledge of English and/or

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[17] Admission categories are not well described in the LSIC codebook. Users of variable lr1d011 are told only that the information is based on FOSS data from the CIC database. As such, categories were collapsed to be as intuitive as possible.

French, and other criteria that have been shown to help them become economically established in Canada. Provincial Nominees and Business Immigration Programs form the bulk of the Other Economic Class category.

In the tables below, "Family Class" includes all respondents in the family class response categories, "refugees" includes all categories of refugee (government sponsored, privately sponsored and other refugees abroad), and "other economic class" includes provincial nominees and their spouses and dependents. "Skilled workers – principal applicants" are those who came to Canada as principal applicant skilled workers, with or without relatives in Canada. Finally, "skilled workers – spouses and dependents" contains those who arrived as a spouse or dependent of a principal applicant skilled worker.

**Table 2-16: Median shelter costs ($2002) by admission category, LSIC waves 1-3**

| | | 6 months | | 2 years | | 4 years | |
| | | Shelter | % | Shelter | % | Shelter | % |
| Admission Category | # Obs | Costs | Owner | Costs | Owner | Costs | Owner |
|---|---|---|---|---|---|---|---|
| Family Class | 1,977 | 917 | 42.0% | 973 | 50.7% | 1,042 | 58.1% |
| Refugee | 1,131 | 710 | 3.3% | 701 | 6.0% | 750 | 18.7% |
| Skilled Worker - Princ. Applicant | 2,255 | 746 | 9.0% | 873 | 26.4% | 950 | 45.9% |
| Skilled Worker - Spouses and Dep. | 1,750 | 867 | 11.3% | 972 | 33.1% | 1,123 | 52.4% |
| Other Economic Class | 535 | 1,183 | 37.7% | 1,236 | 64.1% | 1,292 | 72.4% |
| **Average** | | **820** | **19.9%** | **924** | **34.7%** | **1,023** | **50.8%** |

Source: Longitudinal Survey of Immigrants to Canada
Note: All dollar values are stated in 2002 dollars. Number of observations measured at wave 1.

Given CIC's admission criteria across categories, there should be some differences in housing outcomes across groups, illustrated in Table 2-16. Those that came to Canada under either the Family Class or Other Economic Class initially spend more on housing than other groups, although all groups increase their expenditures over time. Refugees spend less on housing overall, the reasons for which cannot be gleaned from LSIC data or the codebook. It may be because the refugee housing is subsidized, and that refugees are only reporting their portion of the costs.

**Table 2-17: Median shelter costs ($2002) for owners and renters, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
| Admission Category | Renter | Owner | R/O | Renter | Owner | R/O | Renter | Owner | R/O |
|---|---|---|---|---|---|---|---|---|---|
| Family Class | 716 | 1,820 | 0.39 | 682 | 1,649 | 0.41 | 649 | 1,593 | 0.41 |
| Refugee | 710 | 1,420 | 0.50 | 684 | 1,375 | 0.50 | 663 | 1,419 | 0.47 |
| Skilled Worker - Principal Applicant | 716 | 1,418 | 0.50 | 748 | 1,362 | 0.55 | 741 | 1,411 | 0.53 |
| Skilled Worker - Spouses and Dependants | 823 | 1,421 | 0.58 | 829 | 1,459 | 0.57 | 804 | 1,483 | 0.54 |
| Other Economic Class | 1,070 | 1,329 | 0.81 | 1,020 | 1,461 | 0.70 | 949 | 1,425 | 0.67 |
| **Average** | **764** | **1,543** | **0.50** | **776** | **1,462** | **0.53** | **741** | **1,494** | **0.50** |

Source: Longitudinal Survey of Immigrants to Canada
Note: R/O denotes the ratio of rental to ownership costs. All values are in 2002 dollars.

Table 2-17 elaborates on Table 2-16 by dividing each group by housing tenure status (owned versus rented). As with housing costs overall, Family class, Refugees and Skilled worker Principal Applicants spend less to rent relative to owning than the two other groups at six months. Those from the Other Economic Class spend 81% to rent what they do to own. Although this proportion declines over time, it remains well above that of all other admission categories.

### Table 2-18: Median shelter costs ($2002) for renters, LSIC waves 1-3

| Admission Category | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| | Rental Cost | Income | R/I | Rental Cost | Income | R/I | Rental Cost | Income | R/I |
| Family Class | 716 | 2,232 | 0.32 | 682 | 2,859 | 0.24 | 649 | 2,909 | 0.22 |
| Refugee | 710 | 1,426 | 0.50 | 684 | 1,662 | 0.41 | 663 | 1,961 | 0.34 |
| Skilled Worker - Principal Applicant | 716 | 1,091 | 0.66 | 748 | 2,646 | 0.28 | 741 | 3,136 | 0.24 |
| Skilled Worker - Spouses and Dependants | 823 | 1,149 | 0.72 | 829 | 2,639 | 0.31 | 804 | 3,132 | 0.26 |
| Other Economic Class | 1,070 | 514 | 2.08 | 1,020 | 2,561 | 0.40 | 949 | 2,430 | 0.39 |
| **Average** | **764** | **1,278** | **0.60** | **776** | **2,545** | **0.30** | **741** | **2,861** | **0.26** |

Source: Longitudinal Survey of Immigrants to Canada

Note: R/I denotes the ratio of rental costs to income. All values are in 2002 dollars.

The growth in ownership shown in Table 2-16, read alongside the relatively low cost of rent throughout the period in Table 2-17 suggests that immigrants of all admission categories place homeownership fairly high on their priority list. This point is further illustrated by looking at the proportion of income spent on owning versus renting (Tables 2-18 and 2-19).

Turning to renters first (Table 2-18), all wave 1 respondents exceed the affordability threshold by spending at least 30% of their income on rental housing. The most extreme example of this comes from members of Other Economic Class, who, like Koreans earlier, spend *far* more money on rent they earn in income (as with all values for wave 1, this number should be interpreted with caution, since business class entrants have savings and may also be engaged in starting their businesses at this point). Considerable declines in the relative cost of renting are evident across the observation period, so that by wave 3 most groups are below the affordability threshold. The two exceptions to this are Other Economic Class and Refugees, who nevertheless have still seen housing become more affordable.

### Table 2-19: Median shelter costs ($2002) for owners and renters, LSIC waves 1-3

| Admission Category | 6 Months | | | 2 Years | | | 4 Years | | |
|---|---|---|---|---|---|---|---|---|---|
| | Costs to Own | Income | O/I | Costs to Own | Income | O/I | Costs to Own | Income | O/I |
| Family Class | 1,820 | 3,404 | 0.53 | 1,649 | 4,446 | 0.37 | 1,593 | 4,498 | 0.35 |
| Refugee | 1,420 | 1,751 | 0.81 | 1,375 | 3,089 | 0.45 | 1,419 | 3,536 | 0.40 |
| Skilled Worker - Principal Applicant | 1,418 | 3,058 | 0.46 | 1,362 | 4,484 | 0.30 | 1,411 | 4,920 | 0.29 |
| Skilled Worker - Spouses and Dependants | 1,421 | 2,107 | 0.67 | 1,459 | 4,053 | 0.36 | 1,483 | 4,763 | 0.31 |
| Other Economic Class | 1,329 | 853 | 1.56 | 1,461 | 2,451 | 0.60 | 1,425 | 3,416 | 0.42 |
| **Average** | **1,543** | **2,871** | **0.54** | **1,462** | **4,065** | **0.36** | **1,494** | **4,634** | **0.32** |

Source: Longitudinal Survey of Immigrants to Canada

Note: O/I denotes the cost of owning relative to income. All values are in 2002 dollars.

Similar patterns are evident for owned accommodations. All classes experience affordability constraints at wave 1 but the situation improves for all groups. That said, Skilled Worker principal applicants are the only group below the affordability threshold by wave 3.

## 2.8. Education differences in housing experiences

The relationship between education and housing is quite weak for both immigrants and the native-born in Canada (Haan 2005). Nevertheless, Canada admits many immigrants with high levels of educational attainment. In this section, we take a closer look at differences that may exist across education groups.

**Table 2-20: Median shelter costs ($2002) by educational attainment, LSIC waves 1-3**

| Educational Attainment | # Obs | 6 months Shelter Costs | 6 months % Owner | 2 years Shelter Costs | 2 years % Owner | 4 years Shelter Costs | 4 years % Owner |
|---|---|---|---|---|---|---|---|
| Less than High School | 1,254 | 920 | 31.6% | 959 | 42.0% | 950 | 51.1% |
| High School | 1,105 | 813 | 27.5% | 865 | 38.6% | 934 | 51.3% |
| Trades, College, or Some Univ. | 1,600 | 806 | 22.9% | 870 | 40.9% | 937 | 52.6% |
| Bachelor's Degree or Higher | 3,679 | 811 | 14.3% | 912 | 31.8% | 1,031 | 50.0% |
| **Average** | | **820** | **19.9%** | **924** | **34.7%** | **1,023** | **50.8%** |

Source: Longitudinal Survey of Immigrants to Canada
Note: All dollar values are stated in 2002 dollars. Number of observations measured at wave 1.

Turning first to shelter costs overall (Table 2-20), there is once again evidence of increasing costs over time for all groups alongside increases in ownership. Costs escalate fastest for those with a Bachelor's degree or higher, although there is also a gentle climb for all education categories. Notice that by wave 3 the gap in ownership rates between all groups is less than 3 percentage points.

**Table 2-21: Median shelter costs ($2002) for owners and renters, LSIC waves 1-3**

| Educational Attainment | 6 Months Renter | 6 Months Owner | 6 Months R/O | 2 Years Renter | 2 Years Owner | 2 Years R/O | 4 Years Renter | 4 Years Owner | 4 Years R/O |
|---|---|---|---|---|---|---|---|---|---|
| Less than High School | 795 | 2,033 | 0.39 | 730 | 1,946 | 0.38 | 689 | 1,845 | 0.37 |
| High School | 736 | 1,537 | 0.48 | 702 | 1,553 | 0.45 | 663 | 1,488 | 0.45 |
| Trades, College, or Some Univ. | 741 | 1,436 | 0.52 | 727 | 1,434 | 0.51 | 700 | 1,407 | 0.50 |
| Bachelor's Degree or Higher | 761 | 1,521 | 0.50 | 778 | 1,455 | 0.53 | 753 | 1,423 | 0.53 |
| **Average** | **764** | **1,543** | **0.50** | **776** | **1,462** | **0.53** | **741** | **1,494** | **0.50** |

Source: Longitudinal Survey of Immigrants to Canada
Note: R/O denotes the ratio of rental to ownership costs. All values are in 2002 dollars.

Breaking these costs down by tenure status (Table 2-21), an interesting story emerges. First, consumer price index-adjusted shelter costs have been fairly stable between 2001 and 2005, with declining rental costs and fairly stable costs of ownership. This suggests that the increasing costs of shelter in Table 2-20 over time stems from a trend towards ownership instead of increases within categories. In other words, if the same proportion of immigrants owned in 2001 as in 2005, overall shelter costs in Table 2-20 would still been fairly stable, or they may even have dropped slightly due to a decrease in the cost of renting. A second oddity is that it is those with the lowest levels of education in Table 2-20 spent the most on housing at six months and 2 years. We see from Table 2-21 that this is true for renters and owners at six months, and for owners alone at two years and four years.

**Table 2-22: Median shelter costs ($2002) for renters, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
| | Rental | | | Rental | | | Rental | | |
| Educational Attainment | Cost | Income | R/I | Cost | Income | R/I | Cost | Income | R/I |
|---|---|---|---|---|---|---|---|---|---|
| Less than High School | 795 | 1,585 | 0.50 | 730 | 2,212 | 0.33 | 689 | 2,334 | 0.30 |
| High School | 736 | 1,451 | 0.51 | 702 | 2,184 | 0.32 | 663 | 2,358 | 0.28 |
| Trades, College, or Some Univ. | 741 | 1,370 | 0.54 | 727 | 2,161 | 0.34 | 700 | 2,529 | 0.28 |
| Bachelor's Degree or Higher | 761 | 1,193 | 0.64 | 778 | 2,684 | 0.29 | 753 | 3,136 | 0.24 |
| **Average** | **764** | **1,278** | **0.60** | **776** | **2,545** | **0.30** | **741** | **2,861** | **0.26** |

Source: Longitudinal Survey of Immigrants to Canada

Note: R/I denotes the ratio of rental costs to income. All values are in 2002 dollars.

Comparing rental costs with income (Table 2-22), the characteristic pattern of declining relative costs emerge. Households begin by spending roughly 60% of their income on shelter, but this amount declines for all groups because of increases in income, so that no one group spends more than 30% of its income on housing after four years. Relative costs for those with a BA or higher were more than cut in half, entirely due to rising income.

**Table 2-23: Median shelter costs ($2002) for owners, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
| | Costs | | | Costs to | | | Costs to | | |
| Educational Attainment | to Own | Income | O/I | Own | Income | O/I | Own | Income | O/I |
|---|---|---|---|---|---|---|---|---|---|
| Less than High School | 2,033 | 2,938 | 0.69 | 1,946 | 3,799 | 0.51 | 1,845 | 4,093 | 0.45 |
| High School | 1,537 | 2,444 | 0.63 | 1,553 | 3,536 | 0.44 | 1,488 | 3,922 | 0.38 |
| Trades, College, or Some Univ. | 1,436 | 2,561 | 0.56 | 1,434 | 4,065 | 0.35 | 1,407 | 4,490 | 0.31 |
| Bachelor's Degree or Higher | 1,521 | 3,175 | 0.48 | 1,455 | 4,309 | 0.34 | 1,423 | 4,911 | 0.29 |
| **Average** | **1,543** | **2,871** | **0.54** | **1,462** | **4,065** | **0.36** | **1,494** | **4,634** | **0.32** |

Source: Longitudinal Survey of Immigrants to Canada

Note: O/I denotes the cost of owning relative to income. All values are in 2002 dollars.

The same basic pattern exists for owners (Table 2-23), except that affordability constraints (defined as spending more than 30% of income on housing) are more widespread. Within four years of arrival, only those with a Bachelor's degree or higher are spending less than 30% of their income on their dwelling. Respondents at all other education levels are above the affordability threshold.

## 2.9. Age differences in housing experiences

Mulder and Wagner (1998) use the notion of the housing career to explain the type of housing individuals and families choose to live in over their life course. The basic profile consists of people living with their parents until they move out into their own rented dwellings (this often occurs when an individual is in his/her 20s). If they choose to marry and start a family, they buy their own starter home, move on to bigger homes, often in the suburbs, as their children grow. Then, once they become 'empty nesters', households will move into smaller, though still owned, accommodations. It is not until individuals enter their latter years that they will liquidate their housing equity entirely and opt for rental accommodations, either in the private market or in state-run institutions.

Naturally, the housing career framework does not typify all Canadians, but it does provide a basic framework for understanding the spending patterns of the 'average family', including many LSIC respondents. Young people should be more likely to rent, and they should have lower expenses

than older people. Given that there are not enough observations to witness the latter phases of the housing career (the downsizing and liquidating housing equity phase), there should be a steady ascension of housing costs across age groups.

In addition to this, we should see a transition from renter to owner over time, since owned accommodations are the most popular type of dwelling in Canada, and that integration should be accompanied with a growth in home ownership. This too will increase shelter costs, as will the aging of individuals over the study period.

**Table 2-24:  Median shelter costs ($2002) by age group, LSIC waves 1-3**

| | | 6 months | | 2 years | | 4 years | |
| | | Shelter | % | Shelter | % | Shelter | % |
| Age Group | # Obs | Costs | Owner | Costs | Owner | Costs | Owner |
|---|---|---|---|---|---|---|---|
| 15-24 | 1,341 | 938 | 25.7% | 975 | 40.3% | 1,043 | 50.2% |
| 25-34 | 2,877 | 711 | 11.8% | 781 | 25.8% | 928 | 44.5% |
| 35-44 | 2,145 | 840 | 15.9% | 948 | 37.6% | 1,027 | 53.7% |
| 45-54 | 777 | 926 | 24.9% | 972 | 42.2% | 1,044 | 55.4% |
| Older than 55 | 545 | 1,080 | 57.7% | 1,187 | 63.3% | 1,140 | 68.9% |
| **Average** | | **820** | **19.9%** | **924** | **34.7%** | **1,023** | **50.8%** |

Source:  Longitudinal Survey of Immigrants to Canada

Note: All dollar values are stated in 2002 dollars. Number of observations measured at wave 1.

Table 2-24 more or less reflects both of these expected trends. Although those that were 15-24 years old at wave 1 spend more on housing than their two elder groups, they also have higher ownership rates, and there is otherwise a gradual increase in shelter costs across age groups. Once respondents reach age 25-34, the expectedly modest amount (under the housing career framework) spent on accommodations is evident, followed by a steady growth across age groups. Housing costs also increase within age groups over the period reflecting the growth in ownership over time.

Since immigrants in LSIC came to Canada at about the same time, however, it is likely that any accumulated housing equity would have occurred in another country.

Another benefit that older people reap from owning is a shield against changes in the housing market. There is more volatility in rental prices for each age group than there is in the price of owning. This point to the fact that owning is much more stable than renting (Hurst, Ming, and Stafford 1998), another reason why people choose to buy versus rent.

**Table 2-25:  Median shelter costs ($2002) for owners and renters, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
| Age Group | Renter | Owner | R/O | Renter | Owner | R/O | Renter | Owner | R/O |
|---|---|---|---|---|---|---|---|---|---|
| 15-24 | 813 | 2,053 | 0.40 | 776 | 1,940 | 0.40 | 698 | 1,864 | 0.37 |
| 25-34 | 679 | 1,477 | 0.46 | 684 | 1,414 | 0.48 | 698 | 1,411 | 0.49 |
| 35-44 | 811 | 1,352 | 0.60 | 795 | 1,362 | 0.58 | 750 | 1,419 | 0.53 |
| 45-54 | 854 | 1,535 | 0.56 | 824 | 1,552 | 0.53 | 791 | 1,500 | 0.53 |
| Older than 55 | 815 | 1,684 | 0.48 | 742 | 1,942 | 0.38 | 662 | 1,849 | 0.36 |
| **Average** | **764** | **1,543** | **0.50** | **776** | **1,462** | **0.53** | **741** | **1,494** | **0.50** |

Source:  Longitudinal Survey of Immigrants to Canada

Note: R/O denotes the ratio of rental to ownership costs. All values are in 2002 dollars.

Relative to income, those that were 45-54 at each point in time spent the most to rent but, like everyone else, this amount drops quickly, and only 45-54 year olds exceed the affordability threshold after four years.

**Table 2-26:  Median shelter costs ($2002) for renters, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
| | Rental | | | Rental | | | Rental | | |
| Age Group | Cost | Income | R/I | Cost | Income | R/I | Cost | Income | R/I |
|---|---|---|---|---|---|---|---|---|---|
| 15-24 | 813 | 1,605 | 0.51 | 776 | 2,434 | 0.32 | 698 | 2,614 | 0.27 |
| 25-34 | 679 | 1,317 | 0.52 | 684 | 2,437 | 0.28 | 698 | 2,846 | 0.25 |
| 35-44 | 811 | 1,225 | 0.66 | 795 | 2,385 | 0.33 | 750 | 2,728 | 0.28 |
| 45-54 | 854 | 1,351 | 0.63 | 824 | 2,408 | 0.34 | 791 | 2,419 | 0.33 |
| Older than 55 | 815 | 2,048 | 0.40 | 742 | 2,506 | 0.30 | 662 | 2,315 | 0.29 |
| **Average** | **764** | **1,278** | **0.60** | **776** | **2,545** | **0.30** | **741** | **2,861** | **0.26** |

Source:  Longitudinal Survey of Immigrants to Canada
Note: R/I denotes the ratio of rental costs to income. All values are in 2002 dollars.

Comparing rental costs with income (Table 2-26), once again the characteristic pattern of declining relative costs emerges as time is spent in Canada. The drop is particularly sharp between six months and two years, but does continue for all age groups in the last two years of observation. Households begin by initially spending between 40% (the oldest cohort) and 66% (35-44 year olds) of their income on shelter, but after four years this amount declines for all groups, largely because of increases in income. Two groups 25-34 year olds and 35-44 year olds, experience a more than doubling of their income in their first four years.

**Table 2-27:  Median shelter costs ($2002) for owners, LSIC waves 1-3**

| | 6 Months | | | 2 Years | | | 4 Years | | |
| | Costs | | | Costs to | | | Costs to | | |
| Age Group | to Own | Income | O/I | Own | Income | O/I | Own | Income | O/I |
|---|---|---|---|---|---|---|---|---|---|
| 15-24 | 2,053 | 3,026 | 0.68 | 1,940 | 3,821 | 0.51 | 1,864 | 4,279 | 0.44 |
| 25-34 | 1,477 | 3,439 | 0.43 | 1,414 | 4,476 | 0.32 | 1,411 | 4,902 | 0.29 |
| 35-44 | 1,352 | 2,028 | 0.67 | 1,362 | 3,906 | 0.35 | 1,419 | 4,563 | 0.31 |
| 45-54 | 1,535 | 2,455 | 0.63 | 1,552 | 3,729 | 0.42 | 1,500 | 4,357 | 0.34 |
| Older than 55 | 1,684 | 3,068 | 0.55 | 1,942 | 4,070 | 0.48 | 1,849 | 3,901 | 0.47 |
| **Average** | **1,543** | **2,871** | **0.54** | **1,462** | **4,065** | **0.36** | **1,494** | **4,634** | **0.32** |

Source:  Longitudinal Survey of Immigrants to Canada
Note: O/I denotes the cost of owning relative to income. All values are in 2002 dollars.

The same pattern of declining ratios of shelter costs to income can be seen in Table 2-27 for those in owned accommodations. All age groups earmark considerable resources to owner-occupied housing in the first four years, so much so that nearly all age groups at all points in time spend more than 30% of their income on housing. The only exception is 25-34 year olds at four years, who spend 29% of their income to own at four years.

## 2.10. Conclusion

In this section of the report, we looked at affordability levels among LSIC respondents, categorized by various criteria. This was followed by differences across Census Metropolitan Areas, which showed how the expensive housing markets of Toronto and Vancouver appear to affect all residents, including LSIC respondents. As Canada's two most expensive cities, immigrants who choose to settle in either region experience much more severe housing affordability issues than do their counterparts in other parts of the country. This suggests that immigrants might do well to consider settling in other parts of Canada, where housing is more proportionate to income.

Although many groups do quite well in the Canadian housing market, several appear to be much less able to 'keep up' to others in their arrival cohort in terms of residential mobility. Arabs and Blacks stand out here, as they continue to spend the least amount of money on housing and have the lowest levels of home ownership. This may not necessarily reflect a situation of adversity (they may have different preferences in relation to ownership than other groups do), but it does raise a warning flag about the residential success of these group members relative to others. When the analysis was broken down by region of origin instead of visible minority status, it was people from Africa and the Middle East that faced the greatest challenges in the housing market.

Following this, admission category differences were discussed. Here, refugees stood out as the groups experiencing the lowest levels of residential success. This is consistent with the previous research (Chan, Hiebert, D'Addario, and Sherrell 2005; Danso 2001; Murdie, Chambon, Hulchanski, and Teixeira 1996) that documents the difficulties that refugees face in the Canadian housing market, although it is difficult to know whether this in fact reflects hardship in every instance. Some examples of where it might not would include individuals that left their previous country by force and plan to return once the reasons for leaving subside. Newcomers from other admission categories fared considerably better.

This section of the report closes by looking at differences by age and education categories. Differences in education group were fairly minor, at least when compared to most other divisions that were made in this section. Those with a bachelor's degree or higher did appear to have a slight advantage, possibly pointing to the recognition they are more likely to receive in the labour market. Regarding age, older immigrants appear to both make more and spend more, suggesting that they are receiving at least some recognition for their previous experience, which allows them to afford better housing. They also likely have higher levels of entry wealth.

What these tables show repeatedly is that LSIC respondents are doing quite well in the Canadian housing market. As mentioned earlier, they moved in to owner-occupied housing at a faster rate than their predecessors (Haan 2007), suggesting that, on average, immigrants are doing quite well in terms of homeownership attainment. That is not to say that there aren't hardships, but the broad storyline for this cohort is a positive one.

In the next section, we move beyond the descriptive analysis presented here to focus on the factors that predict one aspect of residential success: homeownership.

# 3.   Moving from renter to owner

## 3.1.  Introduction

As mentioned earlier in this report, the Chicago School of Sociology introduced the theoretical concept of assimilation to immigration research roughly 80 years ago, and following the perceived inability of this theory to explain several outcomes, subsequent researchers introduced stratification theory to supplement or even replace the original formulation. Research on immigrants today typically weighs the comparative merits of these two traditions. In Canada, the word "integration" is typically used in place of "assimilation."

Although easy to grasp theoretically, operational definitions for integration and stratification are more difficult to pin down. Is economic convergence with the host society alongside persistent social and cultural differences reflective of integration or stratification? What does it mean when a person is indistinguishable from a certain segment of the population (such as those with chronic low-income), but readily identifiable in the broader society? Is a group integrated if its members have high levels of economic success, but live in an ethnic enclave?

These are difficult questions to answer, and for this report Alba and Nee's definition provides a useful working definition. They define assimilation (and, for this report, integration) as "minority participation in mainstream socio-economic institutions (e.g., the labour market) on the basis of parity with ethnic-majority individuals of similar socio-economic origins" (Alba and Nee 1997); stratification is defined as the opposite of this, and is usually based on physical characteristics like skin colour, or on other factors like place of origin.

Given that roughly two-thirds of households in Canada are owned (Haan 2005), one of the expectations for those that successfully integrate is that over time most immigrants will participate in the mainstream housing market by also buying a home of their own. That is not to say that *everyone* will buy a home among LSIC respondents, but that roughly 2/3 of them will want to and be able to. Home buying not only increases their resemblance with the host society in terms of type of residence, it also provides them with greater access to the amenities (parks, schools, community centres, etc.) that are more likely to be found in neighbourhoods with predominantly owner-occupied dwellings. As such, it is a good indicator of integration into Canadian society.

As shown earlier in this report, that rate at which LSIC respondents move into owner-occupied housing broadly suggests that integration as described above is proceeding apace. Further evidence of this comes from LSIC respondents themselves, who, when asked at six months if they planned to buy a home in the coming years, overwhelmingly responded positively to the question. Well over half of those that did not already own stated that they planned to make a purchase in the coming years. Once again, this is not meant to imply that the desire for home ownership is universal amongst immigrants, but that the desire is strong. In fact, only about 1 in 7 explicitly stated that they did *not* plan to buy a house, suggesting that the rate of home ownership among the LSIC sample may one day be as high or higher than it is for Canadians overall (68.4% according to the 2006 census).

As this report has shown, the broad trend of rapid attainment does not translate into identical ownership rates across immigrant groups. Using Alba and Nee's definition presented earlier as a guide, one of the questions about these divergences is whether the differences between groups

stem from a lack of parity, or if groups differ because they hold different amounts of home ownership relevant resources (or "housing capital") or preferences.

The remainder of this part of the report proceeds as follows: first, overall home ownership trajectories are illustrated, followed by a break-down by visible minority status. Then, results from several logistic regression models are shown, and used to create probability plots of home ownership attainment in the first four years. These plots are useful in that they present 'standardized' trajectories, and allow for an assessment of what attainment would look like over time if the LSIC sample had identical access to credit, entry wealth, income, employment prospects, etc. Finally, the role of changing statuses (getting a better job, acquiring citizenship, etc.) is modeled as it pertains to housing.

## 3.2. Immigrant homeownership trajectories in the first four years

Although Section two of this report displayed differences across Census Metropolitan Area, class of entry, visible minority status, age and several other factors, this section focuses specifically on explaining the differences in home ownership rates across visible minority categories. The processes that differentiate immigrants in the Canadian housing market are many, but looking at visible minority status is especially important. First, as a country that prides itself on multiculturalism and tolerance for diversity, immigrants to Canada should be able to move through the housing market uninhibited by discrimination. That said, the theoretical discussion outlined in Section one points to unexplained gaps across visible minority groups as a central indicator of a stratified housing market, and it is an important human rights determination to see if the evidence of stratification presented earlier is robust to deeper analysis.

In an egalitarian housing market, the gaps that exist in the descriptive results in Table 2-8 should be the direct cause of home ownership relevant characteristics like family structure, labour market success, affordability, etc. Evidence to the contrary points to a stratified housing market, manifested by persistent gaps between groups.

In Figure 3-1 the rapid rate at which immigrants moved in to homeownership is illustrated.

**Figure 3-1: Number of months for immigrants to acquire owner-occupied housing, LSIC**
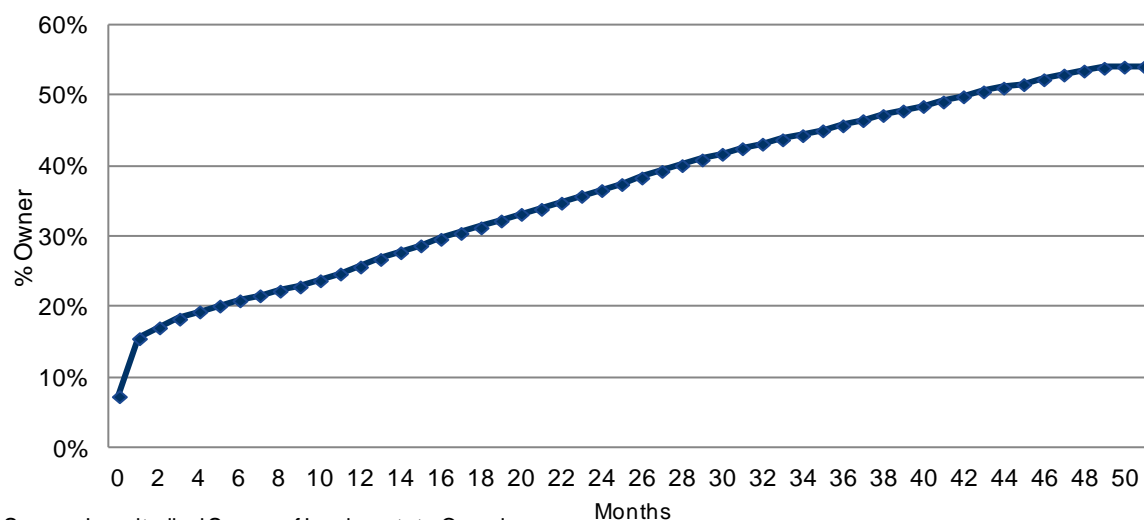


Source: Longitudinal Survey of Immigrants to Canada

Figure 3-1 shows that about 8% of the sample that bought a home during the observation period did so immediately. Following that, there is a fairly monotonic increase over the four year period, so that over half of all immigrants in the LSIC sample live in owner-occupied accommodations by wave 3.[18] As is often the case with aggregate trends like the one denoted in Figure 3-1, beneath the surface lies variations (Figures 3-2 and 3-3).[19] Visible minorities are divided into two groups so as to be able to see the differences between them better in the figures.

**Figure 3-2:   Home ownership attainment trajectories of Chinese, South Asian, Black, Filipino, and Latin American immigrants in the four years after arrival, LSIC**



Source: Longitudinal Survey of Immigrants to Canada
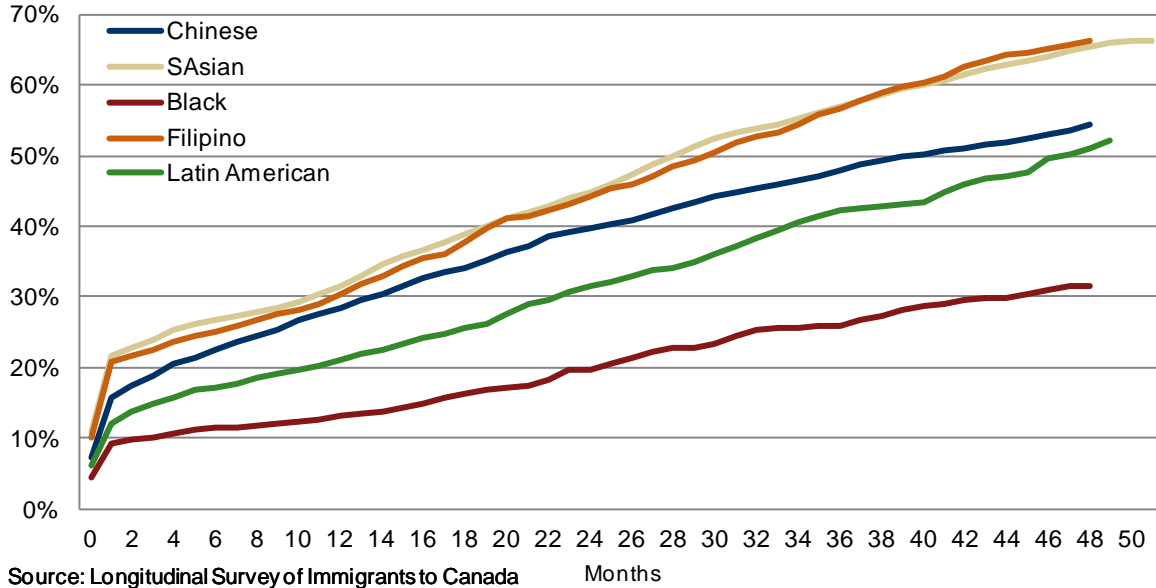
Filipinos and South Asians both have the highest home ownership rates in Figure 3-2 at 10% at entry, a lead that they are able to maintain and enhance throughout the four-year period. They are followed by Chinese, Latin American, and, finally, Black immigrants. The attainment rate (or slopes of these lines) appears to be fairly similar in Figure 3-2 for all groups except Blacks, who exhibit a flatter attainment trajectory than the other four groups.

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[18] Readers are reminded of the role of sample attrition in LSIC, and that those with higher success levels in Canada are more likely to stay in the country (and the sample) than those with lower levels.

[19] The ten visible minority groups are shown in two separate tables for ease of presentation only.

**Figure 3-3: Home ownership attainment trajectories of South East Asian, Arab, West Asian, White, and other visible minority immigrants in the four years after arrival, LSIC**



Source: Longitudinal Survey of Immigrants to Canada
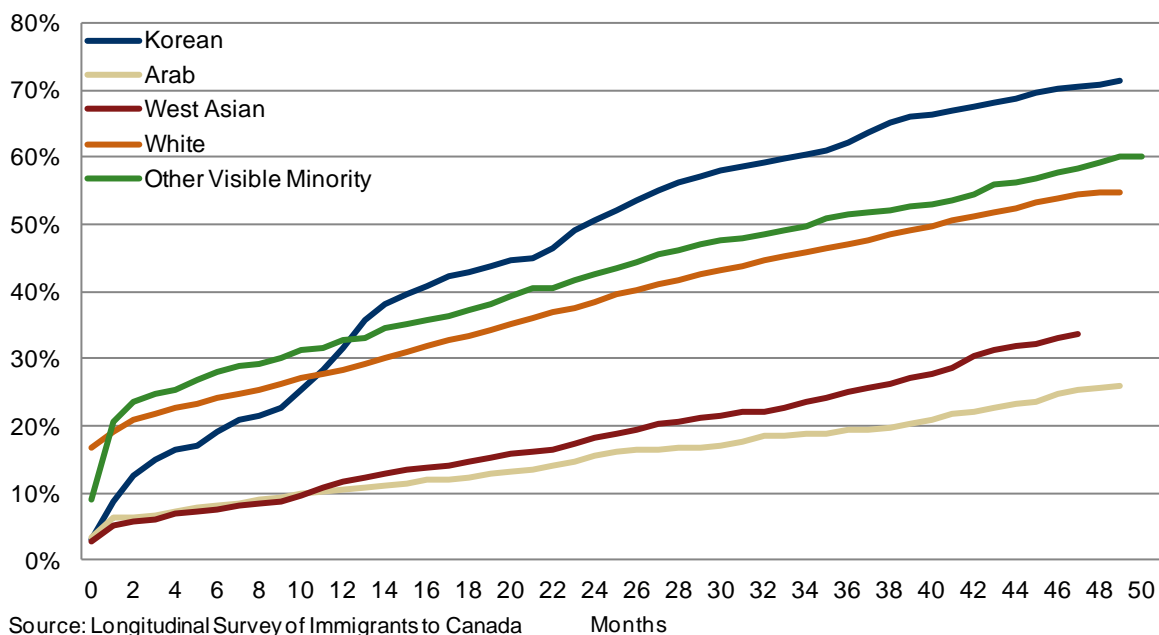
In Figure 3-3, there is a similar pattern of differentiation between groups. Here, Koreans, White, and Other Visible Minorities are the high attainment groups, and Arabs and West Asians have the lowest rates throughout the observation period. These differences emerge immediately at entry, with the only exception being Koreans, who enter Canada with low home ownership rates but quickly catch and surpass all other groups in both Figures 3-2 and 3-3, and have homeownership rates of over 70% after roughly four years in Canada.

To summarize these figures, it is clear that some groups vault quickly into home ownership, and have rates that approximate or even exceed the national average after only four years. Although several groups exemplify this trend, Filipinos, Koreans, South Asians, whites, and Other Visible Minorities are Canada's housing 'high achievers', each with home ownership rates that approach or exceed 60% by wave 3. At the other end of the spectrum are Arabs, Blacks, and West Asians, who have home ownership rates that are nearly half of their higher achieving counterparts.

The extent to which these differences reflect stratification (defined as a lack of participation in mainstream institutions based on external, physical characteristics) remains an open question. Although it is certainly possible that some groups face discrimination in the housing market due to their cultural and/or physical characteristics, this is not the only explanation. There could be differences in home ownership relevant resources, such as income, access to credit, and stable employment. Alternatively, visible minority groups might hold different belief systems, thereby positioning them differently for garnering the necessary resources for buying a home. Third, some groups may disproportionately choose to live in cities with different beliefs about the importance of ownership over tenancy (such as Montréal) (Choko 1987). It is also possible that discriminatory experiences, if they exist, originate in the labour market, and are manifested in the Figures 3-2 and 3-3 because of the close connection that exists between housing and labour market success. All of these possibilities, along with numerous others, would explain the differences seen above, but would not reflect stratification that *originates* in the housing market.

## 3.3. Explaining differences between visible minority groups[20]

Most early immigration researchers hypothesized a smooth and fairly linear convergence with the native-born population[21], implying that there should be few, if any, differences, both between immigrants and the general population, and between immigrant sub-groups, that could not be explained by looking at home ownership relevant characteristics like income, employment status, entry wealth, etc.

Researchers today give more thought to the processes that lead immigrants to differentially integrate into their host society. Although there is a secular trend towards the home ownership rates of Canadians overall, there are also considerable differences between groups, with groups like Arabs, Blacks, and West Asians posting home ownership rates that are nearly half of what Chinese, Filipinos and Koreans are able to achieve after four years. Furthermore, earlier research (Haan 2007; Skaburskis 1996) demonstrates that differences in homeownership trajectories that emerge in an immigrant group's early years persist to become longer-term gaps, so that groups that do not move quickly into home ownership never completely catch up with those that do.

The policy questions that arise from these disparities require more detailed research on the reasons for the disparities above. Are divergent trajectories the result of labour market misfortunes? Are groups that buy homes quickly living with extended family members? Do they have entry wealth? Do they simply not want to buy a house? It is only once questions like these are answered that clear policy directions can be taken.

## 3.4. Adjusting homeownership trajectories

The extent to which the differences in attainment profiles shown in Figures 3-2 and 3-3 above stem from differential treatment in the housing market can only be determined by adjusting for differences in the home ownership relevant characteristics that exist across LSIC respondents and between groups.

In this section, the trajectories presented above are adjusted for differences in home ownership relevant resources. This is done by estimating a series of logistic regressions, one for each wave (as well as at time of entry), and using these data to predict probabilities of home owning for each group, holding all other aspects constant. These regressions include a number of socio-demographic, household structure, human capital, geographic, class of entry, credit constraints, entry wealth, receipt of assistance, and labour market characteristics. Central to the analysis is how these factors affect the statistical significance of the vector of visible minority indicators, which capture the differences in home ownership propensities not explained by other variables in the model.

Coding information and sample means for the variables in the regression models is presented in Table 3-1 below.[22]

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[20] 'Visible Minority' is a term constructed by the *Employment Equity Act of Canada* and is intended to denote persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.

[21] This is somewhat of an over-simplification. Park and Burgess did acknowledge that there might be differences across groups, but hypothesized that this would be a function of the distance an immigrant group is from the mainstream society. A group that spoke English, for example, would take less time to assimilate than one that did not, but they maintained that the rate of assimilation would be the same for all groups even if start-points were not.

[22] The development of explanatory models often includes difficult choices about variable inclusion. In these models, visible minority status is chosen in place of region of origin, since both variables could not be included due to multicollinearity issues.

## Table 3-1: Variable coding and description

| | | Means | | | | Means |
|---|---|---|---|---|---|---|
| **Dependent Variable** | | | **Region of Origin** | | | |
| Owner | D | 0.51 | Africa and the Middle East | D | | 0.13 |
| **Socio-Demographic Characteristics** | | | Asia and the Pacific | D | | 0.64 |
| Age | C | 35.01 | South and Central America | D | | 0.03 |
| Spouse arrived before respondent | D | 0.13 | Europe and the United Kingdom | RC | | 0.15 |
| # of Children | C | 0.93 | Other parts of the World | D | | 0.05 |
| **Household Characteristics** | | | **Credit Constraints** | | | |
| Multiple Family | D | 0.10 | Bring Savings | D | | 0.74 |
| Person Living Alone | D | 0.06 | Entry Wealth (logged) | C | | 10.92 |
| Lives with Non-Family Persons | D | 0.01 | **Religion** | | | |
| One Family with non-family persons | D | 0.05 | Roman Catholic | D | | 0.19 |
| One Family without non-family persons | RC | 0.77 | Protestant | D | | 0.13 |
| **Human Capital Characteristics** | | | Orthodox | D | | 0.07 |
| Less than High School | RC | 0.02 | Jewish | D | | 0.01 |
| High School | D | 0.12 | Muslim | D | | 0.19 |
| Post-Secondary | D | 0.31 | Eastern Religions | D | | 0.18 |
| University | D | 0.55 | No Religious Affiliation | RC | | 0.23 |
| **CMA Indicators** | | | **Receipt of Assistance** | | | |
| Toronto | D | 0.42 | Housing Advice Has Been Received | D | | 0.01 |
| Montreal | D | 0.14 | **Labour Market Characteristics** | | | |
| Vancouver | D | 0.15 | # of Jobs | C | | 1.18 |
| Lives Elsewhere in Canada | RC | 0.29 | Income (logged) | C | | 10.20 |
| **Visible Minority Indicators** | | | Primarily Came to Canada for School | D | | 0.10 |
| Chinese | D | 0.21 | Works Full-time | C | | 0.56 |
| South Asian | D | 0.26 | Spouse works Full-time | D | | 0.49 |
| Black | D | 0.05 | Credentials Have not been Recognized | D | | 0.03 |
| Filipino | D | 0.07 | **Admission Category** | | | |
| Korean | D | 0.04 | Refugee | D | | 0.06 |
| Latin Am. | D | 0.03 | Economic Class - Prin. Applicant | D | | 0.35 |
| Arab | D | 0.06 | Economic Class - Spouse and Dep. | D | | 0.25 |
| West Asian | D | 0.05 | Other Economic Class | D | | 0.06 |
| White | RC | 0.21 | Family Class | RC | | 0.28 |
| Other Visible Minority | D | 0.02 | | | | |

Note: 'C' denotes continuous variables, 'D' = dichotomous, and 'RC' = Reference Category

Note: For variables that vary over time (such as age and income), results are shown for Wave 3.

Note: For variables that vary over time (such as age, owner and income), results are shown for Wave 3.

Each number refers to the proportion of the population that resides in each category. For example '0.51' for Owner denotes that 51% of respondents were homeowners by Wave 3.

Socio-demographic characteristics include age, arrival of spouse before respondent, and the number of children. This information is taken from the wave of data that is used for estimating the regression results. As such, it is possible for a respondent to have different information across waves (as would be the case with the addition of another child).

Similarly, human capital characteristics, Census Metropolitan Area of residence, religion, receipt of assistance, and most labour market characteristics (all but primary reason for coming to Canada for schooling) can all change between waves. As such, each of these characteristics reflects an individual's response in the wave for which regressions are being estimated. For visible minority status, class of entry, credit constraints, and primary reason for coming to Canada, individual's responses are the same for each wave.

Each of these variables likely differs for members of different visible minority groups, and could therefore form part of the explanation for both differences at a single point in time and for attainment over time. The visible minority coefficients, which reflect the difference between a particular group and the reference group (whites), are expected to shrink in terms of strength and significance with the introduction of controls, levelling the gaps in attainment and explaining the unadjusted differences seen in Figures 3-2 and 3-3.

In Table 3-2, the regression results appear in four separate models[23], one for time of entry, then at six months, two years, and four years. Each model, estimated as logistic regressions, represents the predictors of homeownership at a single point in time. The first model looks models home ownership propensities in the first month after arrival, and enables a determination of who buys immediately, followed by an additional model for each of the other three waves. The regression results for time of entry homeownership propensities are essentially a 'synthetic' wave of the LSIC, generated from wave 1 retrospective information. As a result, it contains less complete information than the regressions for waves 1-3, but is useful in that it denotes homeownership propensities at time of arrival.[24]

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[23] Descriptive statistics of these variables appear in section 2 of this report.

[24] Interestingly, although the information is less complete, the explanatory power (as measured by the Bayesian Information Criteria) is the highest of all the models. In fact, each successive model fits worse than the one before it, suggesting that there are increasingly more unobserved factors behind home ownership over time.

**Table 3-2:    Logistic regression results for home ownership among LSIC respondents**

| | Wave "0" Odds | Sig. | Wave 1 Odds | Sig. | Wave 2 Odds | Sig. | Wave 3 Odds | Sig. |
|---|---|---|---|---|---|---|---|---|
| Chinese | 0.669 | ** | 0.498 | *** | 0.644 | *** | 0.571 | *** |
| South Asian | 0.544 | *** | 0.378 | *** | 0.666 | *** | 0.796 | * |
| Black | 0.545 | ** | 0.347 | *** | 0.607 | ** | 0.466 | *** |
| Filipino | 0.43 | *** | 0.285 | *** | 0.385 | *** | 0.517 | *** |
| Korean | 0.271 | *** | 0.318 | *** | 0.623 | ** | 0.618 | ** |
| Latin Am. | 0.539 | * | 0.432 | *** | 0.69 | * | 0.876 | |
| Arab | 0.574 | * | 0.374 | *** | 0.344 | *** | 0.499 | *** |
| West Asian | 0.756 | | 0.604 | * | 0.775 | | 1.052 | |
| Other Immigrants | 0.971 | | 0.697 | | 0.92 | | 0.775 | |
| Age | 1.015 | *** | 1.013 | *** | 1.009 | *** | 1.006 | * |
| High School | 1.061 | | 0.953 | | 0.761 | ** | 0.923 | |
| Post-Secondary | 0.805 | | 0.978 | | 1.084 | | 0.969 | |
| University | 0.715 | ** | 0.937 | | 0.873 | | 0.884 | |
| # of Children | | | 0.959 | | 1.059 | | 1.074 | * |
| Spouse arrived before respondent | 0.809 | * | 0.836 | | 0.89 | | 1.086 | |
| Multiple Family | | | 4.696 | *** | 3.788 | *** | 2.847 | *** |
| Person Living Alone | | | 0.593 | ** | 0.242 | *** | 0.2 | *** |
| Lives with Non-Family Persons | | | 1.112 | | 0.314 | *** | 0.26 | *** |
| One Family with non-family persons | | | 3.604 | *** | 1.896 | *** | 1.805 | *** |
| Roman Catholic | 1.297 | | 1.573 | *** | 1.752 | *** | 1.736 | *** |
| Protestant | 1.368 | * | 1.95 | *** | 2.072 | *** | 1.85 | *** |
| Orthodox | 0.489 | *** | 0.355 | *** | 0.685 | * | 0.739 | * |
| Jewish | 0.452 | | 0.744 | | 1.857 | * | 1.442 | |
| Muslim | 0.579 | ** | 0.653 | * | 0.931 | | 0.802 | |
| Eastern Religions | 1.219 | | 1.343 | | 1.136 | | 1.112 | |
| # of Jobs | | | 0.86 | ** | 1.005 | | 0.953 | |
| Income (logged) | | | 1.013 | | 1.002 | | 1.039 | ** |
| Primarily Came to Canada for School | 0.732 | * | 1.106 | | 1.188 | | 1.147 | |
| Works Full-time | | | 0.789 | * | 1.103 | | 1.263 | *** |
| Spouse works Full-time | | | 0.977 | | 1.182 | ** | 1.34 | *** |
| Credentials Have not been Recognized | | | 0.641 | * | 0.827 | | 0.589 | *** |
| Bring Savings | 0.792 | | 2.418 | *** | 2.91 | *** | 2.839 | *** |
| Entry Wealth (logged) | 1.03 | | 1.232 | *** | 1.232 | *** | 1.202 | *** |
| Refugee | 0.046 | *** | 0.065 | *** | 0.082 | *** | 0.215 | *** |
| Economic Class - Prin. Applicant | 0.148 | *** | 0.204 | *** | 0.446 | *** | 0.76 | ** |
| Economic Class - Spouse and Dep. | 0.149 | *** | 0.242 | *** | 0.507 | *** | 0.814 | * |
| Other Economic Class | 0.529 | *** | 0.935 | | 1.606 | *** | 1.897 | *** |
| Toronto | 0.819 | * | 0.693 | *** | 0.64 | *** | 0.678 | *** |
| Montreal | 0.237 | *** | 0.223 | *** | 0.233 | *** | 0.236 | *** |
| Vancouver | 0.63 | *** | 0.602 | *** | 0.547 | *** | 0.551 | *** |
| Received Housing Advice | | | 0.802 | | 1.341 | | 0.97 | |
| Bayesian Information Criteria | 5356 | | 6067 | | 8538 | | 9345 | |

Source: Longitudinal Survey of Immigrants to Canada

### 3.4.1. Home ownership at time of entry

At time of entry, age, a university degree, a spouse that was in Canada before the respondent, several religions, class of entry, and CMA of residence are the significant results. In addition to these results, the coefficients for visible minorities show that most groups have significantly lower homeownership propensities than reference group white immigrants. Only West Asians, and Other Immigrants can not be distinguished from Whites at time of entry.

### 3.4.2. After six months

By six months, with the addition of several variables, a more interesting story begins to emerge. First, those that live in non-nuclear family dwellings differ significantly from those that do. For people living alone, this means that home ownership rates are nearly half those of the reference group (a husband-wife single family household). For multiple family dwellings (which includes single family dwellings with one or more relatives) and single family dwellings with non-family members, homeownership propensities are *much* higher, suggesting that these forms of cohabitation may signify a strategy for early attainment. Several significant differences across religions are evident, with Roman Catholics and Protestants posting higher rates than those with no stated religion (the reference group), and Muslims and Orthodox Christians positioned well below the reference group.

In terms of employment, simultaneously holding more jobs hampers home ownership prospects, as does working full-time and not having recognized (self-declared) credentials. The findings for credential recognition seem to be straightforward, but the other two are not. Perhaps holding more jobs reflects the quality of the jobs held, and working full-time might compare negatively to not having to work full-time because of the attendant differences in resource levels. Although the result for credential recognition is intuitive, trends for the number of jobs is not. For the number of jobs, the only significant result occurs at six months, and there is no clearly ascending or descending pattern in the coefficients. For working full-time, there is a fairly clear trend towards increased ownership over time, speaking to the importance of stable employment for making a home purchase. An interesting result is that entry wealth has a sizeable effect on the ability to buy a home at wave 1, but that it did not at time of entry. This suggests that immigrants may wait to buy a home even when they have the resources to buy immediately.

Wide differences can also be seen by class of entry, with low propensities of owning for Refugees, and both Economic Class categories, after adjusting for other factors. The reference group (family class) has the highest propensities of any group, although this might be expected since these respondents are joining family members that may already be somewhat established. Home ownership propensities are lower in Montréal, Toronto, and Vancouver than they are in the rest of the country. The extent to which this reflects differences due to the nature of these housing markets versus unobserved factor that lead immigrants to settle outside of the 'big three' can not be determined here. Finally, judging from the coefficient for housing advice, it appears that the advice of others is too diverse to elicit a discernable impact on the propensity to buy.

Looking at the visible minority characteristics, most of the significant differences at time of entry ("wave 0") still exist after six months. In fact, for all groups with significant differences but Koreans, the gap with reference group whites actually widens, suggesting that whites initially moved into home ownership faster than any other group.

### 3.4.3. After 2 years

Moving on to wave 2, many of the trends witnessed at wave 1 continue to be evident. Age continues to have a positive effect on ownership, education still has a minimal impact, and the disadvantage of low levels of education (defined as less than high school) become evident. The advantage of having a spouse arriving prior to the respondent continues to be negligible. All four household types differ from the reference group in interesting ways. For multiple family dwellings and one family households with unrelated persons, differences with the reference group shrink, suggesting that the tremendous advantage conferred by these cohabitation strategies early

on lessens with time. At the same time, not being in a family has a growing negative effect on respondents, with persons living alone and with non-family persons showing home ownership propensities that are far below the reference group.

The results for employment variables at wave 2 change little from wave 1. The effect of the number of jobs an individual holds remains negative, but having a spouse that works full-time now positively predicts home ownership. It is interesting to note that although income continues to elicit no effect on home ownership propensities, entry wealth continues to be a strong and significant determinant.

After two years in Canada, all admission categories differ from the family class, with refugees, and both Economic Class categories tracking well behind the reference group, and, for the first time, Other Economic Class (which are largely composed of Provincial Nominees) surpass the Family Class with their homeownership propensities. Differences across CMAs are essentially unchanged from before, and now receiving housing advice has no effect on home ownership propensities.

At wave 0, whites had considerably higher homeownership rates than all groups but West Asians and Other Immigrants, and only Koreans narrow the gap slightly by wave 1. By wave 2, nearly all groups but Arabs converge slightly with whites relative to their wave 1 standing.

### 3.4.4. After 4 years

Most of the trends denoted for wave 2 continue on to wave 3. The effect of age attenuates slightly, though it is still significant. Education continues to have little effect, and the number of children now has a discernibly positive effect on propensities. The differences across household formation strategies noted above continue between years two and four. There are few changes to trends by religion, except that the effects continue to shrink in most cases. Jews are once again no longer significantly different from the reference group.

 As with wave 2 regression results, having many jobs continues to have no effect on home ownership, and, for the first time, income is statistically significant and has the expected positive effect. Having a working spouse is a stronger predictor of home ownership than the respondent working him or herself.

Once again, refugees have much lower propensities than reference group family class participants, though the gap continues to shrink. Both Principal Applicant and Spouse and Dependent Economic Class respondents have lower propensities than those from the Family Class, but the gap is shrinking. For Other Economic Class, which largely consists of provincial nominees, there continues to be a strong and significant propensity for ownership.

The differences across geographic areas once again changes very little, which might be surprising given the price increases in Toronto and Vancouver over this time.

Looking at visible minority groups, in wave 3 there is only limited evidence of further convergence. Chinese, Black and Korean LSIC respondents lose ground on the reference group white immigrants, whereas South Asians, Filipinos, and Arabs post gains in home ownership. For Latin Americans, this gain is enough to erase the significance of the difference with whites. West Asian and Other Immigrants continue to resemble white immigrants.

Regarding the effect of visible minority status on the ability to own, there is support here for both integration and stratification theories. One group (Latin Americans) that was significantly different from reference group whites at "wave 0" is not by wave 3, bringing the number of

indistinguishable groups to three. On the other hand, five groups continue to have home ownership rates that are lower than reference group whites, so the tally lends slightly more support for a stratified housing market, as argued by several other Canadian scholars (Murdie 1994; Henry 1989; Hulchanski 1997; Skaburskis 1996).

To further put this into perspective, however, it is important to note that Figures 3-1 and 3-2 show *all* groups moving into home ownership in the first four years, with several groups posting home ownership rates that are on par with that of white immigrants. What this suggests is that some groups are working against what might be deemed the forces of stratification. As one example of this, some groups that are known to form multiple family dwellings, such as Chinese and South Asians (Yu and Myers 2007; Haan 2007), may do so in part to secure an owned dwelling, so that even if there is reduced access compared to reference group whites, their strategies for overcoming hardships in the Canadian housing market may nonetheless allow them to buy a home and to integrate into the owner-occupied market.[25] The rate at which these hardships can be overcome seems to differ; within four years, most groups resemble the reference group more closely in terms of homeownership than they did at arrival, as judged by the visible minority regression coefficients. Finally, although Chinese, Blacks, and Arabs diverge from whites, in each instance the widening of the gap is slight, particularly when compared with the rate at which most groups converge with whites. Arabs actually narrow the gap between waves 2 and 3.

In the section below, adjustments are made for group differences by predicting home ownership propensities while holding all variables but visible minority group at mean values, providing an answer to the question: "what would home ownership rates be if visible minority status was the *only* difference between LSIC respondents?"

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[25] Readers are reminded that integration is a multi-dimensional concept, and that it is operationalized here only as a movement towards the ownership rates of the reference group. These results do not speak to housing value, location, quality, or affordability.

## 3.5. Plotting adjusted attainment probabilities

In Figures 3-4 and 3-5, homeownership probabilities are predicted at time of entry, and six months, two years, and four years after entry using the regression results presented in Table 3-2 above. The first prediction point denotes home ownership propensities after the first month in Canada, followed by expectations at each wave.

**Figure 3-4:** **Home ownership attainment trajectories of Chinese, South Asian, Black, Filipino, and Latin American Immigrants in the four years after arrival, LSIC**
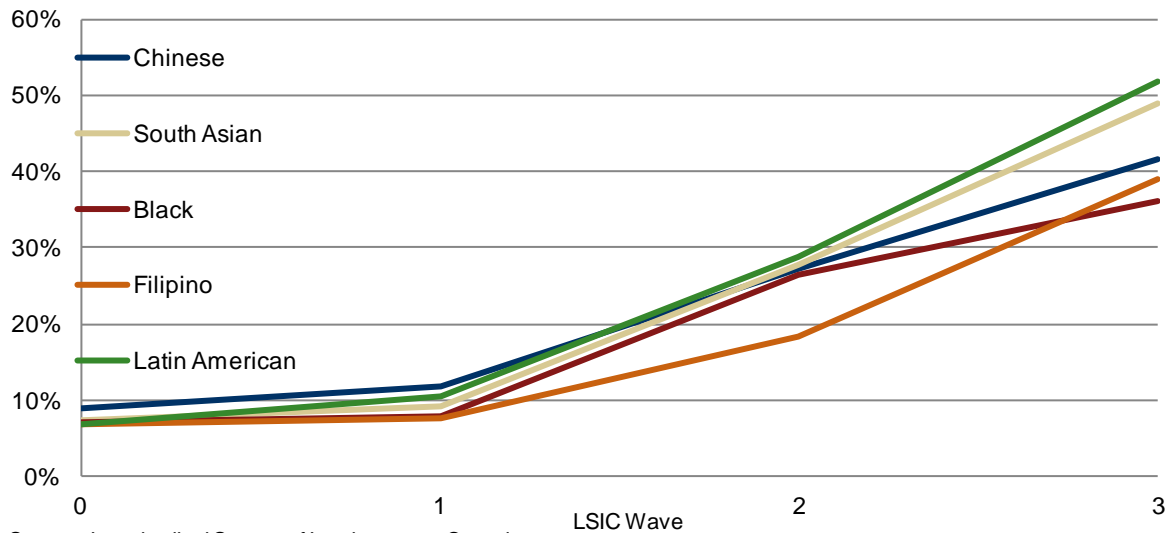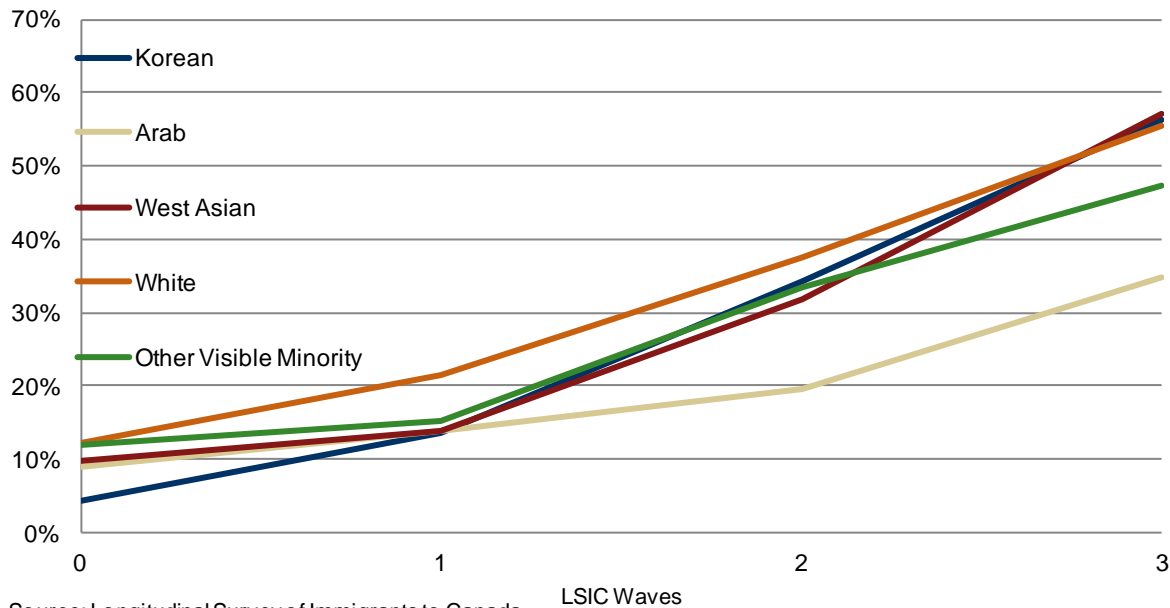


Source: Longitudinal Survey of Immigrants to Canada

When holding all variables but visible minority group status at their mean values, predicted differences at time of entry are now largely negligible, with a roughly 2 percentage point gap separating the highest and lowest attainment groups. Furthermore, when confidence intervals (not shown) rather than means are considered, these groups are statistically indistinguishable, suggesting that the difference between groups at time of entry in Figure 3-2 almost entirely stem from compositional characteristics. Other than differences in resource levels, visible minority groups at time of entry more or less face the same frontier. This point is important, because it suggests that visible minority immigrants are relatively equal in terms of access as they approach Canada's housing market.

What is important to note is that, over time, there is divergence, particularly after wave 1, when groups are still quite tightly clustered. By wave 2, the gap between high (Latin American) and low (Filipino) attainment groups expands to roughly 10 percentage points. This gap, though significant in itself, nearly doubles by wave 3, although it is now Blacks rather than Filipinos with the lowest expected homeownership probabilities. Latin Americans continue to have the highest expected homeownership rates of all the groups in Figure 3-4, at over 50%.

**Figure 3-5:** **Home ownership attainment trajectories of Korean, Arab, West Asian, White, and other visible minority immigrants in the four years after arrival, LSIC**



Source: Longitudinal Survey of Immigrants to Canada

The groups in Figure 3-5 portray a similar story of growing divergence, which would be expected under stratification. Although the entry gap is larger at nearly 10 percentage points, by wave 3 the roughly 20 percentage point gap between high and low attainment groups (West Asians and Arabs, respectively) is about the same as the five groups in Figure 3-4. Whites, which represent the benchmark group for considering levels of integration, do have one of the highest expected rates at wave 3, but they are not that far ahead of other groups, as might be expected under stratification.

In both instances, these plots hold all other variables constant, so earnings, family structure, and every other home ownership relevant characteristic is identical across groups. These figures therefore represent what home ownership rates 'should' be in the face of equal opportunity and constraint.

## 3.6. Comparing predicted and actual homeownership rates

The probability plots above are useful in that they provide an indication of what homeownership propensities would be for immigrant visible minority groups with identical resource levels. Comparing the gaps in Figures 3-2 and 3-3 to those in 3-4 and 3-5 (Table 3-3), it appears that roughly half of the differences between groups in home ownership propensities stems from compositional characteristics, and that attainment trajectories would be much more similar if other group characteristics were the same. The other half of the difference remains unexplained, once again providing equal support for integration and stratification.

In many ways, however, this brings us back to the question posed at the beginning of this section regarding the difficulties around defining how immigrant groups integrate into Canadian society. Table 3-3 below, which was generated by subtracting predicted values from observed rates at each time point illustrates this more poignantly. This table shows that most groups actually post

*higher* than expected homeownership rates, and that although there are differences between them, nearly all groups perform better than expected in terms of home ownership attainment. For some groups, like Chinese, South Asians, and Filipinos, this difference is substantial. Of all groups, whites approximate expectations most closely, with a less than one percentage point gap between actual and observed rates at wave 3.

**Table 3-3: Percentage point difference between observed and expected homeownership rates**

| | Time Point | | | |
|---|---|---|---|---|
| **Visible Minority Status** | **0** | **1** | **2** | **3** |
| Chinese | 4.1 | 7.4 | 7.2 | 6.1 |
| South Asian | 11.3 | 13.6 | 11.8 | 8.3 |
| Black | 6.5 | 5.8 | 0.7 | -1.4 |
| Filipino | 11.3 | 14.6 | 18.6 | 19.4 |
| Latin American | 6.5 | 6.9 | 6.8 | 2.1 |
| Korean | 1.0 | 4.2 | 15.8 | 8.7 |
| Arab | -2.4 | -6.9 | -7.3 | -11.4 |
| West Asian | -0.6 | -1.4 | -7.0 | -17.5 |
| White | 5.2 | 2.2 | 2.3 | -0.7 |
| Other Visible Minority | 7.0 | 11.7 | 10.1 | 8.3 |

Source: Longitudinal Survey of Immigrants to Canada

Note: Numbers above represent the gap in percentage points between actual and expected homeownership rates.

These higher than expected rates suggest that attainment is proceeding more quickly than expected for most groups, and that the gaps between groups largely exist at higher than expected home ownership levels.[26] Further evidence of this comes from the fact that nearly three-quarters of all groups have home ownership rates that approach or surpass 50% after only four years in Canada. Considering that new immigrants are often treated like new labour market entrants (Picot and Sweetman 2005), this rate of attainment is especially impressive, and is unlikely to be matched by new Canadian-born labour market entrants.

At the same time, there are significant disparities for both Arab and West Asian immigrants, with homeownership rates that are 11.4% and 17.5% lower than what they 'should' be based on respondent characteristics at wave 3. Under stratification theory, these disparities suggest that these groups face a different reception in Canadian society than other immigrant groups.

An alternative explanation for the disparity, one that does not involve differential treatment by the host society, is that over 4/5 of Arab and West Asian LSIC respondents identified as Muslim in the survey, and that this in itself alters their access to homeownership due to beliefs concerning *Riba*.[27] Given that the primary means through which houses are purchased by immigrants in Canada (a mortgage) is not permissible for many Muslims, it is not surprising to see lower than expected home ownership rates for Arabs and West Asians.

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[26] This statement requires some qualification. The ideal comparison group would be the Canadian-born, but because there are only immigrants in LSIC this comparison is not possible. Background work for this report used the census and out-of-sample predictions to confirm that home ownership rates for immigrants are high relative to socio-economic resources, pointing to a strong demand for owner-occupied housing.

[27] According to the Islamic Institute of Banking and Insurance (http://www.islamic-banking.com/default.aspx), Riba is roughly translated as charging interest, or money earned on the lending of money. Given that most conventional mortgages do precisely this, Muslims are prohibited by the Quran from using conventional mortgages. As a result, they must either pay for their houses outright or borrow money from friends or family.

Changes to the mortgage industry would likely have a profound effect on access to home ownership for Arabs and West Asians. A small but growing sector of the mortgage industry has begun to offer 'Islamic Mortgages', which adhere to the mandates of Sharia law. It will be interesting to see how this affects home ownership propensities for these groups in the future.

## 3.7. Changing characteristics over time

In Table 3-3 we saw considerable evidence of many groups moving in to homeownership at higher than expected rates, after entering Canada with more or less equal adjusted homeownership rates at time of entry. After spending some time in Canada, however, a nearly 20 percentage point gap emerges between visible minority groups. Arabs, West Asians, Blacks, and Whites to a much lesser extent, did not buy homes at rates that would be expected with their socioeconomic resources, whereas all other groups bought homes at higher than expected rates.

What is interesting about this finding is that the differences seem to emerge while immigrants are in Canada, and part of the LSIC observation period. It is therefore possible to measure whether the ability to buy a home stemmed from a change in state, such as the recognition of credentials, receipt of citizenship, the addition of another child, a change in household composition, or improvements in labour market performance.

In the final section of this report, we take a look at how changing characteristics in the lives of LSIC respondents alters their probability of ownership. The model below looks at the determinants of owning at wave 3, looking only at those that did not immediately buy upon entering Canada. The focus is on how the transition is accompanied by other changes in an LSIC respondent's life circumstances.

The dependent variable for this logistic regression model is dichotomous, set to '1' if a household buys during the observation period and '0' if they did not. Most of the variables in Table 3-1 are used as predictors here, but in addition to these variables are several new pieces of information. First, rather than looking at household cohabitation characteristics as static characteristics, the model below looks at the possibility of a change between waves 1 and 3 (such as moving from a multiple family dwelling to a single family dwelling). In addition to this, acquiring citizenship, the addition of a child, and improvements in employment situation are also included as factors that possibly changed between waves 1 and 3. In all instances, the new variables are dichotomous and set to one if a change occurred. Zero denotes no change in status on the variable of interest.

**Table 3-4: The changing lives of LSIC respondents and the relationship to home ownership**

| Variables | Odds | Sig. |
|---|---|---|
| Chinese | 0.613 | *** |
| South Asian | 1.002 | |
| Black | 0.47 | *** |
| Filipino | 0.656 | ** |
| Korean | 0.742 | |
| Latin Am. | 0.948 | |
| Arab | 0.561 | *** |
| West Asian | 1.153 | |
| Other Immigrants | 0.651 | |
| Age | 1.008 | ** |
| High School | 0.912 | |
| Post-Secondary | 0.935 | |
| University | 0.915 | |
| Spouse arrived before respondent | 1.157 | |
| Roman Catholic | 1.829 | *** |
| Protestant | 1.753 | *** |
| Orthodox | 0.844 | |
| Jewish | 1.22 | |
| Muslim | 0.835 | |
| Eastern Religions | 1.263 | |
| Primarily Came to Canada for School | 1.144 | |
| Bring Savings | 3.222 | *** |
| Entry Wealth (logged) | 1.226 | *** |
| Refugee | 0.294 | *** |
| Economic Class - Principal Applicant | 0.878 | |
| Economic Class - Spouses and Dependants | 1.091 | |
| Other Economic Class | 2.051 | *** |
| Toronto | 0.709 | *** |
| Montreal | 0.241 | *** |
| Vancouver | 0.584 | *** |
| Income (logged) | 1.093 | *** |
| **Changing Characteristics between Waves 1-3** | | |
| Addition of Another Child | 1.143 | * |
| Respondent gets Canadian Citizenship | 0.757 | *** |
| Moving from multiple dwelling to single | 0.671 | *** |
| Respondent Stays in Mult-family dwelling | 2.429 | *** |
| Spouse gets a full-time job | 1.335 | * |
| Respondent gets a full-time job | 1.111 | |
| Respondent's credentials receive recognition | 0.784 | * |
| Respondent's work experience receives recognition | 1.249 | |

Source: Longitudinal Survey of Immigrants to Canada

When comparing the model above to those in Table 3-2, several interesting differences emerge. First, there are now only four significantly different visible minority groups, further suggesting that groups more or less proceed into home ownership at the same rate. Once again, however, there are some standouts. On the low end in terms of attainment, Arabs, Blacks, Filipinos, and the Chinese emerge. For South Asians and Koreans, the differences that exist between most groups appear to dissipate when transitions (Table 3-4), rather than absolute levels (Table 3-2), are studied.

Once again, only Roman Catholics and Protestants differ from those with no religion. In both instances, the rate of attainment is much higher than it is for those with no religion. It is difficult

to know for certain why this is the case, although it may be because adherents to these two religions gain access to Canadian-born and more established immigrant communities, and can therefore rely on their fellow church members to help them navigate the real estate and mortgage market. Without further research, however, it is difficult to know for certain.

Furthermore, many of the variables designed to measure change are statistically significant. The addition of a child encourages households to buy a home, suggesting that children are an important part of a household's dwelling tenure decision. For some reason, gaining citizenship puts negative pressure on ownership, possibly because the time and cost associated with gaining citizenship takes resources away from homebuying. Once again, strong evidence emerges about household formation being a strong determinant of tenure type. Respondents that are in multiple family dwellings at both points in time are more than twice as likely to make the transition to owner than are those in single family dwellings across the period (the reference group). Moving from a multiple family dwelling to a single family dwelling hurts home ownership propensities. Too few households went from a single family dwelling in wave 1 to a multiple family dwelling in wave 3 to enable an analysis of this transition, although it too would have been interesting to look at.

As with citizenship (and perhaps for the same reason), having credentials recognized detracts from homebuying, whereas work experience recognition elicits a positive effect. Spouses also play a role in home buying, and their transition into full-time employment increases the probability of home buying by roughly 34%.

This model supports earlier assertions that many groups proceed in to home ownership at more or less the same pace, relative to white immigrants, once resource levels are controlled for. Of the ten visible minority groups in the models, only four have distinct trajectories from whites. If any evidence for stratification exists in Table 3-4 (and Table 3-2), it comes from the trend among Arab, Black and Chinese immigrants. Since Arab immigrants are relatively recent arrivals, however, there is very little research among this group, so it is probably premature to interpret their housing trends as evidence of stratification, even though the evidence above supports such a claim. More work needs to be done to understand why this group diverges so significantly from both white immigrants and several other groups before such claims can be made more forcefully.

Both Haan (2007) and Painter, Gabriel and Myers (2000) highlight Chinese immigrants as having one of the highest rates of home ownership of all immigrant groups, at times exceeding even whites and the native-born population. Given this, it is interesting to see how Chinese in the LSIC sample do not fare as well as their predecessors, a finding that may be due in part to the fact that many came from mainland China instead of Hong Kong, and may therefore not have the same resource levels. In any event, it is hard to imagine that Chinese attainment levels stem from stratification, since it appears to be cohort-specific rather than systematic.

Regarding Black immigrants, low rates of attainment have been documented elsewhere in both Canadian (Haan 2007) and US research (Painter, Gabriel, and Myers 2000). The reasons behind low attainment rates are unknown. US research has suggested that Black immigrants are pushed into the racialized African-American underclass, which would explain low rates in the US. Comparative research on Black immigrants in Canada, however, finds similarly low attainment rates, without the racialized underclass. Even so, the only remaining group that consistently supports stratification theory is Blacks.

## 3.8. Conclusion

This report suggests that many newcomers in the LSIC sample face considerable difficulties with housing market affordability when they first arrive in Canada. They not only spend much more on housing than Canadians on average, but they also earn much less, contributing to a 'double-burden'. The situation appears to improve quickly after arrival, although the initial transition could be extremely difficult for many households. These experiences differ by age, census metropolitan area of residence, class of entry, education, region of origin, and visible minority status.

Not surprisingly, there are also differences by admission category; economic class migrants do not face the hurdles that refugees do, for example, although even refugees move quickly into ownership. Those who come under the family class have fewer difficulties with affordability, moving into ownership, although this may stem in part from having family members already in the country, thereby giving them a 'head-start' compared to other LSIC respondents. Skilled workers and provincial nominees both enter Canada with low propensities, but they make considerable gains over the four-year period, suggesting that they too require some time to settle in to life in Canada before they begin to experience residential mobility.

Wide differences also exist across census metropolitan areas. Although this report could not determine the extent to which this stems from peculiarities inherent in each private housing market versus the availability of subsidized transition housing, both factors likely play a role. In Edmonton, for example, the waiting list for subsidized housing far exceeds the supply, so newcomers must often rely on charity or the private market for accommodations. Too often, this presents them with an affordability crunch or no choice but to live in sub-standard housing, or both.

The primary purpose of this report, particularly section 3, was to expand upon differences by visible minority, and to focus on the factors that lead to such rapid changes in housing tenure. Focusing on home ownership as an outcome, this report has sought to understand why Canada's immigrant visible minority groups experience the housing market differently. Findings reveal substantial unexplained differences across groups, equating to a 20 percentage point gap, both between groups and between the observed and expected home ownership propensities of a group. This suggests that some groups face additional hurdles in Canada, and that this may be an area for policy intervention. Canada's public and private housing market leads to different housing experiences among visible minority groups. This report flags Muslim immigrants and their financing considerations in particular. Others have noted the housing difficulties faced by blacks (Murdie 1994), which this report supports, although it would be difficult to prescribe an intervention without looking at the housing issues of this group more closely.

This report also highlights the considerable accomplishments of many Canadian newcomers. Home ownership rates on average approach 50% by the end of the observation period (for those that remain in the sample), which is impressive given that many newcomers struggle to navigate the Canadian labour market, Canadian society, and, despite this, were able to find a home and community to invest in.

The results of section 3 suggest that religion may be a more effective way to examine the early experience of immigrant groups rather than by visible minority status at least in terms of housing. Informed by the substantial body of (often US) literature that points to the importance of skin colour for understanding access to socio-economic resources, researchers have paid too little attention to religion, even though it is more directly reflective of a belief system than skin colour.

As argued over 100 years ago by Max Weber, belief systems are at the core of so many human behaviours, yet most research tends to ignore this. A follow-up study to this report could look at the role of religion on housing outcomes more directly.

Another interesting finding in this report is that entry wealth does not have an appreciable effect on homeownership propensity until after respondents have spent some time in Canada. This is somewhat counterintuitive, since presumably LSIC respondents with entry wealth should buy homes immediately. Perhaps this is because individuals choose to wait until they know more about their new destinations before making an investment. An interesting follow-up study would be to investigate how newcomers use their wealth in the housing market, and whether this varies by other characteristics (like admission category or census metropolitan area of residence).

Although the intention of most studies is to be able to derive a series of generalizable statements about the early experiences of all Canadian immigrants, several caveats in this report complicate the potential for this to occur here. First, given the importance of the business cycle for determining an immigrant's early success, arriving in 2000-2001 is likely to have implications for generalizability. Canada did not experience the early 2000s recession as deeply as the United States, but it was also not immune from it. Arriving during a recession tends to affect immigrants on average, but it may have elicited differential effects on immigrant sub-groups.

The broad storyline of this report, however, is that immigrants do quite well in Canada's housing market, and that many are willing to take extraordinary steps to move in to owner-occupied housing. Differences across groups do exist, but for most the differences are between groups that have higher than expected home ownership propensities.

# Appendix A:   About the Longitudinal Survey of Immigrants to Canada (LSIC)

The study sample is drawn from the Longitudinal Survey of Immigrants to Canada (LSIC), a three-wave study of 12,040 people aged 15 and over (at wave 1) who were randomly selected from the approximately 165,000 immigrants that settled in Canada between October 2000 and September 2001. Respondents were interviewed at six months, 2 years, and 4 years after arrival, and to be part of the LSIC sample, respondents needed to have applied for admission to Canada through a mission abroad (Statistics Canada 2003).

The sample was created using a two-stage stratified sampling method. The first stage involved the selection of Immigrating Units (IU) using a probability proportional to size method. The second stage involved the selection of one IU member within each selected IU. The selected member of the IU is called the longitudinal respondent (LR). Only the LR is followed throughout the survey.

This report reduced the full LSIC sample to contain only respondents with valid information on housing variables of interest.

Although an excellent dataset, there are some issues. First, attrition rates are noteworthy, with only 9500 and 7716 people participating in waves 2 and 3, respectively. One of the consequences of this sample attrition is that there is a bias in the sample that grows across waves. Furthermore, this report looks only at respondents who were present in all three waves, and readers are urged to keep this in mind when reading the results.

The Longitudinal Survey of Immigrants to Canada (LSIC) was established in response to the growing need for information on immigrants to Canada. Particular emphasis is given to the settlement process and the factors that influence immigrants' ability to integrate and adapt to Canadian society, and the services used by immigrants to facilitate the transition. The completed survey consists of three interviews (waves): the first of these was conducted six months after the immigrant's arrival in Canada, with subsequent interviews occurring two and four years after their arrival. Only immigrants who respond to the wave one interview were traced for the wave two interview; only those who respond to the second wave interview were traced and interviewed for wave three. The methodology and data quality can be found in the *Microdata User Guide – Longitudinal Survey of Immigrants to Canada – wave 1*.[28]

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[28] Statistics Canada. Microdata User Guide – Longitudinal Survey of Immigrants to Canada – Wave 1, 2003, www.statcan.ca/english/sdds/document/4422_D1_T1_V1_E.pdf.

# Appendix B:   LSIC survey design[29]

The frame for the LSIC is an administrative database of all landed immigrants to Canada which comes from Citizenship and Immigration Canada. The database, known as FOSS (Field Operation Support System), includes various characteristics of each immigrant that can be used for survey design purposes, such as: name; age; sex; mother tongue; country of origin; knowledge of English and/or French; category of immigrant; date of landing; and intended province of destination in Canada.

The survey was designed based on probability sampling theory, using a two-stage stratified sampling method. The first stage involved the selection of the immigrating unit (IU) using a probability proportional to size (PPS) method. The size was defined as the number of immigrants in the IU. The second stage involved the random selection of one IU member within each selected IU. The selected member of the IU is called the longitudinal respondent (LR). Only the LR will be followed throughout the survey and no interviews will be conducted with other members of the IU or the LR's household.

To ensure reliable estimates and to satisfy various requirements of federal and provincial government departments, the sample was stratified by month of landing, province of destination and class of immigrant, and the following subgroups were over-sampled:

1) Government sponsored refugees;

2) Refugees other than government sponsored;

3) Entrepreneur and investor immigrants ("Economic-Business");

4) Family immigrants in British Columbia;

5) Overall immigrants in Alberta, and;

6) Economic immigrants in Quebec ("Economic-Skilled" and "Economic-Business").

As a result of sampling, the sample of immigrants becomes representative of the target population only through the use of the survey weight. The survey weight can be thought of as the number of immigrants in the population represented by a sampled immigrant. The estimates presented earlier in this document are weighted estimates. To ensure reliable estimates at wave three, a minimum sample size of at least 5,755 respondents is required. The determination of the initial sample size was based on several sample attrition hypotheses applied to the wave three minimum sample size requirements. As a result, 20,322 immigrants were selected for the wave one interview, of which 12,040 agreed to participate.

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[29] Statistics Canada. Microdata User Guide – Longitudinal Survey of Immigrants to Canada – Wave 1, 2003, www.statcan.ca/english/sdds/document/4422_D1_T1_V1_E.pdf

# Appendix C: Details on variable creation

**Housing costs**: These variables, hsXd118 (hs1d118 for wave 1, hs2d118 for wave 2, and hs3d118 for wave 3), report on how much a respondent and his/her household pays in monthly housing costs.

**Visible minority indicators**: In wave 1, individuals were invited to identify as a member of a visible minority population. This variable, lr1g044, was used to create a series of dummy variables.

**Age**: Individuals were asked about their age in every wave. These variables are the lrd005 series.

**Education**: These variables were created using the variable ed1g221. The LSIC variable was transformed into four dummy variables, used to denote those with less than highschool, a highschool diploma, other post-secondary training, and a university degree.

Spouse came before respondent: respondents were asked in LSIC if they had a spouse already here in Canada. This variable (lr1d060) was dichotomized and used to predict home ownership.

**Entry wealth** is measured using two variables. The first is a dummy variable to denote the presence of any entry wealth whatsoever. The second is the logged value of the stated amount (set to 0 for those that did not bring wealth). The reason behind coding wealth in this manner is that individuals with no wealth are likely to differ qualitatively from those with wealth. As a result, the dummy variable captures this difference, while the logged amount captures the effect of wealth amount.

**Religion**: LSIC collects information on religion in variable lr1g046. This study creates a separate dummy variable for each category used by Statistics Canada.

**Class of entry**: categories of the variable lr1d011 were collapsed and used to create a series of dummy variables.

**Income**: This refers to an economic family's self-reported income by month, and adjusted to 2002 dollars. This number is logged to reduce the influence of extreme values. For waves 2 and 3, this information was directly asked (they appear in LSIC as variables in2d069x and in3d069x) For wave 1, monthly is not asked but instead total income earned in Canada is asked. This information was divided by the number of months a respondent has been in Canada.

**Household composition**: LSIC respondents were asked a series of questions about their living arrangements. This gave Statistics Canada enough information to construct several variables. For this report, respondents were sorted according to four potential living arrangements. These indicators denote the living arrangements within the household, and are based on the hhxd023 variables in LSIC. A multiple family is any where there is more than one full family living in a dwelling. This family may be several lone parents and their children, or more than one husband-wife family (with or without children). A person living alone has no other dweller listed in the registry, and a person that lives with non-family persons has several roommates that have no familial connection whatsoever. Finally, one family household with/without family persons refers to any dwelling that contains one person that is not part of the primary family.

**Number of jobs**: This refers to the number of jobs held since coming to Canada, and ranges from 0 to 8, and is taken from variables em1d322, em2d322, and em3d322.

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