Report to Planning Committee

To:	Bob Payette, Interim Chief Administrative Officer	
From:	Planner	
Date:	November 18, 2024	File No: 6970-20
Subject:	**Interim Housing Needs Report**	

PURPOSE

To present the 2024 Interim Housing Needs Report for the District of Metchosin to the Planning Committee.

SUMMARY

The 2024 Interim Housing Needs Report (Interim HNR) for the District of Metchosin, provided in Appendix 1 has been completed using the HNR methodology set out by the Province. The Interim HNR projects a housing need of 285 units by 2026 (5-year) and 852 housing units by 2041 (20-year). The District must update its Official Community Plan and Land Use Bylaw by the end of 2025 to accommodate the 20-year housing need identified in the Interim HNR.

BACKGROUND

In 2019, amendments to the *Local Government Act* required local governments to receive their first Housing Needs Report (HNR) by April 2022 to help better understand and quantify their local housing needs.

The District of Metchosin partnered with the Capital Regional District (CRD) and other municipalities and in February 2021, the District's January 2021 Housing Needs Assessment Report was received by Council and published on the District website.

In November 2023, further amendments to the *Local Government Act* changed the requirements and timing for HNRs. As a result, all local governments must complete an Interim HNR by January 1, 2025, using a standardized methodology to accommodate for 5 and 20-year housing needs. The next regular comprehensive HNR is to be completed by December 31, 2038, and every five years thereafter.

DISCUSSION

The Interim HNR is not a comprehensive update but will be an addendum to the District's January 2021 Housing Needs Assessment Report. The Interim HNR only needs to include the following three new, additional items:

1. The number of housing units required to meet the current and anticipated need for the next 5 and 20 years, as calculated using the HNR Method provided by the Province;
2. A statement about the need for housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation; and,
3. A description of the actions taken by the District of Metchosin since receiving the last housing needs report, to reduce housing needs.

HNR Method

The HNR Method is the methodology that identifies the data sources and calculations that the local government must use to determine the 5 and 20-year housing needs. It consists of six components (described in Appendix 1), which are added together to provide the total number of housing units needed. The Province has developed HNR Method Technical Guidelines (see Appendix 2) and a Frequently Asked Questions (FAQs) for HNRs (see Appendix 3).

To support local governments in applying the HNR Method, the University of British Columbia's (UBC) Housing Assessment Resource Tools (HART) developed the HNR Calculator. All local governments can use the calculator to calculate their 5- and 20-year numbers of units needed for the HNRs. The HNR Calculator was used to calculate the District's 5-year and 20-year housing needs identified in the Interim HNR.

Estimated Housing Need

As shown below in Table 1, the District is estimated to accommodate an additional 852 new homes by 2041. Of that total estimated need, 285 housing units are estimated to be needed by 2026. Staff notes that the 5-year estimates in the Interim HNR are higher than the 5-year estimates in the 2021 HNR. These differences are due to variations in data sources, methodologies, and the timing of the estimates. As explained in the attached FAQs for HNRs (see questions 14 and 15), the "demand buffer", a component not utilized in the previous HNR, is a major contributor to the higher numbers. The demand buffer adds 238 units in the District. Without the demand buffer, 615 new units would be the District's 20-year projected housing need.

Table 1: 2021 Metchosin HNR Estimates vs. New 2024 HNR Estimates

Housing Needs Estimates	2021 HNR Estimates	2024 Interim HNR Estimates
Total 5-year Housing Need	130 units (year 2020-2025)	285 units (year 2021-2026)
Total 20-year Housing Need (2041)	Not Estimated	852

The HNR is intended to guide land use planning and policy decisions. It is not a target; however, the District is required to ensure that the OCP statements, maps, and land use designations create enough capacity for the 20-year housing need identified.

Current Context

The District of Metchosin encompasses 7040 hectares (17,396 acres) of land with over 1,070 hectares (2,646 acres) of that land being within the Agricultural Land Reserve (ALR). The District is

part of the CRD Regional Growth Strategy, and the municipal boundary is located entirely outside of the region's growth boundary. The District does not have municipal or regional sewer, and has limited access to CRD water services, with most residents using wells.

The OCP encourages affordable housing through secondary suites (attached), detached secondary suites, the ability to have manufactured homes as principal dwellings, home businesses, and the ability to locate community care facilities in all residential designations. The Land Use Bylaw permits attached or detached secondary suites in combination with one principal dwelling unit in most areas of the community with exception of properties under 1.98 acres (0.8 hectares) that do not have the option to build a detached secondary suite.

OCP sections 1.5, and subsections 1.5.1 to 1.5.3 under "Metchosin Population" were updated in 2010. A review of potentially subdividable lots estimates that, based on lot area alone, 405 new lots could be potentially subdivided under the existing OCP land use designations (Rural Residential 1, Rural Residential 2, Rural, Upland) *without* any need for rezoning. This number does not include lands designated Agriculture (ALR). Factoring in one dwelling unit and one attached or one detached secondary suite per lot, a housing capacity of 810 new homes could be accommodated.

In 1986, the 20-year population projection was 6,170. The 2010 OCP updates suggested that the District would not attain a population of 6,170 by 2026, so it was appropriate to continue to use 6,170 as a ceiling or maximum build out for planning purposes. No major changes were proposed to the OCP land use designations as a result. This section is one of the sections that will need updating to reflect current demographic data, statistics, and growth projections. As part of the growth capacity analysis that must be completed, staff will compile data on vacant lots in the District and the total number of potentially subdividable lots under existing land use designations and zoning.

Below are a few examples that could be explored as ways to increase housing capacity and affordability in the OCP and Land Use Bylaw. Note that this is for information only and is not required to form part of the Interim HNR. A more fulsome discussion by way of a staff report will be presented in early 2025.

Gentle infill residential options that could align with the OCP:

- Attached and Detached Secondary Suites – review the conditions approved in 2012 to reduce potential variances to siting and size
- Section 514 subdivisions (Subdivision for a Family Member)

More significant residential changes that would likely require OCP Amendments:

- Pre-zoning additional lands to Rural Residential (RR1 or RR2). Allowing smaller lots sizes in certain zones to enable some property owners to subdivide now or in the future.
- Permitting more than one secondary suite
- Allowing some forms of multifamily units (conditions could be determined), which could help to address seniors' housing

NEXT STEPS

Subject to Council receiving, by resolution, the 2024 Interim HNR, staff will append the Interim HNR to the existing January 2021 Housing Needs Assessment report, and publish the updated document to the District's website, in accordance with Section 790 of the *Local Government Act*.

The Interim HNR will be read in conjunction with the existing 2021 HNR until the year 2028 when the District can undertake a more fulsome HNR process which will include significant public engagement, including consultation and engagement with the Sc'ianew (Beecher Bay) First Nation.

In early 2025 a staff report will present a more detailed analysis of what the current housing capacity is in the District and the capacity required to accommodate the 20-year housing need. A staff report will also present a project scope, the proposed planning process and a public engagement approach, for the Committee to discuss and Council to provide direction on re: OCP and Land Use Bylaw updates.

BUDGET/FINANCIAL CONSIDERATIONS

In December 2023, the District of Metchosin received a Local Government Housing Initiatives Funding program grant in the amount of $172,854. This funding will support and supplement local government activities and projects to meet the new legislative requirements arising out of Bill 44 and Bill 46. The Province has provided Capacity Funding for Local Government Housing Initiatives Program Scope and Guidelines. This grant funding will be used for the work-related expenses for the Interim HNR, and work-related expenses and eligible activities required in 2025 to complete the mandatory OCP and Land Use Bylaw updates.

OPTIONS:

That the Planning Committee recommend that Council:

Option 1 (Recommended Option)

Receive the 2024 Interim Housing Needs Report, to be appended to the District's 2021 Housing Needs Assessment Report and direct staff to publish the 2024 Interim Housing Needs Report on the District's website.

Option 2

a. Amend the 2024 Interim Housing Needs Report by [… amendments to be identified by Council]; and,

b. Receive the 2024 Interim Housing Needs Report as amended.

Council may direct changes; however, prior to doing so, it should receive confirmation from staff that such changes do not fall short of compliance with the Local Government Act and regulations or contradict the data.

Tara Johnson, MCIP, RPP
Planner

Attachments:
Appendix 1: 2024 Interim Housing Needs Report
Appendix 2: HNR Method Technical Guidelines
Appendix 3: FAQs for HNRs

Interim Housing Needs Report

District of Metchosin

November 2024

1. Introduction

This Interim Housing Needs Report (Interim HNR) is prepared pursuant to section 790 of the *Local Government Act* and is included as an appendix to the current January 2021 Housing Needs Assessment Report. A regular comprehensive HNR is required to be received by December 31, 2028, and will supersede this Interim HNR.

The Interim HNR is required to only include the following three new, additional items:

- The number of housing units required to meet the current and anticipated need for the next 5 and 20 years,
- A statement about the need for housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation; and,
- A description of the actions taken by the District of Metchosin since the last housing needs report, to reduce housing needs.

2. 5-year and 20-year Housing Need Projections

The anticipated number of new housing units needed by 2026 **(5-year)** is **285**
The anticipated number of new housing units needed by 2041 **(20-year)** is **852**

The *Local Government Act* requires that the Official Community Plan and the Land Use Bylaw be amended by December 31, 2025, to accommodate the 20-year number of units at a minimum.

In this Interim HNR, the HNR Method was applied using the HNR Calculator, an online tool developed by the University of British Columbia's (UBC) Housing Assessment Resource Tools (HART). The HNR Method assumes a starting point in the census year of 2021 and does not adjust for starting in the current year of 2024.

3. HNR Method

The HNR Method is composed of the following six components (Components A-F) of housing need, which are summed and rounded to the nearest whole number to determine the total 20-year housing need:

A. The number of housing units for households in extreme core housing need
B. The number of housing units for individuals experiencing homelessness
C. The number of housing units for suppressed households
D. The number of housing units for anticipated household growth

E. The number of housing units required to increase the rental vacancy rate to 3%
F. The number of housing units that reflects additional local housing demand (the "demand buffer"). This component is only included for municipalities. There is no requirement to apply the demand factor to regional district electoral areas.

Component A: Housing units and extreme core housing need

Extreme core housing need (ECHN) for renters and owners with a mortgage is used to estimate the number of new units required for those in vulnerable housing situations. Extreme core housing need, as defined by Statistics Canada, refers to private households falling below set thresholds for housing adequacy, affordability or suitability that would have to spend 50% (as compared to 30% for core housing need) or more of total pre-tax income to pay the median rent for alternative acceptable local housing.

Not all households in core housing need require a new unit to address housing inadequacies; for some households, solutions such as making repairs to an existing unit may be sufficient. With that understanding, the use of ECHN data as a subset of core housing need provides a more conservative estimate of new units required while still relying on consistent and available data.

Table 1a
The following table shows total owner and renter households in Metchosin in the four previous census years

Metchosin DM (CSD, BC)				
Total Households	**2006**	**2011**	**2016**	**2021**
Owners	1,490	1,485	1,425	1,525
Renters	245	295	395	330

Table 1b
The following table shows the total number and proportion of owners with a mortgage and renter households in ECHN in the four previous census years, to arrive at an average ECHN rate. *Please note that data for owners with a mortgage is only available for 2021*.

Metchosin DM (CSD, BC)									
	2006		**2011**		**2016**		**2021**		
Extreme Core Housing Need	**#**	**% of total**	**#**	**% of total**	**#**	**% of total**	**#**	**% of total**	**Average ECHN Rate**
Owners with a mortgage		n/a		n/a		n/a	30	1.97%	**1.97%**
Renters	10	4.08%	0	0.00%	15	3.80%	15	4.55%	**3.11%**

Table 2: Extreme core housing need calculations
The following table shows the estimated total of owners with a mortgage and renter households in ECHN in 2021.

Metchosin DM (CSD, BC)			
Total Households	**2021 Households**	**Average ECHN Rate**	**Households in ECHN**
Owners		n/a	n/a
Owners with a mortgage	1,525	1.97%	30.00
Renters	330	3.11%	10.25
Total New Units to Meet ECHN - 20 years			**40.25**

Component B: Housing units and homelessness

People experiencing homelessness (PEH) is a population not typically captured well in data sources such as the census. This component of housing need quantifies the supply of permanent housing units required for those currently experiencing homelessness.

Data on homelessness is derived from the Province's Integrated Data Project (IDP), a program initiated through a partnership between the Ministries of Housing, Social development and Poverty Reduction, Citizen Services, and BC Housing. The IDP provides robust data on people experiencing homelessness at any point during the year, as a complement to the annual, one-day point-in-time counts conducted by many local and regional governments.

To be included in IDP counts, individuals must have received income assistance (i.e., BC Employment Assistance) and had no fixed address for three consecutive months or stayed in a BC Housing-affiliated shelter for at least one night, or both. The data is publicly available at the regional scale, with the most recent year being 2021 as of the writing of this guidance.

Table 3: People experiencing homelessness calculations
The following table shows the estimated number of homes required to meet the need of existing people experiencing homelessness (PEH) households as a proportion of the regional need.

Metchosin DM (CSD, BC)				
	Local Population			
Regional Population	**#**	**% of region**	**Regional PEH**	**Proportional Local PEH**
406,075	4,710	1.16%	2,043	23.70

Total New Units to Homelessness Needs - 20 years	**23.70**

Component C: Housing units and suppressed household formation

Suppressed Household Formation (SHF) addresses those households that were unable to form between 2006 and the present due to a constrained housing environment. Households make decisions on housing based on the choices available to them; for example, young people may have difficulty moving out of their parents' homes to form households of their own, while others may choose to merge households with roommates due to lack of available and affordable housing supply.

The following tables calculate the number of new homes required to meet the demand from households unable to form due to a constrained housing environment, since 2006, according to provincial guidelines.

Table 4a: Suppressed household formation calculations

The following table shows the number of owner and renter households in 2006 by age of the primary household maintainer.

Metchosin DM (CSD, BC)		
	2006 Households	
Age – Primary Household Maintainer 2006 Categories	Owner	Renter
Under 25 years	0	0
25 to 34 years	35	70
35 to 44 years	245	55
45 to 54 years	430	80
55 to 64 years	450	20
65 to 74 years	185	10
75 years and over	125	20

Table 4b: Suppressed household formation calculations

The following table shows the number of owner and renter households in 2021 by age of the primary household maintainer.

Metchosin DM (CSD, BC)		
	2021 Households	
Age – Primary Household Maintainer 2021 Categories	Owner	Renter
15 to 24 years	0	0
25 to 34 years	50	50
35 to 44 years	195	65
45 to 54 years	200	75
55 to 64 years	410	75
65 to 74 years	415	40
75 to 84 years	200	25
85 years and over	55	0

Table 5: Suppressed household formation calculations

The following table shows the population by age category in 2006 and 2021.

Metchosin DM (CSD, BC)					
		2006		2021	
Age Categories – Household Maintainers	Age Categories – Population	All Categories	Summed Categories	All Categories	Summed Categories
15 to 24 years	15 to 19 years	330		235	
	20 to 24 years	240	570	230	465
25 to 34 years	25 to 29 years	185		130	
	30 to 34 years	145	330	210	340
35 to 44 years	35 to 39 years	240		295	
	40 to 44 years	380	620	260	555
45 to 54 years	45 to 49 years	450		240	
	50 to 54 years	490	940	320	560
55 to 64 years	55 to 59 years	495		435	
	60 to 64 years	335	830	465	900
65 to 74 years	65 to 69 years	260		520	
	70 to 74 years	70	330	315	835
75 years and over	75 to 79 years	95		235	
	80 to 84 years	95		115	
	85 years and over	50	240	100	450

Table 6: Suppressed household formation calculations

The following table shows the 2006 headship rate of each age category for both renters and owners.

Metchosin DM (CSD, BC)					
	2006 Households		2006 Population	2006 Headship Rate	
Age Categories – Household Maintainers	Owner	Renter	Total	Owner	Renter
15 to 24 years	0	0	570	0.00%	0.00%
25 to 34 years	35	70	330	10.61%	21.21%
35 to 44 years	245	55	620	39.52%	8.87%
45 to 54 years	430	80	940	45.74%	8.51%
55 to 64 years	450	20	830	54.22%	2.41%
65 to 74 years	185	10	330	56.06%	3.03%
75 years and over	125	20	240	52.08%	8.33%

Table 7: Suppressed household formation calculations

The following table shows the potential 2021 headship rate of each age category for both renters and owners if the headship rate from 2006 remained constant.

Metchosin DM (CSD, BC)					
	2006 Headship Rate		2021 Population	2021 Potential Households	
Age Categories – Household Maintainers	Owner	Renter	Total	Owner	Renter
15 to 24 years	0.00%	0.00%	465	0.00	0.00
25 to 34 years	10.61%	21.21%	340	36.06	72.12
35 to 44 years	39.52%	8.87%	555	219.31	49.23
45 to 54 years	45.74%	8.51%	560	256.17	47.66
55 to 64 years	54.22%	2.41%	900	487.95	21.69
65 to 74 years	56.06%	3.03%	835	468.11	25.30
75 years and over	52.08%	8.33%	450	234.38	37.50

Table 8: Suppressed household formation calculations

The following table calculates the number of suppressed households by subtracting actual households in 2021 from potential households in 2021 by age category, according to provincial guidelines.

Metchosin DM (CSD, BC)							
	2021 Potential Households		2021 Households		2021 Suppressed Households		
Age Categories – Household Maintainers	Owner	Renter	Owner	Renter	Owner	Renter	Total
15 to 24 years	0.00	0.00	0	0	0.00	0.00	0.00
25 to 34 years	36.06	72.12	50	50	-13.94	22.12	8.18
35 to 44 years	219.31	49.23	195	65	24.31	-15.77	8.55
45 to 54 years	256.17	47.66	200	75	56.17	-27.34	28.83
55 to 64 years	487.95	21.69	410	75	77.95	-53.31	24.64
65 to 74 years	468.11	25.30	415	40	53.11	-14.70	38.41
75 years and over	234.38	37.50	255	25	-20.62	12.50	0.00
Total New Units to Meet Suppressed Housing Need - 20 years							**108.61**

Component D: Housing units and anticipated household growth

Anticipated household growth (AHG) quantifies the additional households required to accommodate an increasing population over twenty years.

Table 9: Anticipated household growth calculations

The following table shows the 20-year population projection and growth rate for your regional district.

Metchosin DM (CSD, BC)			
Regional District Projections	2021	2041	Regional Growth Rate
Households	185,205	254,785	37.57%

Table 10: Anticipated household growth calculations

The following table shows the calculated number of new homes needed in the next 20 years according to the provincial guidelines, calculated with the average of the municipal and regional growth projections.

Metchosin DM (CSD, BC)				
Growth Scenarios	Regional Growth Rate	Households		New Units
		2021	2041	
Local Household Growth	n/a	1,855	2,032.00	177.00
Regionally Based Household Growth	37.57%	1,855	2,551.91	696.91
Scenario Average				436.95

Total New Units to Meet Household Growth Needs - 20 years	**436.95**

Component E: Housing units and rental vacancy rate

A Rental Vacancy Rate Adjustment (RVRA) adds surplus rental units to restore local vacancy rates to levels representing a healthy and well-functioning rental housing market. Including a RVRA in calculations of housing need has been recommended by multiple sources, including the Expert Panel on Housing Supply and Affordability (BC/Canada) and CMHC. Typically, rates between 3% and 5% are considered healthy rates. These calculations use the more conservative rate of 3%

Table 11: Rental vacancy rate adjustment calculations

The following table shows the difference between the existing total number of rental homes and the total number of rental homes required for a 3% vacancy rate.

Metchosin DM (CSD, BC)				
	Vacancy Rate	Occupied Rate	Renter Households	Estimated Number of Units
Target Vacancy Rate	3.00%	97.00%	330	340.21
Local Vacancy Rate	1.40%	98.60%		334.69
Total New Units to Achieve 3% Vacancy Rate - 20 years				**5.52**

Component F: Housing units and demand (the "demand buffer")

The final component included in the HNR Method is a calculated number of housing units reflecting additional demand for housing within a given community, beyond the minimum units required to adequately house current and anticipated residents. This is called the "demand buffer" and is designed to better account for the number of units required to meet "healthy" market demand in different communities. Accounting for additional local demand helps address the needs of households who require or prefer housing with certain characteristics (e.g., housing location, unit size, transportation options, or amenities), thereby reducing pressure in the housing system. Examples of such demand include households seeking homes closer to jobs and

schools, growing families looking for larger homes, and seniors looking to downsize in their existing communities. For the purposes of HNRs, a demand factor based on a ratio of housing price to housing density is calculated for each applicable municipality. This factor is then multiplied by the sum of the housing units calculated for Components A (housing units to address extreme core housing need), B (housing units for persons experiencing homelessness), C (housing units to address suppressed household formation), and E (housing units to increase the rental vacancy rate) to determine the additional local housing demand.

Table 12: Additional local housing demand calculations

The following table calculates additional demand for new housing by applying your demand factor to the total of the other relevant components, according to provincial guidelines.

Metchosin DM (CSD, BC)	
Component	**Result**
A. Extreme Core Housing Need	40.25
B. Persons Experiencing Homelessness	23.70
C. Suppressed Household Formation	108.61
E. Rental Vacancy Rate Adjustment	5.52
Total	**178.07**

Demand Factor	1.33
Total New Units to Address Demand Buffer - 20 years	**237.26**

Total 5-year and 20-year housing need

The following table sums Components A-F and rounds the totals to the nearest whole number to determine the total number of new homes needed in the next 20 years, according to provincial guidelines. It also displays 5-year housing need estimates using the multipliers provided in the provincial guidelines and BC Stats household projections from 2021 to 2026.

Table 13: Total 5-year and 20-year housing need

Metchosin DM (CSD, BC)		
Component	**5 Year Need**	**20 Year Need**
A. Extreme Core Housing Need	10.06	40.25
B. Persons Experiencing Homelessness	11.85	23.70
C. Suppressed Household Formation	27.15	108.61
D. Anticipated Growth	175.57	436.95
E. Rental Vacancy Rate Adjustment	1.38	5.52
F. Additional Local Demand	59.31	237.25
Total New Units – 5 years	**285**	
Total New Units – 20 years		**852**

4. Housing in Proximity to Transportation Infrastructure

The Interim HNR must include a statement regarding the need for housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit, or other alternative forms of transportation.

Given the rural nature of the District, the District's Official Community Plan (OCP) helps to encourage complete communities through supporting active transportation modes to connect to the District's Village Centre, as well as to the neighbouring communities of Sooke, Langford and Colwood where a greater array of commercial and work opportunities exist. The District's OCP supports a range of home based businesses to allow opportunities to work at home and provide local services to the community while minimizing the need to commute or travel. While growth or major trip-generating uses are not planned for the District, the District's OCP supports public transit and active transportation. The OCP includes policies that support multi-modal connectivity locally and regionally and contributes to the aspirational target of having a regional transportation system that sees 42% of all trips made by walking, cycling and transit.

The District is developing an Active Transportation Network Plan to improve safety, connectivity and access for people living and travelling by active means within the District.

5. Action Summary

Between January 1, 2021, and October 31, 2024, the actions taken by the District to reduce housing needs include the following:

- 37 new housing units were constructed
- A review of zoning provisions was completed in response to Bill 44 in June 2024. Already enabled in the Land Use Bylaw is the required minimum residential density of one attached suite in every residential zone, and detached suites on parcels greater than 1.98 acres, in addition to the principal residence
- In February 2024, Council directed staff to initiate an update to the Development Procedures Bylaw that was adopted in 1987. Staff have also begun preparing an internal development procedures manual. Updating the bylaw and internal manual will modernize the bylaw and streamline processes
- A new Building Bylaw was adopted in November 2024, which may help reduce building permit processing times
- The District is developing an Active Transportation Network Plan to improve safety, connectivity and access for people living and travelling by active means within the District

It's important to note that one key barrier to building housing in the District is the provision of infrastructure servicing. Metchosin's municipal boundary is located entirely outside of the region's growth boundary. Metchosin does not have regional or municipal sewer service, and has limited access to CRD water services, with most residents using wells.

Ministry of Housing

JUNE 2024

Guidelines for Housing Needs Reports – HNR Method Technical Guidance

INTRODUCTION

1. Purpose of this Guide

This guidance document is a resource to support local governments in understanding the HNR Method, which is the standardized method for calculating the number of housing units needed over 5 and 20 years, as required by the *Housing Needs Reports Regulation* and the *Vancouver Housing Needs Reports Regulation*.

In the fall of 2023, a comprehensive suite of legislation changed the local government planning and land use framework to enable local governments to deliver more housing, in the right places, faster. New requirements for local government Housing Needs Reports (HNRs) are a key part of these changes.

As a result of these changes, **local governments must complete an Interim HNR by January 1, 2025, using the HNR Method** to calculate the number of housing units needed over 5 and 20 years.[1]

***Municipalities* must then update their official community plans[2](OCPs) and zoning bylaws by December 31, 2025**, to accommodate the identified number of housing units. Regional district electoral areas (EAs) are exempt from these OCP and zoning requirements.

Following this, **the next regular HNR is due by December 31, 2028, and corresponding updates to *municipal* OCPs and bylaws will be required by December 31, 2030**. Subsequent reports and updates must be completed every five years. This update cycle is timed to correspond with each census data release.

The content of this guidance document is not a substitute for legislation, nor should it be relied upon as legal advice. Users of this manual should seek legal advice as necessary.

[1] An Interim HNR can simply be a local government's most recent HNR, updated to include 3 new elements: the 5- and 20-year number of housing units needed (based on the HNR Method); a statement about the need for housing near transportation infrastructure; and actions taken to reduce housing needs since the last report.

[2] Local governments are not required to undertake a comprehensive OCP update. The statements and map designations for residential development must permit the number of housing units needed over the next 20 years (as determined by their most recent HNR) and OCPs must include housing policies respecting each type of housing required to be addressed in HNRs.

2. Overview of legislated requirements

The first legislative requirements for HNRs took effect in April 2019 and require local governments to collect data, analyze trends, and present reports that describe current and anticipated housing needs in BC communities. Municipalities and regional districts were required to complete their first HNR by April 2022 and every five years thereafter.

Updated legislation and regulations specify new requirements for local governments related to the HNR Method, streamlined information collection, additional content, and a new timing cycle.
The Summary of Legislative and Regulatory Requirements for Housing Needs Reports lists the updated HNR requirements.

PART 1 – STANDARD CALCULATION METHOD FOR HOUSING NEEDS

1. Overview of the HNR Method

Requiring a standard method for calculating housing need in HNRs ('HNR Method') will ensure that all local governments produce robust, consistent, and comparable assessments of housing need.

The HNR Method estimates the total number of housing units required to address a community's current and anticipated housing needs over 5- and 20-year timeframes, based on publicly available data sources that can be applied to communities of various scales. It is composed of the following six components (Components A-F) of housing need, **which are summed and rounded to the nearest whole number to determine the total 20-year housing need**:

A. The number of housing units for households in extreme core housing need
B. The number of housing units for individuals experiencing homelessness
C. The number of housing units for suppressed households
D. The number of housing units for anticipated household growth
E. The number of housing units required to increase the rental vacancy rate to 3%
F. The number of housing units that reflects additional local housing demand (the "demand buffer"). This component is only included for *municipalities.* There is no requirement to apply the demand factor to *regional district electoral areas*.

Each of these components is described in detail below, and includes:

- A written description of the component and calculation method
- Links to the relevant sections of the regulation
- A list of required data and sources and associated links

- Step-by-step guidance for calculating housing need using the HNR Method
- Tables illustrating the calculations in practice for a sample community[3]

Note that the following sections describe the housing need calculations required to meet legislated requirements for HNRs. Some local governments may choose to take the analysis a step further, to include additional data and calculations, such as breakdowns of unit size, tenure, or affordability, to provide a more detailed assessment of housing needs. Suggested methods for unit breakdown calculations are included in Appendix A. While not required, the Province encourages local governments to undertake this extra level of analysis as it could lead to more informed decision-making and better planning outcomes for the community.

Links to all required data are included below.

In limited cases, particularly for very small communities and regional district electoral areas (EAs), some components of the HNR Method require alternate calculation methods or assumptions to accommodate data availability challenges. Alternate methods for these cases are described in Part 2 of this guidance.

2. Calculating 20-year housing need HNRR s. 16 (VHNRR s. 11)

For the purposes of calculating 20-year housing need, the total number of new housing units for the applicable municipality or regional district electoral area is the sum of the six components listed above and detailed in the following sections, rounded to the nearest whole number.

The 5-year calculation is based on the 20-year calculation, and is described in Section #3 below.

COMPONENT A: Housing units and extreme core housing need HNRR s. 17 (VHNRR s. 12)

Extreme core housing need (ECHN) for renters and owners with a mortgage is used to estimate the number of new units required for those in vulnerable housing situations. Extreme core housing need, as defined by Statistics Canada, refers to private households falling below set thresholds for housing adequacy, affordability or suitability that would have to spend 50% (as compared to 30% for core housing need) or more of total pre-tax income to pay the median rent for alternative acceptable local housing.

Not all households in core housing need require a new unit to address housing inadequacies; for some households, solutions such as making repairs to an existing unit may be sufficient. With that

[3] All calculation examples in this guidance reflect a single sample community. The example tables have used rounding to aid in readability – totals reflect calculated results using original numbers prior to rounding.

understanding, the use of ECHN data as a subset of core housing need provides a more conservative estimate of new units required while still relying on consistent and available data.

Calculation:

To calculate required new units for ECHN, average ECHN rates (% of households) by tenure, taken from the past four census reports, are multiplied by the total number of households by tenure in the most recent census report. Using the average rate over multiple census years minimizes variations from short term effects, such as the impact of CERB payments during Covid.

Required data:

- The number of owner households and the number of renter households for the applicable municipality or EA (i.e., census subdivision) from the *four most recent* census reports[4]
- The number of owner households with a mortgage in ECHN for the applicable municipality or EA from the *four most recent* census reports[5]
- The number of renter households in ECHN for the applicable municipality or EA from the *four most recent* census reports

Step 1: Gather data for the total number of households by tenure (owners and renters) and the number of households in ECHN by tenure (owners with a mortgage and renters) from the four most recent census reports (e.g., 2006, 2011, 2016, and 2021). Calculate the rates of households in ECHN (% of total) by dividing the number of households in ECHN for each tenure by total households of the same tenure (Table 1).

Step 2: Calculate the Average ECHN Rates for owners with a mortgage and renters across the four census years (Table 1).

Table 1: Extreme core housing need calculations for sample community, Steps 1 and 2

Total Households	**2006**		**2011**		**2016**		**2021**		**Average ECHN Rate**
Owners	19,367		19,762		19,523		19,942		
Renters	4,373		4,620		5,307		6,153		
Extreme Core Housing Need	#	% of total	#	% of total	#	% of total	#	% of total	
Owners with a mortgage	n/a		n/a		n/a		563	2.8%	**2.8%**
Renters	447	10.2%	543	11.7%	583	11.0%	575	9.3%	**10.6%**

Step 3: Multiply the Average ECHN Rates calculated in Step 2 for owners with a mortgage and renters by the Total Households of the same tenure from the most recent census report to determine current Households in ECHN (Table 2).

[4] Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006-

[5] ECHN data for owners with a mortgage is not currently available prior to 2021. This data is available here: https://www2.gov.bc.ca/assets/download/6279885F00C945838765836D14773CE5

Step 4: Add the calculated Households in ECHN for owners with a mortgage and renters from Step 3 together to determine the Total New Units needed to address ECHN over 20 years (Table 2).

Table 2: Extreme core housing need calculations for sample community, Steps 3 and 4

	2021 Households	Average ECHN Rate	Households in ECHN
Owners	19,942		
Owners with a mortgage		2.8%	563
Renters	6,153	10.6%	650
Total New Units - 20 years			**1,213**

COMPONENT B: Housing units and homelessness HNRR s. 18 (VHNRR s. 13)

People experiencing homelessness (PEH) is a population not typically captured well in data sources such as the census. This component of housing need quantifies the supply of permanent housing units required for those currently experiencing homelessness.

Data on homelessness is derived from the Province's Integrated Data Project (IDP), a program initiated through a partnership between the Ministries of Housing, Social Development and Poverty Reduction, Citizen Services, and BC Housing. The IDP provides robust data on people experiencing homelessness at any point during the year, as a complement to the annual, one-day point-in-time counts conducted by many local and regional governments.

To be included in IDP counts, individuals must have received income assistance (i.e., BC Employment Assistance) and had no fixed address for three consecutive months or stayed in a BC Housing-affiliated shelter for at least one night, or both. The data is publicly available at the regional scale, with the most recent year being 2021 as of the writing of this guidance.

Calculation:

Regional homelessness data, as reported by the IDP, is applied to the applicable municipality or EA based on its share of the regional population. A population-based distribution mitigates some of the impacts of historically varied local government investment in supports and housing serving the PEH population. This calculation assumes that one permanent housing unit is required per PEH.

Required data:

- The population for the applicable municipality or EA (i.e., census subdivision) and the associated *regional district* (i.e., census division) from the most recent census report[6]

[6] Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006-

- The number of PEH for the associated *regional district* (i.e., census division), using the *Annual Estimate Report* of BC's Preventing & Reducing Homelessness Integrated Data Project (IDP) published on the date closest to the most recent census[7]

Step 1: Calculate the applicable municipality's or EA's population as a share (%) of the regional population by dividing the local population from the most recent census report by the regional population (Table 3).

Step 2: Gather PEH data from the IDP report published on the date closest to the most recent census, using the number of PEH for the associated regional district census division. For 2021 census data, use the 2021 IDP report (Table 3).

Step 3: Multiply the applicable municipality's or EA's population share (%) from Step 1 by the number of PEH as determined in Step 2 to estimate the proportional local number of PEH. This method assumes one unit per person, such that the proportional local number of PEH is equal to the number of units required. Include this figure as the Total New Units needed to address PEH over 20 years (Table 3).

Table 3: People experiencing homelessness calculations for sample community, Steps 1, 2 and 3

Regional Population	Local Population		Regional PEH	Proportional Local PEH
	#	% of Region		
1,757,479	70,356	4.0%	7,576	303
Total New Units - 20 years				**303**

COMPONENT C: Housing units and suppressed household formation HNRR s. 19 (VHNRR s. 14)

Suppressed Household Formation (SHF) addresses those households that were unable to form between 2006 and the present due to a constrained housing environment. Households make decisions on housing based on the choices available to them; for example, young people may have difficulty moving out of their parents' homes to form households of their own, while others may choose to merge households with roommates due to lack of available and affordable housing supply.

Calculation:

To estimate SHF, 2006 census data – the earliest available data for a time when housing supply was less constrained – is used to determine headship rates by tenure and age cohort. Headship rate is calculated by dividing the number of households by population for a given cohort. 2006 headship rates are then applied to population data from the most recent census report to estimate how many additional households might have formed under more favourable housing conditions.

[7] IDP *Annual Estimate Reports* are available at: https://www2.gov.bc.ca/gov/content/housing-tenancy/affordable-and-social-housing/homelessness/homelessness-cohort. To align with 2021 census data, use the 2021 IDP report.

Required data:

- The number of households by Primary Household Maintainer age and tenure (owners and renters) for the applicable municipality or EA (i.e., census subdivision) from the *2006*[8] and *most recent* census reports.
- The population by age for the applicable municipality or EA from the *2006* and *most recent* census reports.

Step 1: Gather Primary Household Maintainer data by age and tenure from the 2006 and most recent census reports. Note that age categories have changed between census reports. For the purposes of this calculation (Table 4):

- "Under 25 years" from 2006 is equivalent to "15 to 24 years" in the most recent census.
- The "75 to 84 years" and "85 years and over" categories from the most recent census must be combined to align with the 2006 category "75 years and over".

Table 4: Suppressed household formation calculations for sample community, Step 1

Age - Primary Household Maintainer	2006 Households	
2006 Categories	Owner	Renter
Under 25 years	64	140
25 to 34 years	1,085	730
35 to 44 years	3,818	1,169
45 to 54 years	5,303	1,097
55 to 64 years	4,333	523
65 to 74 years	2,609	327
75 years and over	2,155	379

Age - Primary Household Maintainer	2021 Households	
2021 Categories	Owner	Renter
15 to 24 years	36	207
25 to 34 years	866	1,149
35 to 44 years	2,893	1,412
45 to 54 years	4,265	1,424
55 to 64 years	4,936	866
65 to 74 years	3,639	579
75 to 84 years	2,402	311
85 years and over	910	203

Step 2: Gather population data by age from the 2006 and most recent census reports. Population age categories will need to be summed to align with Primary Household Maintainer age categories as listed in Table 5.

[8] Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006-

Table 5: Suppressed household formation calculations for sample community, Step 2

Age Categories - Household Maintainers	Age Categories - Population	2006		2021	
		All Categories	Summed Categories	All Categories	Summed Categories
15 to 24 years	15 to 19 years	5,043	8,993	4,533	8,295
	20 to 24 years	3,950		3,763	
25 to 34 years	25 to 29 years	2,478	5,394	3,108	6,464
	30 to 34 years	2,917		3,356	
35 to 44 years	35 to 39 years	4,489	10,214	4,285	9,205
	40 to 44 years	5,726		4,920	
45 to 54 years	45 to 49 years	6,472	11,882	5,247	10,733
	50 to 54 years	5,410		5,486	
55 to 64 years	55 to 59 years	4,648	8,259	5,363	10,518
	60 to 64 years	3,611		5,155	
65 to 74 years	65 to 69 years	2,558	4,744	3,954	7,314
	70 to 74 years	2,187		3,360	
75 years and over	75 to 79 years	1,788	4,166	2,661	6,192
	80 to 84 years	1,341		1,720	
	85 years and over	1,037		1,811	

Step 3: Calculate the 2006 Headship Rates (%) by age category and tenure. Divide the 2006 number of households by the 2006 population for each Primary Household Maintainer age category and tenure (Table 6).

Table 6: Suppressed household formation calculations for sample community, Step 3

Age Categories - Household Maintainers	2006 Households		2006 Population	2006 Headship Rate	
	Owner	Renter		Owner	Renter
15 to 24 years	64	140	8,993	0.7%	1.6%
25 to 34 years	1,085	730	5,394	20.1%	13.5%
35 to 44 years	3,818	1,169	10,214	37.4%	11.4%
45 to 54 years	5,303	1,097	11,882	44.6%	9.2%
55 to 64 years	4,333	523	8,259	52.5%	6.3%
65 to 74 years	2,609	327	4,744	55.0%	6.9%
75 years and over	2,155	379	4,166	51.7%	9.1%

Step 4: Calculate 2021 Potential Households. Potential Households are the households that may have theoretically formed if Headship Rates from 2006 had remained constant. Multiply the 2006 Headship Rates calculated in Step 3 by the population from the most recent census report for each age category and tenure (Table 7).

Table 7: Suppressed household formation calculations for sample community, Step 4

Age Categories - Household Maintainers	2006 Headship Rate		2021 Population	2021 Potential Households	
	Owner	Renter		Owner	Renter
15 to 24 years	0.7%	1.6%	8,295	59	129
25 to 34 years	20.1%	13.5%	6,464	1,300	875
35 to 44 years	37.4%	11.4%	9,205	3,441	1,054
45 to 54 years	44.6%	9.2%	10,733	4,790	991
55 to 64 years	52.5%	6.3%	10,518	5,518	666
65 to 74 years	55.0%	6.9%	7,314	4,023	504
75 years and over	51.7%	9.1%	6,192	3,203	563

Step 5: Calculate the number of Suppressed Households. Suppressed Households are the difference between those that could have theoretically formed at 2006 Headship Rates and those that actually formed. Subtract the number of households from the most recent census report, as gathered in Step 1, from the estimated Potential Households for each age category and tenure (Table 8).

Step 6: Sum Suppressed Household results (owners plus renters) from Step 5 for each age category to arrive at age category totals. For any categories where the total is less than 0, enter 0 as the total. Sum the totals from each age category to determine the Total New Units needed to address SHF over 20 years (Table 8).

Table 8: Suppressed household formation calculations for sample community, Steps 5 and 6

Age Categories -	2021 Potential Households		2021 Households		2021 Suppressed Households		
Household Maintainers	Owner	Renter	Owner	Renter	Owner	Renter	Total
15 to 24 years	59	129	36	207	23	-79	0
25 to 34 years	1,300	875	866	1,149	435	-274	160
35 to 44 years	3,441	1,054	2,893	1,412	548	-359	189
45 to 54 years	4,790	991	4,265	1,424	525	-433	91
55 to 64 years	5,518	666	4,936	866	582	-200	382
65 to 74 years	4,023	504	3,639	579	384	-74	310
75 years and over	3,203	563	3,312	515	-109	49	0
Total New Units - 20 years							**1,133**

COMPONENT D: Housing units and anticipated household growth HNRR s. 20 (VHNRR s. 15)

Anticipated household growth (AHG) quantifies the additional households required to accommodate an increasing population over twenty years.

Calculation:

To estimate AHG, data is drawn from the recently updated BC Stats household projections. Two 20-year growth scenarios are developed:

- The Local Household Growth scenario uses household growth projections for the applicable *municipality* to determine the number of housing units needed.
- The Regionally Based Household Growth scenario takes the applicable municipality's or EA's number of households from the most recent census report, and applies the projected 20-year *regional* household growth rate (%), to determine the number of housing units needed.

The average of the two scenarios is taken as the new units required for AHG for housing needs calculations. Regional district EAs will *only* calculate a Regionally Based Household Growth scenario, due to data availability, and no average will be taken.

Required data:

- The total number of households for the applicable municipality or EA (i.e., census subdivision) from the most recent census report.[9]
- The total number of households for the associated *regional district* (i.e., census division) from the most recent census report.
- BC Stats household projection data for the applicable *municipality*, for the year 20 years after the most recent census report (e.g., 2041 for the 2021 census)[10]. This data will not be collected for EAs due to data availability.
- BC Stats household projection data for the associated *regional district*, for the year 20 years after the most recent census report (e.g., 2041 for the 2021 census).

Step 1: Gather the number of households for the associated *regional district* from the most recent census report and the BC Stats household projection data for the associated *regional district* for the year 20 years after the most recent census. Calculate the percent increase in households at 20 years (Regional Growth Rate) by dividing the difference in households by the number of households from the year of the most recent census report (Table 9).

Table 9: Anticipated household growth calculations for sample community, Step 1

Regional District Projections	2021	2041	Regional Growth Rate
Households	693,684	999,926	44.1%

Step 2: Gather the number of households for the applicable *municipality* from the most recent census report and the BC Stats household projection data for the applicable *municipality* for the year 20 years after the most recent census. Use the difference between the two figures as the New Units for the Local Household Growth scenario (Table 10). EAs will not calculate this scenario due to data availability.

Step 3: Calculate the Regionally Based Household Growth scenario. Multiply the Regional Growth Rate calculated in Step 1 by the number of households for the applicable municipality or EA from the most recent census report. Use the result as the New Units for the Regionally Based Household Growth scenario (Table 10).

Step 5: For *municipalities*, take the average of the New Units calculated for each scenario. Use the average as the Total New Units to address AHG over 20 years (Table 10). For *EAs*, use the results of the Regionally Based Household Growth scenario as the Total New Units to address AGH over 20 years.

[9] Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006-
[10] This data is available at: https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/household-projections

Table 10: Anticipated household growth calculations for sample community, Steps 2, 3, 4 and 5

Growth Scenarios	Regional Growth Rate	Households 2021	Households 2041	New Units
Local Household Growth	n/a	26,095	33,087	6,992
Regionally Based Household Growth	44.1%	26,095	n/a	11,520
Scenario Average				9,256
Total New Units - 20 years				**9,256**

COMPONENT E: Housing units and rental vacancy rate HNRR s. 21 (VHNRR s. 16)

A Rental Vacancy Rate Adjustment (RVRA) adds surplus rental units to restore local vacancy rates to levels representing a healthy and well-functioning rental housing market. Including a RVRA in calculations of housing need has been recommended by multiple sources, including the Expert Panel on Housing Supply and Affordability (BC/Canada) and CMHC. Typically, rates between 3% and 5% are considered healthy rates. These calculations use the more conservative rate of 3%.

Calculation:

The RVRA calculation uses Primary Rental Market Vacancy Rate data from CMHC for each applicable municipality or EA. The difference between the units required to reach a healthy vacancy rate of 3% and the estimated existing number of rental units is taken as the additional number of new units required. If Primary Rental Market Vacancy Rate data from CMHC is not available for the applicable municipality or EA, the local government should instead use the provincial vacancy rate, also provided by CMHC. Local governments with vacancy rates above 3% should use zero as the housing need for this component.

Required data:

- The number of renter households for the applicable municipality or EA (i.e., census subdivision) from the most recent census report[11]
- The Primary Rental Market Vacancy Rate from CMHC's Housing Market Information Portal for the applicable municipality or EA (or for British Columbia where local data is not available) for the year closest to the most recent census[12]

Step 1: Gather the local Primary Rental Market Vacancy Rate from CMHC. Use the rate for British Columbia if local data is not available. If the applicable Vacancy Rate is 3% or greater this calculation is not required, and the assumed RVRA housing need over 20 years is zero.

Step 2: Calculate the local Occupied Rate by subtracting the local Vacancy Rate from 100%. For the target (3%) Vacancy Rate, the Occupied Rate is 97% (Table 11).

[11] Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006-

[12] This data is available at: https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/1/1/Canada. To align with 2021 census data, use the October 2021 rental vacancy rate.

Step 3: Calculate the Estimated Number of Units for the target (3%) and local Vacancy Rates by dividing the number of Renter Households by the target and local Occupied Rates. The Estimated Number of Units is the expected total number of rental units (occupied and vacant) (Table 11).

Step 4: Subtract the local Estimated Number of Units from the target Estimated Number of Units to determine the Total New Units needed to address RVRA over 20 years (Table 11).

Table 11: Rental vacancy rate adjustment calculations for sample community, Steps 1, 2, 3 and 4

	Vacancy Rate	Occupied Rate	Renter Households	Estimated Number of Units
Target Vacancy Rate	3.0%	97.0%	6,153	6,343
Local Vacancy Rate	2.8%	97.2%		6,330
Total New Units - 20 years				**13**

COMPONENT F: Housing units and demand (the "demand buffer") HNRR s. 22 (VHNRR s. 17)

The final component included in the HNR Method is a calculated number of housing units reflecting additional demand for housing within a given community, beyond the minimum units required to adequately house current and anticipated residents. This is called the "demand buffer" and is designed to better account for the number of units required to meet "healthy" market demand in different communities. Accounting for additional local demand helps address the needs of households who require or prefer housing with certain characteristics (e.g., housing location, unit size, transportation options, or amenities), thereby reducing pressure in the housing system. Examples of such demand include households seeking homes closer to jobs and schools, growing families looking for larger homes, and seniors looking to downsize in their existing communities.

For the purposes of HNRs, a demand factor based on a ratio of housing price to housing density is calculated for each applicable *municipality*. This factor is then multiplied by the sum of the housing units calculated for Components A (housing units to address extreme core housing need), B (housing units for persons experiencing homelessness), C (housing units to address suppressed household formation), and E (housing units to increase the rental vacancy rate) to determine the additional local housing demand.

Note: There is no requirement to apply the demand factor to regional district EAs.

Required data:

- The numbers of new units for Components A, B, C, and E, as calculated based on the methods provided in the previous sections.
- The demand factor (multiplier) calculated for the applicable *municipality.* To access the demand factor data, please click this link: https://www2.gov.bc.ca/assets/download/3D921D96D12D45D0897222089D1FAE12

Step 1: Take the sum of the results calculated for components A, B, C, and E. Component D (anticipated household growth) is *not* included in this calculation (Table 12).

Step 2: Multiply the sum from Step 1 by the demand factor provided for the applicable *municipality* to determine the 20-year additional local demand (Table 12).

Note: though calculated using the results from components A, B, C, and E, the results from Component F do not take the place of those other components. Rather, the results from Component F are *in addition to* the other components. See Total 20-Year Housing Need section below.

Table 12: Additional local housing demand calculations for sample community, Steps 1 and 2

Component	Result
A Extreme Core Housing Need	1,213
B Persons Experience Homelessness	303
C Suppressed Household Formation	1,133
E Rental Vacancy Rate Adjustment	13
Total	**2,662**
Demand Factor	1.18
Total New Units - 20 years	**3,138**

TOTAL 20-YEAR HOUSING NEED

To determine the total 20-year housing need, the total new units calculated **for each of the six components (i.e., Components A-F) are summed and rounded to the nearest whole number** for the applicable municipality or regional district electoral area (Table 13).

Table 13: Total 20-year Housing Need

Component		Total Housing Need
A	Extreme Core Housing Need	1,213
B	Persons Experience Homelessness	303
C	Suppressed Household Formation	1,133
D	Anticipated Household Growth	9,256
E	Rental Vacancy Rate Adjustment	13
F	Additional Demand	3,138
Total New Units - 20 Years		**15,056**

3. Calculating 5-year housing need

HNRR s. 15 (VHNRR s. 10)

The calculation of 5-year housing need is based on the 20-year calculation for each of the six components of current and anticipated need described above.

The 5-year *total* number of new housing units for the applicable municipality or regional district electoral area (EA) is the sum of the six components below, rounded to the nearest whole number.

Note: some components are relatively higher in the first 5 years, reflecting the urgency of addressing them, and so calculating the 5-year total is not as straightforward as simply dividing the 20-year number by 4.

COMPONENT A: Housing units and extreme core housing need HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

COMPONENT B: Housing units and homelessness HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 10 years, recognizing the urgent needs of this population, therefore the 20-year result is ***divided by 2*** to calculate the 5-year number.

COMPONENT C: Housing units and suppressed household formation HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

COMPONENT D: Housing units and anticipated household growth HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is calculated using the same method as the one described for Component D for the 20-year calculation above, except the references to 20 years will be changed to 5 years. In other words, it uses BC Stats household projection data for the applicable municipality and regional district, for the 5 years after the most recent census report (e.g., 2026 for the 2021 census).

COMPONENT E: Housing units and rental vacancy rate HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is considered over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

COMPONENT F: Housing units and demand (the "demand buffer") HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

**As with the 20-year calculation, this component applies only to municipalities and not to regional district EAs.*

PART 2 – CONSIDERATIONS FOR SMALL COMMUNITIES AND REGIONAL DISTRICT ELECTORAL AREAS

1. Data Challenges

In some cases, small communities and regional district electoral areas (EAs) may find that census data required for the HNR Method has been suppressed by Statistics Canada. Data suppression occurs for two reasons:

- Confidentiality – data is suppressed to ensure that the identity and characteristics of respondents is not disclosed
- Data quality – data is suppressed to limit the dissemination of data of unacceptable quality

Where data has been suppressed and local governments are unable to complete the calculations described by the HNR Method, the alternative calculations and assumptions described in the following sections may be used instead.

Data limitations will also exist for municipalities or EAs that have been incorporated after 2005 or that have had boundary changes after 2005, for which some census data may not be available. In these cases, calculations will use the data that is available:

- For Extreme Core Housing Need, the Average ECHN Rate will take the average of those census reports that are available (e.g., for 2011, 2016, and 2021, if 2006 is not available).
- For Suppressed Household Formation, the earliest available census report will be used to determine headship rates by tenure and age cohort (e.g., 2011 if 2006 is not available).

2. Alternative calculation method – Extreme Core Housing Need

Where data on Extreme Core Housing Need (ECHN) is suppressed in a census report, assume that ECHN for that census report is equal to zero. Suppressed data will be indicated by an “X” in the applicable census data table.

For some local governments, the number of households in ECHN is reported as zero in a census report. This is not the same as the data being suppressed. Rather, no households were found to be in ECHN for that census reporting period. Calculate the number of units required to address ECHN as usual, using the HNR Method

3. Alternative calculation method – Suppressed Household Formation

Where data on Primary Household Maintainer age and tenure is suppressed in a census report, use the following simplified method for Suppressed Household Formation. This method uses only a total

headship rate, calculated as private households divided by population, to arrive at the 2006 headship rate. Calculations for individual age and tenure cohorts are excluded.

Required data:

- The number of households for the associated municipality or EA (i.e., census subdivision) from the 2006 and most recent census reports[13]
- The population for the associated municipality or EA from the *2006 and most recent* census reports

Step 1: Calculate the 2006 Headship Rate (%). Divide the 2006 number of households by the 2006 population.

Step 2: Calculate 2021 Potential Households. Potential Households are the households that may have theoretically formed if Headship Rates from 2006 had remained constant. Multiply the 2006 Headship Rate calculated in Step 1 by the population from the most recent census report.

Step 3: Calculate the number of Suppressed Households. Suppressed Households are the difference between those that could have theoretically formed at 2006 Headship Rates and those that actually formed. Subtract the number of households from the most recent census report from the estimated Potential Households calculated in Step 2.

[13] Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006-

BRITISH COLUMBIA | Ministry of Housing

Local Government Housing Initiatives

Frequently Asked Questions for Bill 44 (Housing Needs Reports)

Updated September 20, 2024

Section 1: Overview of Housing Needs Reports (HNR)

1. What are the Housing Needs Reports (HNR), requirements and timelines for implementation?

Local governments must complete an Interim Housing Needs Report (HNR), which is due **January 1, 2025.** These reports must include:

1. The number of housing units needed over 5 and 20 years (calculated using the HNR Method, please see Section 3 for full details on the HNR Method).
2. A statement about the need for housing close to transportation infrastructure that supports walking, bicycling, public transit, or other alternative forms of transportation; and,
3. Actions taken by local government since the last report to reduce housing needs.

To reduce short-term work for local governments, **the Interim HNR can be a relatively minor update to their most recent HNR (e.g. in the main body or as an appendix) to include this new required content**. Some local governments may decide to go beyond that and develop an entirely new HNR.

After the Interim HNR, municipalities will have until **December 31, 2025,** to complete their first OCP and zoning bylaw updates so they allow ('pre-zone') for the number of units identified by the Interim HNR.

Note: Regional districts are exempt from OCP and zoning bylaw update (pre-zoning) requirements.

2. After the Interim HNR, when is the next regular HNR due?

After the Interim HNR is completed by January 1, 2025, the next "regular" HNR is due by **December 31, 2028**, and then every five years thereafter. The reports are timed to follow each census data release. Corresponding municipal OCP and bylaw updates will then be due by **December 31, 2030,** and every five years thereafter.

3. What is the rationale for changing the timelines for HNRs? Previously, local governments could just do them every five years.

The timelines for HNRs were updated to ensure consistency and comparability. Prior to these amendments, there were two main barriers to being able to compare the results of local government housing needs reports:

- Different methods were used to determine housing need – that is no longer an issue because of the HNR Method; and,
- Some of the data local governments used were collected at different times.

Aligning completion dates with census data releases helps ensure HNRs are based on the most up to date information and that other, non-census based datasets are collected at around the same time, improving comparability.

Section 2: General Requirements and Guidelines for Housing Needs Reports

4. What is the difference between requirements for "collected information" and "report content" for the regular HNR?

For the regular Housing Needs Report (HNR) due on December 31, 2028, the requirements for collected information differ from those for report content. HNRs must include all the *required report content,* including statements about key areas of local need, the total number of housing units needed, and data on core housing need. However, the "collected

information" is simply meant to inform and deepen understanding of local housing needs and does not need to appear in the HNR. The purpose of collecting this information is to provide a richer understanding of local housing needs. While it is not mandatory to include all collected information in the HNR, local governments should determine which data is most relevant for inclusion in the report as lists, tables, graphs, or appendices.

Regional districts must gather this information for each electoral area (except those with populations under 100). For the Islands Trust, data is required for each local trust area. Most required data is available through the BC Data Catalogue at: BC Data Catalogue.

The full list of information collection requirements and report content requirements is here: https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/uploads/summary_of_legislative_and_regulatory_requirements_for_housing_needs_reports.pdf

In addition, local governments are encouraged to consider whether to provide additional contextual information for their specific community as needed.

5. Were there any changes to information collection requirements?

Yes, the information collection requirements have been reduced. Some are used as part of the HNR Method and so were removed to avoid confusion or duplication.

Others were removed based on local government feedback from the first rounds of HNRs, being of either limited utility and/or particularly arduous to collect.

6. Where can local governments find the data required for housing needs reports?

Most of the data local governments are required to collect is provided through the BC Data Catalogue at: BC Data Catalogue.

7. Can local governments still partner on their HNRs?

Yes, partnerships between two local governments are possible, for either the Interim HNR or the regular HNR. Collaborating in this way can offer potential benefits and efficiencies, as well as a better, comprehensive regional understanding of housing needs. However, any regional-scale studies must include community-specific information for each participating local government to inform local housing decisions.

8. What requirements must be met when multiple local governments jointly prepare reports?

When a housing needs report covers more than one municipality and/or electoral area, each participating local government must ensure all the requirements are met. In particular:

- The report must include the required report content for each municipality and/or electoral area.
- Each participating council/board must receive the report at a meeting that is open to the public and publish it online.

Detailed information collection, report content, additional considerations, and public reporting requirements are summarized in the Summary of Legislative and Regulatory Requirements for Housing Needs Reports (PDF).

9. How flexible are the length, organization, and format of a housing needs report?

The length, organization, and format of a housing needs report are flexible. Communities have different sizes and circumstances, and housing needs reports will reflect this. When developing their report, local governments can determine the document's appropriate length (number of pages), organization (such as sections, chapters, and appendices), and format (including graphs, tables, colour, photos, and maps).

10. What additional information can local governments include in housing needs reports beyond the required collected information and report content?

The required collected information and report content is just a starting point. In addition to the collected information, local governments can use other information and datasets to supplement, qualify, and deepen their understanding of local housing needs. For instance, the results from stakeholder engagement and community surveys will often provide valuable context for the numbers in the datasets. Similarly, beyond the required report content, local governments have the flexibility to include other types of content related to local housing needs and to devote more of their reports to specific areas or issues that are of particular relevance. Areas of focus might be housing for families, accessible housing for seniors, impact of tourism on housing, workforce housing, or high cost of rental housing.

11. Are there any resources to help produce data specifically related to Indigenous housing needs?

The **Indigenous Housing Needs Data Resource Library**, created by the Aboriginal Housing Management Association (AHMA), is designed to help local governments embed Indigenous housing needs in their HNRs. This resource includes key data points and direct links to data that can be used to assess housing needs and vulnerabilities within Indigenous communities. Click here to access: Indigenous Housing Needs Data Resource Library – Aboriginal Housing Management Association (ahma-bc.org)

12. Are engagement or partnerships required for housing needs reports?

While engagement and partnerships are not required, they are recommended to enhance the quality of HNRs. Collaborating with community members, stakeholder groups, and nearby First Nations can provide valuable insights and improve the overall quality of HNRs.

Local governments have the flexibility to determine the focus, extent, and methods of engagement. It is particularly recommended to engage with vulnerable populations. Additional potential engagement or partnership opportunities include working with non-profit housing and service providers, the development sector, property managers, school boards, post-secondary institutions, health authorities, local business owners, and major employers.

Section 3: Understanding the HNR Method

13. What is the "HNR Method"?

The HNR Method is the methodology that local governments will use to calculate the number of housing units their communities will need for 5 and 20 years.

The HNR Method consists of six components, which are added together to provide the total number of housing units needed in a municipality or regional district electoral area. The six components include:

1. Supply of units to reduce extreme core housing need (those paying more than 50% of income for housing);
2. Supply of units to reduce homelessness;
3. Supply of units to address suppressed household formation;
4. Supply of units needed to meet household growth over the next 5 or 20 years;
5. Supply of units needed to meet at least a 3% vacancy rate; and,
6. Supply of units needed to meet local demand (the "demand buffer"). This component is only included for municipalities.

14. What is the demand buffer and why is it included for municipalities?

The demand buffer is designed to ensure that the HNR Method, in calculating the total number of units needed over 5 and 20 years, accounts for units required to meet "healthy" market demand in municipalities.

The demand buffer essentially builds in the extra capacity that is needed to meet healthy market demand – which is needed to provide more housing choices. This helps accommodate fluctuations in market conditions and ensures a diverse range of housing options for residents.

Examples of the kind of demand for extra capacity include households seeking homes closer to jobs and schools, growing families looking for larger homes, and seniors looking to downsize in their existing communities.

15. Why are the numbers produced by the HNR Method sometimes much higher than the housing needs identified in existing HNRs?

For most communities the HNR Method will likely calculate a higher number of housing units needed than the housing needs identified in existing HNRs.

The HNR Method uses a comprehensive approach of six components to address existing and anticipated housing needs.

As an example, the HNR Method accounts for suppressed household formation and the demand buffer, components which were typically excluded or ignored in previous HNRs. The HNR Method also uses BC Stats as the source for population projections, which will often be higher than projections used in existing reports. The demand buffer will be a major contributor to the higher numbers.

16. How do the HNR calculations relate to housing targets?

The HNR Method was co-developed with the approach for determining housing targets, ensuring consistency between the two methods. However, the HNR Method includes an additional "demand buffer" for municipalities to better account for units required to meet healthy market demand. Additionally, Housing Targets Orders only apply for a 5-year timeframe, with yearly progress reporting.

17. How will local governments be supported in applying the HNR Method?

To support local governments in applying the HNR Method, University of British Columbia's (UBC) Housing Assessment Resource Tools (HART) has developed the HNR Calculator. The calculator, which was developed according to the HNR Method, automatically pulls in relevant data for each component of the HNR Method, showing users each step to calculate the total number of housing units needed over 5 and 20 years.

The HNR Calculator, which was released by UBC in July 2024, is designed to be user-friendly and efficient. All local governments, which includes Regional Districts (by electoral area) and municipalities, can use the calculator to calculate their 5- and 20-year numbers of units needed for the HNRs. The HNR Calculator can be accessed here: https://hart.ubc.ca/bc-hnr-calculator/.

For written guidance please visit the Provincial webpage at Housing Needs Reports - Province of British Columbia (gov.bc.ca).

18. Is the HNR Calculator the only way to calculate the total number of housing units needed using the HNR Method?

Local governments have two options for applying the HNR Method: using the HNR Calculator or undertaking the calculations themselves (e.g. with Excel). Both the HNR Calculator and Excel method use the same data sources and methodology to produce consistent results. For local governments who prefer to work through the HNR Method independently, the HNR Method Technical Guidelines provide comprehensive support for calculating housing numbers using Excel, including formulas, data sources, step-by-step guidance, and examples.

19. Are local governments required to provide a breakdown of housing need by unit type and tenure (bedroom number, etc.)?

Local governments are only required to provide the total number of housing units needed. Breakdowns by bedroom number or affordability can be provided at the discretion of the local government.

Section 4: Proactive Planning

20. How do HNRs affect proactive planning?

The HNR Method component of the HNR will calculate the number of housing units needed for 5 and 20 years. Municipalities must ensure their OCPs, and zoning bylaws allow at least the 20-year number of units.

After the Interim HNR is completed, municipalities will have until **December 31, 2025,** to complete their first OCP and zoning bylaw updates so they allow ('pre-zone') for the number of units identified by the Interim HNR. **Regional Districts are exempt from proactive planning requirements**. After the Interim HNR is completed, the next "regular" HNR is due by **December 31, 2028**, and then every five years thereafter. The Corresponding municipal OCP and bylaw updates will then be due by **December 31, 2030,** and every five years thereafter.

This will play an important role in ensuring there is enough opportunity and flexibility for new housing development. This gives market and non-market developers a wider range of "pre-zoned" sites to choose from.

21. What guidance is available related to proactive planning?

Municipalities can refer to the FAQs on Proactive Planning for guidance. This document addresses common questions and provides information related to ensuring a sufficient supply of pre-zoned areas to accommodate the 20-year number of units. Further guiding documents to support proactive planning initiatives will be made available in the coming months.

22. Why are Regional Districts exempt from proactive planning requirements?

Regional Districts are exempt from proactive planning requirements to help limit urban sprawl and direct growth towards municipalities. Municipalities are better suited for development as they have more established infrastructure and services and are less exposed to hazards compared to the largely rural electoral areas within regional districts. Additionally, while municipalities fall within RD boundaries, they are not directly administered by RDs for planning and land use purposes.