

REPORT

Climate Action, Planning and Development

To: Mayor Johnstone and Members of Council
Date: June 12, 2023

From: Jackie Teed,
Acting Director of Climate Action,
Planning and Development
File: 13.2620.01

Item #: 2023-391

Subject: Housing Need Report Update: 2021 & 2022

RECOMMENDATION

THAT Council endorse the updated housing unit targets (2021-2031) outlined in this report, and direct staff to report annually on progress towards achieving these goals.

PURPOSE

To provide Council with an update on housing development in 2021 and 2022, and outline progress towards meeting the targets in the Housing Needs Report.

SUMMARY

“Homes and Housing Options” is one of the five areas of focus that have been identified in the 2023-2026 Council Strategic Priorities Plan. Work related to this focus area will be guided by the targets set in the City’s Housing Needs Report.

Based on analysis of development data from 2021 and 2022 for planning approvals, building permit issuances and final inspection approvals, development during this period exceeded targets for market ownership housing, market rental housing and shelter spaces. However, development during this period did not meet unit goals for affordable rental, and supportive/transitional housing units. In future years, an additional 100

affordable housing units, and 20 supportive/transitional housing units are required to make up for this shortage of units.

Staff will bring forward a Homes and Housing Options Work Plan that gives priority to policy and process updates that help address this identified gap. As these affordable units can only be achieved with senior government partnership and funding, the City will continue to advocate for projects in New Westminster.

BACKGROUND

Housing Needs Report

On July 12, 2021 Council endorsed the [Understanding Housing and Housing Needs in New Westminster: Housing Needs Report 2021-2031](#) (Housing Needs Report). The Report identifies existing and projected gaps, and estimates the need for additional units of both market and affordable housing in the community to meet the needs of current and future residents over the next ten years. The Housing Needs Report is mandated by the Provincial Government of British Columbia to be completed every five years by municipalities. The next full update will be done in 2026.

The 2021-2031 Report estimated the following housing needs for 2021-2031:

- Shelter beds/mats: 72 (7/year)
 - Supportive/transitional housing units: 117 (12/year)
 - Affordable rental units (below- and non-market): 2,083 (208/year)
 - Market rental units: 1,380 (138/year)
 - Market ownership units: 1,948 (195/year)
- Total: 5,600 (560/year)

Due to constraints of data availability in 2021, the Housing Needs Report was not able to differentiate the number of below-market units required from the number of non-market units required, nor was it able to differentiate needs based on specific groups of tenants, such as Indigenous people, people of colour, seniors, etc. Staff will continue to look for the ability to add these as part of future Housing Needs Report updates.

Updated Housing Unit Targets (2021-2031)

Based on the Housing Needs Report, the City had identified a total affordable housing goal of 227 new units/year to 2031 (i.e. 208 below/non-market rental + 12 supportive + 7 shelter). Following the endorsement of the Housing Needs Report, issues related to homelessness, particularly in the Downtown, prompted an early review of the supportive housing projections. In January 2022, the methodology for projecting supportive housing needs was revised, with the result being an increase from 117 to 358 supportive housing units (36 units/year). As a result, the City's annual affordable housing goal has increased to 251 units/year, inclusive of shelter (7/year), supportive (36/year) and below/non-market rental (208/year). The updated housing goals are:

- Shelter beds/mats: 72 (7/year)
- **Supportive/transitional housing units: 358 (36/year) NEW**
- Affordable rental units (below- and non-market): 2,083 (208/year)
- Market rental units: 1,380 (138/year)
- Market ownership units: 1,948 (195/year)

Total: 5,841 (584/year) NEW

Policy and Process Changes

Since endorsement of the Housing Needs Report, staff has focused on processing residential development applications including prioritizing affordable housing projects, and advancing policy and regulation updates to facilitate development of new housing units. The latter includes the Crisis Response Bylaws, through which projects that respond to a crisis, such as housing affordability, are permitted on any property that meets the following criteria: (1) property owned by the City or other government agency; (2) project funded by government; (3) project operated by non-profit or public agency; (4) project must address needs identified through a Provincial emergency declaration or crisis publicly recognized by multiple Metro Vancouver municipalities. Phase two of this work is scheduled to be launched in the winter of 2023/2024, and will explore broadening these criteria to faith-based and non-profit property owners.

ANALYSIS

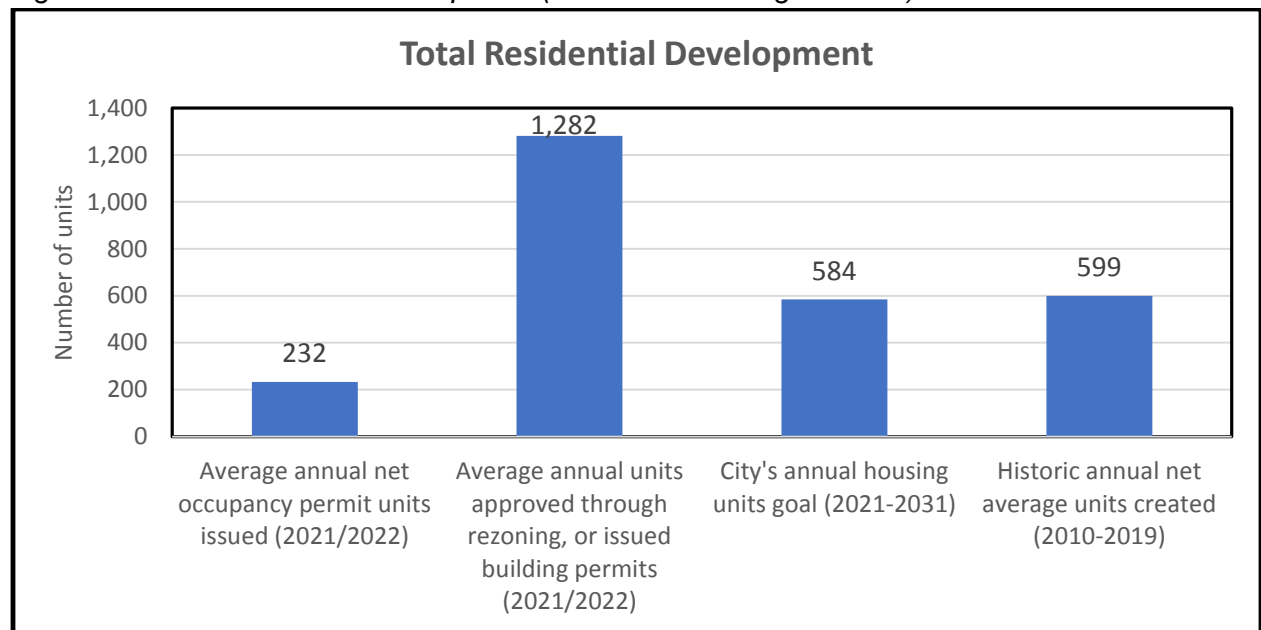
2021/2022 Housing Approvals

Staff has completed analysis of 2021/2022 housing approvals and identified the following trends.

1. Overall Housing Development

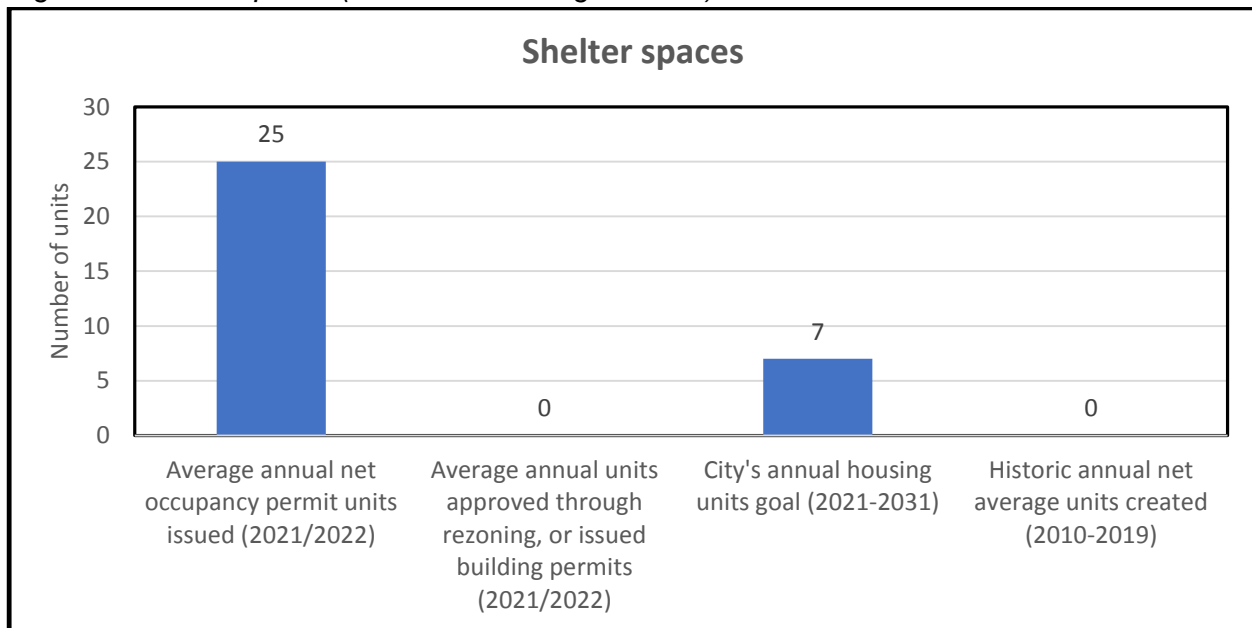
- **Residential development is strong overall in the city, despite low completion by the development industry of residential units in 2021/2022.** In total, a net average of 232/year housing units (all types) were issued occupancy permits in each year of 2021/2022, meeting just 40% of the projected demand of 584 units/year (352 unit shortfall), likely due to lag time impacts of the Covid-19 pandemic. However, the City approved rezoning or issued building permits for average 1,282 units/year, more than double the projected demand for the same time period (584 units/year) (i.e. exceeding demand by 698 units), with a resulting expectation that the delivery of occupiable residential units will rise again in the near future. The approval of a large number of units will result in a much higher number of units completed in future years compared with the historical average of 599 units/year during the previous decade (2010-2019).

Figure 1: Total Residential Development (2021/2022 Average Annual)



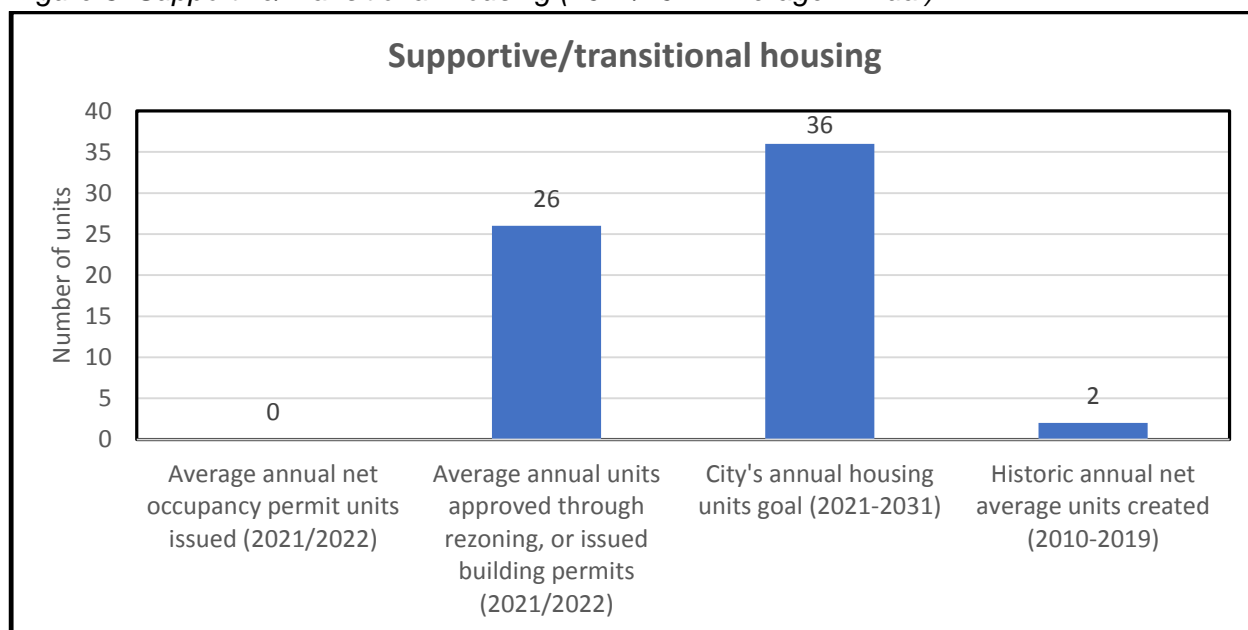
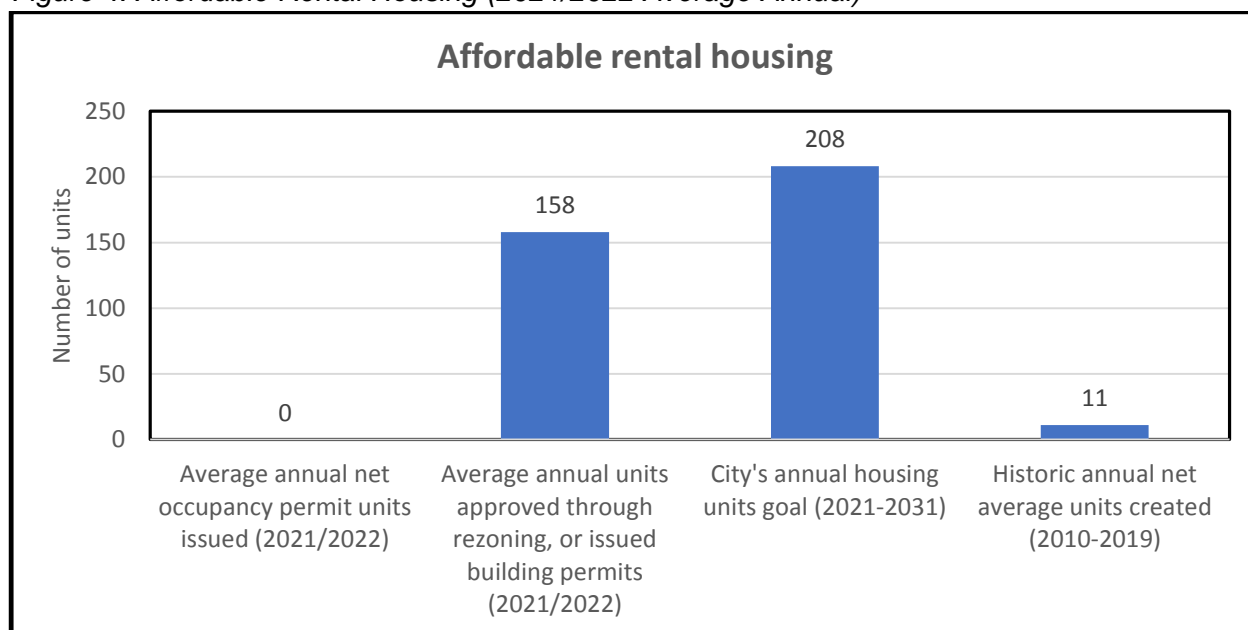
2. Shelter Spaces

- **The City greatly exceeded the unit goal, achieving 69% of total shelter spaces required by 2031.** In total, 50 new nightly shelter spaces were issued occupancy permits in 2021 (zero in 2022), whereas the goal for the entire 2021-2031 period is 72 new shelter spaces (7/year). This exceeds the historic approvals of net average 0 units/year by 100%. These shelter spaces are not permanent, and the City continues to explore options for permanent shelter spaces.

Figure 2: Shelter Spaces (2021/2022 Average Annual)

3. Affordable Rental and Supportive/Transitional Housing

- **It continues to be challenging to meet unit goals, despite improved success, and a gap is expected in coming years.** Although no occupancy permits were issued for such units in 2021/2022, the City approved or issued building permits for a net average of 158/year affordable and 26/year supportive/transitional units which is significantly higher than historic approvals (i.e. between 2010 and 2019 the City issued approvals for net average 11 affordable units/year and 2 supportive/transitional units/year). However, these permit issuances/planning approvals are still below the City goals of 208/year affordable units (76% of unit goal achieved) and the 36/year supportive/transitional units (72% of unit goal achieved), and left a total gap of 100 affordable units (50 units/year for 2021 and 2022) and 20 supportive/transitional units (or 10 units/year for 2021 and 2022) to be made up in coming years.

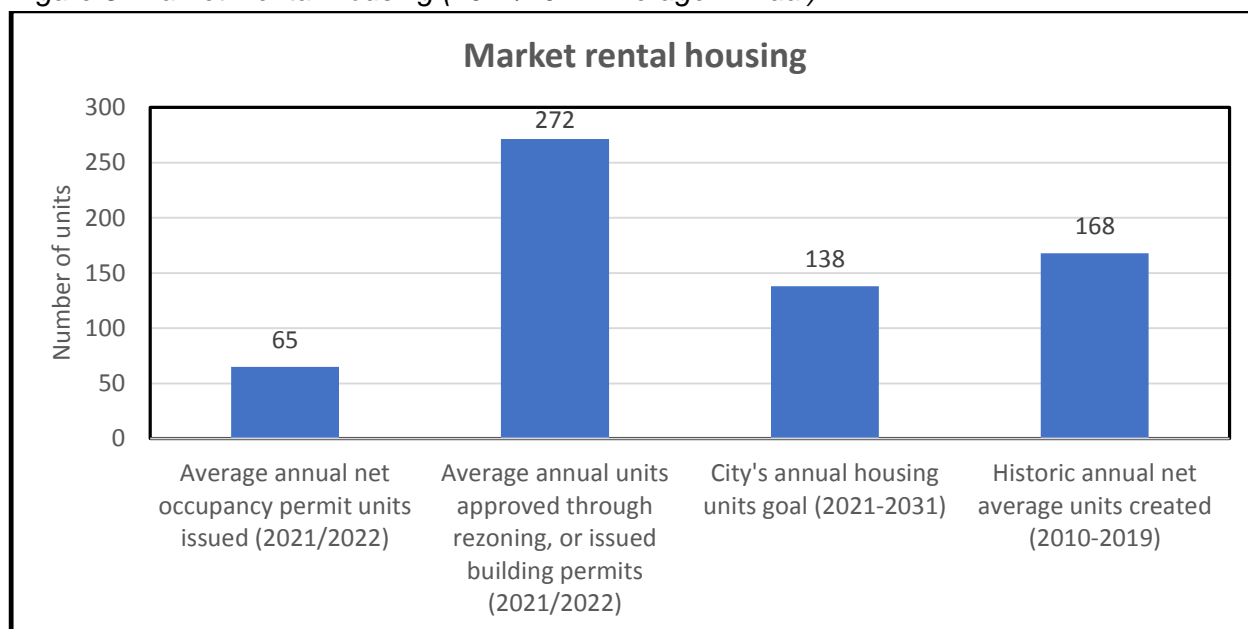
Figure 3: Supportive/Transitional Housing (2021/2022 Average Annual)*Figure 4: Affordable Rental Housing (2021/2022 Average Annual)*

4. Market Rental Units

- **Despite a recent slow-down in occupancies for new market rental units, the development pipeline for market rental units remains strong.** There was an average annual net occupancy permits issued of 65/year in 2021/2022 for market rental units, which was 47% of the annual market rental unit goal (73 unit/year shortfall). However, although occupancies were slow, the number of units approved through planning

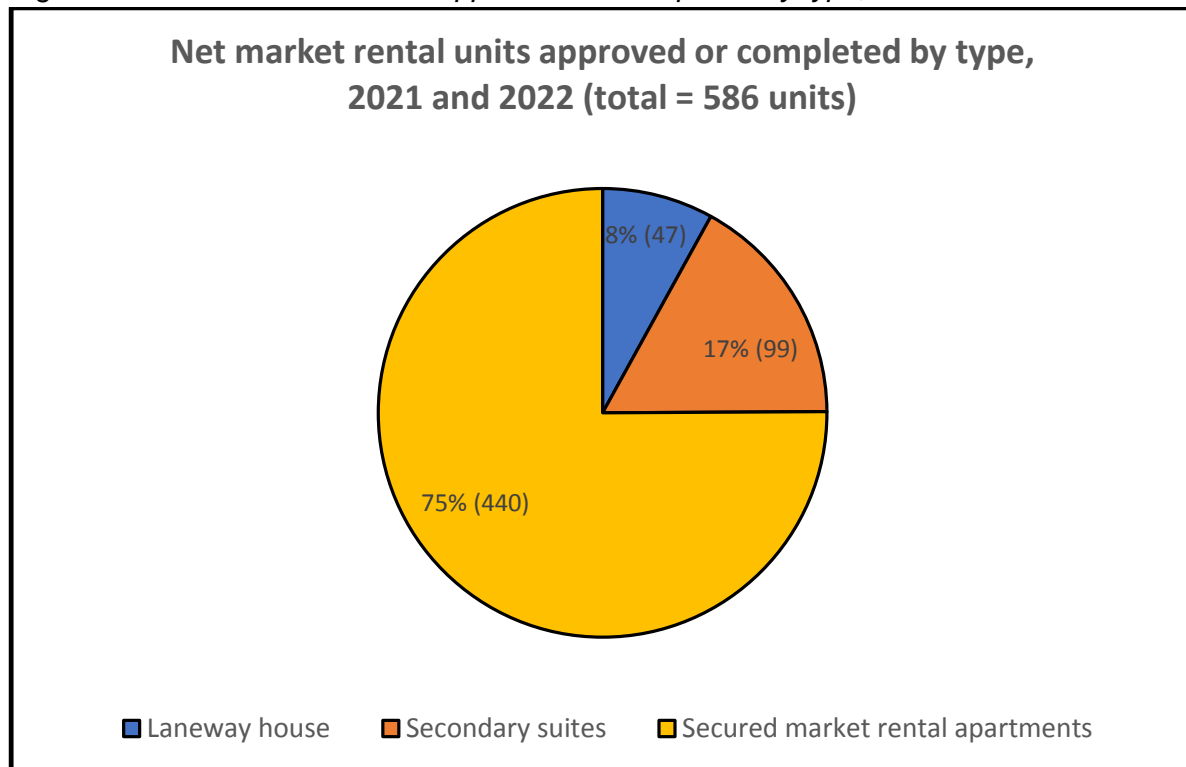
processes or issued building permits in 2021 and 2022 was very strong, with an average of 272 market rental units/year achieving these milestones during 2021 and 2022, which was almost double the unit goal of 138 units/year (average annual goal exceeded by 134 units). Historically, the City's creation of market rental units, at 168 units/year, has exceeded the annual market rental unit goal of 138 units/year.

Figure 5: Market Rental Housing (2021/2022 Average Annual)



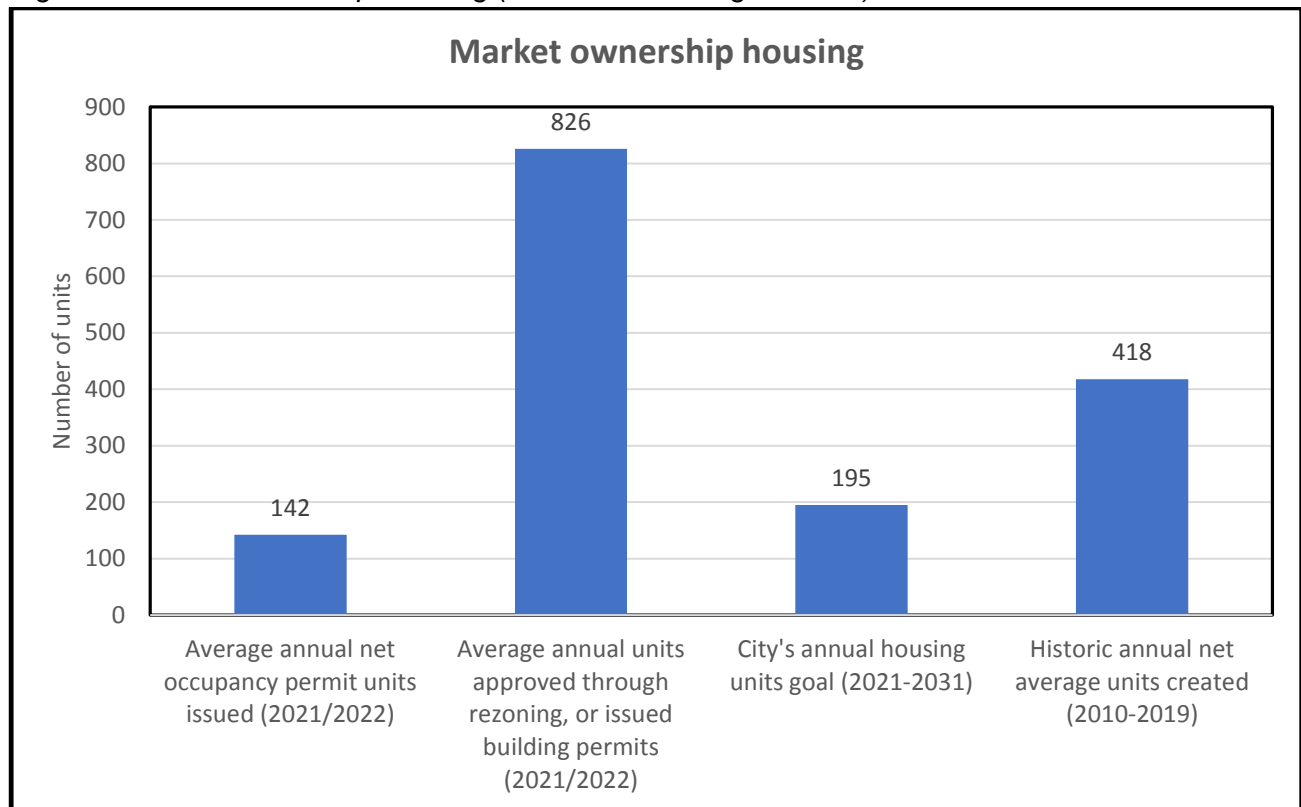
- **Market rental units are being created in a variety of forms, with a predominance of secured market rental apartments.** Net 586 market rental units were approved for zoning, or issued building permit or occupancy permit over the two-year period of 2021/2022. This included:
 - 8% unsecured laneway houses (47 out of 586 units);
 - 17% unsecured secondary suites (99 out of 586 units);
 - 75% secured market rental apartments (those protected as rental only through a covenant and/or the zoning bylaw or strata conversion prohibition bylaw; 440 out of 586 units).

Figure 6: Net market rental units approved OR completed by type, 2021 and 2022



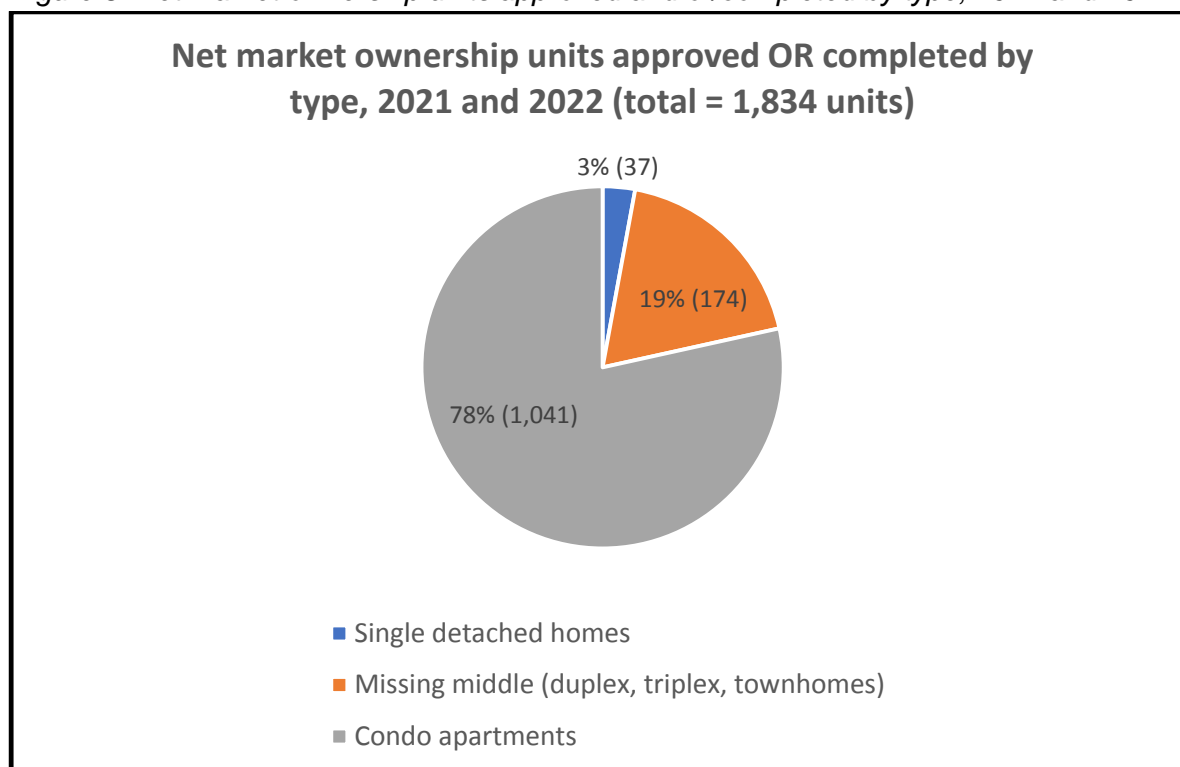
5. Market Ownership –

- **City approvals are greatly exceeding goals, despite a dampening of market ownership construction completed in 2021/2022.** Net average 142 market ownership units/year were issued an occupancy permit in 2021/2022, which was 73% of the City goal of 195 units/year. However, the City issued zoning or building permits for average 826 units/year in this period, which was over four times the 195 unit/year goal. These approvals were almost double the pre-pandemic net average 418 units/year (2010-2019), indicating that occupancy permits should similarly increase in coming years, and greatly exceed community need for these units.

Figure 7: Market Ownership Housing (2021/2022 Average Annual)

- **Missing middle housing comprised almost 20% of market ownership development.** Of the net 1,834 units market ownership units issued zoning, building permit, or occupancy permit in the two year period of 2021/2022, 342 units (19%) were missing middle forms (i.e. ground oriented multi-unit housing), which is a key housing gap identified in the Official Community Plan. The most common type of unit was condo apartments (1,439 units or 78% of all market ownership housing produced). There was a net total of 53 single detached homes produced (3% of all market ownership housing produced), the low total likely the result of most single detached homes (except for those in Queensborough) being replacements of existing older homes as opposed to subdivisions of lots to create more houses.

Figure 8: Net market ownership units approved and or/completed by type, 2021 and 2022



Detailed summary tables of this data, and further details regarding the collection and interpretation of this data are included in Attachment 1: Background.

DISCUSSION

While the 2021/2022 unit approvals trends could change in coming years, at this time the numbers indicate the City is meeting market ownership and market rental needs, and should focus policy updates and the development approvals process on achieving affordable and supportive/transitional housing units.

The City is successfully addressing housing goals for a number of housing forms. Many more market ownership units were approved in 2021/2022 than were projected to be needed in the community. However, some statisticians working in consultation for the Federal and Provincial governments would argue that these additional market ownership units could help to address legacy housing unit shortages, given that housing needs estimates at the regional and local levels only estimate the housing needs of new residents and new demand to the region; without consideration of backlogged demand.

Occupancy permit numbers were lower in 2021/2022 than City goals and historic approvals, likely due to a construction slow down during the pandemic. Rezoning and building permit issuances indicate about three times the annual goal for ownership units are currently under development. This should address the gap from lower occupancy permit numbers in 2021/2022, and provide a surplus of units to help address the annual goal for the coming years. The City has also seen the creation of new missing middle housing forms (e.g. townhouse, rowhouse, laneway house), which were identified through the Official Community Plan as a community need. Eighteen percent of ownership unit approvals and 8% of rental unit approvals for 2021/2022 have been for missing middle forms, whereas they made up only 4% of all units in 2011. The City, through its Secured Market Rental Housing Policy continues to create more market rental housing, in addition to the laneway and secondary suite programs.

The City has exceeded shelter space goals, with only 22 units remaining to be created by 2023. However, the March 2023 Homeless Count will provide a more accurate picture of the true extent of homelessness in New Westminster, as it will take into account the impacts of the COVID-19 pandemic, the housing affordability crisis, and the opioid epidemic. Based on discussions with service providers, it is anticipated that both the unsheltered and sheltered homeless numbers for this count would far surpass the previous count. Once the results of the count are known, staff will consider the implications to the City's housing needs.

The primary housing gaps identified are in area of affordable and supportive/transitional rental units. With regard to affordable/transitional rental units, the City has allocated related funding to the Capital Plan. This City funding will enable partnership on development projects, as opportunities arise, both in funding construction costs and in covering our internal project management costs to facilitate development approvals. Past experience illustrates that these projects are complex, expensive and highly sensitive to added costs, and require a number of years to develop and construct. As these units can only be achieved with senior government partnership and funding, the City continues to advocate for projects in New Westminster.

NEXT STEPS

Annual Reporting

Homes and Housing Options is one of the five areas of focus that has been identified in the 2023-2026 Strategic Priorities Plan. This work will be guided by the implementation of the targets set by the City's Housing Needs Report and outlined in this report. One of the stated outcomes of the Strategic Priorities Plan is to publicly share the City's

housing successes and challenges to foster an open dialogue with the community in order to provide meaningful engagement. Towards this, staff recommend annual reporting to Council on the City's progress to achieving its housing targets.

Homes and Housing Options Work Plan

Staff will bring forward a Homes and Housing Options Work Plan that outlines work to be undertaken in alignment with the desired outcomes of the Strategic Priorities Plan. The Plan sets a clear expectation that the priority is to provide homes for those with the greatest need. Based on the findings outlined in the report, further effort is required to address the gaps of affordable and supportive/transitional rental units.

Work will include developing or updating policies and regulations with the goal of clearing the way for the needed units to be built by identifying and removing barriers. Anticipated projects include: updating the Inclusionary Housing Policy; preparation of an Affordable Rental and Supportive Housing Development for Council endorsement; and launching Phase Two of the Crisis Response Bylaws which will explore broadening the existing program to faith-based and non-profit property owners.

INTERDEPARTMENTAL LIAISON

The Climate Action, Planning and Development Department works in close collaboration with other City departments to advance housing policy, affordable housing funding, and development approvals, including: Electrical, Engineering, Finance, Office of the CAO, Intergovernmental Relations, and Parks and Recreation.

FINANCIAL IMPLICATIONS

The City provides funding in support of affordable housing through the City's Capital Plan, in two-year tranches of five projects each.

OPTIONS

The following options are presented to Council for consideration:

1. That Council endorse the updated housing unit targets (2021-2031) outlined in this report, and direct staff to report annually on progress towards achieving these goals.
2. That Council provide staff with other direction.

Staff recommends option 1.

ATTACHMENTS

Attachment 1 – Background

APPROVALS

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