

**RE: INTERIM HOUSING NEEDS ASSESSMENT - PROVINCIAL AND ALTERNATIVE METHODS**

Dear Coralie Breen,

Licker Geospatial (hereinafter referred to as LGeo) is pleased to present the results of the interim housing needs assessment. In this memo we briefly outline the provincial methodology and present the results, as well as comment on limitations of the methodology within the context of the CVRD and in Regional District Areas. We propose a slightly altered methodology that accounts for data gaps in 20 year household projections, to compare and contrast with the provincial method's results.

## **Interim HNA - Provincial Method**

### **METHOD SUMMARY**

Provincial legislative requirements for Housing Needs Reports were first introduced in 2019. These reports were intended to collect and analyze both qualitative and quantitative information to describe current and forecasted housing need. As a result of the 2023 amendments to the Local Government Act, changes were made to the timing and requirements for Housing Needs Reports. A new HNR Method to identify the 5- and 20-year housing need in communities was developed to standardize the analytical process across municipalities and regional governments.

The HNR method integrates six components of housing need, which are summed to estimate the total number of housing units needed in a municipality or regional district electoral area. The six components include:

- Component A: Supply of units to reduce extreme core housing need (those paying more than 50% of income for housing);
- Component B: Supply of units to reduce homelessness;
- Component C: Supply of units to address suppressed household formation;
- Component D: Supply of units needed to meet household growth over the next 5 or 20 years;
- Component E: Supply of units needed to meet at least a 3% vacancy rate; and,
- Component F: Supply of units needed to meet local demand (municipalities only).

Each component is summarized further below. This information is directly sourced from the [HNR method technical guidance](#), and can be referred to for further details.

### **Component A**

Using extreme core housing need (ECHN), a Statistics Canada measure reported as a percentage of the total population, the number of new units required for those in vulnerable housing situations is estimated. 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. This data is available for RDAs.



### **Component B**

People experiencing homelessness (PEH) utilizes data 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. This data is reported at the regional level (i.e. the Cowichan Valley Regional District CD) and is proportionally distributed to census subdivisions by share of total population. Further literature review and local outreach is recommended for this component for the CVRD Electoral Area context; local services for PEH may be only located in larger population hubs within the region (i.e. in municipalities). As such, this methodology may overestimate housing need in this category. However, it is presently the best data available and is important to include.

### **Component C**

Suppressed Household Formation (SHF) addresses those households that were unable to form between 2006 and present day due to housing constraints. This integrates the understanding that people's housing choices are heavily impacted by what is available to them. Young people with few affordable housing options will delay moving out of parent's households and forming households of their own. This measure utilizes Statistics Canada's 2006 census data (the earliest available data for a time when housing supply was less constrained) to determine headship rates by tenure and age 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.

### **Component D**

Anticipated household growth (AHG) quantifies the additional households required to accommodate an increasing population over twenty years. This utilizes 20 year growth projections from BC stats, applying the 20 year household growth rate to the 2021 number of households. For municipalities, an average of the growth projection for the municipality and the region is used. As BC stats does not produce 20 year projections for RDAs/EAs, only the regional rate is used. Regional growth rates are highly influenced by population centers within the CD, and this data gap could cause an overestimation of growth in rural areas. This limitation, and possible workarounds, is discussed later in this report in the Alternative Methodology section.

### **Component E**

Rental Vacancy Rate Adjustment (RVRA) adds rental units to overall need in order to meet a healthy vacancy rate. This calculation utilizes the Primary Rental Market Vacancy Rate data from CMHC and statistics Canada data for the number of rental units. The difference between the units required to reach a healthy vacancy rate of 3% and the current vacancy rate from the estimated existing number of rental units represents the number of new units required and added to the demand total.

### **Component F**

The demand buffer is a multiplier applied to the above components given additional demand for housing within a given community, beyond the minimum units required to adequately house current and anticipated residents. Demand buffers do not apply to EAs and RDAs.

### **Final Need Calculations**

The results of components A-F are summed, which results in 20-year need. To calculate the 5-year need, each component's number of housing units required over 20 years is divided by 4. The exception to this is component B, the supply of units to reduce homelessness; as this need is most urgent, it is divided by two.

The results for each individual step can be found in Appendix A. The results for the final step, 5-year and 20-year need, is presented in Method Results below.

## METHOD RESULTS

*Table 1: 5 and 20-year housing need in the Cowichan Valley's electoral areas, in accordance with provincial HNR methodology.*

Municipality / Region	Total New Units – 5 years	Total New Units – 20 years
<b>Cowichan Valley (Region)</b>	<b>5,033</b>	<b>15,215</b>
Cowichan Valley A	278	843
Cowichan Valley B	473	1,430
Cowichan Valley C	282	839
Cowichan Valley D	213	657
Cowichan Valley E	235	721
Cowichan Valley F	119	376
Cowichan Valley G	157	487
Cowichan Valley H	161	494
Cowichan Valley I	97	298

## Interim HNA - Alternative Methodology

As discussed in the overview of Component D, Anticipated household growth (AHG) is calculated as 20 year growth projections for the entire region as CSD level projections are not available for EAs/RDAs from BC stats. Applying growth projections from the entire region, which includes larger municipalities such as the City of Duncan, to smaller EAs that have partial service coverage (i.e. water and sewer) does not properly account for their ability to absorb household growth or historic demand. As an alternative approach, we followed the provincial methodology for municipalities (which uses an average of municipal growth and regional growth) but instead using 20 year historical growth rates from the census for the EAs to fill the gap in available BC Stats projection data. This methodology used household data at the dissemination block level for 2001 aggregated to 2021 CSD boundaries to account for any changes in geographic boundaries. Table 2 summarizes the growth rates that were calculated using this methodology and that were applied to each EA to forecast 2041 households.

Table 2: 20 year household growth rates, calculated from 2001 and 2021 change in households for CVRD's EAs

<b>EA</b>	<b>2001 Households</b>	<b>2021 Households</b>	<b>Change in HH</b>	<b>Percent Change in HH</b>
Cowichan Valley A	1,420	2,036	616	43.38%
Cowichan Valley B	2,375	3,452	1,077	45.35%
Cowichan Valley C	1,850	2,213	363	19.62%
Cowichan Valley D	1,100	1,488	388	35.27%
Cowichan Valley E	1,465	1,645	180	12.29%
Cowichan Valley F	675	758	83	12.30%
Cowichan Valley G	1,030	1,089	59	5.73%
Cowichan Valley H	960	1,137	177	18.44%
Cowichan Valley I	495	700	214	43.23%

## METHOD RESULTS COMPONENT D - HOUSING UNITS AND ANTICIPATED GROWTH

Table 3: 20 year household required units for CVRD's EAs.. Local Household Growth is calculated from 2001 and 2021 change in households from the Census and is applied to 2021 households to estimate 2041 households. In accordance with provincial methodology, the number of units remains unrounded until the final addition stage.

EA	Growth Scenarios	Growth Rate	Households 2021	Households 2041	New Units
A	Local Household Growth	43.38%	2,035	2,917.79	882.79
	Regionally Based Household Growth	29.41%	2,035	2,633.49	598.49
	Scenario Average				740.64
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>740.64</b>
B	Local Household Growth	45.35%	3,455	5,021.75	1,566.75
	Regionally Based Household Growth	29.41%	3,455	4,471.12	1,016.12
	Scenario Average				1,291.43
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>1,291.43</b>
C	Local Household Growth	19.62%	2,210	2,643.64	433.64
	Regionally Based Household Growth	29.41%	2,210	2,859.96	649.96
	Scenario Average				541.80
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>541.80</b>
D	Local Household Growth	35.27%	1,485	2,008.80	523.80
	Regionally Based Household Growth	29.41%	1,485	1,921.74	436.74
	Scenario Average				480.27
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>480.27</b>
E	Local Household Growth	12.29%	1,645	1,847.12	202.12
	Regionally Based Household Growth	29.41%	1,645	2,128.79	483.79
	Scenario Average				342.96
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>342.96</b>
F	Local Household Growth	12.30%	770	864.68	94.68
	Regionally Based Household Growth	29.41%	770	996.46	226.46
	Scenario Average				160.57
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>160.57</b>

EA	Growth Scenarios	Growth Rate	Households 2021	Households 2041	New Units
G	Local Household Growth	5.73%	1,090	1,152.44	62.44
	Regionally Based Household Growth	29.41%	1,090	1,410.57	320.57
	Scenario Average				191.50
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>191.50</b>
H	Local Household Growth	18.44%	140	1,350.19	210.19
	Regionally Based Household Growth	29.41%	1,140	1,475.27	335.27
	Scenario Average				272.73
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>272.73</b>
I	Local Household Growth	43.23%	695	995.46	300.46
	Regionally Based Household Growth	29.41%	695	899.40	204.40
	Scenario Average				252.43
	<b>Total New Units to Meet Household Growth Needs - 20 years</b>				<b>252.43</b>

Using an average of local household growth and regional growth results rather than just regional growth impacts electoral area results differently. EAs that have experienced higher growth in the past 20 years (i.e. Cowichan Valley A, B, D and I) forecast a higher number of new units to meet household growth needs. For example, Cowichan Valley A is forecasted to require 598 new units under the provincial methodology. Using an adapted version of the provincial methodology more similar to the steps required for municipalities, 883 new units are forecasted for 2041. However, other EAs have experienced growth rates lower than the regional average, resulting in lower forecasted growth needs when averaging local and regional rates.

The results of Component D - Housing Units and Anticipated Growth are summed in the final step of the provincial methodology to calculate the final forecasted 5 and 20-year housing need.

## METHOD RESULTS - Final Need Calculations

Table 4: 5 and 20-year housing need in the Cowichan Valley's electoral areas, using alternative method for local growth rates (Component D)

Municipality / Region	Total New Units – 5 years	Total New Units – 20 years
Cowichan Valley A	254	985
Cowichan Valley B	440	1,706
Cowichan Valley C	190	731
Cowichan Valley D	180	700
Cowichan Valley E	152	580
Cowichan Valley F	80	310
Cowichan Valley G	93	358
Cowichan Valley H	112	432
Cowichan Valley I	89	346

Table 5: Comparison of 20-year housing need forecasts in the Cowichan Valley's electoral areas, under provincial and adapted alternate methodology.

Municipality / Region	Total New Units – 20 years Provincial Methodology	Total New Units – 20 years Adapted Methodology
Cowichan Valley A	843	985
Cowichan Valley B	1,430	1,706
Cowichan Valley C	839	731
Cowichan Valley D	657	700
Cowichan Valley E	721	580
Cowichan Valley F	376	310
Cowichan Valley G	487	358
Cowichan Valley H	494	432
Cowichan Valley I	298	346

Overall, incorporating a local growth rate for the EAs minimally increases the number of units required in all electoral areas (4 more units are forecasted). However, the distribution of the required units is more in line with historical demand and growth. Generally, as the units forecasted are similar, the lack of available 2041 projection data through the provincial methodology does not impact the final results.

## Assumptions and Limitations

This housing needs forecast is a simplification of real-world conditions, as it must necessarily be. This forecast follows provincial methodology, and is thus reliant on the assumptions utilised in their model, which is based on best available, current information. The quality of the outputs is dependent on the availability, quality and accuracy of the source information and is foundational to the accuracy and usefulness of data projections. Adaptations to the model rely on similar data sources, and are thus in line with the quality of input information. Forecasted units required are an approximation of future conditions, informed by current state, and thus should be reevaluated should data be updated or if conditions change.

## Closure

We trust that the information contained in this memo meets your present requirements. Please contact us with any further inquiries you may have.

Regards,



AARON LICKER | PRINCIPAL - LICKER  
GEOSPATIAL CONSULTING CO | 778.835.5328 |  
AARON@LGEO.CO



RENEE PROULX | GEOSPATIAL ANALYST -  
LICKER GEOSPATIAL CONSULTING CO |  
604.354.1108 | RENEE@LGEO.CO



## **Appendix A - HNA Step-by-Step Results**

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