Staff Report to Council

Planning and Development

FILE: 13-6410-01/24

REPORT DATE:	October 21, 2024	**MEETING DATE:**	November 5, 2024
TO:	Mayor and Council		
FROM:	Christine Carter, Manager of Strategic Initiatives		
SUBJECT:	Interim Housing Needs Report		

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:

RECOMMENDATION(S):

THAT Council:

A. Receive the City of Pitt Meadows Interim Housing Needs Report as presented at the November 5, 2024 Regular Council Meeting in accordance with Section 585 of the *Local Government Act*; OR

B. Other.

PURPOSE

To present to Council the City of Pitt Meadows Interim Housing Needs Report, in accordance with Section 585 of the *Local Government Act*.

☐ Information Report ☒ Decision Report ☐ Direction Report

DISCUSSION

Background:

In April 2019, the *Local Government Act* (LGA) was amended to require all local governments to develop a Housing Needs Report (HNR) by April 2022, and update it every five years thereafter. According to the Province of BC, Housing Needs Reports are required to help communities better understand their current and future housing needs. These reports help identify existing and

projected gaps in housing supply by collecting and analyzing quantitative and qualitative information about local demographics, household incomes, housing stock, and other factors.

Pursuant with the legislation, the City's Housing Needs Report was presented to Council in April 2022, and was received in accordance with the LGA. The 2022 HNR estimates the city's five-year housing need overall and includes data on housing types, need categories, and unit features.

In 2023 and 2024, the Province of British Columbia gave Royal Assent to *Bill 44 Housing Statutes (Residential Development) Amendment Act,* and amended *Housing Needs Report Regulation 90/2019*. The changes require municipalities and regional districts to prepare an Interim Housing Needs Report (IHNR) by January 1, 2025, using the Province's prescribed HNR Method for estimating both 5-year and 20-year housing need in the community. Upon completion of the IHNR, local governments are required to update their Official Community Plans and Zoning Bylaws by December 31, 2025 to accommodate the total 20-year housing need identified in the IHNR. The OCP must also include housing policies respecting each class of housing need in the report, and a local government must consider its HNR when amending provisions in an OCP related to housing and residential development. Following this Interim HNR, the next HNR is to be completed by December 31, 2028, and every five years thereafter.

In early July, Metro Vancouver provided the City with the updated housing need numbers using the prescribed HNR Method. Later that month, to support local governments, UBC's Housing Assessment Resource Tools (HART) research group developed the HNR Calculator. Both the Metro Vancouver calculations and HNR Calculator resulted in the same numbers. The City's IHNR was produced using the HART HNR Calculator report because it is a formatted, reader friendly document, and is expected to be consistent in appearance with the IHNR's that will be produced across the Province.

With respect to producing the IHNR, municipalities have the option of completing a new HNR, or attaching the legislated required information to the City's current HNR. Given the newness of the City's current HNR (2022), the IHNR will be inserted as an addendum into that document.

Relevant Policy, Bylaw or Legislation:

Section 585 of the *Local Government Act,* requires local governments to prepare HNRs subject to the regulations, and prescribes how the HNRs are to be received by Council and shared with the public.

Housing Needs Report Regulation 90/2019, (HNR Regulation) requires that municipalities and regional districts must prepare an Interim HNR by January 1, 2025, using a prescribed HNR Method to estimate 5-year and 20-year housing need in the community.

ANALYSIS:

The HNR Regulation requires that the IHNR must include three new, additional items:

- The number of housing units required to meet current and anticipated need for the next 5 and 20 year timeframes;
- 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; and,
- A description of the actions taken by the local government, since receiving the most recent Housing Needs Report, to reduce housing needs.

The following section of this report provides an overview of all three requirements.

i. Total 5 year and 20 year housing need estimates:

The HNR Method is comprised of six components, each with a number of tables, which are added together to provide the total number of housing units needed in a municipality. Table 13 in the IHNR identifies the 5- and 20-year housing need, according to the Provincial guidelines. For the City of Pitt Meadows, the HNR Method calculates that 1,521 new units are required to satisfy the 5-year need and 5,195 new units are required for the 20-year need.

Table 1, Interim Housing Needs Report, 5 & 20 Year Housing Need

Pitt Meadows CY (CSD, BC)		
Component	**5 Year Need**	**20 Year Need**
A. Extreme Core Housing Need	75.17	300.70
B. Persons Experiencing Homelessness	41.57	83.13
C. Suppressed Household Formation	97.65	390.59
D. Anticipated Growth	1,108.30	3,626.22
E. Rental Vacancy Rate Adjustment	6.36	25.43
F. Additional Local Demand	192.30	769.19
Total New Units – 5 years	**1,521**	
Total New Units – 20 years		**5,195**

Source: HART HNR Calculator, Table 13 Interim HNR

Details on each component and associated tables are provided in Attachment A, and a brief overview of each component is provided below. As noted above, the OCP will need to include policies respecting these components of housing need, but there is no requirement that local governments achieve these specific housing needs.

A. Extreme Core Housing Need is a new measure that is not found in the 2022 HNR. A household is in 'core housing need' if its housing falls below at least one of the adequacy, affordability or suitability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing

standards). The household is in 'extreme core housing need' if, in addition to being in core housing need, it spends 50% or more of its total before-tax income on shelter costs. These households are considered to be living in vulnerable situations. The City of Pitt Meadows requires 301 new units over the next 20 years to address extreme core housing need.

B. Persons Experiencing Homelessness is calculated as a proportion of regional need. The City's population represents 0.73% of the Metro Vancouver regional population, and this percentage is used to calculate the City's share of people experiencing homelessness. Using the HNR Method, Pitt Meadows share of the 11,392 persons experiencing homelessness in the region equates to a 20-year need of housing for 83 persons.

C. Suppressed Household Formation addresses those households that were unable to form between 2006 and present due to a constrained housing environment (for example, a person may live in their parents' home or with a roommate if they are unable to buy or rent their own home). This component looks at population by age category, and heads of households data (headship rate), to calculate the number of suppressed households. The City of Pitt Meadows requires 391 new units to accommodate the estimated 20-year suppressed housing need.

D. Anticipated Household Growth shows the additional households required to accommodate an increasing population over twenty years. This calculation applies the average of Local Household Growth (based on BC Stats projections) and the regional growth rate of 51.51%, over 20 years, to calculate the number of new units needed to address growth. Based on this calculation, the City of Pitt Meadows requires 3,626 units over the next 20 years to accommodate growth.

E. Rental Vacancy Rate Adjustment calculates the number of new homes required to achieve a 3% vacancy rate, and identifies that 25 new rental units are required over 20 years. Typically rates between 3% to 5% are considered healthy rates.

F. Additional Local Demand is an adjustment intended to build in the extra capacity that is needed to meet healthy market demand (i.e. households seeking homes closer to jobs and schools, families looking for larger homes, and seniors looking to downsize). The "demand" buffer is the ratio of housing price to housing density in the community, and a multiplier of 0.96 was assigned by the Province. The City requires 769 units over the next 20 years to meet additional local demand.

Comparison of Interim and 2022 Housing Need Reports

The prescribed HNR Method requires that IHNRs include data that was not specifically required in earlier HNR's. For example, the 2022 HNR did not include data on Extreme Core Housing Need; owners with a mortgage; headship rates (headship rate measures the share of population that is a head of a household); or the number of suppressed households. The 2022 HNR also includes data that is no longer required to be tracked in the IHNR, such as projected housing units needed by unit type; number of bedrooms per unit needed; special needs, seniors and Indigenous housing units needed. The Province has not indicated the reasons for these changes to the HNR requirements.

Given the differences in the data included in the 2022 HNR and the new IHNR, comparisons are not relevant or possible in most cases. However, as shown on the table below, the HNR Calculator identifies a 5 year need of 1,521 units, compared to a 5 year need of 400 units in the 2022 HNR, which is a difference of 1,121 units.

Table 2, Comparison of Housing Need

Version of Housing Needs Report	5 Year Need (units) between 2021 - 2026	20 year Need (units) 2021 to 2041
Interim HNR	1521	5195
2022 HNR	400	n/a

According to the Province of British Columbia, the numbers produced by the HNR Calculator are likely higher than the housing needs identified in existing HNRs because the HNR Calculator uses a comprehensive approach of six components to address existing and anticipated housing needs.

In reviewing the data in the IHNR, staff note the following as it relates to potential challenges with the prescribed IHNR methodology:

- The Additional Local Demand buffer figure is an adjustment that significantly contributes to housing need in the community. This figure is arrived at by applying an assigned Provincial Demand factor of 0.96 to Components A, B, C and E, however the rationale for this adjustment is not clear.
- The Persons Experiencing Homelessness figure is calculated as a proportion of regional need. The City's population represents 0.73% of the regional population, and equates to a 20-year need of 83 units. This figure assumes that homelessness is proportional to the population of the community, and does not appear to take into account actual homelessness in communities, or whether there are services available in the community to support people experiencing housing insecurity.
- The Anticipated Growth component is the largest contributor to the need for housing units, and is based on the City assuming a share of regional growth. This does not take into account the growth constraints within the community, such as the lack of greenfield land outside of the Agricultural Land Reserve; geophysical constraints (floodplain, shallow ground water); height restrictions related to the federal airport zoning regulation; small urban area; or the absence of SkyTrain to attract and support transit-oriented development.
- The IHNR does not appear to consider the Metro Vancouver Growth Projections, which results in the IHNR having a significantly higher estimated dwelling unit need. For example:
    - Component D, Anticipated Growth, in the IHNR is calculated using the average of the BC Stats projection for Pitt Meadows (46.42%) and Metro Vancouver regional population projections (51.51%). However, for the same time period, Metro Vancouver projects that Pitt Meadows' household growth would be 33%.

Comparison of Housing Need to Potential Housing Target

On November 24, 2022, the Province of British Columbia gave Royal Assent to *Bill 43 - Housing Supply Act*. The Act was brought into force on May 31, 2023, and the accompanying Regulation includes a list of 47 "specified" municipalities that could be the subject of a housing target order. The City of Pitt Meadows was identified as a "specified" municipality in the Regulation, but has yet to be selected and assigned a housing target. To date, 30 municipalities have been selected and assigned housing targets.

For clarity, the City of Pitt Meadows IHNR 5-year housing need of 1,521 units is not a housing target. As noted above, local governments are required to update their Official Community Plans and Zoning Bylaws by December 31, 2025 to accommodate the total 20-year housing need identified in the IHNR, but there is no requirement that local governments achieve the identified housing need. Furthermore, a comparison of the housing targets that have been assigned to the 30 selected municipalities demonstrates that, in every instance, the housing target is less than the total new units identified by the HNR Calculator for the IHNRs. As such, staff currently anticipate that if the Province were to assign a housing target to the City of Pitt Meadows in the future, it would be lower than the IHNR five-year housing need, being less than 1,521 units.

ii. IHNR Statement of Transportation

The *Housing Needs Report Regulation 90/2019* requires that the IHNR include 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.

A review of City policies demonstrates the recognition and support for locating housing in close proximity to transit, and accordingly, the following statement has been included in Section 2 of the Interim HNR:

> *The City of Pitt Meadows supports the development of market, affordable and non-profit residential housing close to public transit, that allows residents of all ages and abilities to meet most of their daily needs by walking, bicycling, public transit or other alternative forms of transportation.*

iii. IHNR Statement of what has been accomplished

The *Housing Needs Report Regulation 90/2019* requires that the IHNR include a description of the actions taken by the local government to reduce housing needs, since receiving the most recent Housing Needs Report.

As described in Section 3 in the IHNR, since April 2022, the City has undertaken a number of policy reviews and has actively supported the development of an affordable, non-market housing project. The policy reviews have included the completion and adoption of the Official Community Plan; Corporate Strategic Plan; Small-Scale, Multi-Unit Housing Zoning; Transit-Oriented Area designation bylaw; updated Development Permit Area No. 9 design guidelines; Active Transportation Plan; and the approval of a new, affordable, non-market rental and childcare

project. This City has also commenced a complete communities assessment of the urban area, supported by UBCM grant funding.

NEXT STEPS

Section 585.31 of the *Local Government Act* requires that the local government must, by resolution, receive the IHNR or an updated HNR in a regular Council meeting, and the IHNR/HNR must be published on the local government website.

Following receipt of the Interim HNR, staff will commence the preparation of Official Community Plan updates to align with the Interim HNR and to ensure that there is capacity to accommodate the identified housing need. Based on staff's preliminary analysis, this 20-year need is already accommodated in the City's Zoning Bylaw as an outcome of the Small Scale Multi-Unit Housing amendments incorporated in June, which likely means no further Zoning Bylaw amendments would be required to accommodate the 20-year need.

The Provincial deadline for the OCP and, if required, Zoning Bylaw update is December 31, 2025.

COUNCIL STRATEGIC PLAN ALIGNMENT

☐ Principled Governance ☐ Balanced Economic Prosperity ☐ Infrastructure

☒ Community Spirit & Wellbeing ☐ Corporate Pride ☐ Public Safety

☐ Not Applicable

Housing Diversity. Encourage diversity in housing types to foster an inclusive, affordable and multigenerational community.

WORKPLAN IMPLICATIONS

☒ Already accounted for in department workplan / no adjustments required

☐ Emergent issue / will require deferral of other priority(ies)

☐ Other

The Interim Housing Needs Report is related to Provincial legislative changes contemplated in the Planning and Development Department's 2024 Business Plan.

FINANCIAL IMPLICATIONS

☐ None ☐ Budget Previously Approved ☐ Referral to Business Planning

☒ Other

The City has received $241,303 in funding from the Province of BC to assist with implementing the housing legislation. Some of the funding included the hiring of staff to support the implementation of the Provincial housing legislation, including the preparation of the Interim Housing Needs Report.

PUBLIC PARTICIPATION

☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower

The *Local Government Act* does not require that a public hearing be held to update the Interim Housing Needs Report. The City will be preparing amendments to align the Official Community Plan with the Interim Housing Needs Report by December 31, 2025, and there will be a public hearing for the Official Community Plan amendment.

KATZIE FIRST NATION CONSIDERATIONS

Referral ☐ Yes ☒ No ☐ Other

A referral to the Katzie First Nation is not required or recommended, at this time.

SIGN-OFFS

Written by:	**Reviewed by:**
Christine Carter, Manager of Strategic Initiatives	Colin O'Byrne, Manager of Planning Patrick Ward, Director of Planning & Development

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ATTACHMENT(S):

A. Interim Housing Needs Report