

To: Electoral Area Services Committee  
From: Katelyn Hipwell, Manager of Planning

Date: 2024-11-14  
File No: 6840-20-18834

**Subject: Interim Housing Needs Report for the Electoral Areas**

**Reviewed by:** Graham Daneluz, Director of Planning and Development  
Jennifer Kinneman, Chief Administrative Officer

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## RECOMMENDATION

**THAT** the Fraser Valley Regional District Board receive the Interim Housing Needs Report for the Electoral Areas in accordance with Section 585.31 of the *Local Government Act*.

**AND THAT** the Fraser Valley Regional District Board direct staff to publish the Interim Housing Needs Report on the Fraser Valley Regional District website for free public access in accordance with Section 585.4 of the *Local Government Act*.

**AND FINALLY THAT** the Fraser Valley Regional District Board direct staff to bring a supplementary report that provides a contextual analysis of the Interim Housing Needs Report projections to a future Board meeting.

## BACKGROUND

Legislative requirements for Housing Needs Reports were first established in 2019. This required local governments to collect data, analyze trends, and present reports that describe current and anticipated housing needs in BC communities. Local governments were required to adopt their first Housing Needs Report by April 2022. FVRD received the first Housing Needs Report in April 2021.

### Bill 44 - Housing Statutes (Residential Development) Amendment Act

In November 2023, the Province gave royal assent to Bill 44 - Housing Statutes (Residential Development) Amendment Act. The act requires that by January 1, 2025, all local governments must complete an Interim Housing Needs Report. The Interim Housing Needs Report must only include three new, additional items:

- The number of housing units required to meet current and anticipated needs for the next 5 and 20 years, as calculated using the HNR Method provided in the Regulation;

- A statement about the need for housing close to transportation infrastructure that supports walking, bicycling, public transit, or other alternative forms of transportation; and,
- A description of the actions taken by the local government, since receiving the most recent Housing Needs Report, to reduce housing needs.

Local governments may fulfill this requirement by updating their most recent Housing Needs Report to include these three items, or by completing an entirely new Housing Needs Report. Regional districts must include this required content for each electoral area.

The Interim Housing Needs Report aims to align all local governments in BC to a consistent update cycle that coincides with Census data releases. **The first “regular”** Housing Needs Reports must be completed by December 31, 2028, and every five years thereafter.

Under Bill 44, municipalities are required to undertake subsequent OCP and zoning bylaw updates by December 31, 2025, to align their bylaws with the projections identified in their updated housing needs report. Regional Districts are not required to undertake proactive OCP and zoning bylaw updates within a prescribed timeframe.

#### New Methodology for Calculating Housing Needs

Previously, an array of methodologies were used to determine housing needs for a community. As part of Bill 44, the Province has introduced a standardized methodology – the HNR Method - for determining necessary housing need projections. The HNR Method is the methodology that local governments must use to calculate the total number of housing units their communities will need over 5 and 20 years. Therefore, the FVRD does not have meaningful latitude to adjust the resulting projections.

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. This component is only included for municipalities and is not required for calculating housing needs for Regional District Electoral Areas.

The HNR Method can be applied using Excel or by using the HNR Calculator, an automated tool available to local governments.

## Initial FVRD Housing Needs Report for the Electoral Areas

FVRD completed the first Housing Needs Report for the Electoral Areas in 2021. This report provides a comprehensive understanding of the populations most challenged to afford suitable and adequate housing in the Electoral Areas and identifies key considerations based on the housing needs and gaps identified through the study.

The 2021 Housing Needs Report was undertaken by CitySpaces Consulting Ltd. who worked closely with FVRD staff to execute the project during the Covid-19 Pandemic. The project involved data collection and analysis as well as public engagement. Engagement activities were conducted virtually through various mediums including a survey, virtual focus groups, and stakeholder interviews. Key findings derived **from engagement activities were used to augment the FVRD's understanding of housing needs, gaps, and trends.**

## DISCUSSION

In response to the 2023/2024 legislative changes outlining the new requirements for proactive planning, the Interim Housing Needs Report was integrated into the 2024 EA Planning work plan.

In accordance with the *Housing Needs Regulation* and the *Local Government Act* a local government can satisfy the requirement for an interim housing needs report, to be received by January 1, 2025, in one of two ways:

### Option 1

Receive a new housing needs report; or

### Option 2

Amend the existing housing needs report to the extent necessary to do the following:

- a. Reflect the total number of housing units required to meet anticipated needs over 5 and 20 years;
- b. Include a description of the actions taken since receiving the most recent housing needs report to reduce housing needs; and,
- c. Include a statement about the need for housing close to active transportation infrastructure.

To determine the preferred course of action in meeting the legislative requirements for a housing needs report update, staff considered the following factors:

- Staff capacity;
- Pre-existing work plan priorities and commitments;

- Budget constraints;
- Regional District exemption from proactive OCP and zoning bylaw amendments to align with updated housing needs reports; and,
- Requirement for a subsequent 2028 update.

Proceeding with **Option 2 – Amendment to Existing HNR** allowed staff to honour existing work plan commitments within the 2024 budget.

### **Housing Needs Report (HNR) Calculator Tool**

Through funding provided by Canada Mortgage and Housing Corporation (CMHC), the Housing Assessment Resource Tools (HART) team has developed a free, fully automated, and provincially compliant Housing Needs Report Calculator for communities in BC.

The HNR Calculator follows the HNR Method set out in the *Housing Needs Report Regulation* and produces the necessary reporting to meet the requirements of the Interim Housing Needs Report.

#### Anomalies for Electoral Areas E & H

The methodology for calculating housing needs requires that data from the four (4) most recent census reports is used. This presents a unique challenge for Electoral Areas E & H due to the boundary adjustment that occurred in 2014. Despite this circumstance, the FVRD must use census reports from 2006 and 2011, which represent data from the former boundaries of electoral areas E & H, to conduct calculations for housing needs projections.

**To address this issue, staff worked closely with the HART team and staff at the Ministry of Housing's Planning and Land Use Management Branch (PLUM).** The solution requires data for Electoral Area H to be linked to data from Electoral Area E for the 2006 and 2011 census years and was approved by PLUM as being consistent with the required methodology. This alternative required that manual calculations be conducted, resulting in a slightly different formatting for the reporting of Electoral Area H.

#### Challenges with Provincial Methodology

The housing needs projections identified in the 2024 Interim Housing Needs Report represent forecasts consistent with the provincial methodology, the HNR Method. The methodology relies on a number of assumptions and takes a regional approach for specific indicators including meeting homelessness need, accommodating increasing population, and addressing vacancy rates. Historically, **electoral areas have not grown at the same rates as the region's municipalities but the methodology does not allow for the consideration of historical growth trends in these areas.** Therefore, calculating anticipated household growth for the electoral areas uses a 20-year BC Stats projection for the entire region, which includes the influence of the larger municipalities of Chilliwack, Abbotsford, and Mission, because Census Subdivision (CSD) or electoral area (RDA) level projections are not available.

The provincial methodology may result in overinflated housing needs in the electoral areas, however this is the model adopted by the Province to estimate housing need in electoral areas. The projections identified for the electoral areas are approximations and represent estimations of future conditions. As new data becomes available, the projections should be accordingly adjusted.

Updated 5- and 20-Year Housing Needs Projections

The updated housing needs projections are summarized in *Table 2*.

2024 Interim Report: 5-Year and 20-Year Housing Needs		
Electoral Area	5-Year Need	20-Year Need
A	+ 52	+ 173
B	+ 71	+ 235
C	+ 117	+ 394
D	+ 162	+ 550
E	+ 133	+ 441
F	+ 115	+ 381
G	+ 120	+ 388
H	+ 206	+ 670

*Table 2: Updated 5- and 20-Year Housing Needs Projections from 2024 Interim HNR*

The housing need projections identified in *Table 2* are the cumulative sum of the five indicators identified in *Table 3*.

Indicator	Method of Calculation
Units required to meet extreme core housing need (ECHN)	Average rate of owners and renters in ECHN
Units required to meet homelessness need	Proportional to regional rate of homelessness (0.15%)
Units required to meet suppressed household formation	Subtraction of actual households from potential households by age category
Units required to accommodate increasing population	Proportional to regional growth rate determined from 20-year population projection (50.24%)
Units required to restore vacancy rates to 3%	Difference between existing rental homes and required rental homes

*Table 3: Indicators used to calculate Housing Need per the HNR Method*

Comparing the 2021 vs. 2024 Housing Needs Report Projections

Comparison between the 2021 Housing Needs Report projections and the 2024 Interim Housing Needs Report projections is difficult. The 5 year projections in each report represent housing needs over different time periods, i.e. 2021-2026 versus 2024-2029, and different calculation methods are used in each report.

Additionally, the 5-year housing projections identified in the 2021 Housing Needs Report are based on a projected 2021 housing supply (the 2021 Census had not yet been completed). *Table 4* demonstrates the change in housing need projections in the Electoral Areas from the 2021 report to the 2024 report.

Electoral Area	2021			2024			
	Estimated Households (BC Stats/HNR)	5-Year Need (to 2026)	Total Unit Need (to 2026)	Households (2021 Census)	5-Year Need (to 2029)	Total Unit Need (to 2029)	Unit Supply (est.*)
A	271	+ 17	288	247	+ 52	299	281
B	453	+ 30	483	392	+ 71	463	596
C	538	+ 35	573	546	+ 117	663	928
D	606	+ 40	646	712	+ 162	874	752
E	755	+ 49	804	649	+ 133	782	729
F	619	+ 40	659	563	+ 115	678	790
G	848	+ 55	903	670	+ 120	790	899
H	997	+ 65	1062	1153	+ 206	1359	1644
FVRD EA Total	5087		5418	4932	+ 976	5908	6619

*Table 4: Change in 5-Year Housing Needs Projections and Existing Supply between 2021 and 2024 HNR*  
 \*calculation derived from 2021 Census Profile and FVRD Building/Demolition Permit Data 2022-2024

### Factors Contributing to Housing Vacancy in Electoral Areas

In many cases, the anticipated number of housing units required in the Electoral Areas is less than the existing supply. As such, there often appears to be sufficient existing supply to accommodate anticipated or projected housing needs. However, there are a number of factors contributing to the persistent levels of unit vacancies in the Electoral Area communities. This includes:

- Several Electoral Areas are popular vacation destinations and recreation areas which contain significant numbers of second properties. These second properties would have been vacant at the time of census enumeration and marked as unoccupied, regardless of their intermittent occupation as vacation properties or short term rentals during the year.
- There are many active farm operations in the Electoral Areas which have dwellings occupied by temporary residents (i.e., temporary foreign workers). For the purposes of the Census, these dwellings would not be considered as occupied by usual residents
- Dwelling unit condition (adequacy) and typology (suitability) may not suit the needs of local residents. Dwelling units in need of major repair in the Electoral Areas is higher than the regional average and dwelling units are largely limited to single family and moveable types.

These factors are important to the consideration of unoccupied housing in the Electoral Areas. Further analysis into the factors contributing to persisting housing vacancies is required. Addressing housing need in the electoral areas is complex and likely requires a multi-pronged approach that includes, but

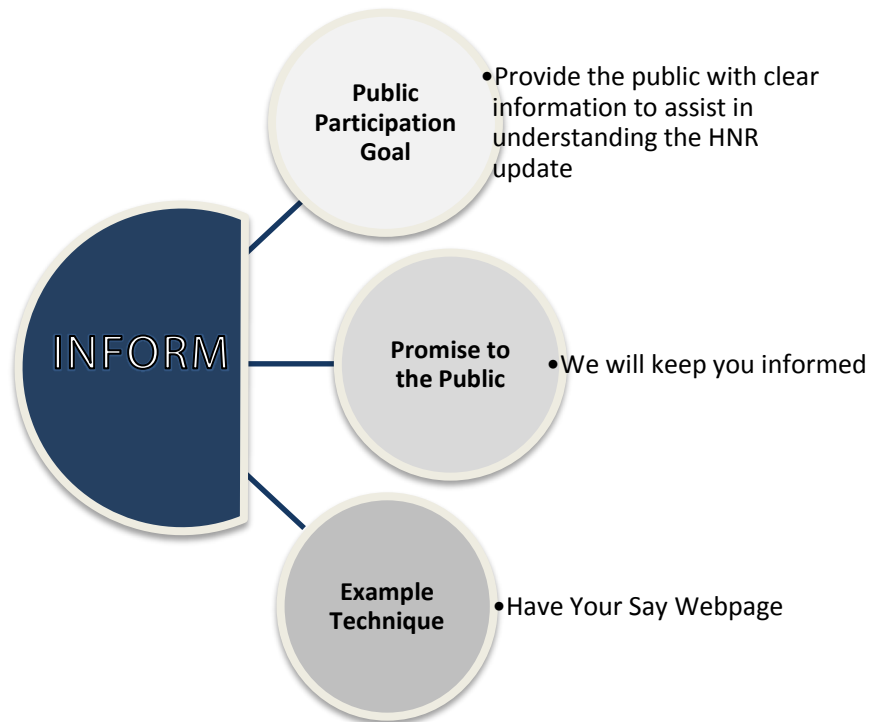
is not limited to, the construction of new housing units and improvement of existing under-utilized housing units.

## Public Participation and Engagement on Interim Housing Needs Report

The *Housing Needs Report Regulation* and the *Local Government Act* do not prescribe a requirement for public engagement when conducting updates to housing needs reports. Local governments have the discretion and flexibility to determine the extent of engagement.

In 2020/2021, FVRD and CitySpaces Consulting Ltd. conducted a thorough engagement program to supplement the quantitative data collection and analysis undertaken for the 2021 Housing Needs Report. Despite the limitations presented by the COVID-19 pandemic, significant efforts were made to create numerous opportunities for engagement that involved residents, social service organizations, non-profit housing providers, developers, realtors, and Indigenous communities. This level of participation and engagement, intended to create opportunities for **Involvement** and **Collaboration**, **was commensurate with the scale and scope of the project which involved conducting the FVRD's first-ever housing needs report.**

For the Interim Housing Needs Report, which involves an update to the 2021 Housing Needs Report to meet the prescriptive requirements of the *Housing Needs Report Regulation* and the *Local Government Act*, the goal level of public participation is to **Inform** the public. This is consistent with the International Association of Public Participation (IAP2) Spectrum of Public Participation as illustrated below.



A Have Your Say webpage will be a depository for information related to the FVRD Housing Needs Report. This will include the 2021 Housing Needs Report, the 2024 Interim Housing Needs Report, relevant legislation and regulation, and information about the timeline for the next full Housing Needs Report update in 2028.

The scheduled 2028 Housing Needs Report update will involve a comprehensive public participation and engagement plan. This plan will build on the recommendations made in the 2021 Housing Needs Report which identifies opportunities for improved engagement with critical service providers and stakeholders.

#### Further Data Analysis Required

Additional analysis is required to fully understand and contextualize the implications of the 2024 Interim Housing Needs Report projections in the electoral areas. The HNR Method presents some key limitations when applied within electoral areas. On their face, the projections indicate the number of new units required over 5 and 20 years to meet housing need. However, additional context is required to understand the existing conditions within the electoral areas and where opportunities may exist to address housing needs outside of the construction of new units, such as addressing the existing underutilized housing supply.

Important considerations that require additional analysis and discussion include:

- Existing housing conditions in electoral areas related to housing unit vacancies
- Incongruity between Housing Need Report projections and Regional Growth Strategy growth management goals
- Comparative calculation methods that incorporate local growth rates (for discussion and comparative purposes)
- Discussion with provincial colleagues on applying the HNR Method in rural areas

This additional analysis is beyond the capacity for staff to undertake by the legislated timeframe for the FVRD Board to receive an Interim Housing Needs Report. Staff recommend that the FVRD Board receive this Interim Housing Needs Report and direct staff to bring a supplementary report in the coming months. A supplementary report will provide an opportunity to raise and summarize important considerations and priorities for the subsequent full Housing Needs Report update in 2028.

#### COST

The cost of undertaking the Interim Housing Needs Report in response to legislative changes in 2023/2024 is accommodated within the regular 2024 work plan for Electoral Area Planning.



## CONCLUSION

The FVRD has completed an Interim Housing Needs Report in accordance with the requirements of the *Housing Needs Report Regulation* and the *Local Government Act* to better understand current and anticipated housing needs in the Electoral Areas.

**The Interim Report has been conducted utilizing the Province's new mandatory methodology for calculating housing need – the HNR Method.** Application of this methodology is compulsory, and resultant projections for housing needs in the Electoral Areas must be received by the FVRD Board. The Interim Housing Needs Report is intended to serve as a provisional report to update projections to align with the most recent Census data (2021) and create a consistent update cycle for all local governments in BC. However, staff recommend that a supplementary report that provides additional analysis on the implications of the Interim Housing Needs Report projections is necessary to fully understand and contextualize how to meet the forecasted housing needs.

Local governments will be required to replace the Interim Housing Needs Report with a full updated Report by December 31, 2028.