

MINISTRY OF HOUSING DECISION BRIEFING NOTE

PURPOSE: For **DECISION** of the Honourable Ravi Kahlon, Minister of Housing

ISSUE: Housing Targets Methodologies - Municipality Selection

DECISION REQUIRED / RECOMMENDATION: Approval to proceed with the recommended selection of the 1st cohort of municipalities for housing targets.

SUMMARY:

- Ministry of Housing staff have developed and applied a robust methodology to identify the 1st cohort of municipalities for housing targets from the municipalities prescribed in the *Housing Supply Regulation* (the Regulation) and municipalities with populations between 10,000 and 80,000, and greater than 80,000.
- A third-party consultant is developing methodologies to validate municipal housing needs and set housing targets for the 1st cohort by June 9th, 2023.

BACKGROUND:

- Consultation on the Regulation consisted of the Union of British Columbia Municipalities staff and municipal elected officials and staff, the Urban Development Institute, the British Columbia Non-Profit Housing Association, the Aboriginal Housing Management Association and notification to all Treaty Nations, First Nations and Metis Nation BC (see Appendix A for details).
- The assessment and approach to determining which municipalities will receive housing targets requires an objective and defensible approach.
- Three methodologies are being used to set housing targets for the first cohort of municipalities: 1) select municipalities for targets, 2) validate municipalities' estimates of housing need, and 3) set housing targets.
- Each fiscal year, 16-20 municipalities will receive housing targets through two cohorts of 8-10 municipalities.
- The draft Regulation prescribes 'specified municipalities' that could receive a target.
- Review of current Housing Needs Reports (HNRs) revealed considerable inconsistency in the way municipalities forecasted housing needs, triggering the need for the Province to establish its own methodology for determining housing needs for housing targets. The inconsistency is due to a lack of defined parameters of the HNR requirements, s.13
s.12
- Urban Matters CCC Ltd. (Urban Matters) has been contracted by the Ministry to develop and apply methodologies to validate housing needs and set housing targets for the 1st cohort of municipalities – final results are due June 9th, 2023. Background on Urban Matters in Appendix B.

- Methodologies and the validation processes can be refined through program policy.

DISCUSSION:

1. Selection of Municipalities

- In consultation with experts¹, the Housing Targets Branch (HTB) developed an empirical composite measure (Index) to rank municipalities for housing targets. The Index consists of 10 indicators, prioritizing municipalities that consistently underperform in dimensions of housing availability, housing affordability, and addressing urgent housing needs. See Appendix C for municipal selection measure indicators.
- Three index scenarios have been developed (Appendix C):
 1. **Baseline:** equally weighted indicators.
 2. **Weighted:** indicator weights are adjusted based on data quality, statistical precision, mandate alignment and the housing availability and affordability objectives of the *Housing Supply Act* (HSA).
 3. **Weighted for Density:** indicator weights are refined to emphasize the Density to Reach Affordability indicator, in accordance with expert advice.
- Sensitivity analysis showed 80% of the selected municipalities in the 1st cohort remained the same across the three scenarios, giving a significant degree of confidence that the Index is effectively prioritizing municipalities where targets are needed most.
- s.13; s.16
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- To achieve a mix of differently sized municipalities the recommended scenario was applied to two sets of municipalities grouped by population size.
 - One group included all municipalities in BC with a population above 80,000 from which the top seven are selected (Delta, District of North Vancouver, Saanich, Victoria, Abbotsford, Kamloops and Vancouver).

¹ Professor Thomas Davidoff, UBC Sauder School of Business and the Canada Mortgage Housing Corporation.

- The second group included municipalities with a population between 10,000 and 80,000, from which the top three are selected (Oak Bay, District of West Vancouver, and Port Moody).
- Combining the recommended scenario with the population grouping includes various sized municipalities in balanced numbers from Metro Vancouver, Vancouver Island Fraser Valley, and Thompson-Nicola regions.

2. Validation Methodology

- Methodologies to validate housing needs and set targets are aligned with Local Government Density Initiatives for coordinated and consistent results among *Homes for People* actions.
- Urban Matters has extensive experience in developing HNRs completing HNRs for 19 of the 45 (42%) SVT area municipalities (see Appendix E).
- Using their established methodology for estimating housing needs as a foundation, Urban Matters is developing a validation methodology to meet the Province's needs, under HTB's direction. The final validation methodology will be distinct from the HNR methodology previously developed by Urban Matters.
 - This includes ensuring the methodology accounts for: 1) unmet demand, 2) restoring a healthy vacancy rate of 3%, 3) accounting for household suppression, while also factoring in 4) rising immigration rates in population projections.
 - The new validation methodology will estimate housing need across the housing continuum to reflect market and non-market housing needs, and housing needs by unit size, tenure, and affordability ranges.
- The validation methodology will rely on a range of reputable data sources, including Statistics Canada, BC Stats, Canada Mortgage and Housing Corporation (CMHC), BC Assessment Authority, BC Housing, and the Integrated Data Project for Preventing and Reducing Homelessness.
- To meet HSA implementation timelines, Urban Matters is using the Statistics Canada 2016 Census data to calculate housing targets for the 1st cohort. 2021 Census custom data is preferred and being pursued for a fee but may not be available under the current timelines.

3. Targets Setting Methodology

- While engaging on developing the Regulation, municipalities emphasized the need to account for local factors including land availability, zoning capacity, and market forces that may influence the pace of residential development to achieve housing targets.
- Urban Matters will develop 5-year target intervals, and account for local factors that influence the pace of residential development that are outside of municipalities' control.

INDIGENOUS PEOPLES CONSIDERATIONS:

- The HSA does not apply to Indigenous lands; however, HTB will engage with First Nations, Treaty Nations and Metis Nation BC where there is an overlapping land interest in the municipalities under consideration for housing targets. The scope of the engagement will be to:
 - understand the extent that Indigenous People's interests and housing needs are reflected in municipal HNRs, and
 - learn best practices for this type of engagement to strengthen future program delivery and desired outcomes.

GBA+ OR DIVERSITY AND INCLUSION IMPLICATIONS:

- The Housing Targets methodologies are designed to validate housing needs across the housing continuum to respond to the diversity of community housing needs, including social housing, supportive housing, and shelters. Tailoring housing targets to the needs of specific populations may be limited by availability and quality data.

OPTIONS:

s.13; s.16

s.13; s.16

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Housing: Planning and Land Use Management Branch, Homelessness and Supportive Housing Branch, Building and Safety Standards Branch, Housing Policy Branch, and BC Housing,
- Ministry of Municipal Affairs,
- Ministry of Citizen Service (BC Stats),
- Ministry of Transportation and Infrastructure, and
- Ministry of Attorney General, Corporate Management Services Branch and Information Services Branch have all been consulted.

DECISION:

DATE:

Teri Collins

May 15, 2023

Teri Collins
Deputy Minister

DECISION IS APPROVED **NOT APPROVED**

Ravi Kahlon
Minister of Housing

Date

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ATTACHMENT(S)

Appendix A: Regulation Consultation Summary

Appendix B: Backgrounder: Urban Matters CCC Ltd.

Appendix C: Municipality Selection Measure Indicators and Weighting Scenarios

Appendix D: s.13; s.16

Appendix E: SVT Area Municipality Housing Needs Reports Completed by Urban Matters

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Appendix A – Regulations Consultation Summary

Four sessions were held with UBCM staff and elected officials from representative municipalities of various size from across the province.

1. January 25, 2023
 2. February 2, 2023
 3. February 8, 2023
 4. February 10, 2023
- Participants agreed that more needs to be done to address the housing crisis, but not all agreed with the Province's plan to set housing targets under the Act.
 - Some elected participants continue to hold strong opinions against the Act and see it as the Province encroaching on local government autonomy.
 - Many participants felt it was unfair to hold municipalities accountable for meeting housing supply targets when developers' decisions on whether to build or not are largely out of their control. Instead of measuring units built they recommended measuring targets based on factors like third reading (approval in principle) of a rezoning application that a municipality has more direct control.
 - Participants were informed that progress toward housing targets will be assessed across a series of quantitative and qualitative performance indicators, including new units completed and rezoning approvals that support new housing construction. Municipalities will also be able to provide additional descriptive context related to their progress in their housing target progress reports required by the Act.
 - Participants asked that when selecting municipalities for targets, the ministry take a regional perspective because the economies of nearby municipalities are intertwined.
 - Participants were informed that the Act requires the Minister to consider regional growth strategies when setting targets to recognize this concern.
 - Other concerns related to development finance and infrastructure capacity to support growth, including funding for new schools which the Province is responsible.
 - Some municipalities worry that if they have a housing target assigned, developers will refuse to negotiate much needed community amenity contributions that help create complete communities.
 - Participants are pleased to see the new, one-time \$1-billion Growing Communities Fund but have made it clear that ministry must consider infrastructure capacity to support growth when setting housing targets.

Urban Development Institute – March 3, 2023

- Participants support the new Act and regulation. However, some commented that municipalities pursuing targets for affordable units or the number of family-oriented 3-bedroom units could make some projects unprofitable.
- Participants also commented on the importance of aligning public funding with targets for social and supportive housing.

BC Non-Profit Housing Association – March 7, 2023

- Supportive of the new Act and Regulations. Recommended emphasis on affordable housing.

Indigenous Peoples

- Treaty Nation notification letters were sent to Maa-nulth, Tla'amin, Tsawwassen and Nisga'a Treaty First Nations on January 10, 2023.
- Consultation letters were sent on January 10, 2023, to BC First Nations and Tribal Councils, First Nations Leadership Council, Aboriginal Housing Management Association, and Metis Nation BC.
- Consultation sessions were held with the Indigenous peoples and associations that accepted the offer to engage.
- Engagement occurred with the following:
 - Metis Nation BC (MNBC): February 9, 2023
 - Tsawwassen First Nation (TFN): February 13, 2023
 - Aboriginal Housing Management Association (AHMA): March 6, 2023
 - The First Nation Leadership Council (FNLC): March 16, 2023
- MNBC administers a number of housing programs and acquires land to build housing for its members. MNBC has stated that it would like any housing it builds to be counted toward the target(s) of the municipality where it is located.
- TFN appreciated the clear definition of Indigenous land used in the Act. Representatives asked that if a housing target is being contemplated for the City of Delta or any other municipality where it has land or an interest in land that it be engaged early, noting that it has partnerships with municipalities where targets may be set. The ministry has told TFN that it is developing an Indigenous Engagement Strategy that will run in parallel to engagement with municipalities on housing targets.
- AHMA staff noted that most Indigenous peoples live off-reserve and should be considered during housing target setting. They further noted that successful supportive housing projects will need wraparound mental health and addiction services.
- FNLC was sent a consultation draft of the regulation on March 10, 2023. In the March 16, 2023, meeting, FNLC asked if housing targets would be set by the Minister. Response: the Province will set targets in consultation with specified

municipalities based on analysis of Housing Needs Reports and other information set out in the Act and Regulation. The Province will engage Indigenous Peoples with land or an interest in land where a target is proposed to apply at the same time as a specified municipality.

Appendix B - Backgrounder: Urban Matters CCC Ltd.

<https://www.urbanmatters.ca/>

- Urban Matters CCC Ltd. (Urban Matters) is a BC-based consulting firm with extensive experience preparing Housing Needs Reports, Official Community Plans, Neighbourhood Plans and Zoning Bylaws, and are thus well positioned to advise on establishing a housing targets methodology (see summary project list). Urban Matters CCC evolved as a subsidiary company of Urban Systems in 2014.
- Urban Matters was selected through an open-bid competition to develop and apply methodologies for the housing estimates validation and housing targets setting to the 1st cohort.
- Urban Matters has extensive experience in developing housing needs reports. Among the municipalities within the SVT areas, they have completed HNRs for 19 of the 45 (42%) specified municipalities (see below for a complete list).
- Using their established methodology for estimating underlying and anticipated housing needs as a foundation, Urban Matters is developing the validation methodology under HTB and PLUM's guidance to meet the Province's needs.
- HTB has directed Urban Matters to develop targets to be set at a 5-year interval, and to account for local factors, including: residential construction timelines, regional demographic economic growth trends, municipal administrative capacity to approve residential development, infrastructure and services needed to support growth, land availability, and zoning.
- Urban Matters has also recently conducted analysis of housing targets within Transit Oriented Development areas/zones for the Ministry of Transportation and Infrastructure.

Summary of Urban Matters Housing and Land Use Project History

Note: the list includes only the projects that included members of their project team for the Ministry of Housing Methodology contract. Urban Matters' project history extends beyond the list below.

Metro Vancouver

1. City of Port Moody: OCP Update (Ongoing)
2. District of West Vancouver: Land Use Contract Disposition and Replacement Zoning (Ongoing)
3. City of Surrey: Housing Needs Report (2022)
4. Surrey Urban Indigenous Leadership Committee - Indigenous Housing Needs Report (2021), on Urban Indigenous Homelessness in Surrey (2022)
5. City of Port Coquitlam: Housing Needs Report and Policy Recommendations (2022)
6. City of Coquitlam: Zoning Bylaw Revisions (2017), Housing Needs Report (2022)

7. UBC: Faculty and Staff Housing Needs Assessment and Housing Programs Evaluation (2022)
8. City of Burnaby: Housing Needs Report (2020) and engagement support for Housing and Homelessness Strategy (2021)
9. City of North Vancouver: Balanced Housing Lab (2021), Housing Needs Report (2021)
10. District of North Vancouver: Targeted OCP Review (2022), Housing Needs Report (2021)
11. City of Delta: Housing Needs Report Engagement (2019), Housing Action Plan (2021)
12. Township of Langley: Housing Needs Report (2020) and Advisory Services for the Township's Housing Action Plan (2021)

Vancouver Island

13. District of Saanich: Density Bonusing, Community Amenity Contributions, and Inclusionary Housing Analysis and Policy (ongoing)
14. District of Saanich: Housing Affordability Definition (2023)
15. City of Colwood: Council Workshop on Affordable Housing (2022)
16. District of Saanich: Uptown Land Use Advisory (2022)
17. City of Victoria: Housing Gap Analysis and Dwelling Projections (2021)
18. Capital Regional District: Regional Housing Needs Reports (2020), including for the following
19. communities: Victoria, Colwood, Saanich, North Saanich, Langford, Central Saanich, Highlands, Metchosin, Juan de Fuca Electoral Area, and Salt Spring Island.
20. Mt. Waddington Regional District: Housing Needs Report (2020) for the Village of Alert Bay, Village of Port Alice, District of Port Hardy, Town of Port McNeill, and Electoral Areas A, B, C, and D
21. District of Oak Bay: Housing Needs Report (2020), Secondary Suites Study and Policy Recommendations (2021)
22. Town of View Royal: Housing Needs Report (2019)
23. Town of Sidney: Housing Needs Assessment and Policy Recommendations (2019)
24. Strathcona Regional District: Housing Needs Assessment (2018), including all of the municipalities, electoral areas, and First Nations in the region

Interior

25. Village of Radium Hot Springs: Housing Needs Report (2022)
26. City of Revelstoke: Housing Action Plan Phase 1 Report (Targets) and Final Action Plan (2022)
27. New Denver Affordable Housing Society: Housing Needs Brief and Site Selection Advisory Services (2019)

28. City of Vernon and the Social Planning Council of the North Okanagan: Housing and Homelessness Strategy (2019)
29. City of Kelowna: Our Homes Today and Tomorrow: A Housing Needs Assessment (2017) and Healthy Housing Strategy (2018)
30. City of Kamloops: Affordable Housing Strategy (2018)

Fraser Valley

31. Cultus Lake Park Board: Cultus Lake Village Area Plan (Ongoing)
32. Fraser Valley Regional District: Harrison Mills Neighbourhood Plan (Ongoing)
33. City of Abbotsford: Housing Strategy (2019), Land Asset Strategy (2022), Homelessness
34. Action Plan (2022), Council Workshop on Homelessness, Mental Health and Substance Use
35. (2023)
36. City of Chilliwack: Secondary Suites Study and Policy Recommendations (2017), Micro Suites Study (2019), Housing Needs Report (2020), Seniors Housing Study and Policy Recommendations (2020), Yarrow Neighbourhood Plan (2022), South Vedder Neighbourhood Plan (2022), Sardis Neighbourhood Plan (2021), Development Bylaw Update (Ongoing), Zoning Bylaw Update (2020)

Southwest Coast

37. District of Sechelt: Zoning Bylaw Update (2022)
38. Town of Gibsons: Community Amenity Contributions Policy (2020)
39. Town of Gibsons, District of Sechelt, Sunshine Coast Regional District: Housing Needs Report
40. and Implementation Framework (2020)
41. Squamish-Lillooet Regional District: Housing Need and Demand Study and Policy Recommendations for the Region's Electoral Areas (2019)

North

42. District of Kitimat: Planning Framework Assessment (Ongoing)
43. Northern Rockies Regional Municipality: Housing Needs Report (2022)
44. Peace River Regional District: Regional Housing Needs Reports (2021), including for the
45. following communities: Chetwynd, Dawson Creek, Hudson's Hope, Pouce Coupe, and Electoral Areas B, C, D, and E
46. District of Taylor: Housing Needs Report (2021)

First Nations

47. shíshálh Nation: Housing Strategy and Selma Park Construction Plan (Ongoing)
48. K'wík'wəłəm First Nation: CCP Update (Ongoing), Integrated Housing Plan (Ongoing)

49. Kwantlen First Nation: IR4 Land Use Plan (Ongoing), Future Development Plan (2021)
50. Old Masset Village Council: Land Use Plan (Ongoing)
51. N'Quatqua First Nation: Housing Needs Assessment and Plan (2020)
52. Lilwat Nation: Housing Needs Assessment and Plan (2019)

Outside of BC

53. Wood Buffalo Housing: Regional Housing Needs Assessment (2019)
54. Calgary Housing Company: Site Redevelopment Assessments (2019)
55. City of Lloydminster: Housing Needs Assessment (2018)

Appendix C – Municipality Selection Measure Indicators and Weighting Scenarios

Dimension	Measure	Description	Weighted
Availability of right housing supply	Dwelling to population ratio	Current housing stock and growth trends;	10%
	Dwellings per residential land area	Change in density 2011-2021 relative to the available residential land size	10%
	Density to reach affordability*	Land value to unit size ratio.	5%
	Ground-oriented to multi-storey housing ratio	Homogeneity in the typology of housing structure types	5%
	Renter to ownership ratio	Homogeneity in the typology of housing tenures	5%
Affordability of existing housing supply	Median Income	Income Distribution	0%
	Housing for Workers & Families*	Rental affordability for essential workers and families.	15%
	Proximity to Amenities	Distance indicative of transportation costs to reach key services.	15%
Urgent Housing Needs	Homelessness Count	Measuring housing needs for most vulnerable populations and those in need of support.	10%
	Social Housing Waitlist	Number of individuals on BC Housing affiliated social housing waitlists.	10%
Location	Rural/Urban Community	Classifying rural and urban municipalities based on Statistics Canada's definition.	10%

* Recommended by Professor Thomas Davidoff, UBC Sauder School of Business.

s.13; s.16

Appendix E - SVT Area Municipality Housing Needs Reports Completed by Urban Matters

Municipality	Year Completed
Central Saanich	2020
Colwood	2020
Coquitlam	2022
Esquimalt	2020
Highlands	2020
Langford	2020
Langley Township	2020
Metchosin	2021
North Saanich	2020
North Vancouver (City)	2021
North Vancouver (District)	2021
Oak Bay	2020
Port-Coquitlam	2021
Saanich	2020
Sidney	2019
Squamish Lillooet	2020
Surrey	2021
Victoria	2020
View Royal	2020

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Overview

Purpose

The index ranks municipalities in which the housing crisis caused the highest pressures using the most recent data available for all municipalities.

The index does not measure the level of housing need nor sets targets.

Goal

Staggered approach in assessing municipalities for housing needs and targets in cohorts of 10 was needed due to the *Housing Supply Act* being new legislation and the ministry's limited capacity to apply targets methodologies to all BC municipalities.

Method

Index encompasses 10 indicators grouped into 4 housing dimensions: Availability, Affordability, Urgent Housing Need, and Location

Selection Index

Technical Guide

How did we get here?

- I. Started with single measure – Dwellings-to-Population Ratio.
A reliable, reputable metric assessing the available housing stock in relation to population growth. The measure is used in the OECD Housing Affordability Database and often its average across all OECD countries is used as a reference point.
Downside, the metric does not measure affordability nor density, reflected in the ranking of the municipalities.
- II. Decision to include additional metrics capturing affordability, density and urgent housing need.
- III. At first, only Core Housing Need (CHN) was considered, however the measure carries many caveats (e.g., municipalities had very similar CHN, CHN mainly present in ownership reflecting high mortgage costs despite existing wealth to secure house purchase, exclusion of Homelessness)
- IV. Decision to use multiple metrics capturing each aspect as not one metric alone can capture all desired aspects. Literature review and data sourcing led to a list of potential metrics which were all tested in combination with each other.
- V. Prof. Dr. Thomas Davidoff was engaged and recommended using multiple metrics and suggested to include the metric “Density to reach affordability.”
- VI. This metric is the superior metric and could be used on its own to select municipalities. However, the data is only available for a few municipalities in BC.
- VII. Therefore, the remaining metrics were selected and designed in a way to replicate the aspects and mechanisms of the “Density to reach affordability” metric.
- VIII. Metrics considered but not used: Income Distribution, Housing Starts, Price-to-Income Ratio, STIR.
- IX. Still the data quality and caveats to each metric were noticeable in the index, therefore the weighting was considered. Since the index is based on an average across all standardized metrics, weights are a simple and effective tool to emphasize some metrics over others.
- X. Different weights on each metric were tested but the final decision was based on a regression analysis which tests the amount of impact (statistical significance) one metric has on the final index.
- XI. Index was applied to all SVT municipalities, then all municipalities, and then municipalities grouped by population size (10K-80K and 80K+)

Selected Municipalities 1st Cohort

1. District of Oak Bay
2. District Municipality of West Vancouver
3. City of Port Moody
4. City of Delta
5. District of North Vancouver
6. District of Saanich
7. City of Victoria
8. City of Abbotsford
9. City of Kamloops
10. City of Vancouver

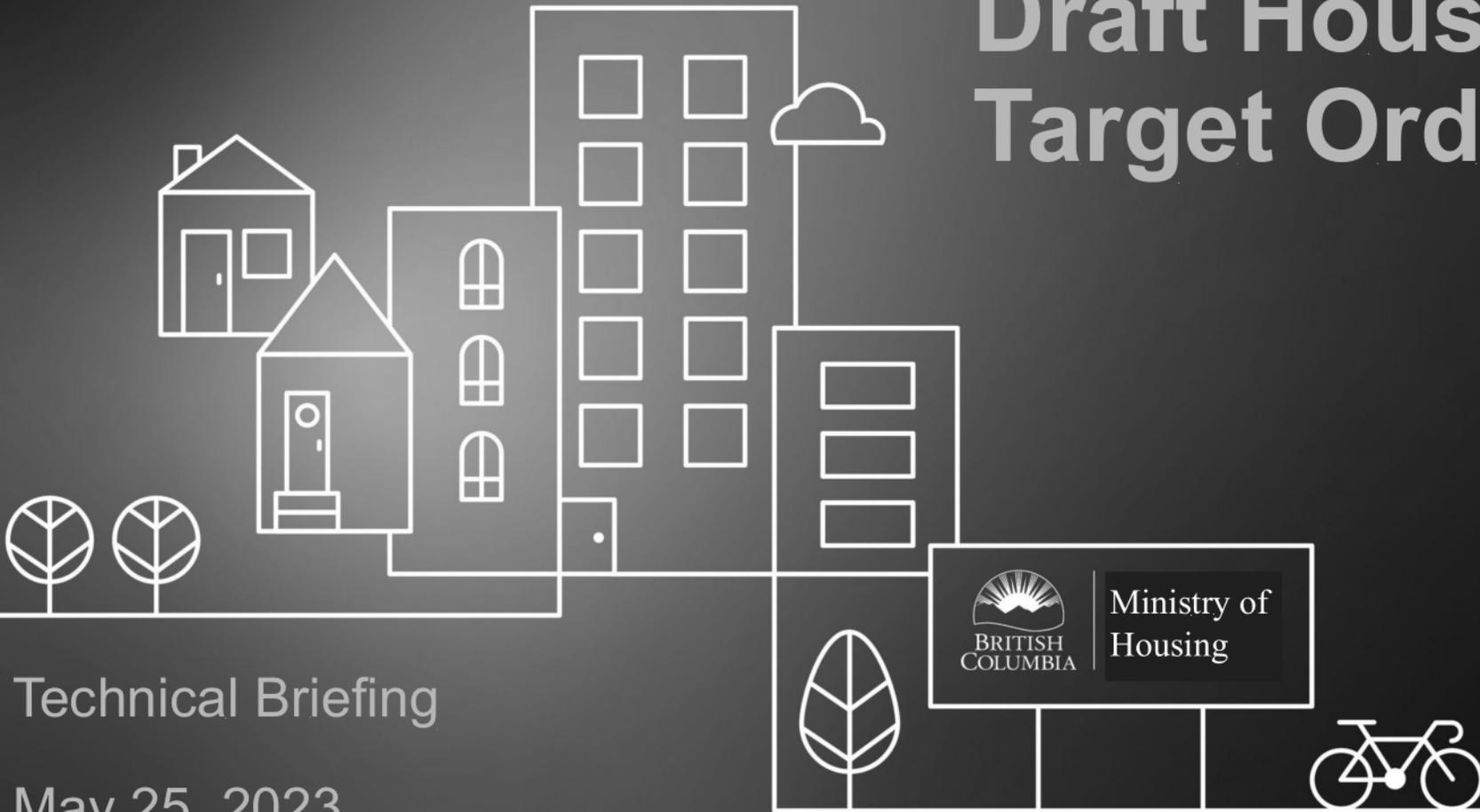
Indicators and Weights

Dimension of Housing Need	Indicator	What the indicator measures and why it was included in the index.	How it is Weighted
Availability of right housing supply 30%	Dwelling to population ratio	Ratio measures the trend in available housing stock in relation to population growth; it was included as it tracks the growth of available housing in relation to population. It is a precise, reputable metric very widely used to determine the available housing stock.	10%
	Dwellings per residential land area	Indicator assesses the trend in residential structure density, measuring the growth in residential structures per residential land area. It was included as it captures how effective residentially zoned land is used.	10%
	Ground-oriented to multi-storey housing ratio	Captures the trend in the mix of ground-oriented and multi-storey housing. It was included to track the trend of structure types built over time as the aim is for increased density.	5%
	Renter to ownership ratio	Captures the trend in the mix of owner and renter homes. It was included to assess trend of available renter homes in relation to overall available housing.	5%
Affordability of existing housing supply 40%	Density to reach affordability*	Captures 3 aspects at once: density, affordability, and the required level of density to reach affordability. By setting land prize in relation to the realized number of housing units per land unit, the measure determines the unrealized potential for more density. Following the thought that high land prices need to lead to higher density to achieve affordability. It is the superior measure among all 11 indicators as it sets both affordability and density in a relationship to each other. Caveat: Data is missing for most BC's municipalities.	10%
	Median Income	Defines whether a municipality's median income is above or below the BC median income to track the mix of households with various incomes. An indicator of municipality wealth. Removed from index as statistical tests proved the indicator to be insignificant.	0%
	Housing for Workers & Families*	Calculates the Shelter-To-Income Ratio for an essential workers family of 4 with a teacher and fire fighter income to live in a 2-3-bedroom rental apartment. Measure gives clear sense of rental affordability and availability.	15%
	Proximity to Amenities	Measures the distance to and availability of 10 commonly used and required amenities such as health care, day care, education, and recreation. The indicator was included to identify those municipalities that provide enough and close by amenities. The indicator works in combination with the other indicators to prioritize those municipalities lacking in density and/or affordability but do offer nearby services.	15%
Urgent Housing Needs 20%	Homelessness Count	Assesses whether a municipality provides enough shelter for homeless in relation to its overall population size within the region. The number of homeless within one region are fairly distributed among all municipalities according to municipality's population. Included as it identifies municipalities that undersupply, while rewarding those that oversupply.	10%
	Social Housing Waitlist	Assess whether a municipality provides enough social housing in accordance with its population size within the region. Was included as it prioritizes municipalities who undersupply in relation to their population size.	10%
Location 10%	Rural/Urban Community	Classifying rural and urban municipalities based on Statistics Canada's definition. The indicator works in combination with the other indicators to prioritize urban municipalities lacking in density and affordability.	10%

Draft Housing Target Orders

Technical Briefing

May 25, 2023



Purpose

To provide an overview of the Province's approach to selecting municipalities for housing targets.



Context

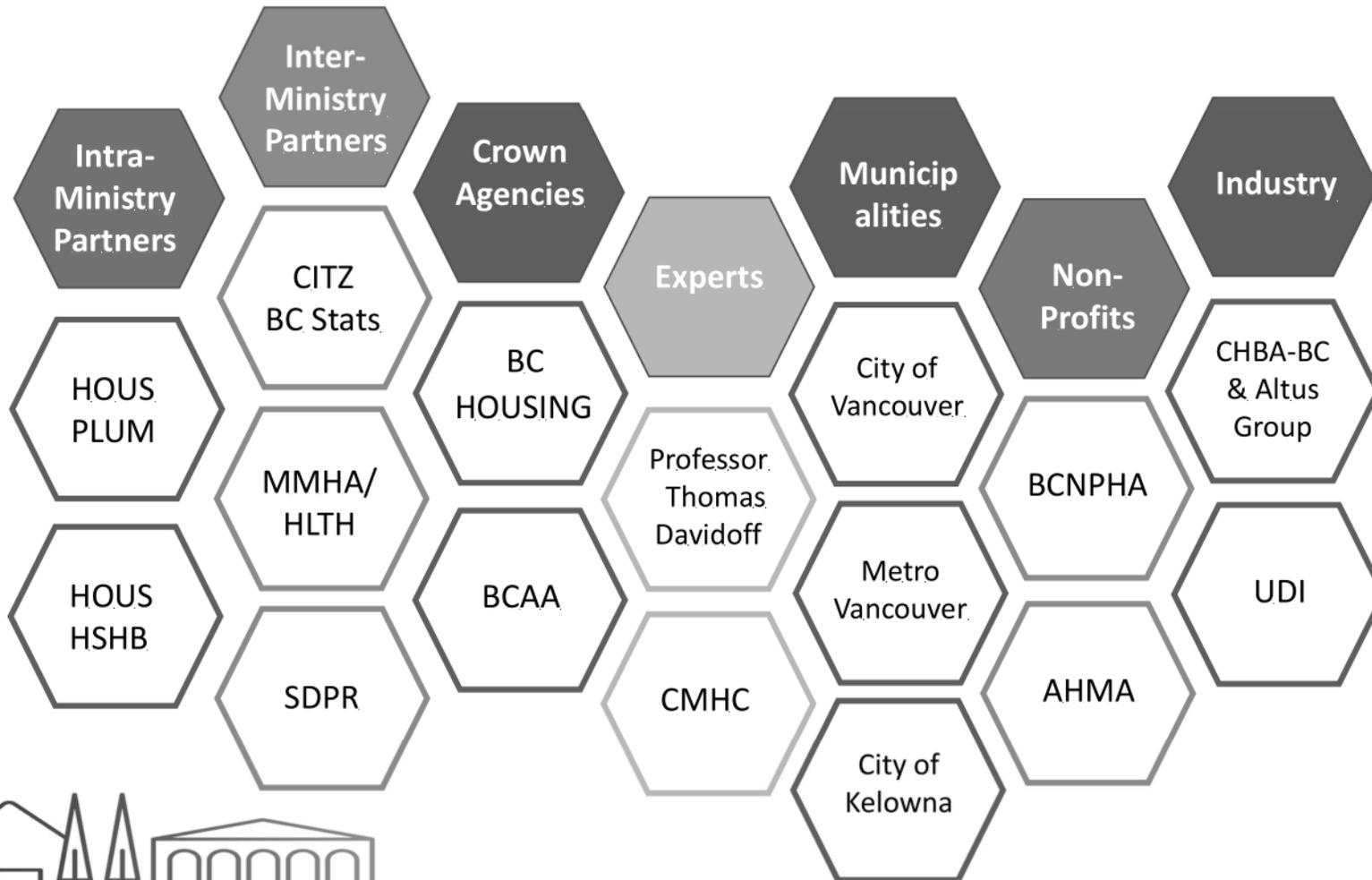
Timeline

- November 2022: *Housing Supply Act*
- January 2023: Housing Targets Team established
- April – May 2023: Methodologies Development
- May 2023: *Housing Supply Regulation* to bring the Act into force

Approach: Phased approach to setting housing targets with cohorts of 8-10 municipalities to receive targets twice per year.



Collaboration on Methodologies & Data



The Selection Index

- An objective measure designed to rank and prioritize the first municipalities to receive targets
- Provides a metric to compare housing pressures of each municipality across multiple dimensions of housing need
- One of three methodologies being developed to set housing targets
- The Selection Index does not:
 - Assess or validate housing needs of municipalities (Validation Methodology)
 - Set or suggest housing targets (Targets Methodology)



Overview of Selection Index

INDEX <i>10 indicators within 4 dimensions of housing need</i>	Availability	Dwellings to Population Ratio
		Dwellings per Residential Land
		Ground-Oriented to Multi-Storey Ratio
		Renter-to-Ownership Ratio
	Affordability	Housing for Workers & Families
		Proximity to Amenities
		Density to Reach Affordability
	Urgent Housing Needs	Homeless
		Social Housing Units, Waitlists
	Location	Rural/Urban

Availability Indicators Detail and Rationale

Dwelling-to-
Population Ratio

Dwelling-to-Population Ratio

- Trend in available housing stock in relation to population growth
- Tracks the growth of available housing stock
- Does not capture affordability, social housing need or shelter

Dwellings per Residential Land

- Trend in residential structure density
- Measuring the growth in residential structures per residential land area
- Captures how effective residentially zoned land is used

Ground-oriented-to-Multi-Storey Ratio

- Trend in the mix of ground-oriented to multi-storey housing.
- Tracks the trend in structures types built over time as the aim is for increased density

Renter-to-Owner Ratio

- Trend in the mix of owner and renter homes
- Tracks the trend of available renter homes and/or loss of renter homes in relation to overall available housing.



Affordability Indicators Detail and Rationale

Housing for Workers & Families



Housing for Workers & Families

- Calculates the Shelter-to-Income Ratio for an
 - Essential workers family of 4
 - With a teacher and fire fighter income
 - To live in a 2–3-bedroom rental apartment.
- Measure gives clear sense of rental affordability and availability

Proximity to Amenities

- Measures the distance to, and availability of, 10 commonly used and required amenities.
- Identifies municipalities that provide sufficient amenities
- Works in combination with other indicators to prioritize urban areas lacking in density and/or affordability

Density to Reach Affordability

- Assesses Density, Affordability and the required level of density to reach affordability.
- Sets price in relation to the realized number of units per land -> unrealized potential
- Follows basic economics that high land prizes need to lead to higher density to achieve affordability
- Data is missing for some municipalities



Urgent Housing Need & Location Indicators Detail and Rationale

People Experiencing
Homelessness (PEH)

People Experiencing Homelessness (PEH)

- Assesses whether a municipality provides enough shelter for PEH in relation to its overall population size with the region
- The # of PEH in one region are distributed among all municipalities according to municipality's population and compared to # of available shelter spaces.
- Identifies municipalities who undersupply, and rewards those that oversupply.

Social Housing

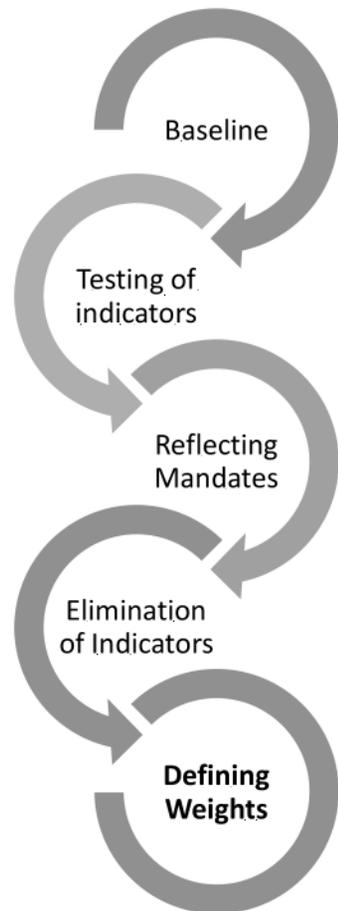
- Assesses whether a municipality provides enough social housing in relation to its population size.
- The # of people on waitlist in one region are distributed on population size and compared to # of available social housing units.
- Identifies those municipalities who undersupply, and rewards those that oversupply

Location

- Classifies municipalities into categories of rural and urban based on Statistic Canada's definition.
- Works in combination with others to prioritize urban municipalities lacking in density and/or affordability.



Testing and Analysis of Index



1. Research and collection of numerous indicators describing housing market conditions and related aspects
2. First elimination of indicators based on relevance, data availability & quality, and alignment with mandate priorities
3. Critical point as the ranking determines the cut-off point between cohorts, but differences are only nuanced not drastic
4. Use of a Regression Model to test level of statistical significance of indicators to the ranking of municipalities

Results: Evaluated the impacts of each indicator, and **comparison shows 80% overlap across scenarios**



Testing and Analysis of Index – Detailed Weights

Dimension of Housing Need	Indicators	Baseline	Weights Applied
Availability	Dwellings to Population Ratio	10%	10%
	Dwellings per Residential Land Area	10%	10%
	Ground-Oriented-to-Multi-Storey Ratio	10%	5%
	Renter-to-Ownership Ratio	10%	5%
Affordability	Housing for Workers & Families	10%	15%
	Density to Reach Affordability	10%	10%
	Proximity to Amenities	10%	15%
Urgent Housing Need	Shelter for Homeless	10%	10%
	Offered Social Housing Units	10%	10%
Location	Rural versus Urban	10%	10%

THANK YOU



Appendix 1: Validation of Housing Need

To leverage expertise and add capacity given timelines, the housing validation and target setting methodology were outsourced.



Successful proponent **Urban Matters** will:

1. Design a method for the Province to estimate municipal housing needs
2. Design a method for setting housing targets
3. Produce needs validation and targets for the 1st cohort of municipalities May 29th, 2023

QUANTITATIVE DATA

- Housing Needs Reports data
- **Provincial estimates of current and future housing needs (May 29th)**

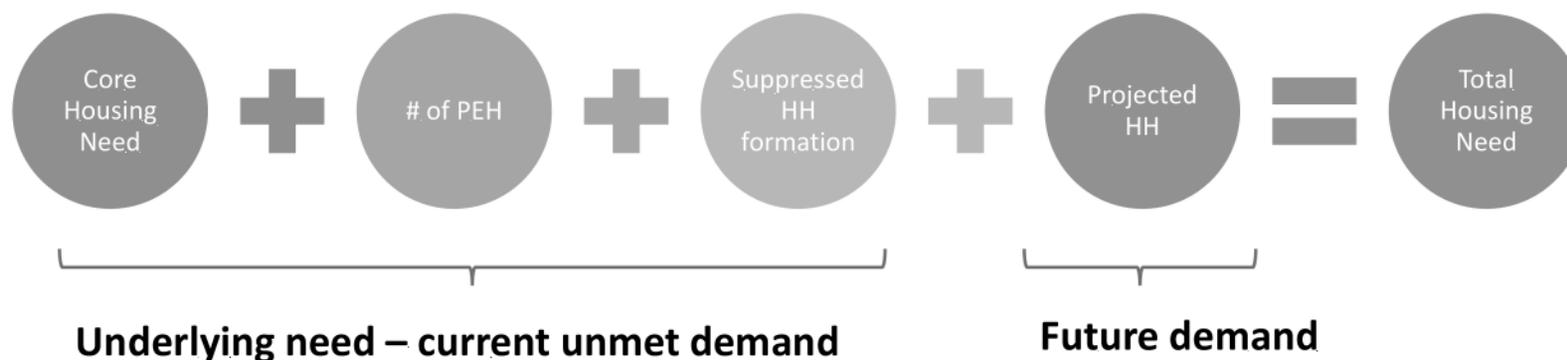
QUALITATIVE DATA

- Housing Needs Reports
- Official Community Plans
- Regional Growth Strategies
- Economic Sectors
- Transportation Investments

Since quality of Housing Needs Reports vary widely, the Province's estimates of housing needs will be used to inform target setting.



Appendix 2: Methodology to Validate Housing Needs



1. This methods needs to be easily replicable as municipalities will adopt it
2. Can only include publicly available data for all municipalities
3. Captures current unmet demand and future growth
4. Total Housing Needs and Housing Targets are not equivalent

Results: Housing Needs are the foundation to determine Housing Targets

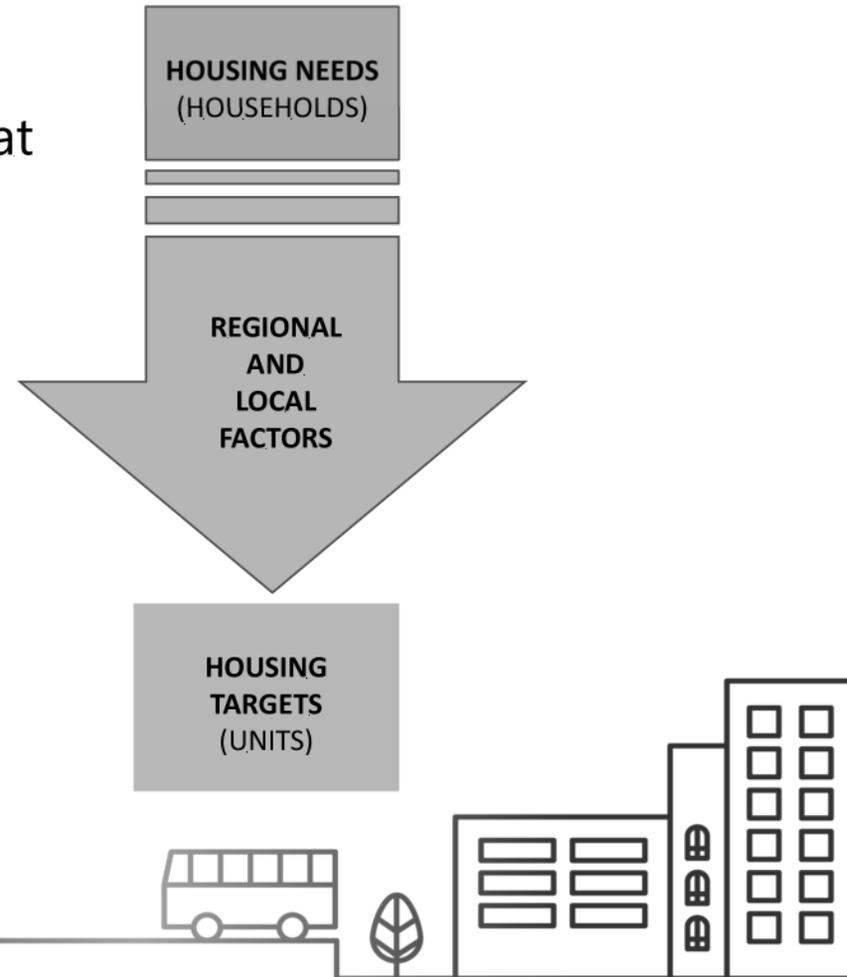


Appendix 3: Translating Municipal Housing Needs to Targets

Methodology considers regional-local factors that impact the pace of residential development like:

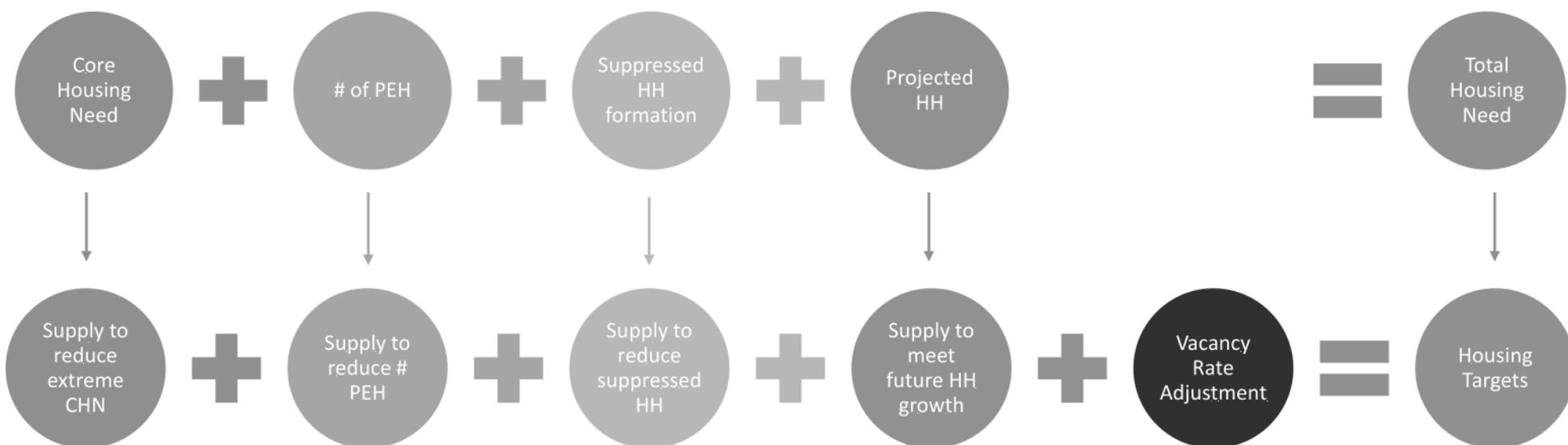
- Land availability
- Zoning capacity
- Market factors

Targets will be designed for a 5-year period.



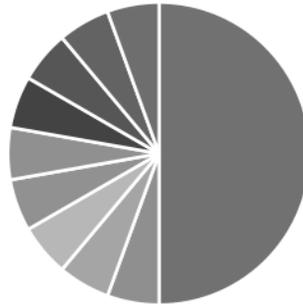
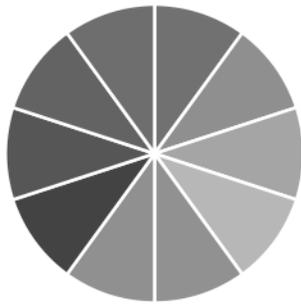
Appendix 4: Methodology to set Targets

- Targets are derived from each component of Housing Needs
- However, not all Housing Needs translate into a new housing unit needed.
- Therefore, only a subset of the Housing Needs lead to the number of targets for newly needed units.
- With the addition for an adjustment for a higher rental vacancy rate to achieve higher affordability.



Appendix 5: Testing and Analysis of Index

Various Weighting of Indicators



Recommended Weights



1. Baseline: weights equally across all ten indicators.
2. Emphasis on density to reach affordability indicator
3. Emphasis on three density-related measures
4. Weighted: weights each indicator according to data precision, and its relevance to the mandate and HSA priorities.^{s.13}

Results: Evaluated the impacts of each indicator, and **comparison shows 80% overlap across scenarios**

