



HOUSING NEEDS ASSESSMENT

2021-2031

*The City of Kelowna is located on the traditional, ancestral,
unceded territory of the syilx/Okanagan people*

Kelowna's Housing Need



Qualitative Engagement:

Qualitative research methods were employed, providing a **well-rounded perspective** on the housing needs within Kelowna

71

Total individuals were engaged in the process



- 34 People with lived experience
- 34 Local organizations and groups
- 3 Other

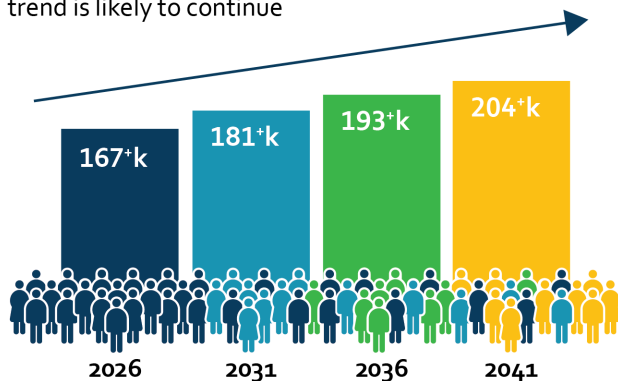
Total Housing Need Determination:

Total housing need was determined by analyzing Kelowna's current context, the **existing deficit** of housing, and the future demand for housing



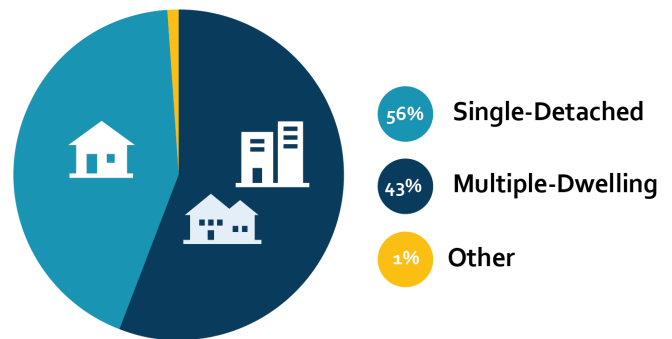
Anticipated Population:

Kelowna's population has **grown faster** than expected, placing further pressure on housing affordability; this trend is likely to continue



Housing Stock:

Households are getting smaller, and Kelowna's housing stock has shifted towards **more multi-family housing**



Data Analysis:

To complete this housing needs assessment, **thousands of data points were analyzed from diverse sources**, including Statistics Canada, The Central Okanagan Journey Home Society, Canada Mortgage and Housing Corporation, The City of Kelowna, as well as home sales and rental market data.

Income and Affordability:

Kelowna's median household income in 2021 was \$83,000, with a **notable discrepancy** between homeowners (\$100,000) and renters (\$60,800)



This gap, combined with a 2022 median rent of \$1,390 and median home sales price of \$745,000, underscores the challenges of housing affordability in the area.



Subsidized Rental Gap:

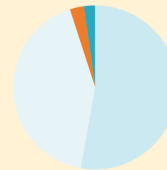
The City is approving adequate levels of ownership and market rental housing, but there's a significant **shortfall of subsidized rental housing**.



Ownership & Market Rental:
Adequate levels Approved



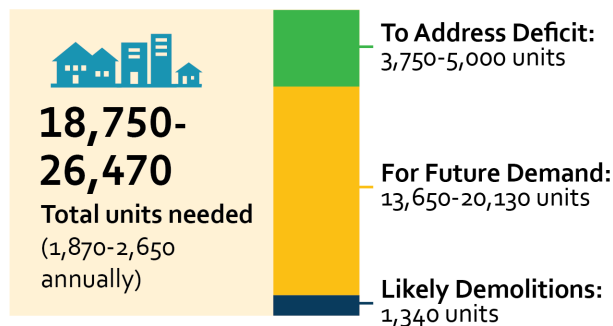
Subsidized Rental:
Major Gap



- 53% Market Rental
- 43% Ownership
- 3% Subsidized Rental
- 2% Supportive Housing

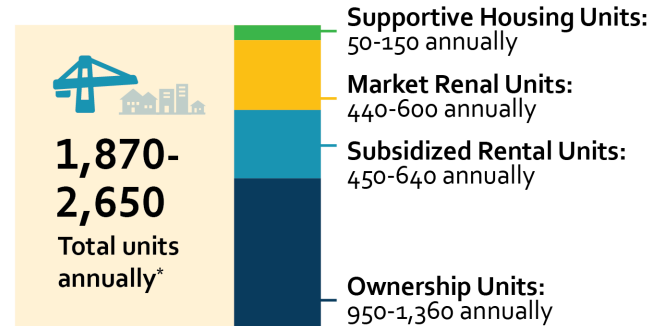
Overall Housing Unit Needs (2021-2031):

Kelowna **requires a substantial number** of new housing units over the next decade to address existing deficits, future demand, and potential demolitions



Annual Housing System Targets (2021-2031):

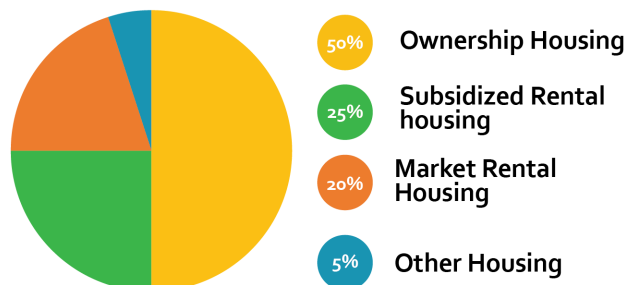
Each year from 2021 to 2031, Kelowna has specific targets for various **housing categories** to meet the community's diverse and evolving needs



*With a target rental vacancy rate of 3-5%

Meeting Housing Need:

To address the diverse housing requirements in Kelowna, a **balanced approach** is being proposed that encompasses various types of housing



Disproportionate Housing Needs

Currently, some priority groups face greater challenges in housing, including:

- One-Person Households
- Indigenous-Led Households
- Women-Led Households
- Female Lone Parent Households
- Renters Aged 65+



City of
Kelowna

City of Kelowna, 2023

ACKNOWLEDGMENTS

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rennie advisory services

Central Okanagan Journey Home Society

Contributions from community members, subject matter experts,
those with lived experience, public / private / non-profit organizations
that participated in the engagement sessions

The City of Kelowna would also like to thank Union of BC
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EXECUTIVE SUMMARY

Kelowna's housing system is facing complex challenges, and improving access to housing that meets people's needs is a priority for the City. Increasing pressure on the City's housing system is expected to continue as the population grows. The most challenging impacts will be felt by those with the lowest incomes and least resources including priority groups such as seniors, refugees, people with disabilities, and female-led lone parent households.

This Housing Needs Assessment (HNA) provides a comprehensive analysis of the current state of housing in Kelowna, as well as how much and which types of housing are needed today and in the future. The aim of this analysis is to provide a rigorous and reliable base of information to ground future housing policies, strategies, and actions. Unlike previous HNAs, this document takes the next step in addressing our housing challenges by identifying Housing System Targets.

There are 10 key findings from this Housing Needs Assessment:

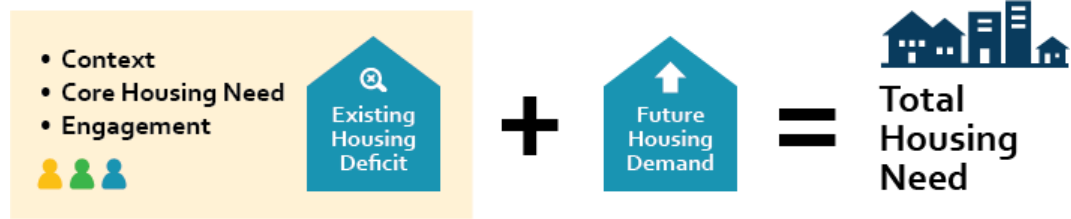
1. Low income renters and priority groups are disproportionately affected by challenges across the Housing Wheelhouse; housing affordability and availability are key drivers of homelessness
2. Kelowna's population has grown faster than expected, placing further pressure on housing affordability; this trend is likely to continue
3. Kelowna's existing housing deficit is 3,750 – 5,000 homes; these are homes that are needed for existing residents even before future growth is considered
4. An additional 13,650-20,130 homes are needed to meet future housing demand by 2031; up to about 50 per cent more than expected
5. We have demonstrated that the City can approve housing quickly enough to meet community need; however, the pace of housing construction needs to increase
6. Kelowna has a major shortage of subsidized rental housing; we need a tenfold increase in the delivery of subsidized rental housing annually, requiring unprecedented collaboration and partnership
7. Approximately two thirds of subsidized housing that is needed could be accommodated on existing public and non-profit lands
8. Additional supportive housing is needed, and emergency shelter housing will be necessary at least in the short-term
9. A historic amount of market rental housing has been built since 2016, with more on the way; we need to keep up the pace considering nearly half of new households will be renters
10. The overall level of ownership housing construction is on-track; further action is required to increase the diversity of housing types and price points

Total housing need

Overall, ongoing delivery of housing is critical to meeting housing needs from 2021-2031. Without an adequate overall supply of housing, the community's housing challenges will persist or worsen. Highlights of total housing need from 2021-2031 are listed below:

Kelowna has an existing housing deficit of 3,750-5,000 units

- An additional 13,650-20,130 units are needed from 2021-2031 to accommodate for future growth
- 1,340 units are expected to be demolished from 2021-2031 as redevelopment occurs
- **In total, at least 18,750-26,470 housing units are estimated to be needed from 2021-2031 (1,870 – 2,650 units annually)**



From an overall unit count perspective, the City of Kelowna is approving new housing (tracked by the issuance of building permits) at a level that is in alignment with total housing need. That said, the on-the-ground delivery of new housing (tracked by the issuance of occupancy permits) has been at lower-than-adequate levels. To address Kelowna's existing housing deficit and meet future demand, housing should be delivered as outlined in the table below. A brief description of the situation in each segment of the wheelhouse follows.

Wheelhouse Segment ¹	Proportion Needed	Proportion In-stream	Units Needed 2021-2031	Units Built 2018-2021	Anticipated Income of Residents ²
Ownership	50%	42%	950-1,360/year (9,500-13,630 total)	1,160/year	80% or more of median income
Market Rental	20%	53%	440-600/year (4,360-6,000 total)	580/year	80% or more of median income
Subsidized Rental	25%	2%	450-640/year (4,530-6,430 total)	45/year	Less than 80% of median income
Supportive Housing	5%	3%	50-150/year (500-1,500 total)	45/year	Less than 80% of median income

¹ See section 1.5.1 for more information about the Housing Wheelhouse.

² Compared to Kelowna's median income.

Subsidized rental housing

Based on current market rates, very low, low, and moderate income households are challenged to find market rental housing that is affordable. These households' needs would be best met through subsidized rental housing; however, there is currently a major gap in subsidized rental housing being delivered in Kelowna. That said, there is significant public land capacity to deliver more subsidized rental housing in Kelowna through collaboration and partnerships.

Supportive housing

Supportive housing is only needed by a small portion of Kelowna's population, but it is critically important to ensuring that our housing system works for all community members. Supportive housing is particularly important for residents with complex, intersecting health and social needs, and can assist people who are experiencing homelessness access housing that they can maintain. To be effective, supportive housing must align with residents' needs rather than a one-size-fits-all approach.

Emergency shelter housing

If housing needs are met across the housing wheelhouse, emergency shelter housing would only be needed for occasional, temporary situations. However, because housing takes years to build and there is a large existing housing deficit today, it is likely that there will be ongoing need for emergency shelter housing, particularly in the short term. Current shelter availability has been unable to keep pace with the number of people experiencing homelessness.

Market rental housing

Affordability challenges are driving a shift towards rental housing in Kelowna. Approximately 48 per cent of future housing demand is expected to be for rental housing. The demand for rental housing is being reflected in the housing being approved in Kelowna, with adequate levels of market rental housing being constructed in recent years. Of note, there appears to be a lack of larger rental units – approximately 25 per cent of future demand for rental housing will be for three-plus person households, but less than 10 per cent of the rental stock delivered in recent years was three-plus bedroom units.

Ownership housing

Based on recent occupancy permit volume, the City is on track with the level of ownership housing that is being delivered. This HNA identified several considerations to help ensure that the ownership housing being delivered is in close alignment with the needs of Kelowna residents including:

- Smaller units suitable for one and two person households are in demand, and there is a gap in three plus bedroom housing suitable for families with children.
- Missing middle housing is still missing– most smaller units are in apartments and most larger units are single dwelling homes. Additional housing options, including house-plexes and townhouses, would help provide more attainable forms of ownership housing.

Setting targets

The current lack of housing options at affordable prices in Kelowna makes it challenging for people to move through the housing wheelhouse as their needs change. A bottleneck in one area of the wheelhouse has ripple effects through all the other wheelhouse segments. For example, the shortage of subsidized rental housing is increasing the prevalence and risk of homelessness. In turn, this may increase demand for supportive housing and emergency shelter housing. Similarly, increasing home sales prices push homeownership out of reach and residents are therefore renting for longer, causing market rental rates to rise.

Better aligning the housing being delivered with housing needs outlined in this HNA will allow Kelowna's housing system to function more effectively and provide housing that works for all community members. This HNA establishes bold Housing System Targets to ensure that progress can be tracked and policy changes can be made accordingly:

Housing System Targets

Target Measures	Annual Target
Ownership Units	950-1,360
Market Rental Units	440-600
Vacancy Rate (%)	3-5
Subsidized Rental Units	450-640
Supportive Housing Units	50-150

Accomplishing these Housing System Targets is a joint responsibility, with roles for all levels of government, non-profit organizations, private industry, and other groups. Significant changes across the housing system are required to meet the Housing System Targets outlined in this HNA, particularly regarding housing affordability. Accomplishing the Housing System Targets will also require ongoing monitoring and reporting, and will be achieved in alignment with an updated Housing Strategy. This will be completed to reinforce the growth strategy objectives as established in the recently updated 2040 OCP.

Next steps & final Reflections

For many residents, the results of this HNA will confirm what they already feel intuitively: Kelowna is facing a housing crisis and residents, businesses, and institutions are experiencing the impacts daily. Meeting the housing needs of our community in the face of these challenges is no small feat. One thing is clear: to make real progress, every partner in the housing system will need to step forward and redouble their efforts to meet this crisis. The upcoming Housing Strategy update will be a vital opportunity to bring the entire housing sector together to develop the tools needed to meet these targets.

Decisions made today regarding housing will not be fully realized for years – potentially decades – down the road, but by responding to current challenges with urgency, it is possible to shift Kelowna's housing system towards one that is in stronger alignment with the housing needs of current and future residents. In many ways, there has never been a better time for action on housing than now.