



The Corporation of the District of Saanich

Report

To: Mayor and Council
From: Lindsay Chase, Director of Planning
Date: October 29, 2024
Subject: 2024 Housing Needs Report
File: 2140-50

RECOMMENDATIONS

That Council:

1. Receive the 2024 Housing Needs Report for information.
2. Direct staff to publish the 2024 Housing Needs Report on the District of Saanich website.
3. Direct staff to review the Official Community Plan, 2024 and Zoning Bylaw, 2003 and bring forward any amendments necessary to meet the requirements under the *Local Government Act* as they relate to Interim Housing Needs Reports.

PURPOSE

The purpose of this Report is to present Council with the 2024 Housing Needs Report (HNR), which meets the legislative requirements of an Interim HNR. Council is required to receive by resolution an Interim HNR by January 1, 2025. Additionally, the 2024 HNR incorporates the 2021 Census of Population and other relevant information that has become available since the 2020 HNR was completed.

The Report also summarizes recent amendments to the *Local Government Act* which require local governments to align their official community plan and zoning bylaw with the findings of the most recent HNR and seeks Council's direction to undertake the necessary work to meet those requirements.

BACKGROUND

Housing Needs Reports

The requirements for Housing Needs Reports are set out in the *Local Government Act* (Act) and the corresponding *Housing Needs Report Regulations* (Regulations). The District of Saanich's first HNR was received by Council in November 2020 and was developed by consultants Urban Matters as part of a collaborative project involving the Capital Regional District (CRD) and ten other CRD jurisdictions.

The Act and Regulations underwent significant amendments in 2023 and 2024. These included changes related to the required content of HNRs, the timing of when they must be completed, the requirement to integrate HNR findings into other plans and regulations, and a prescribed method for assessing housing needs, referred to as the HNR Method. To better align with the Census of Population release schedule, the Act now requires local governments to complete a comprehensive new HNR in 2028 (following the release of the 2026 Census), and updated reports every five years thereafter.

To bridge the gap between the past requirements and the new requirements, the Act includes a transition provision for “Interim Housing Needs Reports.” Under section 790 of the Act, the District of Saanich is required to complete an Interim HNR by January 1, 2025, either by providing a new HNR or amending the most recent HNR.

The Interim HNR must include the following new information:

1. The number of housing units required over 5 and 20 years to meet the anticipated housing needs of the local government, calculated using the HNR Method.
2. A description of the actions taken by the local government, since receiving the most recent Housing Needs Report, to reduce housing needs.
3. A statement about the need for housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit, or other alternative forms of transportation.

Official Community Plan and Zoning Bylaw Alignment

The 2023 amendments to the Act also require local governments to align Official Community Plan (OCP) statements, map designations, and housing policies with the findings of the most recent HNR and to exercise zoning powers to permit the use and density necessary to meet the anticipated housing needs. Specifically, the OCP and Zoning Bylaw, 2003, must be able to provide for at least the 20-year need identified in the latest HNR and include policies that address each class of housing identified in the HNR. Following the completion of the 2024 HNR (i.e., an Interim HNR), the District of Saanich must undertake any necessary amendments to the OCP and Zoning Bylaw, 2003, by December 31, 2025.

DISCUSSION

Housing Needs Reports provide quantitative and qualitative data and analysis related to current and future housing needs for all BC communities. In the District of Saanich, the 2020 HNR formed the basis of the 2021 Housing Strategy, and District staff and Council have continued to rely on the HNR as a critical source of data to inform decision-making both regarding policy work and redevelopment applications related to housing.

Per directions in the 2021 Saanich Housing Strategy (Action 7.1 C), staff once again retained consultants Urban Matters to undertake a comprehensive update of the HNR in early 2023, following the release of the 2021 Census. The work was paused after the Province signalled the upcoming amendments to the Act and Regulations, and then commenced this fall after the full details of the HNR Method became available.

The 2024 HNR fulfills the requirements of an Interim HNR, and additionally updates the contents that would be required in a regular HNR with 2021 Census data. The Community Profile, Housing Profile, and Projections sections have been updated to incorporate the most recent quantitative data available, providing an objective account of the community’s current and future anticipated demographics and housing needs. Community engagement findings from

the 2020 HNR process were determined to still be relevant but have been supplemented by highlights from recent engagement on the Community Amenity Contributions and Inclusionary Housing Policy development. These inputs, summarized in Appendix B of the HNR, form the qualitative data component of the report.

The summary of the housing needs assessment is presented in Section 6 of the HNR, and includes:

- 5- and 20-year Needs, based on the HNR Method;
- a breakdown of the projected number of units needed to meet anticipated demand, by unit size; and
- updated Statements of Key Areas of Need, supplemented with a new section on housing in close proximity to transportation infrastructure.

The 2024 HNR will continue to guide the District of Saanich's efforts to meet the housing needs of current and future residents, with greater accuracy and specificity due to the incorporation of the HNR Method and up-to-date Census information.

5- and 20-year Need

According to the HNR Method, the District of Saanich will need 7,683 units by 2026 (using 2021 as the baseline, as prescribed), and a total of 23,559 new housing units by 2041. As stated by the Ministry of Housing, the results are expected to be higher than previous housing needs assessments for most communities, due to the multiple new components of the HNR Method. Table 1 outlines the components of the 5- and 20-year Need projections.

Table 1: 5- and 20-year Need (From 2021 Baseline)

Component	5 Year Need (2021-2026)	20 Year Need (2021-2041)
A. Supply for Extreme Core Housing Need	511	2,043
B. Supply for Persons Experiencing Homelessness	291	581
C. Supply for Suppressed Household Formation	520	2,078
D. Supply for Anticipated Growth	5,054	13,624
E. Vacancy Rate Adjustment	50	202
F. Additional Local Demand Buffer	1,258	5,032
Total New Units*	7,683	23,559

Source: *Housing Assessment Resource Tool HNR Calculator.*

**Note that the five and 20-year housing needs have been rounded to the nearest unit for each component resulting in minor discrepancies with the total new units needed.*

The most significant contributor to the total housing need seen in Table 1 is Component D: Supply for Anticipated Growth. This factor equals the average between the projected household growth of the District of Saanich and that of the Capital Regional District, based on the most recent projections from BC Stats. This is a key difference from the methodology used in the 2020 HNR, which relied on BC Stats projections for the District of Saanich only and effectively assumed that future growth would follow historical patterns.

Components A, B, C, E and F are intended to address existing gaps in housing supply, as opposed to future demand. A major contributor to the total number of units needed is the Additional Local Demand Buffer (Component F). According to the Ministry of Housing, this component was designed to account for the number of units required to “meet healthy market demand,” i.e., the number of units required to allow residents more choices within the local housing market. For example, this buffer could allow families to move closer to work or school, or seniors to downsize within their community.

HNR Method vs the Housing Target Order

The total 5-Year Need seen in Table 1 can be compared to the number of units required by the Housing Target Order (Order) for the District of Saanich, which was issued by the Ministry of Housing in 2023. Per the Order, the District of Saanich is required to produce 4,610 net new housing units (measured by units completed less demolitions) between October 1, 2023, and September 30, 2028. According to the Ministry, the HNR Method was co-developed with the Provincial Housing Needs Estimate, i.e., the method for determining the housing targets, to ensure consistency. However, it is important to note that the Order reflects only 75% of the total Provincial Housing Needs Estimate. Further, the Additional Local Demand Buffer was not included in the method for establishing the targets.

HNR Method vs Population Projections in 2024 OCP

In 2023, population and housing projections were developed to inform several planning projects, including the OCP update. In a high-growth scenario, it was estimated that Saanich’s population would grow to 152,500 people by year 2046, requiring a total of 15,400 net new housing units. These numbers were integrated into the 2024 OCP to ensure sufficient land-use capacity to accommodate increasing rates of growth.

The 20-year need identified in the 2024 HNR (see Table 1) is significantly higher than the projected number of housing units cited in the 2024 OCP. While all future growth projections inherently rely heavily on assumptions and estimations, there are a few reasons for this. Firstly, the OCP projections used a different set of assumptions to formulate future anticipated growth, than the assumptions specified in the HNR Method. This resulted in a lower estimated population growth, which formed the basis of the OCP housing projections. Secondly, although both numbers consider latent demand, the HNR Method uses more rigor to evaluate total latent demand. Finally, the HNR Method uses Component F: Additional Local Demand Buffer, which contributes significantly to the total need.

The population and housing projections contained in the 2024 OCP will be amended to reflect HNR projections and housing need demands. It is expected that the OCP’s land use framework has the ability to accommodate the updated 20-Year demand.

COUNCIL OPTIONS

1. That Council approve the recommendations.
2. That Council provides alternative direction to staff.

The recommendations outlined in this report are in alignment with the *Local Government Act* requirements related to housing needs reports, and if Council were to provide alternative direction the District of Saanich may fail to meet those requirements.

FINANCIAL IMPLICATIONS

There are no financial implications to the District of Saanich's 2024 – 2028 Financial Plan associated with the recommendations.

STRATEGIC PLAN IMPLICATIONS

Keeping the HNR up to date contributes to achieving Initiative 3.1.1: Implement the Housing Strategy. This work is also furthering the following Strategic Plan objectives related to Housing:

- We use mechanisms available to increase and improve the supply of diverse and affordable housing that meets the needs of our residents now and in the future.
- We recognize the direction in the Provincial Housing Target Order to increase housing supply by taking steps to meet or exceed the targets through updates to policies, processes, and development review approaches, and by measuring our progress as part of the District-wide approach to housing.

PLANNING POLICY IMPLICATIONS

Housing Strategy

The 2021 Saanich Housing Strategy (Action 7.1 C) speaks to the necessity of ensuring that the Housing Strategy continues to be relevant and addresses demand based on up-to-date housing needs assessments. It states that regular updates of the HNR should be scheduled according to the release of Census data and that the Housing Strategy should be reviewed subsequently to ensure alignment.

Official Community Plan

To meet the requirements of the Act, the District of Saanich will have to assess the capacity of the 2024 OCP future land use designations to ensure that its statements and map designations provide for at least the 20-year need identified in 2024 HNR. This may require OCP amendments, which would have to be approved by December 31, 2025.

CONCLUSION

The 2024 Housing Needs Report provides an assessment of current and future housing needs for the District of Saanich, including 5- and 20-year housing needs identified by the new HNR Method as required by Provincial legislation. The 2024 HNR fulfills the *Local Government Act* requirements related to Interim Housing Needs Report, and additionally incorporates 2021 Census data and other recent data to bring the entire report up to date.

The HNR Method incorporates six different factors, where some are related to anticipated future demand and others are related to current (latent) demand. The resulting 5- and 20-year need totals are significantly higher than the needs indicated in the 2020 HNR and exceed the future household projections referenced in the 2024 OCP. It is expected that most local governments will arrive at a higher needs assessment using the HNR Method, compared to earlier housing needs reports.

As per recent amendments to the *Local Government Act*, the District of Saanich must complete an Interim HNR by January 1, 2025, and must then ensure that the OCP and Zoning Bylaw can provide for the 20-year need identified no later than December 31, 2025. As such, staff recommend that Council receive the 2024 HNR and direct staff to assess the OCP and Zoning

Bylaw, 2023, for alignment with the HNR and bring back any amendments necessary for Council's consideration.

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Reviewed by: Cameron Scott, Manager of Community Planning

Approved by: Lindsay Chase, Director of Planning

ABM/kb

Attachments:

Attachment 1: Saanich Housing Needs Report 2024

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation from the Director of Planning.

Brent Reems, Chief Administrative Officer