

Report to Council



Date: November 20, 2017
File: 1200-50
To: City Manager
From: James Moore, Long Range Policy Planning Manager
Subject: Housing Needs Assessment
Report Prepared by: Michelle Kam

Recommendation:

THAT Council receives, for information, the report from the Long Range Policy Planning Manager dated November 20, 2017, with respect to the Housing Needs Assessment.

AND THAT Council directs staff to advance engagement and strategy development on the 9 Journey Home and 11 Healthy Housing recommendations as identified in the Housing Needs Assessment for the purposes of developing the Journey Home and Healthy Housing Strategies, respectively.

AND FURTHER THAT \$14,700 be transferred from the Research & Partnership budget to the Healthy Housing budget in order to complete the project.

Purpose:

To update Council on the outcomes and analysis of the Housing Needs Assessment for the City of Kelowna, and to receive endorsement for next steps in the development of the Journey Home and Healthy Housing Strategies.

Background

Housing is in the midst of a boom cycle, and while some residents may be benefiting from this, others are feeling squeezed out of a tight market, and are becoming housing vulnerable. The impacts of this are seen in many ways in Kelowna, including the increasing numbers of people experiencing homelessness, the extremely low rental vacancy rate, and rapidly increasing home prices.

Hundreds of communities, nationally and internationally, are struggling to find solutions. Before we can determine appropriate solutions, we need to understand the scope of the problem. The Housing Needs Assessment (HNA) purpose is to identify the housing requirements in Kelowna based on housing supply, demand, and estimates of future trends in the near and distant future (20 years) and provide direction for how the City and various community stakeholders can contribute progressive actions to meet a desired future state. This knowledge will then contribute to the development of robust and

appropriate actions that will seek to have real, measurable and positive impacts on our housing challenges in both the Journey Home and Healthy Housing Strategies.

The City has carried out this needs assessment through statistical analysis, consultation with stakeholders, other levels of governments, housing partners and through interviews with Kelowna residents that have experienced homelessness. The report describes the emerging directions, with the goal of improving housing affordability, access, and diversity.

Housing Continuum Update – The Wheelhouse

The Housing Needs Assessment includes a new and innovative approach to the categories of housing in our community. Housing categories have typically been viewed along a linear housing continuum. A linear continuum implies that the goal for all is to move along the continuum to a final destination of ownership housing.

The new Wheelhouse is circular in fashion and promotes equity and inclusion, as it recognizes that people may move across categories of the Wheelhouse throughout their lives and that housing ownership is not the destination for all residents. Additionally, the Wheelhouse recognizes that our housing stock needs to reflect the diverse socioeconomic and demographic needs of Kelowna residents and should not focus exclusively on market housing. The Wheelhouse can be viewed as a system in which people move among different housing forms, tenures and price points. Changes to one aspect of the system influence other parts of the system.

Figure 1: The Wheelhouse



Staff from the Healthy Housing and Journey Home projects developed the Housing Needs Assessment with support from a consultant, Urban Matters. As housing is a complex issue that requires consultation with a large number of staff and stakeholders, engagement on the HNA occurred with several teams including:

1. *Healthy City Strategy Steering Committee* – This committee oversees the entire Healthy City Strategy and each of the theme areas and consists of senior leaders and staff from both the City and Interior Health.
2. *City and Interior Health Technical Teams* – The City of Kelowna and Interior Health have staff technical teams that are assembled with various technical and front-line skills/experience.
3. *Healthy Housing Stakeholder Advisory Committee* – This committee includes key stakeholders who will provide guidance throughout the Healthy Housing project. This committee includes representation from the following organizations:
 - BC Housing
 - Canadian Home Builder’s Association
 - Interior Health
 - School District #23
 - Seniors Outreach Services Society
 - Society of Hope
 - United Way
 - Urban Development Institute, and
 - Urban Matters
 - UBC
4. *Community Advisory Board on Homelessness (CAB-H)* – This committee is comprised of sector representatives to facilitate the delivery of the Homelessness Partnering Strategy in Kelowna. This committee includes representative from the following sectors: Aboriginal, Community Information, Corrections, Diversity, Education, Faith, Housing, Income Assistance, Mental Health, Provincial Government, Rehabilitation, Shelter, Volunteerism and Youth. This committee reviewed the HNA this fall prior to the activation of the Journey Home Task Force.

Healthy Housing and Journey Home Projects

The Housing Needs Assessment is the primary data source for two major City-led initiatives: 1) Healthy Housing Strategy and 2) Journey Home Strategy.

The Healthy Housing Strategy will focus on housing affordability and supply, rental housing, and community for all while the Journey Home Strategy will guide the development of a Community Priority Plan along with Systems and Data Coordination frameworks designed as a long-term approach for addressing homelessness. The Healthy Housing and Journey Home projects are in direct support of Council priorities of “Homelessness” and “Housing Diversity”.

Housing Needs Assessment Highlights

Kelowna residents are facing real housing challenges. Kelowna has been ranked amongst the least affordable cities in Canada for housing.¹ For some in our community, accessing or maintaining healthy housing is a daily struggle. With a vacancy rate of 0.6 per cent and escalating prices, the effects of a constrained rental market are evident across our community, particularly for those residents most

¹ Demographia International Housing Affordability Survey: 2017, <http://demographia.com/dhi.pdf>

vulnerable. Ensuring Kelowna continues to grow as a healthy community for all requires strategic direction and response to current and future housing needs.

The Housing Needs Assessment is the first City-conducted publication of this level of housing analysis, utilizing Statistics Canada census data, BC Stats data, Canadian Mortgage and Housing Corporation data, Interior Health, BC Housing, real estate information, development statistics and population projections from city of Kelowna data sources, and others. It also includes comparator municipalities of Boulder, Colorado, Kingston, ON, Nanaimo, BC, and Santa Rosa, California to provide context to other progressive, comparable cities. Importantly, this report answers the question of 'who' is vulnerable in their housing needs, and gives us some indication of what types of housing options should be explored.

This HNA will inform the setting of goals as it relates to the future delivery of the number, type and tenure of housing units across the city of Kelowna. This report has been prepared primarily for City of Kelowna staff working on the Journey Home and Healthy Housing Strategies, but it will have impact and influence on other activities such as the 2040 OCP update and external organizations that have a mandate to deliver housing and related programs in our community.

To measure housing affordability in Kelowna, the City examines how many households that are overspending on shelter, or exceeding 30% of their gross household incomes. The HNA reveals that of the total households and housing types throughout the Wheelhouse, 28 per cent spend greater than 30 per cent of their household income on housing costs.² Importantly, 47 per cent of renter households exceed the 30 percent threshold on housing costs, compared to 19 per cent of owner households. This discrepancy between the ownership market and the rental market is likely the result of the higher share of lower-income households in the rental market.

Housing types found within the Safety Net and Housing with Supports sections of the Wheelhouse are also feeling the crunch. Recent increases in shelter usage is indicating a significant increase in the numbers of individuals experiencing homelessness – the average number of individuals staying in one shelter each night has increased from 74 in 2015 to 90 in 2016.³ A Point in Time Count indicated that there were 233 absolutely homeless individuals and a further 273 individuals counted as temporarily housed and identified as at risk of homelessness (2016)⁴. Individuals are staying in short-term supportive housing for longer – while typically intended for up to two or three years, some units have had the same occupant for up to seven years.

Through the current market analysis, it is evident that housing “affordability” is a common concern for all household types and population groups. In the recent Citizen Survey, 71 per cent of respondents identified housing supply as the top priority for investment. It is also important to recognize that there

² Shelter costs for owner households include, where applicable, mortgage payments, property taxes and condominium fees, along with the costs of electricity, heat, water and other municipal services. For renter households, shelter costs include, where applicable, the rent and the costs of electricity, heat, water and other municipal services. These costs do not include indirect housing costs such as transportation.

³ Based on one local shelter statistics as of September 2016.

⁴ A Point-in-Time (PiT) Count is a method used to measure sheltered and unsheltered homelessness. It aims to enumerate individuals in a community who are, at a given time, staying in homeless shelters, temporary housing, or “sleeping rough” (e.g., on the street, in parks), providing a “snapshot” of homelessness in a community (p.6). 2016 was the first year that Kelowna participated in this nationally coordinated framework as one of the designated communities for the count. Outcomes of the Kelowna PiT Count are twofold: (1) provide a count of people experiencing sheltered and unsheltered homelessness, and (2) provide information on the characteristics of the homeless population. (p.6)

are key population groups that are more severely impacted from the affordability crunch. This includes, but is not limited to, low to moderate income seniors, lone parent families, youth and urban Indigenous populations, and those individuals requiring specialized housing supports. These populations are considered “key” because they have a high rate of housing need and are not well served by the housing supply. These groups are not mutually exclusive; there is likely much overlap in several categories.

Increasingly, prices within the ownership segment of the Wheelhouse are escalating well beyond commensurate increases in income. Median house prices have nearly tripled over the past 15 years, whereas median household incomes have less than doubled.

The Housing Needs Assessment recognizes that demographic and economic factors, together, will also influence future housing needs because they shape household composition, and what housing forms are needed to best serve households. They also influence housing accessibility, as seniors choose to age in place and require adaptive, universal housing design. Additionally, the demand for rental units is going to increase, as younger cohorts delay home ownership or are priced out of the ownership market altogether. This will be compounded by other segments of the population competing for rental units as home ownership becomes increasingly more challenging and the gap between household carrying costs and average household income widens.

Gaps and Recommendations

In light of the above, and to move from research to action, the Housing Needs Assessment aligns the identified housing gaps with a set of housing recommendations, as summarized below in Table 1.

Table 1: Gaps and Recommendations Summary

Gaps Identified	Recommendations	
Gap 1: Diverse demographics experiencing housing vulnerability	Journey Home	Learn from Lived Experience Expertise
Gap 2: Community-driven data	Journey Home	Create Community-Wide Framework
	Journey Home	Establish Performance Measurements
Gap 3: Service navigation	Journey Home	Establish Service Navigation Tool
Gap 4: Design of the homeless-serving system	Journey Home	Map and Re-design Homeless-Serving System
Gap 5: Homelessness Prevention	Journey Home	Apply Prevention Approach
Gap 6: Bottleneck in the Wheelhouse	Healthy Housing	Foster Housing Partnerships
	Healthy Housing	Coordinate Regional Housing Needs
	Journey Home	Foster Multi-Sectoral Partnerships
Gap 7: Need for Greater Housing Diversity	Healthy Housing	Explore Innovative Housing Forms and Tenure

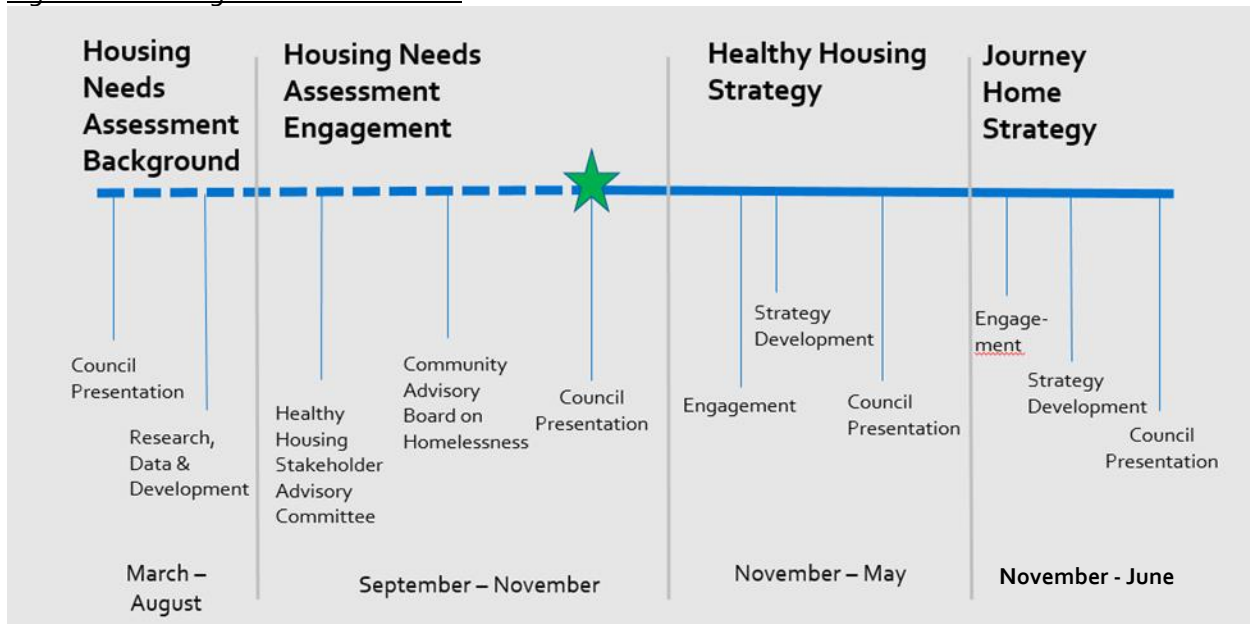
	Healthy Housing	Address the 'Missing Middle'
	Healthy Housing	Universal and Adaptable Housing Design
	Healthy Housing	Increase Family-Oriented Housing Supply
	Journey Home	Increase Permanent Housing for Key Populations
Gap 8: Limited Supply and High Demand for Purpose-Built Rentals	Healthy Housing	Increase the Supply and Stability of Rental Housing
	Healthy Housing	Protect the Existing Rental Stock
Gap 9: Access to private market rentals	Journey Home	Promote Housing First Systems Approach
Gap 10: Security of Tenure and Short-Term Rentals	Healthy Housing	Address the Impacts of Short-Term Rentals
Gap 11: The Cost of Housing is Increasing and Incomes Aren't Keeping Pace	Healthy Housing	Include Affordable Housing in New Developments
	Healthy Housing	Reduce Household Carrying Costs

Next Steps

The Journey Home and Healthy Housing Strategies will build on the outcomes of the Housing Needs Assessment including the gaps and recommendations. These strategies will develop the above 20 recommendations into actions that include systems, activities, policy and partnerships.

Development of the separate Journey Home and Healthy Housing Strategies with the respective project teams are anticipated to take approximately the next six to eight months and will be presented to Council in late spring / summer of 2018. As housing is an inherently complicated topic, the City wants to engage, learn and think about new ways to better understand the dynamic nature of the housing market and the experience of the public and housing partners. Figure 2 shows the planning process and timeline for the entire project.

Figure 2: Planning Process & Timeline



The development of both strategies will provide these respective roadmaps on how to guide work and investment decisions for the tiers of partnerships that are required at the provincial, federal, public and private housing levels. Creating lasting partnerships for housing will be a critical aspect of the recommendations, as the City of Kelowna is one of numerous partners that will need to work together to continue to make progress on delivering the full Wheelhouse of housing needs for today and decades to come.

The path forward requires bold, innovative and new directions to tackle the evolving issues of housing in our community. As Kelowna grows into a mid-sized City and is faced with the related challenges, innovation and leadership from all levels is needed to tackle the complex issue of housing.

Internal Circulation:

- Director, Community Planning & Strategic Investments
- Director, Active Living & Culture
- Development Services Director
- Social Development Manager
- Neighbourhood Development Coordinator
- Community Planning Department Manager
- Planner II
- Property Officer
- Community Engagement Manager
- Budget Supervisor
- Strategic Transportation Planning Manager

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 - Housing Mix
- 5.22.13 - Family Housing
- 5.23.1 - Ground-oriented Housing
- 7.3.1 - Housing Mix
- 10.3.1 - Housing Availability
- 10.3.2 - City-Owned Land
- 10.3.4 - Use of the Housing Opportunities Reserve Fund

Financial/Budgetary Considerations:

In order to meet the requirements of the Housing Needs Assessment recommendations for the Healthy Housing Strategy, the original budget of \$27,600 requires supplemental funds in order to deliver the Strategy in 2018. A supplemental budget of \$14,700 will be transferred from the 2017 base Partnership & Research budget of the Policy and Planning Department budget to support this project.

Submitted by:

J. Moore, Long Range Policy Planning Manager

Approved for inclusion:



Danielle Noble-Brandt, Policy & Planning Dept. Manager

Attachments:

Appendix 1 – Healthy Housing Strategy Engagement Timelines

Appendix 2 – Kelowna’s Housing Highlights

Housing Needs Assessment

cc:

Director, Community Planning & Strategic Investments

Director, Active Living & Culture

Development Services Director
Social Development Manager
Neighbourhood Development Coordinator
Community Planning Department Manager
Planner II
Property Officer
Community Engagement Manager
Strategic Transportation Planning Manager

Healthy City Strategy Steering Committee
Interior Health Staff Technical Team
Healthy Housing Stakeholder Advisory Team
Journey Home Task Force
Committee Advisory Board on Homelessness