HOUSING POLICY IN B.C. (NO. 3): HOUSING NEEDS ASSESSMENTS

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INTRODUCTION

The housing crisis has been a persistent issue in British Columbia (B.C.), affecting residents in communities large and small. A recent Statistics Canada report has found that B.C. is the most unaffordable province in Canada when it comes to housing (Meissner 2022). Though the provincial government has long been involved in the housing system (Smith 2024), the province has recently introduced a diversity of new measures to address this crisis and provide stable and affordable housing for all British Columbians. One such measure is the provincial requirement for regular municipal Housing Needs Assessments, introduced in 2019 through the *Local Government Act*. These assessments are local reports produced by municipalities every five years, which collect key historic and projected housing and demographic data.

The province is using these Housing Needs Assessments (HNAs) to identify not only communities that are in need of more housing, but also which *kinds* of housing communities need. In collaboration with municipalities, the province is using housing reports to generate "housing targets" for municipalities, specifying not just how many units must be created but also whether housing should be rental, ownership, under-market, and even noting how many bedrooms are needed in each unit. To date, the province has relied on HNAs to give detailed "housing targets" to 10 communities, and has identified 20 more communities that will soon receive specific housing targets.

The introduction of provincially required HNAs for the 188 communities in British Columbia is a critical step towards evidence-based policymaking in the housing sector. This policy brief, the third in a series of three on housing policy in B.C. (see also Gill and Smith 2024; Smith 2024), will highlight what information is included in these assessments, give a case study of results from one assessment (West Kelowna), and discuss their potential to shape housing policy in comparison with the housing targets approach taken in Ontario.

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POLICY CONTEXT

Historically, B.C. has been a leader in innovative and interventionist housing policy and has invested in affordable housing for all but a few years following the federal government's divestment from housing in the 1990s (for a more thorough overview of this history, see Suttor 2016). In other words, since the federal government's divestment in the 1990s, housing has been prioritized by *both* of the main political parties in B.C.: the B.C. Liberals and the B.C. New Democratic Party (NDP). Despite this continued involvement, British Columbia has been facing a long-standing housing crisis characterized by a lack of affordable and accessible housing options (Meissner 2022). This housing crisis has been particularly acute for people with low incomes and those experiencing homelessness.

In recent years, as the housing crisis has spread beyond just the main urban centres of the province to affect a wider group of people including youth and seniors, the provincial government has increased its involvement. In 2018, the newly elected NDP government introduced a 10-year housing policy. Following John Horgan's retirement in 2022, David Eby became leader of the B.C. NDP and therefore premier of the province. While facing an unprecedented level of housing need during the COVID-19 pandemic, the province "refreshed" the housing policy in 2023 to include measures to intervene throughout the housing spectrum, and to partner with communities across the province in an effort to create more inclusive and affordable housing systems.

There is, however, a lack of information on the specific housing needs of communities throughout B.C., especially those outside of Vancouver. Without detailed information on the specific needs, both current and projected, of each community, it is difficult to allocate resources effectively and equitably and to plan housing developments in a way that addresses the root causes of the housing crisis. To address this informational gap, as part of its refreshed housing strategy, the provincial government mandated in 2019 that municipalities complete a Housing Needs Assessment (HNA) by 2022, and every five years after. These assessments will enable municipalities and the province to take into account the most recently available information on the housing market and local demographics when formulating/re-formulating municipal and regional plans on housing.

HNAs require municipalities to collect approximately 50 different data points, including local population demographics (including projected growth); information regarding household income; report on significant economic sectors; and a careful accounting and breakdown of local housing stock. Not only do reports ask municipalities to present a snapshot of housing and demographics in their communities, but they are asked to include past trends and future projections. This allows local communities to understand how well their housing system is meeting the needs of their current community members, and how well it will adapt to future projected changes in their community.

Housing Needs Assessments are based on a variety of data sources, including census data, housing data, and income data. This information is available to municipalities freely through the province, CMHC, B.C. Housing, Statistics B.C. and Statistics Canada (Government of British Columbia 2021) yet it can be difficult for municipalities to develop the reports on their own. For this reason, the Ministry of Municipal Affairs made $5 million available to the Union of B.C. Municipalities specifically to support local governments in their efforts to produce their Housing Needs Assessments. This funding can be used to hire consultants, assist with project management and data collection, research, and

publishing costs. Communities receive funding based on their population; the smallest communities (population less than 15,000) can apply for $20,000 in funding, whereas the largest communities with populations over 100,000 can apply for $70,000. Communities that are working on regional reports can apply for the largest grant of up to $150,000.

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HOUSING NEEDS ASSESSMENTS FOR STRATEGIC PLANNING

There are a number of policy benefits to HNAs. First, they can be used to identify the communities where there is the greatest need for *affordable housing*. This information on gaps in the housing system can be used to prioritize the allocation of resources and to guide the development of new affordable housing projects. Second, the assessments can be used to identify the *demographic groups* that are most in need of affordable housing. For example, the assessments may identify seniors, Indigenous peoples, students, or low-income families as groups that are particularly vulnerable to housing insecurity. This information can be used to develop targeted policies and programs that are designed to meet the specific needs of these groups. Third, the assessments can be used to identify the *housing market* trends in different communities. For example, the assessments may identify areas where housing prices are rising rapidly or where there is a shortage of rental properties. This information can be used to guide land use planning decisions and to inform policies that are designed to support the development of new affordable housing.

There seems to be an implicit hope that local communities will use the assessments to guide their own decisions, but the province has indicated that it will also use reports to work collaboratively, where possible, and more instructively where not, in communities where the housing system has important gaps. In the following section, we provide a case study overview of the results of one community's Housing Needs Assessment – West Kelowna, which was included in the second group of communities that will be receiving housing targets from the province in summer 2024 – and then discuss the recent process whereby the province has presented communities with detailed housing targets.

CASE STUDY: HOUSING NEEDS ASSESSMENT FOR WEST KELOWNA

To identify the housing needs of West Kelowna, a small but growing city in the southern interior region of B.C., the city worked with Colliers Strategy and Consulting to collect and analyze data on the municipality's population, demographics, and housing market trends (Colliers 2022). This collaboration was thanks in part to a $30,000 grant received from the UBCM to help communities in the development of their HNAs. In addition to using data sources provided by the province and CMHC, authors also conducted interviews with local stakeholders, including government officials, developers, and community organizations, to gain a deeper understanding of the area's housing challenges.

The assessment revealed several key findings. First, West Kelowna's population had grown significantly in recent years, fueled by an influx of both young families and retirees. However, the municipality's housing supply had not kept pace with this growth, resulting in a shortage of housing and affordable housing options. Second, the assessment found that most of the recent new housing developments in West Kelowna have been single-family homes, which do not meet the needs of all residents. In particular, the assessment identified a significant unmet demand for rental housing, including both market and affordable subsidized options.

The report is very detailed in terms of what would be needed in order to meet these growing as well as historically unmet housing needs. For example, the report finds that there were approximately 12,455 units of housing in 2016, but this grew to 14,146 in 2021. Considering anticipated population growth, which they expect to be about 12,000 in the next 20 years, the recommendation is to build 299 new units of housing per year to achieve a goal of approximately 20,199 units of housing in the municipality by 2041. This amounts to an additional 5,282 new units of housing by 2041. But the report is even more specific, noting that the majority of these new units, 2,952 to be exact, should be apartments, either duplex or low-rise.

HNAs are valuable where information exists, but a lack of information and/or housing options can also lead to the continuous overlooking of certain populations. For example, the assessment finds that there are 152 units of purpose-built affordable housing in West Kelowna, though this does not include naturally occurring affordable housing in the city (rental housing that is rented at below-market levels). It also finds that there has been a sizeable increase in the number of households living in subsidized housing, from 120 in 2016 to 161 in 2021. The report goes on to note, "the total number of households that live in subsidized housing may be under-represented due to a lack of subsidized housing options in the City of West Kelowna" (Colliers 2022, 46). The report is less clear about the number of affordable and deeply affordable units that are required by 2041, though it does note that in 2021, there were an estimated 930 households in core housing need and 510 in severe housing need. The report simply notes that "a significant supply of new housing will be required to address the supply and affordability gap" (Colliers 2022, 98).

An additional lacking piece of information is about regional housing needs; because of the local scale of the assessments, they might overlook important trends resulting from people leaving one municipality for another, resulting in housing pressures that may be driven by one community but

absorbed by another. While the cost of living in West Kelowna compared to other municipalities nearby is affordable or perhaps even lower, this is a dynamic that is likely relevant in high-cost regions in the Lower Mainland and on Vancouver Island.

Overall, this housing needs assessment provides valuable insights into the challenges and opportunities facing West Kelowna's housing market. As we will note in the following section, West Kelowna has been identified by the province as one of twenty communities that will receive housing targets in summer, 2024.

HOUSING NEEDS → HOUSING TARGETS

The province is using HNAs as an opportunity to guide municipalities and partner with them in meeting their housing needs. Drawing on the HNAs in summer, 2023, the provincial government identified 10 communities in need of more housing and handed down detailed housing targets in September of that year. It did this using what the Minister of Housing called an "objective, thorough and measured process" that considers data from the reports including the availability of housing and land in the community, projected growth, affordability, etc. (Chiang 2023).

The first ten communities to receive housing targets are: Vancouver, Abbotsford, Victoria, Saanich, Kamloops, Delta, North Vancouver, Port Moody, West Vancouver, and Oak Bay. Unsurprisingly, Vancouver has been asked for the largest number of new housing units (28,900), whereas the smallest housing target has been given to the small Vancouver Island municipality of Oak Bay (664 units). Vancouver's housing targets include 17,459 studio/one-bedroom units; 5,231 two-bedroom units; and 6,209 three-bedroom units. Of these, 20,886 must be rental and 8,015 must be owned. Further, of the 28,900 total units, 7,894 must be below-market, 12,992 must be market, and there must be 583 supportive housing units (see Victoria Buzz 2023 for a full overview of housing targets for all ten municipalities).

If all ten communities meet their five-year housing targets, it is expected that they will lead to an additional 60,000 homes, above what would normally be completed by approximately 38%, based on past trends (McElroy 2023). This includes the development of nearly 17,000 below-market rental units (Victoria Buzz 2023). Although this represents an increase in new housing starts, and an increased diversity in new housing starts, the province has set housing targets at only 75% of each municipality's stated housing needs (*ibid*). This has drawn criticism from some advocacy groups who insist that supply must increase at a much faster pace in order to improve affordability (Chiang 2023).

Municipal progress towards these housing targets will be monitored closely, with an update from the first ten communities expected in May 2024. Following an initial 6-month check-in, the province will monitor progress annually. While the process is intended to be collaborative, and the province has made funding available to municipalities to assist them in reaching their housing targets, there are mechanisms for the province to be more directive as well. Housing Minister Ravi Kahlon explained in an interview, "the legislation gives us the authority to step in, if needed" including by appointing someone locally to oversee progress (Chiang 2023). Though some municipalities have expressed concern about their ability to meet their housing targets in five years, most cities have indicated support and their intent to collaborate with the province (McSheffrey 2023).

In April 2024, the province announced 20 more communities that will soon receive housing targets, including on Vancouver Island and in the Interior and the North. While some communities welcome the opportunity to collaborate with the province (Seymour 2024), others have expressed disappointment and surprise that they have been put on what they call the "naughty list" (DeRosa 2023). The Mayor of Lower Mainland municipality New Westminster, for example, has said that his community has been a leader in new housing developments, and said that the province should "stop pointing fingers and start doing its job to get housing built" (Pawson 2024). The Mayor suggested that collaborating with the province would be a better way to go about increasing the supply of different types of housing. The province would seem to agree, as the details of the targets are set in collaboration with local councils – the province will set these targets in the next few months and release the details in summer 2024.

This collaborative and evidence-based approach to housing targets is somewhat different from the approach taken in other provinces. Ontario, for example, has also given municipalities housing targets, but has done so in a very different way. The province has identified the need for an additional 1.5 million homes in the next ten years, and has given the 50 largest communities targets that, when added together, will meet that goal. The province has given communities each a number of new units that need to be developed in their community in 10 years, with targets for 2023 and 2024; communities that are close to their target will receive an incentive payment from the province's Building Faster Fund, which helps communities to cover infrastructure related to housing (CBC News 2024).

There are a number of ways in which this approach is distinct from that taken in B.C.. First, there is no breakdown in the types of housing that need to be developed, as opposed to B.C.'s targets which include details on the number of bedrooms, rental versus market, and even below-rental units. Though units of various sizes count, Ontario's Premier Ford has made clear his view that there is a preference for single-family homes, and has indicated that he will not use provincial powers to require local governments to zone more inclusively (including by allowing fourplexes) (Brown 2024). Another difference is that, though there is no breakdown in the types of housing that are required, the province has recently added long-term care home beds to its list of units that count towards local targets. This has meant that some communities, including Sudbury and North Bay, have wildly exceeded their housing targets (by 156% and 277% respectively) (Dufour 2024). While investments in long-term care homes is an important priority for the province, it is not clear that the majority of new housing that is needed in communities is in the form of long-term care beds[1].

Further, the fact that the targets were divorced from past and future housing trends, including information regarding gaps in the housing system, has meant that some communities have far exceeded their housing targets while others struggle desperately to make progress. The City of Toronto, for example, exceeded its 2023 housing targets by 51%, entitling the local government to $114M in incentive funding from the Building Faster Fund (CBC News 2024). Housing needs in Toronto remain acute, leading to questions about the extent to which the targets have reflected the severity of the problem[2]. Kingston has "smashed" its targets, building 250% more than its original target (Callan 2024). Other communities, however, struggle to meet their housing targets, meaning they lose out on additional funding. Mississauga, for example, reached only 39% of its 2023 goal; though close to 50%, this means they lose out on additional funding from the Building Faster Fund. Having access to that funding in advance might actually help municipalities to meet their goals, but

the province has set it up as a reward or incentive system for communities that meet their targets.

There are key differences between how B.C. and Ontario have gone about setting their housing targets for municipalities. Other jurisdictions also give housing targets to municipalities (or counties or regions, depending on the locale), which offer some additional insight into how housing planning can be informed by evidence and data. B.C. has indicated that it will step in to local planning if housing needs targets are not met; Ontario has tried to promote development by promising incentives in cases where targets are on track or are being met. Other jurisdictions use different incentives or penalties, or a combination of both. In California, for example, there have long been Regional Housing Needs Assessments (RHNAs), which, like in B.C. and Ontario, are designed to ensure the housing needs of people living in California are met. RHNAs are complicated and include housing allocation mechanisms from the state and distribution processes at a more local level, all of which rely on a multitude of factors and considerations around population, job markets, housing market, etc.

Past approaches to allocation and distribution have been criticized, including for leading to inequitable distribution of burdens to develop housing – meaning low-income communities are asked to contribute more than their fair share of housing as compared to wealthier ones (Zheng et al. 2021). The RHNA process has been revised in part to promote more equitable distribution of housing targets, and to allow for more powerful enforcement mechanisms to ensure that local jurisdictions are, in fact, in compliance with their obligations (including those outlined in the Housing Accountability Act and Housing Element law). The State of California can, for example, override local zoning decisions. Another recently implemented change has been the "builder's remedy," which means that "cities and counties out of compliance with Housing Element law have forfeited their authority to deny affordable housing projects" (HansonBridgett 2023). This means that there are increasing opportunities to build in communities that are not in compliance with state law – and some reporting suggests that there are many – including in those communities that have historically had tight restrictions (HansonBridgett 2023).

The process by which housing needs are determined has also been a matter of research and debate. Some research from the U.S. has suggested that overly complex processes for determining and allocating housing targets may be inefficient and counterproductive (Zheng et al. 2021). While complex processes can impose burdens and barriers on policy policymakers, research has identified best practices, including the need to directly link allocation processes with equity and with sustainability goals, to ensure that they are not working against one another (Osberg 2020). There are also additional suggestions for more incentives to promote the development of affordable housing and below market-rent in particular, including incentives to "count" those units more heavily towards the total number of units required.

International experiences, including research regarding the equitable distribution of housing targets, are instructive to the Canadian context. While an overly complicated process can be counterproductive, it is clear that the lack of clarity around housing needs has created confusion, including around how many long-term care beds are really needed in Ontario. Ontario targets do not always appear to reflect the housing needs and capacities of different communities, with some communities struggling to achieve 50% of their annual target and others exceeding their targets by over 250%. This may mean that communities appear to be making tremendous progress on meeting

their housing needs but might actually be overlooking groups that are still underserved – a matter that could be remedied by introducing more nuance into the understanding of housing need and allocation of housing targets. It may also mean that communities may not fully know the full extent and complexity of their housing need but are rushing to meet a housing target, and therefore build the easiest and quickest type of housing that they can.

CONCLUSION

Addressing the housing crisis requires informed investments that meet the real needs of the community. The lack of information on the specific housing needs of communities has been a significant challenge. Provinces have attempted to incentivize or encourage local governments to increase the amount of new housing that they are building, but have gone about this in different ways. B.C.'s investment in data collection and analysis is an important step towards evidence-based policymaking. Data from HNAs will allow municipalities and the province to identify areas of need, target specific demographic groups, and understand housing market trends. Communities can develop policies and programs that are tailored to meet the unique housing needs of their residents. Collecting this data every five years will allow municipalities to track changes in the housing market and adjust policies accordingly. Handing down targets is controversial, and there are clear intergovernmental tensions in some communities who do not agree with provincial assessments that they require targets. Many communities, however, are confident that they can meet their targets and indicate a strong willingness to work with the province in their efforts. By partnering with local governments, community organizations, and housing advocates, the province can collaborate on housing policy that helps to create inclusive and sustainable housing solutions.

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ENDNOTES

1. 80% of the new housing units added in North Bay were long-term care.

2. Communities that have met 50% of their target are entitled to this fund.

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