

Report to Council



Date: January 25, 2021
To: Council
From: City Manager
Subject: Regional Housing Needs Assessment
Department: Policy & Planning

Recommendation:

THAT Council receives the Regional Housing Needs Assessment dated November 2019 which includes detailed information about current and anticipated housing needs in Kelowna.

Purpose:

For Council to receive for information the Regional Housing Needs Assessment and to fulfill provincial requirements for reporting.

Background:

In April 2019, the provincial government legislated that local governments are required to prepare and receive housing needs reports, or housing needs assessments (HNAs), prior to April 2022 and every five years thereafter. To meet this requirement, local and regional governments must collect data, analyze trends, and present reports that describe housing needs in their respective communities. The overall goal of requiring HNAs is to help local and provincial governments better understand and respond to housing needs across BC.

The City of Kelowna conducted an HNA in 2017 to address pressing challenges related to housing in our community and to inform critical work on the Healthy Housing and Journey Home Strategies. The City's HNA provided key information about Kelowna's current and projected future housing needs as well as foundational data that has informed the development of the OCP 2040. However, because the City's HNA was completed in 2017, prior to the province amending their legislation, it cannot be used to meet the provincial requirement for a housing needs report.

That said, the Regional District of Central Okanagan (RDCO) completed a Regional HNA in 2019 which provides a descriptive analysis of the current housing needs and issues for the entire Central Okanagan, as well as housing highlights for each jurisdiction: two electoral areas, six First Nation reserve lands (including Westbank First Nation and Okanagan Indian Band), District of Peachland, City of West Kelowna, City of Kelowna, and District of Lake Country. Given the proximity of Central Okanagan communities and their integration through the transportation network, it is valuable to consider the supply and demand of the housing market at the regional level. With the larger regional situation

defined, each community's role in the contribution to the solution can be better understood, supporting a coordinated and consistent response toward regional housing goals.

The City has received confirmation from the province that as the RDCO's HNA was prepared after the legislation came into effect and contains information about Kelowna's housing needs specifically, the City of Kelowna has the opportunity to use the RDCO's HNA to fulfil our provincial requirement. When the City's HNA is updated with new Census information in 2022, staff will bring the updated HNA to Council. The RDCO's HNA provides valuable information that complements the City's HNA, as summarized below, and allows us to understand the regional context of housing issues.

Discussion:

The RDCO completed a Regional HNA in November 2019 that provides a descriptive analysis of housing needs across the Central Okanagan region. While the RDCO's HNA is regional in scope, it includes Kelowna-specific information on current and projected housing needs, particularly as the largest share of the region's population and housing growth is expected to be within the City of Kelowna. Specifically, 65% of all new housing units built in the RDCO between 2016-2036 are expected to be built in Kelowna.

Overall, the RDCO's HNA aims to analyze qualitative and quantitative data to provide a better understanding of regional housing issues and can be used by RDCO staff to inform subsequent planning processes, such as strategy formulation including a Regional Affordable Housing Strategy. Furthermore, the RDCO's HNA includes information about where housing gaps exist for Central Okanagan communities and how individual member communities' housing markets affect the regional housing market. The report was written in alignment with provincial data collection requirements.

Current Housing Needs

The RDCO's HNA, like the City's HNA, found that home ownership is out of reach for many Kelowna residents. The RDCO's HNA reports that in Kelowna, median income couple households can afford an average priced condo but cannot afford a townhouse or single-family dwelling without spending more than 30% of their income on their mortgage. Additionally, for median income lone parent and single person households, there are no affordable home ownership options based on average home price.

The RDCO's HNA also examines affordability challenges in the rental market across the region and in Kelowna specifically. The RDCO's analysis found that couple households can generally afford to rent all types of housing in Kelowna. In comparison, lone parent households can only afford bachelor and 1-bedroom housing and there are no affordable rental options for single person households. The RDCO's findings are generally consistent with the City's HNA in that couple households can afford rent without spending more than 30% of their income, but options are more limited for lone parent and single person households. These findings are also comparable to other communities within in the RDCO.

Projected Housing Needs

The RDCO's HNA also projects population and number of housing units needed across the region from 2016-2036. In terms of population, the RDCO is expecting approximately 59,700 additional residents by 2036, or approximately 3,000 additional residents per year. This population growth will result in demand for approximately 26,000 new housing units across the region by 2036. Overall, the RDCO's HNA aligns with the City of Kelowna's HNA in projecting ongoing population growth and demand for additional housing units over the next 20 years.

Both the RDCO's and the City's HNAs state that certain populations may be more vulnerable to affordable housing issues including youth, seniors, those experiencing homelessness, and low-income

households. Both reports specifically state that the population of people over the age of 65 is expected to grow, and that this population is particularly vulnerable to housing unaffordability. Another common finding in both reports is that Kelowna is likely to see a shift to more multi-unit housing, such as apartments and townhouses, to address housing needs.

Overall, the RDCO's HNA provides supplemental information about housing in Kelowna, provides a valuable regional context on housing needs, and allows the City of Kelowna to meet provincial requirements. Additionally, the RDCO's HNA clearly highlights housing affordability challenges in Kelowna and the region as a whole and therefore provides additional rationale for taking action on housing issues. The City of Kelowna's HNA has a comprehensive and Kelowna-specific list of actions and is being used to guide both the Healthy Housing Strategy and the Journey Home Strategy.

Conclusion:

Both the City's HNA and the RDCO's HNA anticipate that housing affordability will be an ongoing challenge in Kelowna and across the region, requiring action from all levels of government. Staff recommend that Council receive the November 2019 Regional Housing Needs Assessment for information and to meet provincial requirements for a housing needs report until City staff update the City's HNA with new census information in 2022/23. To meet provincial requirements, the RDCO's HNA will be made available on Kelowna.ca.

Considerations applicable to this report:

Internal Circulation:

Divisional Director, Planning & Development Services

Legal/Statutory Procedural Requirements:

Local Government Act. Part 14, Division 22, Sections 585.31 and 585.4.

Existing Policy:

Official Community Plan goal: *Address Housing Needs of All Residents. Address housing needs of all residents by working towards an adequate supply of a variety of housing.*

Official Community Plan objectives:

- 5.9 – Support the creation of affordable and safe rental, non-market and/or special needs housing
- 5.23 – Address the needs of families with children through the provision of appropriate family-oriented housing
- 10.3 – Support the creation of affordable and safe rental, non-market and/or special needs housing

Official Community Plan policies:

- 5.22.7 – Healthy Communities
- 5.22.10 – Adaptable Housing
- 5.22.11 & 7.3.1 – Housing Mix
- 5.22.13 – Family Housing
- 5.23.1 – Ground-oriented Housing
- 10.3.1 – Housing Availability
- 10.3.2 – City-Owned Land
- 10.3.4 – Use of the Housing Opportunities Reserve Fund

Considerations not applicable to this report:

Legal/Statutory Authority

Financial/Budgetary Considerations

External Agency/Public Comments

Communications Comments

Submitted by:

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Approved for inclusion:



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Cc:

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Attachments:

Regional Housing Needs Assessment