

DATE OF MEETING December 16, 2024
AUTHORED BY LISA BRINKMAN, MANAGER, COMMUNITY PLANNING
SUBJECT INTERIM HOUSING NEEDS REPORT 2024

OVERVIEW

Purpose of Report

To present to Council the City of Nanaimo's Interim Housing Needs Report (November 2024).

Recommendation

That Council receive the City of Nanaimo's Interim Housing Needs Report (November 2024) in accordance with Section 585.31 of the *Local Government Act*.

BACKGROUND

The City of Nanaimo completed a 10-year Housing Needs Report in early 2023 that met the *Local Government Act* requirements at that time. However, due to the recent changes to the *Local Government Act*, a new housing needs report is required by 2025-JAN-01 using an updated analysis methodology. Provincial Capacity Funds were used to retain a consultant to prepare the November 2024 Interim Housing Needs Report. Section 585.31 of the *Local Government Act* requires that Council receive the housing needs report, by resolution, in an open meeting.

DISCUSSION

The Provincial housing legislation introduced in late 2023 amended a broad range of planning and land use tools for local governments, including the requirement to estimate 5- and 20-year housing need with a specific provincially mandated analysis method. Both the 2023 and 2024 Housing Needs Reports relied on 2021 Census data, however, since a new analysis method has been used, which considers more factors, much more refined and accurate housing needs estimates can be found in the 2024 Interim Housing Needs Report.

The Interim Housing Needs Report (November 2024) is provided in Attachment A. The report outlines the 5-, 10-, and 20-year housing needs for the City, including detailed information regarding rental housing, market housing, non-market housing, and bedroom need estimates. In addition, the report explains the difference between the Provincial Housing Target Order for Nanaimo, and housing need estimates.

Key highlights from the 2024 'Interim Housing Needs Report':

Total estimated housing need:

- 5 years (2021 – 2026) – 7,227 residential units.
- 10 years (2021 – 2031) – 12,962 residential units.
- 20 years (2021 – 2041) – 23,776 residential units.

The 10-year forecast for housing need estimates that 55% should be rental units and 45% should be ownership units. Of the 12,962 housing units that are needed in the next 10 years, it is estimated that 25% should be non-market units (with unit rents of \$500-\$1500/month), and 9% should be deep subsidy and supportive units (for those experiencing chronic homelessness).

Using the 10-year annual average, approximately 1,296 residential units are needed annually to address Nanaimo's housing needs. The report emphasizes that in the past five years (except 2021), the City has issued more building permits for residential units than is required to meet the Housing Target Order annual required average of 940 units per year. Also, in 2019 and 2022 annual housing need (1,296 units) was exceeded by building permits issued for residential units. In 2023, the City issued building permits for 1,170 residential units.

The 2024 Interim Housing Needs Report will provide more accurate and refined data to inform many upcoming City housing initiatives, including the Zoning Bylaw update, the creation Secondary Urban Centre Area Plans, tenant protection policies, tenant eviction prevention initiatives, the review of development proposals, as well as inclusionary zoning and density bonus considerations.

Staff will continue to provide an annual housing update to Council that reflects on how the City is working to meet housing needs, including 2024 building permit data and development highlights. Also, in early 2025 the required six-month Provincial Housing Target Order report will be presented to Council. In addition, the new Provincial housing legislation requires that the City review *City Plan* in 2025 to ensure it contains policy guidance to accommodate the range of housing needs identified in the 2024 Interim Housing Needs Report. The next housing needs report will be completed in 2028 (using 2026 Census data).

OPTIONS

1. That Council receive the City of Nanaimo's Interim Housing Needs Report (November 2024) in accordance with Section 585.31 of the *Local Government Act*.
 - The advantages of this option: The City will meet the required provincial deadline of receiving the 2024 Interim Housing Needs Report by 2025-JAN-01. The data provided in the report will inform the City's upcoming housing initiatives.
 - The disadvantages of this option: None identified.
 - Financial Implications: Provincial Capacity Funds were used to retain a consultant to complete the required Interim Housing Needs Report.
2. That Council provide alternate direction to Staff.

SUMMARY POINTS

- The City completed a 2024 Interim Housing Needs Report, as required by recent Provincial housing legislation.
- The 2024 Interim Housing Needs Report estimates that 12,962 housing units are needed (2021 and 2031).
- In the past five years (except 2021), the City has issued more building permits for residential units than is required to meet the Housing Target Order annual required average (940 units per year).

ATTACHMENTS

ATTACHMENT A: Interim Housing Needs Report (November 2024) |

Submitted by:

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Concurrence by:

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INTERIM

Housing Needs Report

Prepared by CitySpaces Consulting | November 2024





Table of Contents

EXECUTIVE SUMMARY

1. INTRODUCTION	1
1.1. Housing Needs Report History and HNR Method.....	1
1.2. Interim Housing Needs Report Technical Memorandum	2
2. HOUSING NEEDS REPORT METHOD RESULTS	3
2.1 Distribution of HNR Method by Price-Point, Housing Type and Tenure, and Bedroom Count	4
3. INCOME GROUP + BEDROOM COUNT ALLOCATION.....	8
3.1 Income Group Concept.....	8
3.2 10-Year Allocation of Projected Growth + Demand Buffer	8
3.3 Key Considerations for Interpreting these Results.....	12
4. PROVINCIAL HOUSING TARGET ORDERS.....	13
4.1 HNR Method Compared to Housing Target Orders	14
5. RECENT DEVELOPMENT AND HOUSING NEED ESTIMATES.....	19
6. HOUSING INDICATOR UPDATES	21
6.1 Rental Housing	21
6.2 Ownership Housing.....	24
7. CONCLUSION AND KEY TAKEAWAYS.....	29
ACRONYMS AND GLOSSARY.....	31
LIST OF TABLES AND FIGURES	35
APPENDIX A INTERIM HOUSING NEEDS REPORT LEGISLATIVE REQUIREMENTS	36



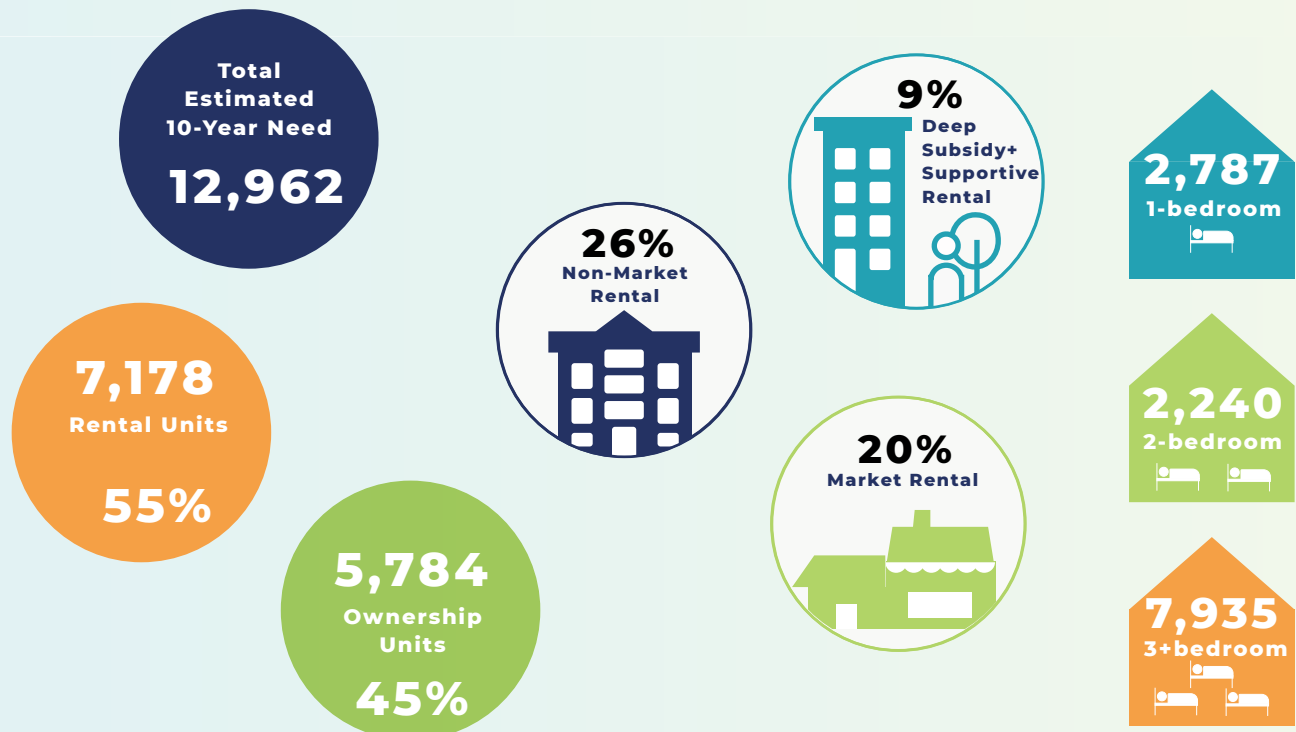


EXECUTIVE SUMMARY

Interim Housing Needs Report 2024

City of Nanaimo has developed an Interim Housing Needs Report to fulfill new legislative requirements and update the findings of the 2023 assessment. The report includes the new requirements for estimating total housing need with the 'Housing Needs Report Method' and provides further analysis to understand need by housing type and tenure, and bedroom count. An exploration of the difference between the Provincial Housing Target Order and Housing Needs Report Method results is also included.

10-Year Estimated Housing Need



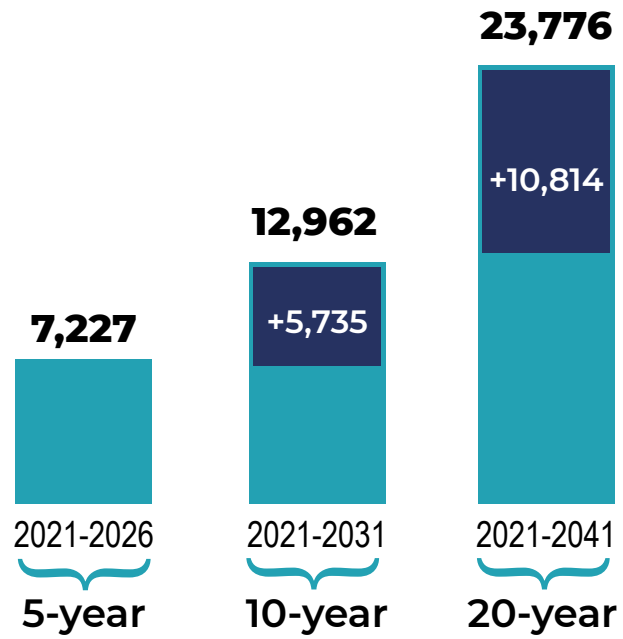


Estimated Housing Unit Need

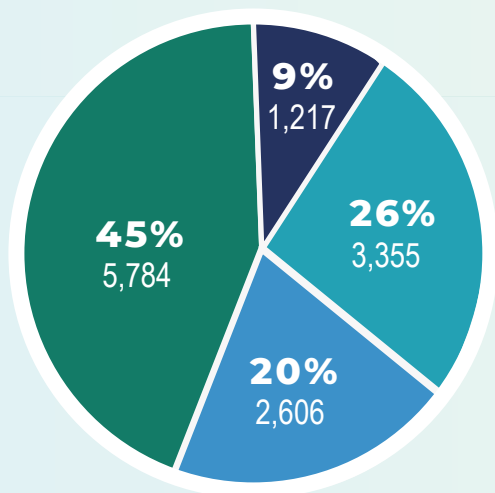
New legislative requirements for housing needs reports include a new HNR Method to estimating housing need for the next 20-years.

The results for Nanaimo found 7,227 more homes are needed by 2031, and 23,776 by 2041.

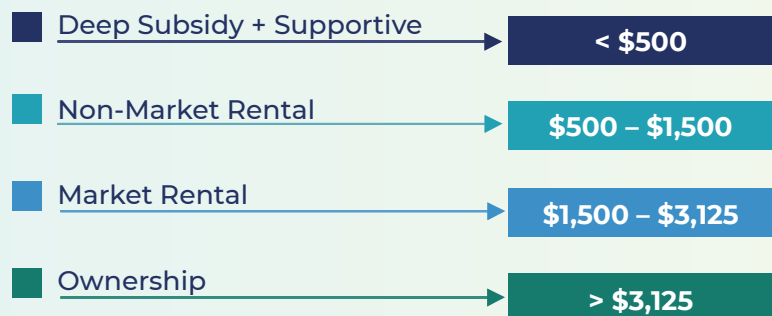
The results have been assigned to four housing categories to provide a more detailed understanding of unmet need and future housing demand based on local incomes and housing costs.



10-Year Housing Type Estimates



Estimated Monthly Housing Cost



Note: percentages in the pie chart have been rounded to the nearest whole number

Housing Needs Report Method vs. Housing Target Order

The Province of British Columbia has issued housing targets for municipalities based on meeting approximately 75% of the assessed housing need over the next 5-years. The targets cover the years of 2024 to 2028, while the Housing Needs Report Method calculation produces a needs estimate for 2021 to 2041.

What is a housing target?

A target is a strategic decision based on consideration of:

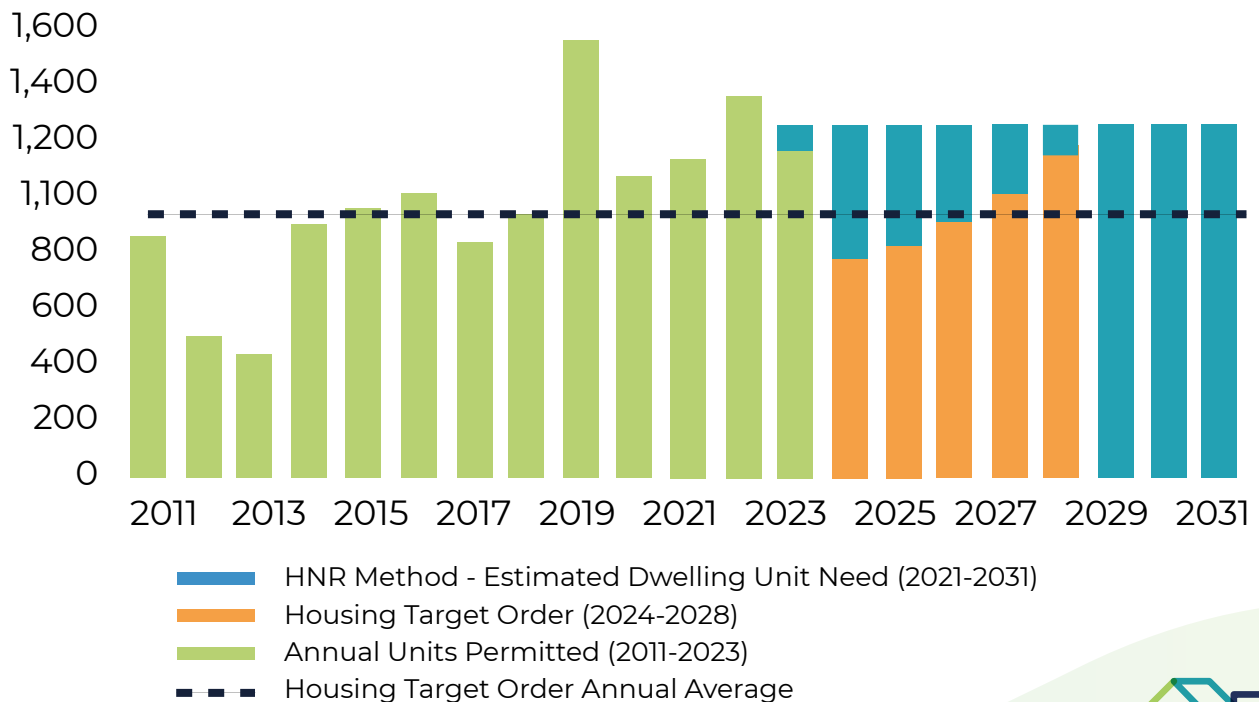
- Estimated housing needs;
- Capacity of the development sector;
- External factors such as interest rates / lending rules;
- Local policies or incentives; and
- Ability of households to afford housing.

It may not be possible to address all identified need within a target's timeframe.

Recognizing the scale of current housing challenges, the Provincial targets are for 75% of the estimated need.



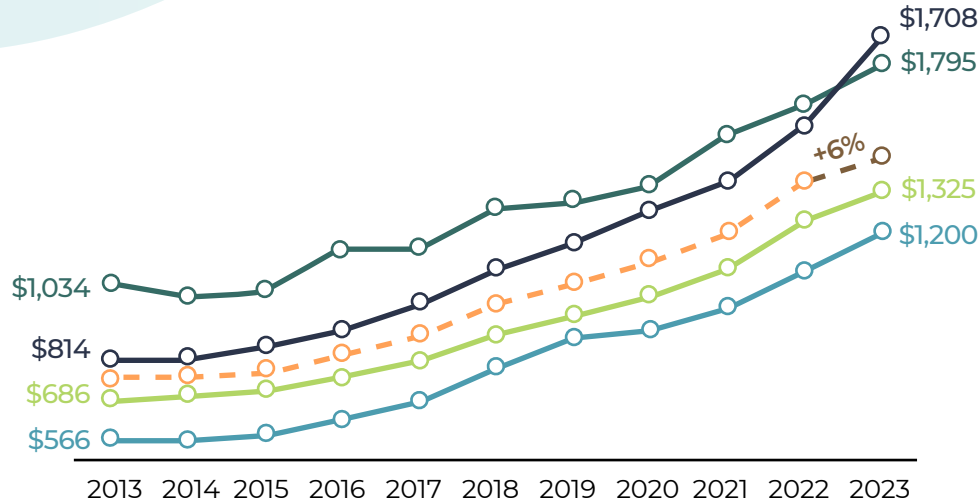
In 4 of the last 5-years, the City has permitted enough housing to meet the average housing target order (the target ranges from 783-units to 1,151-units each year, with an average of 940-units).





Rental Housing Statistics

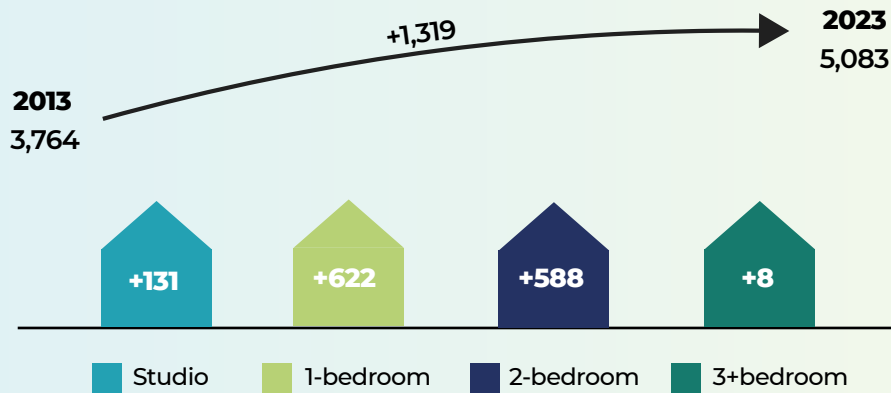
Median Market Rent



- All Units
- 3+bedroom
- 2-bedroom
- 1-bedroom
- Studio

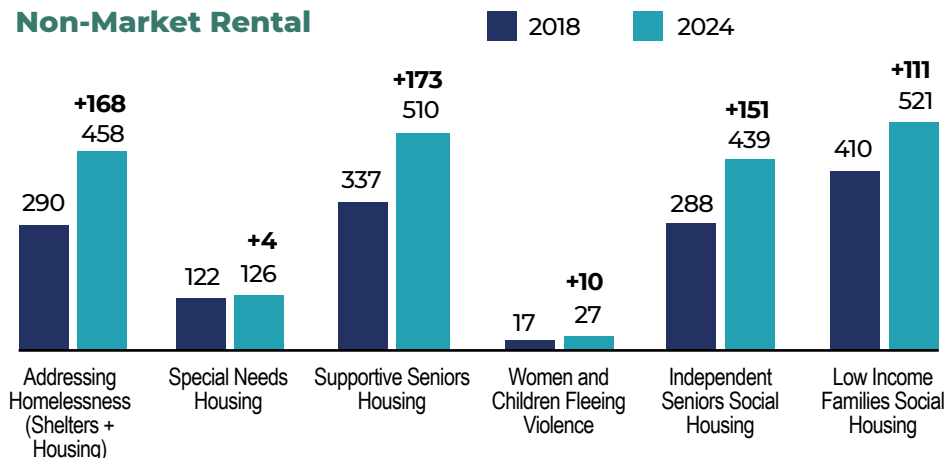
Rents have continued to rapidly increase over the last year, with a +6% overall increase to the 'All Units' median rent between 2022 and 2023

Market Rental Units



Over past 10-years, there are 1,319 more purpose-built rental units: 47% 1-bedroom, and 42% 2-bedroom units, with only a few (+8) more 3-bedroom units.

Non-Market Rental



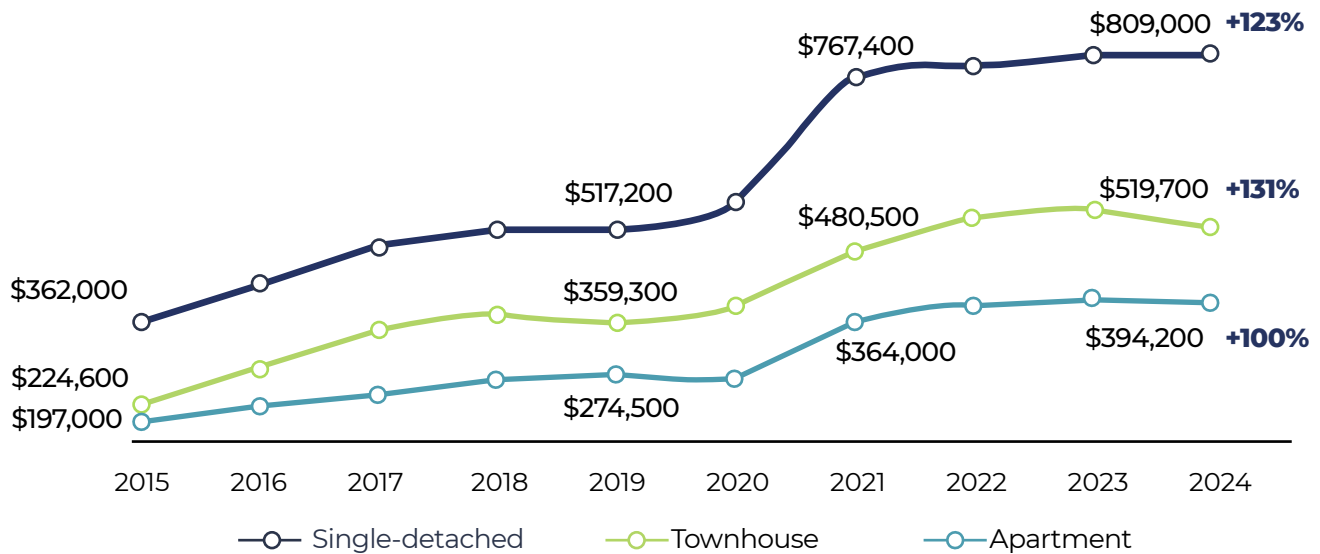
Since 2018, there are more units of all non-market housing types tracked by BC Housing, with the most units in supportive seniors housing (+173) and housing or shelters for people experiencing homelessness (+168).



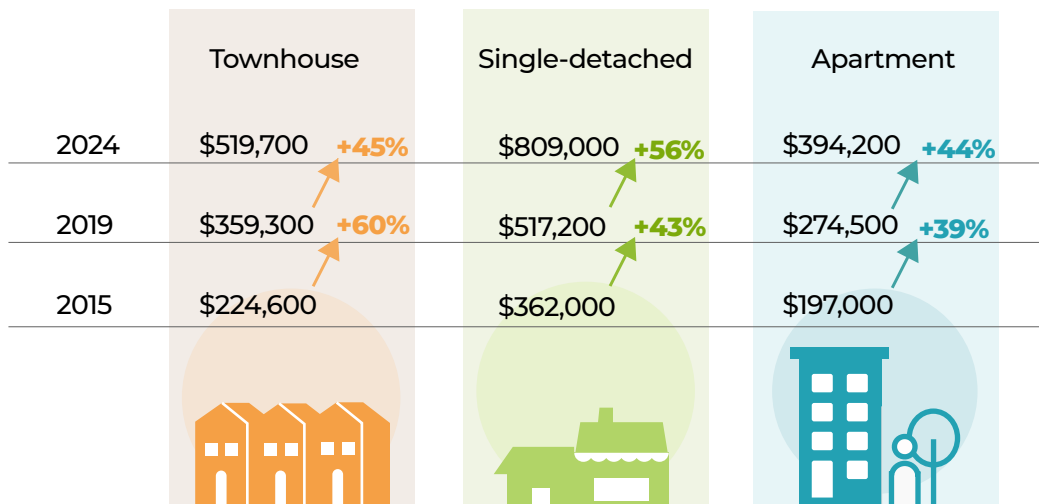
Ownership Housing Statistics

In the past 10-years, the benchmark price of all housing types have at least doubled, with townhouses increasing the most (+131%).

Prices increased very rapidly at the beginning of the COVID-19 pandemic, but have been increasing slower since 2021.



Although prices surged quickly in the first year of the COVID-19 pandemic (rising 15% to 22% annually depending on the dwelling type), the overall percentage increase in the five years before and after 2020 was comparable. However, prices increased faster in the years leading up to 2020 than in the years following 2021.



1. Introduction

The City of Nanaimo has a strong foundation in housing policy and analysis. An Affordable Housing Strategy was endorsed in 2018, and the City participated in a regional Housing Needs Report in 2020, adopted City Plan – Nanaimo Reimagined in 2022, and completed a Housing Needs Report in May 2023.

This Interim Housing Needs Report addresses new legislative requirements for estimating housing unit need or demand in communities across British Columbia and provides an update to the City of Nanaimo's 2023 Housing Needs Report.

1.1. Housing Needs Report History and HNR Method

Since 2019, local governments in British Columbia have been legislatively required to undertake a housing needs assessment process every five years. Other than stating an estimated number of additional housing units needed over the next five years there was no guidance or methodology for producing the estimate. There was also no enforcement mechanism or direct requirement to implement policies to meet the estimated need.

In Fall 2023, new legislation was introduced to significantly amend a broad range of planning and land use tools, regulations, and requirements for local governments. A key change was a shift to more pro-active planning, the requirement to estimate 5- and 20-year housing need with a specific HNR Method (HNRM), and to implement sufficient residential development capacity through Official Community Plan (OCP) amendments to accommodate the identified need. An interim housing needs report (IHNR) with the results of the HNRM calculation must be completed by all local governments no later than January 1, 2025, with OCPs amended to accommodate the estimated need no later than December 31, 2025.¹

The analysis, and associated OCP updates, must be completed every five years going forward. IHNRs have two additional components beyond the HNRM calculation (See [Appendix A](#) for all three required components).

1. It is possible the existing OCP land use designations adopted in 2022 will be sufficient to meet the HNRM results, but additional analysis will be required.



Since May 2023, British Columbia's Ministry of Housing has also incrementally assigned housing targets to municipalities with the greatest housing need and highest projected population growth through Housing Target Orders (HTOs). While communities with higher estimated need were prioritized, the government plans to issue target orders to 16 to 20 municipalities per year. The targets are based on a similar, but not identical, methodology to the HNRM. See [Section 4: Provincial Housing Target Orders](#) on page 13 for further discussion on the HTOs and how they vary from the HNRM.

1.2. Interim Housing Needs Report Technical Memorandum

A technical document has been prepared with the results of the mandatory HNRM calculation, including advanced analysis to estimate affordable housing need by type, tenure, and income. The results have also been estimated by bedroom count, using the National Housing Standards as the reference for the number of bedrooms required per household. The primary results of the analysis are presented in this Report, with further details, methodological explanation, assumptions, and breakdowns for different timeframes available in the *Technical Memorandum*.

2. Housing Needs Report Method Results

The legislatively required 5- and 20-year estimates are for 7,227 and 23,776 additional units respectively (see Table 1 for breakdowns by component). Table 1 includes a supplemental 10-year estimate for 12,962 units.² Revised OCPs must accommodate this number of units. The methodology includes six components, each with a prescribed calculation method.³

Table 1: 5-, 10-, and 20-Year HNR Method Housing Need Estimates, City of Nanaimo⁴

COMPONENT	DETAIL	5-YEAR	10-YEAR	20-YEAR
A	Extreme Core Housing Need	623.5	1,247.0	2,494.1
B	Person Experiencing Homelessness	299.3	448.9	598.6
C	Suppressed Household Formation	313.9	627.8	1,255.6
D	Anticipated Household Growth	5,370.4	9,398.8	16,948.4
E	Rental Vacancy Rate Adjustment	45.3	90.6	181.2
F	Demand Buffer	574.4	1,148.9	2,297.7
Total		7,227	12,962	23,776

It should be noted the five-year result is not simply one quarter of the 20-year result. The shift in the pace of need is primarily driven by changes to the rate of population growth. BC Statistics projections indicate an incremental decrease in annual growth rates, starting at +2.3% for the first five years, dropping to +1.5% from 2026 to 2031, and further declining to +1.3% over the following decade, up to 2041.

Addressing homelessness (Component B) is a pressing priority, with the HNRM aiming to meet half of this need within five years. Component D (Anticipated Household Growth) can be described as the estimated future need, while the other HNRM components are

2. The HNRM only requires 5- and 20-year breakdowns, however, most new housing units realized over the next five years will be from current projects, and it may be challenging for local governments to meaningfully shape outcomes on this timescale. The 10-year calculation follows the same logic and approach as described for 5- and 20-years in the guidelines, however, it is not an officially mandated methodology and some discretion around how to distribute the different components was required.

3. Refer to BC Ministry of Housing's *Guidelines for Housing Needs Reports – HNR Method Technical Guidance* for further detail on the specific components, what they represent, and why they were included in the methodology.

4. BC Ministry of Housing's guidelines state values should remain unrounded until the final total, which is to be rounded to the near whole number. For the components, one decimal place has been shown for clarity when summing.



considerations of pre-existing unmet need(s) regardless of future population growth. Most of the estimated need is from projected growth (71%-74% depending on the timeframe).

Most development over the next five years will be from projects currently underway and in-stream in the approval process. As such, it is challenging to affect development outcomes between 2021 and 2026 with policy changes made today (see [Section 5](#) for an assessment of development activity since 2011 compared against the HNRM estimate for 2021-2026). However, the City has established an updated land use framework through City Plan that is expected to address housing need and create a greater variety of housing options over time, in addition to adopting new legislative requirements for transit-oriented and small-scale multi-unit housing.

Values presented in Table 1 provide the minimum requirements of the HNRM calculation for IHNRs. The remainder of this Report will explore more complexity, including the type, size, and price points required to meet the needs of City of Nanaimo households for the next 5- and 10-years.⁵

Note: The HNRM will consistently use a Census year as its starting point. The initial calculation for this IHNR will not align with the current year. The term “next 5 years” typically refers to 2021 to 2026, “10 years” refers to 2021 to 2031, and “20 years” refers to 2021 to 2041. Future analyses are expected to be better aligned with the current year.

2.1 Distribution of HNR Method by Price-Point, Housing Type and Tenure, and Bedroom Count

While an estimate of overall unit need or demand for housing is important to understand, there are a wide range of housing needs requiring different solutions. More advanced analysis of the basic HNRM results can provide a broader understanding of potential housing need in the community. A key aspect of distributing the estimated need to housing type, tenure, or price-point is what a household can afford to pay for their housing. **The analysis described below provides high-level estimates of the need based on all households spending no more than 30% of before-tax income on their homes.** This analysis is not part of the standard HNR Method requirements and is provided to support local policymaking.

5. The 20-year timeframe is likely too far into the future for the finer-grain analysis to maintain accuracy through 2041. Updates every 5-years will support maintaining an accurate understanding of need.

The HNRM results have been allocated to four housing type and tenure categories based on analysis of the incomes of households in Extreme Core Housing Need; local renter incomes; market rents and purchase prices; and the potential rents of affordable housing funding programs:⁶

- **Deep Subsidy + Supportive Rental:** Based on analysis of market rents and affordable housing programs, **deep subsidy and supportive rental represents housing need for households with incomes of \$20,000 or less that could afford to spend no more than \$500 per month (or those who need temporary or permanent supports with their housing).**
- **Non-Market Rental:** Based on analysis of market rents and affordable housing programs, **non-market rental need represents households with incomes of \$20,000 to \$59,999 that could afford to spend between \$500 and \$1,500 per month.**
- **Market Rental:** Based on analysis of local market rents and incomes, **market rental need represents households with incomes of \$60,000 to \$125,000 that could afford to spend between \$1,500 and \$3,125 per month.**
- **Ownership:** Based on an affordability analysis of local ownership housing, this **represents new renter households with incomes of \$125,000 or more⁷ that could afford to spend more than \$3,125 per month.⁸** This component also includes 50% of new households from Components D and F, which are assumed to be able to purchase regardless of household income due to existing equity, downpayment support from parents or inheritances, and other unique circumstances allowing for households to purchase homes.⁹

Table 2 broadly summarizes how the HNRM components have been allocated to the four housing type and tenure categories.

6. See the Interim Housing Needs Report Technical Memorandum for detailed descriptions of each housing type and tenure category, and how each HNRM component is individually allocated to the housing types.

7. Among renters, 9% are estimated to have incomes of \$125,000 or more, representing approximately 45 renter households transitioning to ownership each year over the next ten years.

8. Based on the minimum income required (\$122,917) to qualify for the benchmark priced townhouse (\$515,600, Sept 2024) with a 20% downpayment (\$103,120) at 4.44% for 25-years with a gross debt service ratio of 32% and \$575 of relevant housing costs per month for qualification at the stress test rate of 4.44%+2%. In the past 12-months, benchmark townhouse prices have ranged from \$508,200 to \$529,200.

9. The 50% ownership share for household growth is based on examining the recent historical trend of ownership and overall household growth.



Table 2: Type and Tenure Allocation of HNR Method, City of Nanaimo

COMPONENT	DETAIL	TYPE + TENURE ALLOCATION
A	Extreme Core Housing Need	Distribute to Rental Categories Based on Income of Households in ECHN
B	Persons Experiencing Homelessness	Deep Subsidy + Supportive Rental
C	Suppressed Household Formation	Market Rental + Ownership
D	Anticipated Household Growth	Broadly Distributed by Income ¹⁰
E	Rental Vacancy Rate Adjustment	Market Rental
F	Demand Buffer	Broadly Distributed by Income

Most estimated demand for housing over the next ten years is derived from estimated household growth (Component D; 73%) and Demand Buffer (Component F; 9%), both of which can be broadly allocated to different housing types based on household income compared to local housing costs (as described above). Both concepts represent a wide spectrum of household types, with different incomes and household sizes. In contrast, Component B (persons experiencing homelessness) is entirely allocated to the **Deep Subsidy and Supportive Rental** category.

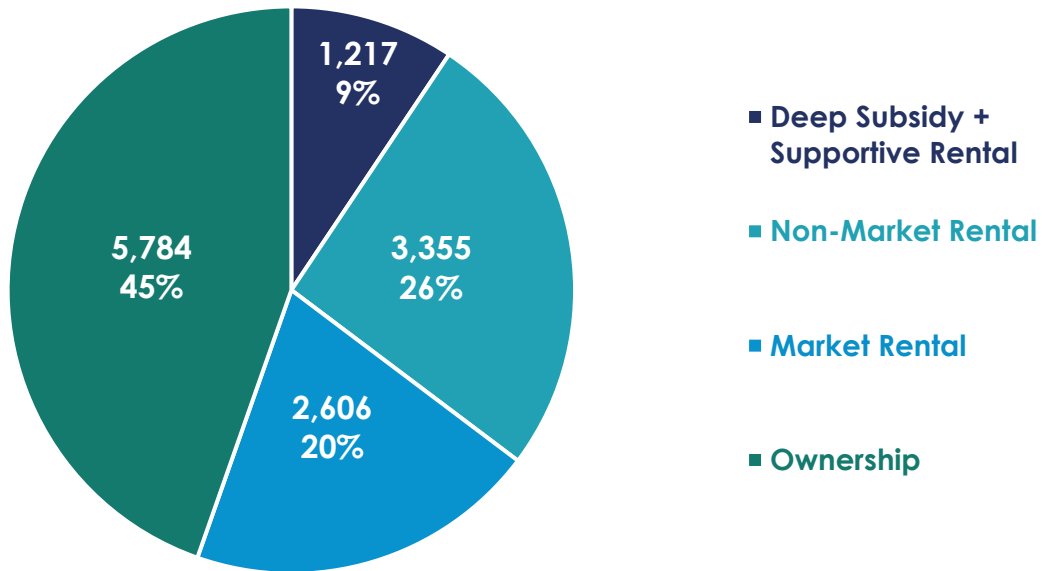
Table 3 on the following page provides the resulting distribution of the four housing categories for 5- and 10-years.

10. Estimated future renter households are assigned to market, non-market, and deep subsidy rental by income compared against current market rents and non-market funding programs. For owners, the share of new owner households from 2011 to 2021 has been considered to conservatively project 50% of new households from 2021 to 2031 will purchase their home (resulting in the overall share of households who own shifting from 67% in 2021 to 63% by 2031).

Table 3: 5-Year and 10-Year HNR Method Type and Tenure Allocation

TIMEFRAME		DEEP SUBSIDY + SUPPORTIVE RENTAL	NON-MARKET RENTAL	MARKET RENTAL	OWNERSHIP	TOTAL
5-Years	#	711	1,833	1,426	3,257	7,227
	%	10%	25%	20%	45%	100%
10-Years	#	1,217	3,355	2,606	5,784	12,962
	%	9%	26%	20%	45%	100%

Figure 1: 10-Year HNR Method Type and Tenure Allocation



3. Income Group + Bedroom Count Allocation

3.1 Income Group Concept

Nanaimo's 2023 HNR applied the income group concept developed by University of British Columbia's Housing Research Collaborative to better understand potential housing need and demand for affordable housing by income and household size. The key innovation of this work is the custom dataset allowing for crosstabulation of census data by five income groups. A new custom StatCan dataset with the income group concept has been ordered to support more advanced analysis by income as per the new HNR framework. See the *Interim HNR Technical Memorandum* for further discussion about the income group concept and its theoretical basis.

Table 4 provides income ranges, affordable monthly housing cost (30% of income), and number and share of households in each income group for the city of Nanaimo based on the median household income of \$76,000 (2021).

Table 4: Income Range, Monthly Affordable Housing Cost, and Number of Households by Income Group, City of Nanaimo

INCOME GROUP	INCOME RANGE	MAXIMUM MONTHLY HOUSING COST	NUMBER OF HOUSEHOLDS	SHARE OF HOUSEHOLDS
Very Low	< \$15,000	< \$375	1,020	2%
Low	\$15,000 – \$34,999	\$376 – \$1,000	7,245	17%
Moderate	\$35,000 – \$59,999	\$1,001 – \$1,500	8,750	20%
Average	\$60,000 – \$89,999	\$1,501 – \$2,250	8,945	21%
Above Average	\$90,000+	> \$2,250	17,065	40%

Based on the 2021 Census, the median household income in Nanaimo (\$76,000) is lower than for British Columbia (\$86,000) and Canada (\$84,000).

3.2 10-Year Allocation of Projected Growth + Demand Buffer

HOUSEHOLDS BY INCOME GROUP AND HOUSEHOLD SIZE

With Component D and F (projected household growth and demand buffer) representing a broad range of all households, they can be projected into the future by income group and



household size. See *IHNR Technical Memorandum* for all 5- and 10-year tables alongside supplemental breakdowns with proportions (%) rather than unit counts.

Table 5 provides the distribution of **all households** by income group and household size (2021 Census distribution carried forward) applied to Components D and F combined.

Table 5: Estimated 10-Year Future Demand by Income Group and Household Size, All Households, Components D + F, City of Nanaimo

INCOME GROUP	VERY LOW	LOW	MODERATE	AVERAGE	ABOVE AVERAGE		
HOUSEHOLD INCOME	< \$15,000	\$15,000 – \$39,999	\$40,000 – \$59,999	\$60,000 – \$89,999	\$90,000+		
MONTHLY AFFORDABLE HOUSING COST	< \$375	\$376 – \$1,000	\$1,001 – \$1,500	\$1,501 – \$2,250	> \$2,250	TOTAL	%
1-person	248	1,526	1,018	509	266	3,567	34%
2-person	41	401	908	1,092	1,474	3,916	37%
3-person	0	72	237	353	763	1,425	14%
4+person	0	14	129	297	1,200	1,640	16%
TOTAL	289	2,013	2,292	2,251	3,703	10,548	
%	3%	19%	22%	21%	35%		

Table 6 provides the distribution of **owner households** by income group and household size (2021 Census distribution) applied to Components D and F.

Table 6: Estimated 10-Year Future Demand by Income Group and Household Size, Owner Households, Components D + F, City of Nanaimo

INCOME GROUP	VERY LOW	LOW	MODERATE	AVERAGE	ABOVE AVERAGE		
HOUSEHOLD INCOME	< \$15,000	\$15,000 – \$39,999	\$40,000 – \$59,999	\$60,000 – \$89,999	\$90,000+		
MONTHLY AFFORDABLE HOUSING COST	< \$375	\$376 – \$1,000	\$1,001 – \$1,500	\$1,501 – \$2,250	> \$2,250	TOTAL	%
1-person	62	498	420	232	165	1,377	26%
2-person	8	124	418	580	1,026	2,156	41%
3-person	0	22	58	139	534	753	14%
4+person	0	8	28	94	858	988	19%
TOTAL	70	652	924	1,045	2,583	5,274	100%
%	1%	12%	18%	20%	49%		



Table 7 provides the distribution of **renter households** by income group and household size (2021 Census distribution) applied to Components D and F.

Table 7: Estimated 10-Year Future Demand by Income Group and Household Size, Renter Households, Components D + F, City of Nanaimo

INCOME GROUP	VERY LOW	LOW	MODERATE	AVERAGE	ABOVE AVERAGE		
HOUSEHOLD INCOME	< \$15,000	\$15,000 – \$39,999	\$40,000 – \$59,999	\$60,000 – \$89,999	\$90,000+		
MONTHLY AFFORDABLE HOUSING COST	< \$375	\$376 – \$1,000	\$1,001 – \$1,500	\$1,501 – \$2,250	> \$2,250	TOTAL	%
1-person	186	1,028	598	277	101	2,190	42%
2-person	33	277	490	512	448	1,760	33%
3-person	0	50	179	214	229	672	13%
4+person	0	6	101	203	342	652	12%
TOTAL	219	1,361	1,368	1,206	1,120	5,274	100%
%	4%	26%	26%	23%	21%		

HOUSEHOLDS BY INCOME GROUP AND ESTIMATED BEDROOM NEEDS

There is not a completely direct and consistent relationship between the number of people in a household and the number of bedrooms required to meet their housing needs. This is due to variations in household composition or preferences. For example, a three-person household comprising one couple with one child requires two bedrooms to meet the National Occupancy Standards. However, a three-person household with three unrelated roommates would require three bedrooms. Alternatively, a four-person household comprising two couples would only require two bedrooms. While larger households typically need more bedrooms, it is not always uniformly the case.

This analysis focuses on addressing the basic housing needs of households. However, many households opt for an additional bedroom to accommodate guests, create storage, establish an office space, or serve other purposes. When financially feasible, households often choose larger homes, but this analysis does not account for such preferences, as they are influenced more by personal choices and financial capacity than by essential housing needs. Consequently, the demand for larger units may exceed projections, and developers may prioritize building these units if they perceive households can afford the extra space.



Table 8 provides the estimated housing need by income group and bedroom count for Components D and F based on analysis of household composition from the 2021 Census. There may be a larger gap between the basic need for bedrooms and the demand for additional space in the average and above average income groups, where household incomes may support being able to afford extra bedrooms.

Table 8: Estimated 10-Year Future Demand by Minimum Bedrooms Required, Components D and F, City of Nanaimo

UNIT SIZE	INCOME GROUP					TOTAL	%
	VERY LOW	LOW	MODERATE	AVERAGE	ABOVE AVERAGE		
1-bedroom ¹¹	226	1,547	1,515	1,308	1,600	6,196	59%
2-bedroom	19	171	398	500	1,284	2,372	22%
3-bedroom	0	51	179	267	736	1,233	12%
4+bedroom	0	9	54	120	564	747	7%
TOTAL	245	1,778	2,146	2,195	4,184	10,548	

Data limitations mean the income-based model can only be applied to Components D and F of the HNRM. However, manual examination of the other components and reference data from the 2021 census has been undertaken to estimate bedroom needs for the entire HNRM estimate at a high level.

Table 9: Estimated Bedroom Needs, 10-Years, All HNR Method Components

UNIT SIZE	UNITS	SHARE
1-bedroom	7,935	61%
2-bedroom	2,787	22%
3-bedroom	1,414	11%
4+bedroom	826	6%
TOTAL	12,962	100%

11. Studios are functionally equivalent to 1-bedroom units but may have a lower rent.



3.3 Key Considerations for Interpreting these Results¹²

The housing need estimates describe the potential demand for new housing units of various types, tenures, and price ranges to affordably address estimated current and future housing needs.

- The housing type estimates are based on current assumptions, which may change over time or vary depending on the data source.
- These estimates reflect how unmet current and projected future housing needs could be addressed through **new construction**. However, not all households will require new homes, as vacancies may arise when existing households move into new dwellings.
- Overall, any net increase in housing supply improves affordability within the housing system. In urban areas, the greatest benefits often come from replacing low-density, high-cost housing with higher-density, more affordable options. For some households, access to non-market housing options will be essential, and prioritizing such developments will have the most significant impact on affordability.
- Adding market rental and ownership units is also an important part of the solution, even with a high need for subsidized options. Without new higher-cost housing, high-income households will bid up prices for existing lower-cost homes, ultimately displacing lower-income households. A historical lack of market supply for high-income households has been a key factor driving current housing prices.
- Implementing policies or incentives to encourage the development of non-market housing is essential to meet the needs of certain households. Additionally, preserving existing housing that is relatively more affordable – often older market rentals and other multi-unit housing types – is equally important.
- **Regular five-year updates to the estimates will help determine how effectively recent development has addressed the identified needs within the complexity of household choice, diversity of ways first time buyers purchase, and how filtering can address the needs of some lower income households without building a new dwelling for them.**

12. See the Interim Housing Needs Report Technical Memorandum for further discussion on interpreting the results of this analysis.



4. Provincial Housing Target Orders

While the HNRM calculation provides local governments with the minimum amount of housing OCP land use designations must permit, the provincial government has also assigned specific housing targets to a range of municipalities, including City of Nanaimo. While estimating need is largely a technical exercise, setting targets is strategic decision and attempts to consider need with other factors supporting or limiting the ability to meet a target.

Targets are typically based on a range of considerations such as: the estimated need, the capacity of the local development sector, external financial factors (such as lending rates or mortgage finance rules), local policies which support or restrict development, the ability of households to purchase or rent at different price-points, and many other potential influences. **Typically, targets are intended to be more tangible and based on what is reasonably possible within a given time frame, which may be less than the estimated need** (particularly in the short term). If possible, a target should be as close as possible to estimated need.

City of Nanaimo received a Housing Target Order (HTO) in June 2024 for 4,703 additional dwellings by 2028 (see Table 10 for a summary with annual sub-targets). The HTOs seek to address only 75% of the estimated need over 5-years, recognizing the limited capacity of local governments to force development to occur. Long-term housing undersupply in many communities will require a consistent effort over many years to address, and targets typically aim to be reasonably achievable.

Table 10: Nanaimo Housing Target Order Summary

YEAR	JULY TO JULY	ANNUAL	NET TOTAL
1	2024-2025	783	783
2	2025-2026	835	1,618
3	2026-2027	915	2,533
4	2027-2028	1,019	3,552
5	2028-2029	1,151	4,703
Total		4,703	



Table 11 summarizes the HTO by housing type and Table 12 provides the unit size targets.

Table 11: Nanaimo Housing Target Order, Housing Type Target

HOUSING TYPE	DWELLINGS (#)	PROPORTION OF DWELLINGS (%)
Supportive	108	2%
Non-Market Rental	735	16%
Market Rental	1,929	41%
Ownership	1,931	41%
Total	4,703	100%

Table 12: Nanaimo Housing Target Order, Unit Size Target

UNIT SIZE	TOTAL	ANNUAL AVERAGE	SHARE
Studio (0-bedroom) + 1-bedroom	3,124	625	66%
2-bedroom	772	154	16%
3+bedroom	806	161	17%
Total	4,702¹³	940	100%

4.1 HNR Method Compared to Housing Target Orders

The HNRM and HTO address different timeframes, with the HNRM intended to estimate the required unit capacity of the local planning framework over the long-term, indexed to census years to support long range planning (currently for 2021 to 2041). The HTO is 5-years from the date issued; in Nanaimo's case the HTO is for 2024 to 2028. The HTO provides annual targets, which incrementally increase each year, recognizing local governments need time to implement policies or incentives to realize additional housing development. The focus of the HNRM is the 5- and 20-year estimate, however, Table 13 annualizes the results for comparison with the HTO.

With the HTO intended to be 75% of the estimated need, the annual values are lower than for the HNRM. The 2027/2028 HTO values are closer to or slightly above the HNRM because

¹³ The Housing Target Order summary document notes totals may not add up correctly for all sub-targets due to rounding.



46% of the target is in the final two years. **Overall, comparing the 2024 to 2028 totals, the HTO is 73% of the HNRM.**

Table 13: Housing Target Order (2024-2028) Compared to the HNR Method (2021-2031)

YEAR	DWELLINGS	
	HOUSING TARGET ORDER	HNR METHOD ¹⁴
2021	–	1,296
2022	–	1,296
2023	–	1,296
2024	783	1,296
2025	835	1,296
2026	915	1,296
2027	1,019	1,296
2028	1,151	1,296
2029	–	1,296
2030	–	1,296
5-year Total (2024 to 2028)	4,703	6,480

HOUSING TYPE COMPARISON

As illustrated earlier in this Report, analysis has also been undertaken to distribute the HNRM into four similar housing type categories and by bedroom count. However, the methodology for HTO sub-targets is not clear, and the HNRM housing type distribution is based on assessing the minimum need for housing (assuming new dwellings are affordable to households at no more than 30% of household income) and takes an income-based approach considered against the typical cost to access the different housing types.

¹⁴ The annual HNRM numbers in Table 13 are based on evenly distributing the 10-year estimate across 2021 to 2031.



Table 14: Housing Type Housing Target Order and HNR Method Comparison by Share of Dwellings

HOUSING TYPE	HTO	HNRM
Supportive / Deep Subsidy + Supportive ¹⁵	2%	10%
Non-Market Rental ¹⁶	16%	25%
Market Rental	41%	20%
Ownership	41%	45%

The HTO housing type sub-target allocates a significantly higher proportion to market rental housing (41%) compared to the HNRM analysis (20%). Conversely, the HNRM analysis places greater emphasis on non-market rental, deeply subsidized non-market rental, and supportive housing than the HTO sub-targets. It is important to note that the HNRM analysis is not intended to serve as a target but rather as an evaluation of how current unmet housing needs and future household growth could be addressed without households spending more than 30% of their income on housing. The lower share of non-market rental in the HTO may reflect the practical consideration that market rental housing is easier to develop, and it may not be feasible to fund or incentivize sufficient non-market housing to meet the needs of all current and future renter households within the next five years. This disparity underscores the difference between assessing housing needs and setting achievable targets.

Many households struggle to afford their current housing, even if it otherwise meets their needs (in 2021, 37% of renters could not afford their housing). Higher-income households are generally better able to manage spending slightly more than 30% of their income on

15. The HTO has categories for non-market rental and supportive housing, while the HNRM housing type allocation has a category combining deeply subsidized non-market rental and supportive housing. This combined HNRM category is used recognizing many people experiencing homelessness may not need supports but rather just need very low rents, and they may also move back and forth between these housing types. This category would also include those on social assistance and low-income seniors.

16. The HTO defines non-market rental as units rented for less than the BC Housing High Income Limits for Nanaimo per unit size (currently \$1,110 for 1-bedrooms, \$1,400 for 2-bedrooms, \$1,588 for 3-bedrooms, and \$1,850 for 4+ bedrooms); the approach applied to the HNRM defines non-market rental as having rents between \$500 and \$1,500, which is based on fine-grain income data from the census. While there is some variation between the two approaches, there are few 4+ bedroom purpose-built rental units, and without considering those larger units, the rent ranges are closely aligned (up to \$1,110 - \$1,588 compared to \$500 - \$1,500)



housing compared to lower-income households. Setting housing targets by price point is complex, as new housing availability often triggers household moves, freeing up existing units when residents relocate to new dwellings (see the 'Interpreting the Results' section of the *IHNR Technical Memorandum* for more detail). Additionally, not all new households or existing households with unmet housing needs will necessarily require a new unit to address their needs.

UNIT SIZE COMPARISON

The HTO also includes bedroom count sub-targets, which were also undertaken for the HNRM analysis based on income. Table 15 compares the HTO sub-targets by bedroom count to the HNRM income-based analysis. The results of both approaches are similar: the HTO has a slightly higher emphasis on 1-bedroom units, while the HNRM analysis distributes 6% more of the estimated need to 2-bedroom units. The estimated need for 3-bedroom units is the same between the two approaches.

Table 15: Unit Size Housing Target Order and HNR Method Comparison by Share of Dwellings

UNIT SIZE	HTO	HNRM
1-bedroom	66%	61%
2-bedroom	16%	22%
3+bedroom	17%	17%

When evaluating housing needs by bedroom count, a gap may exist between households' basic requirements (as defined by National Occupancy Standards) and their desire for larger homes. Many households, when financially able, seek additional bedrooms to accommodate growing families, guests, office space, hobbies, storage, or other uses. Ultimately, market developers prioritize aligning housing supply with the most profitable demand rather than addressing only basic needs. This means larger homes may be built when sufficient demand is expected, while larger homes are more expensive to rent or buy.

Table 16 on the following page compares the bedroom count distribution of the current housing stock (2021 Census) with the estimated minimum bedroom needs as per the income-based HNRM allocation. Single-detached houses make up 66% of the housing stock, resulting in a significantly higher proportion of dwellings with 3 or more bedrooms (56%) compared to the estimated need (19%). In contrast, only 14% of existing dwellings



have one bedroom, while the estimated minimum need is 59%. While a 2- or 3-bedroom unit can meet the needs of a household requiring only one bedroom, they typically come with a higher cost.

Table 16: Existing Dwelling Stock Compared to Estimated Minimum Bedroom Needs

UNIT SIZE	DWELLING STOCK	ESTIMATED MINIMUM BEDROOM NEEDS (HNRM)
Studio / 1-Bedroom	14%	61%
2-Bedroom	29%	22%
3-Bedroom	30%	11%
4+ Bedroom	26%	6%

Having extra rooms is generally desirable, however, with broad housing affordability challenges, trends towards smaller households, and an aging population, increasing the supply of livable, well designed smaller units will be important to affordably addressing the housing needs of all households.



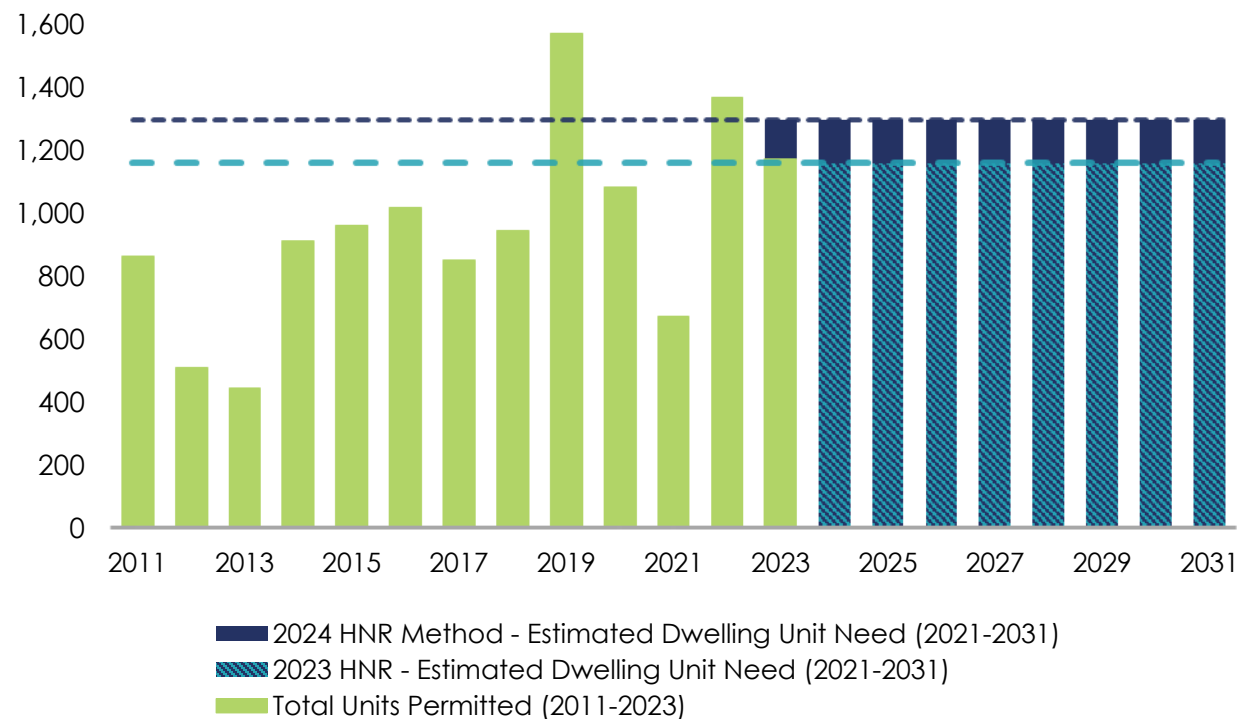
5. Recent Development and Housing Need Estimates

The *City of Nanaimo 2023 Housing Needs Report* includes an estimate of housing need for 2021 to 2031, based on household projections in *City Plan* and core housing need data from the 2021 Census.¹⁷ The updated approach based on the HNR Method, with more diverse considerations of unmet and current housing need, estimates a slightly higher overall housing need for 2021 to 2031. The previous approach estimated 11,580 additional dwellings would be needed, while the HNR Method approach estimates 12,962 additional dwellings are needed. This represents an increase of 12% or 1,382 additional dwellings over ten years (approximately 138 more per year).

Figure 2 compares the number of permits issued by the City from 2011 to 2023 with the annual estimate from the 2023 HNR and the updated 2024 HNR Method results.

Figure 2: Number of Units Permitted (2011-2023) and Estimated Units Needed (2021-2031)

Source: City of Nanaimo Building Permit Data. Nanaimo City Plan. Census of Population, Core Housing Need, City of Nanaimo.



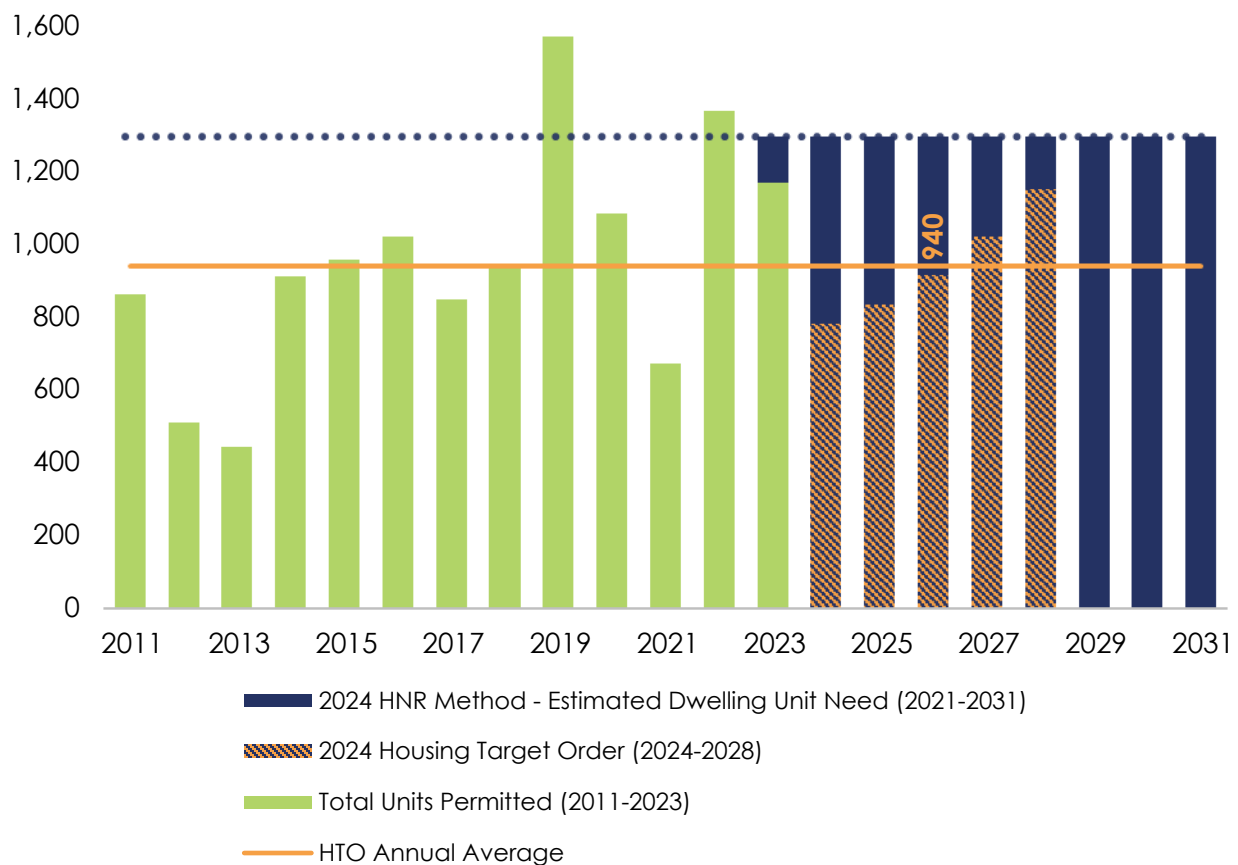
17. 2023 estimates were based on UBC HART's approach, which combines household projections with core housing need. The updated approach based on the HNR Method is more comprehensive, includes a broader consideration of pre-existing unmet need beyond core housing need, and works with finer-grain income categories.

Figure 3 includes historical building permit activity, with the 2024 HNR Method estimate and 2024 Housing Target Order. In the past five years, other than 2021, the City has generally issued more building permits than required to meet the HTO's annual average (940) over the next 4-years (assuming all projects issued a building permit are completed).¹⁸

However, meeting the HTO is based on the number of occupancy permits issued by the City rather than building permits, but this information has not been tracked with as much detail historically. It appears Nanaimo has a high construction completion rate when comparing Canada Mortgage and Housing Corporation data for construction starts and completions: 94% of new dwellings started between 2012 and 2021 were completed by the end of 2023.

Figure 3: Number of Units Permitted (2011-2023), Estimated Units Needed (2021-2031), and Housing Target Order (2024-2028)

Source: City of Nanaimo Building Permit Data. Nanaimo City Plan. Census of Population, Core Housing Need, City of Nanaimo.



18. The Housing Target Order increases annually from 783 in the first year to 1,151 in the fifth year, with an average of 940-units per year, and a total of 4,703-units. The City issued more than 940 permits in each of the last five years other than 2021.



6. Housing Indicator Updates

Most data indicators considered in housing needs assessment rely on the census, with new data expected in 2027. Information related to rental housing and real estate sales can be updated since the 2023 HNR.

6.1 Rental Housing

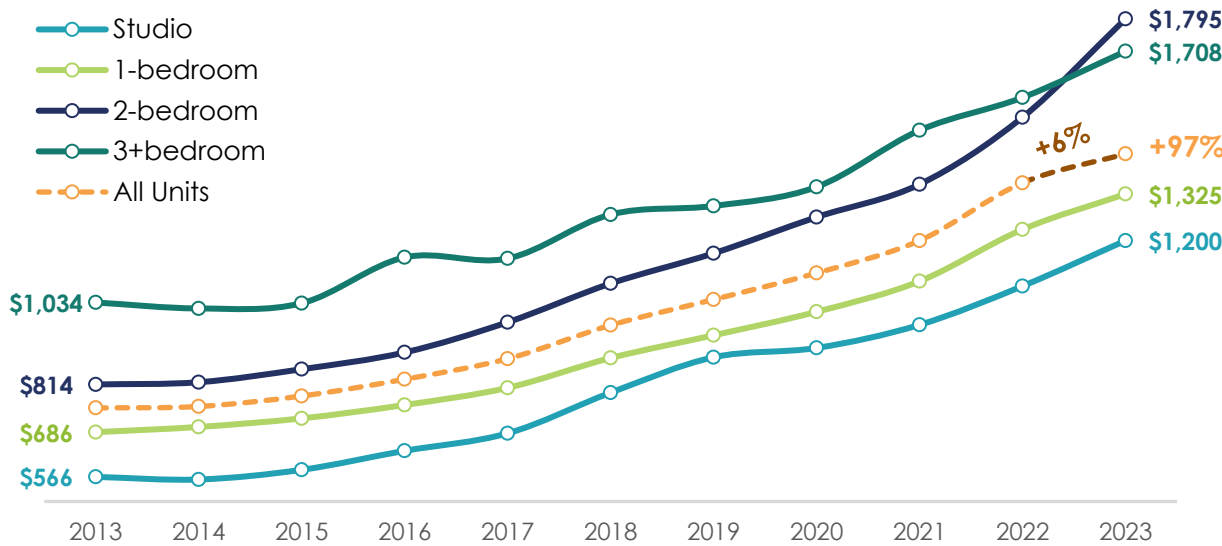
MARKET RENTAL

The median rent for all unit types has continued to rise between 2022 and 2023. Considering all units together, rents have approximately doubled since 2012 (+97%), with an increase of 6% in between October 2022 and 2023.¹⁹

Notably, for the first time, the median rent for two-bedroom units (\$1,795) has exceeded that of three-bedroom units (\$1,708). This does not imply that every two-bedroom unit rents for more than a three-bedroom unit, but rather that the midpoint rent (the median) is higher for two-bedroom units. This trend may be influenced by the completion of newer two-bedroom units, where rents reflect current construction costs, while three-bedroom units remain more challenging to incorporate into traditional apartment building designs.

Figure 4: Median Rents by Unit Size, Purpose-Built Rental, 10-Year Change (2013-2023)

Source: City of Nanaimo Building Permit Data. Nanaimo City Plan. Census of Population, Core Housing Need, City of Nanaimo.



¹⁹ 2024 market rental data was collected in October but is unavailable at the time of writing.

Since 2013, most new purpose-built rental (89%) has been 1- and 2-bedroom units. As illustrated in Figure 5, 47% of net new purpose-built rental dwellings have been 1-bedroom units (+622), while 42% were 2-bedroom units (+558). There were only eight more 3-bedroom units in 2023 than in 2012 (1% of new rental units). Overall, the purpose-built rental supply increased from 3,522 units in 2012 to 5,083 in 2023 (+1,561 or +44%).

In the last 10 years (2014-2023), there were 2,263 building permits issued for secondary suites, or an average of 226 per year. These secondary rental units also support meeting the housing needs of renter households. However, it should be noted secondary suites are not always rented out by the owners and are typically the housing type most likely to be unoccupied (370 or 7% of dwellings in suited houses were unoccupied in 2016)²⁰.

Figure 5: Nanaimo Purpose-Built Rental Units, 10-Year Change (2013-2023)

Source: Canada Mortgage and Housing Corporation, Rental Market Survey

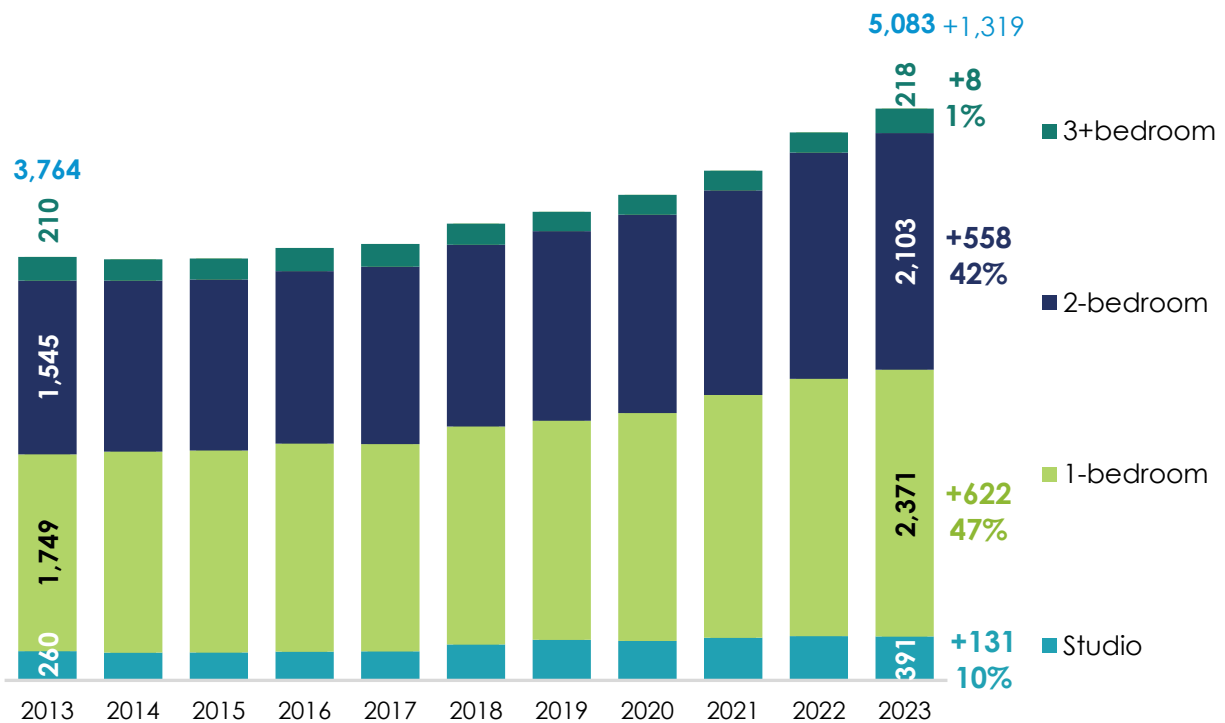


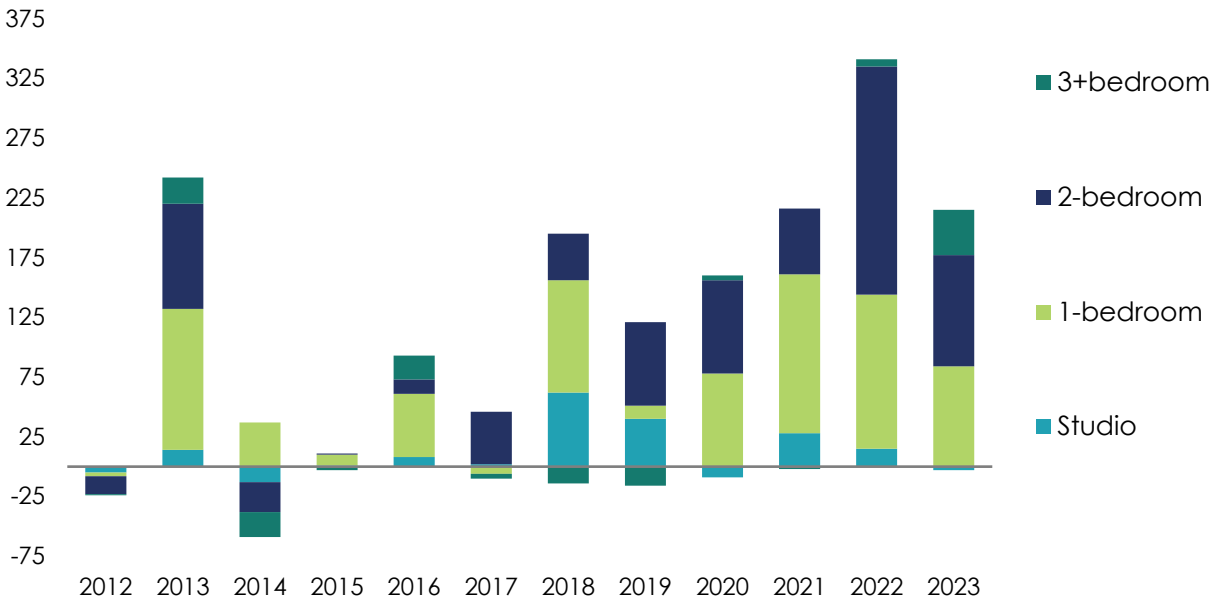
Figure 6 on the following page shows the annual change in purpose-built rental dwellings by unit size. In six of the last 10 years, there were fewer 3-bedroom purpose-built rental units than the year before. There were only two years where there were fewer 1- or 2-bedroom units than the year before, and these unit sizes comprise most new market rental.

²⁰ Unoccupied dwelling data by structure type is not publicly available for the 2021 census.



Figure 6: Annual Change in Purpose-Built Rental Units by Unit Size (2014-2023)

Source: Canada Mortgage and Housing Corporation, Rental Market Survey

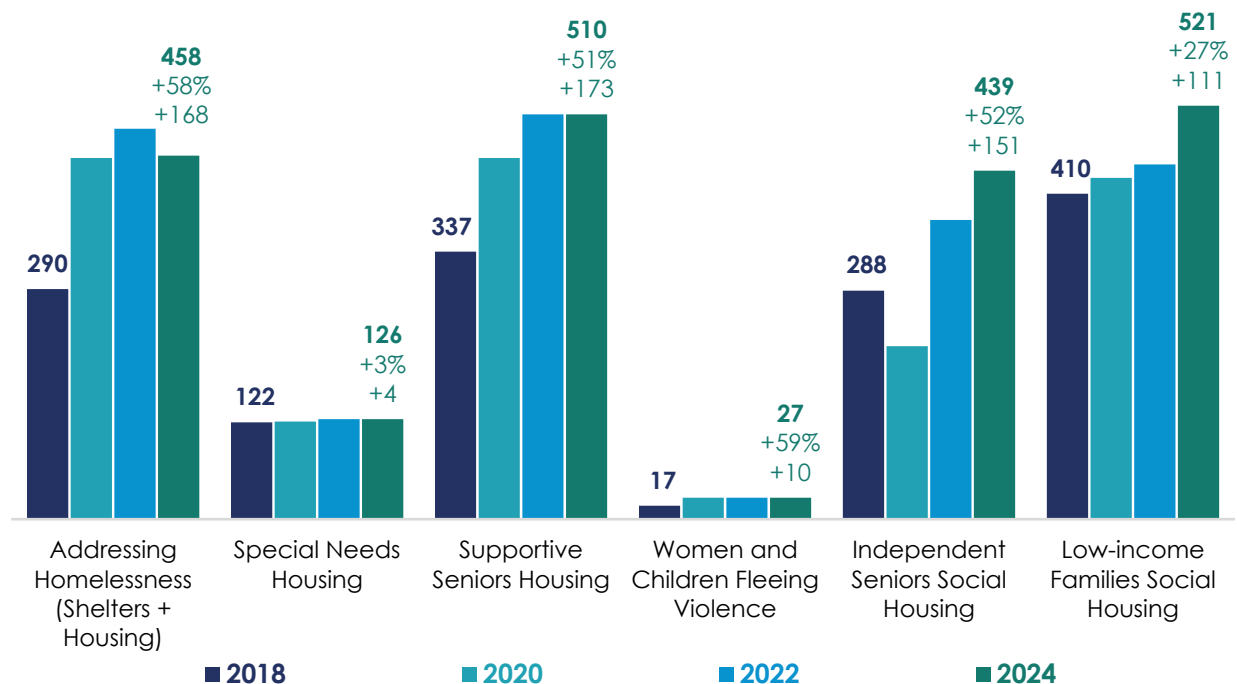


NON-MARKET RENTAL

City of Nanaimo has continued to see increasing numbers of non-market housing units since 2018. In 2024, there were more units for all categories tracked by BC Housing than in 2022.

Figure 7: Non-Market Housing Units Tracked by BC Housing (2017-2024)

Source: BC Housing, Unit Count Reporting Model, March 2018, 2020, 2022, 2024



The four categories with the largest relative growth were:

1. Housing women and children fleeing violence (+59%);
2. Housing and shelters for people experiencing homelessness (+58%);
3. Independent Seniors Housing (+52%); and
4. Supportive seniors housing (+51%),

However, the categories with the most units added between 2018 and 2024 were:

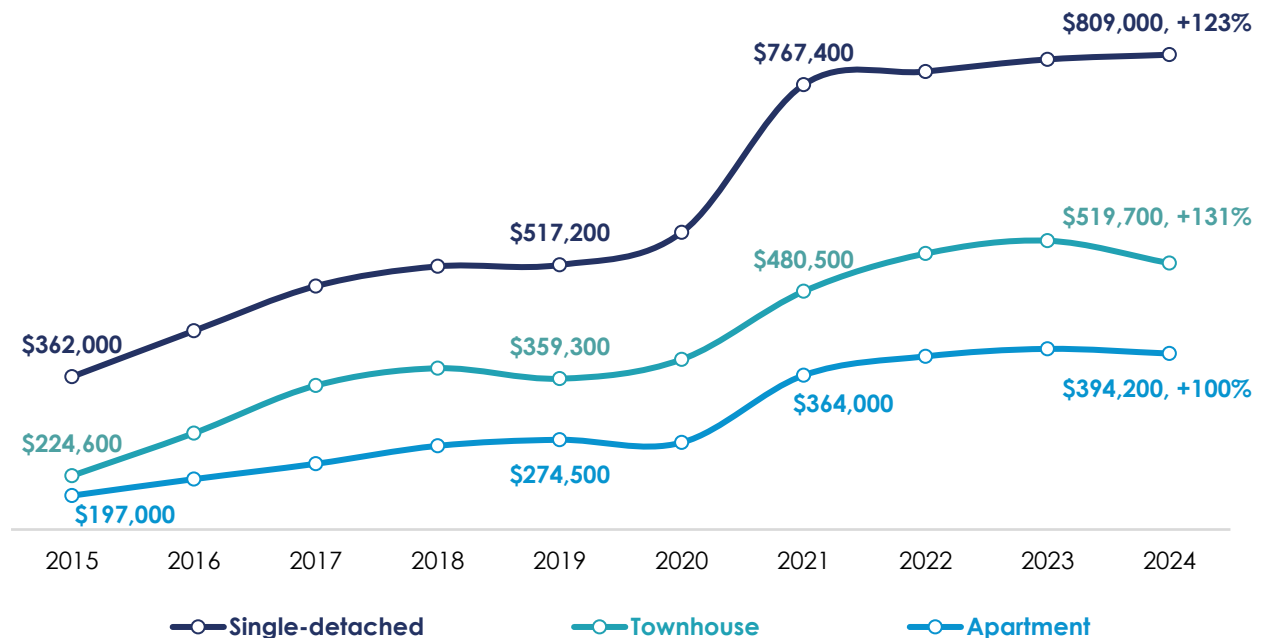
1. Supportive Seniors Housing (+173 units);
2. Housing and shelters for people experiencing homelessness (+168 units or spaces);
3. Independent Seniors Housing (+151 units); and
4. Low Income Families (+111 units).

6.2 Ownership Housing

Figure 8 provides the 10-year trend of benchmark sales prices for single-detached houses, townhouses, and apartments (condominiums). The benchmark price of all three dwelling types has at least doubled since 2015, with townhouses experiencing the largest increase (+131%).

Figure 8: Benchmark Sales Prices (Single Detached, Townhouse, and Apartment), 2015-2024

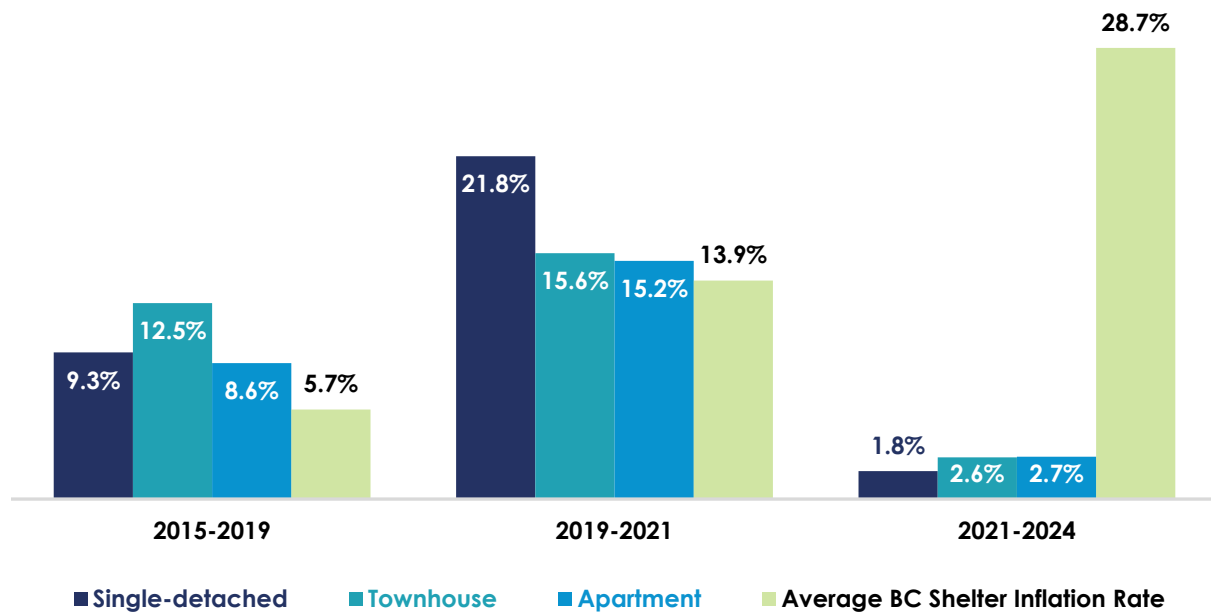
Source: Vancouver Island Real Estate Board, Monthly Stats Package, October 2015-2024



Between 2015 and 2019, prior to the COVID-19 pandemic, prices increased consistently year over year by 8.6% to 12.5%, depending on the dwelling type (see Figure 9). Prices increased significantly between the emergence of the pandemic and 2021, with annual increases of 15.2% to 21.8%, and much smaller increases since (1.8% to 2.7% annually).

Figure 9: Average Annual Increased in Benchmark Prices (Single-detached, Townhouse, and Apartment), 2015-2024

Source: Vancouver Island Real Estate Board, Monthly Stats Package, October 2015-2024; StatCan, Consumer Price Index (BC Shelter Component), 18-10-0005-01



When considering the average inflation rate for housing in BC during the same periods, benchmark prices were increasing faster in Nanaimo than across the province both before (2015 to 2019) and during the initial phases of the pandemic (2019 to 2021). With rapid increases seen in 2019 to 2021, the pace slowed significantly in the following years, while other communities continued to see rapid increases based on the BC-wide inflation rate.

Over past three years, benchmark prices increased by +1.8% to +2.7% on average, while the average inflation rate for housing in BC was 28.7%.²¹ It is likely people looking to move to

21. The inflation rate associated with 2021 to 2024 in Figure 9 is for 2021 to 2023, while the 2024 number is currently unavailable. The average annual increase of benchmark prices is current through October 2024.



a new community or dwelling sought out Nanaimo initially, and then started looking elsewhere after the initial cost escalations priced households out of the local market.

When comparing the pace of change between the first (2015-2019) and second (2020-2024) five-year periods, the rate of change was relatively consistent in both halves of the past decade. Townhouse prices rose more quickly before the pandemic but slowed in subsequent years. For detached houses and apartments, benchmark price growth was slower before the pandemic (+43%/+39%) and faster after 2020 (+56%/+44%). Although there were significant price increases in the first year of the pandemic, over a five-year period, the overall rise in benchmark prices was generally consistent with trends observed before 2020.

Figure 10: 5-Year Benchmark Price Trend (Single Detached, Townhouse, and Apartment), 2019-2024

Source: Vancouver Island Real Estate Board, Monthly Stats Package, October 2019-2024

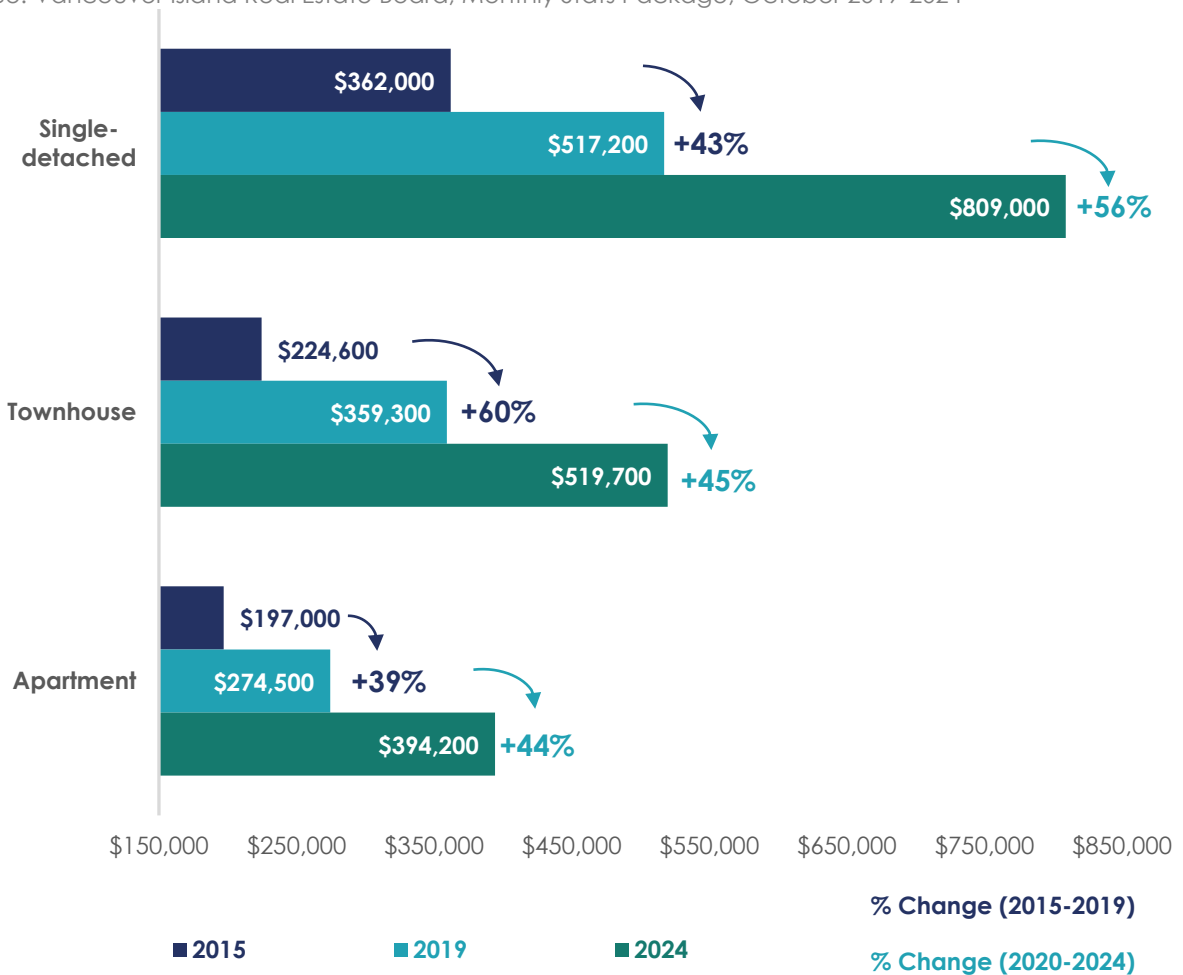


Table 17 shows the income required for each dwelling type with a 20% downpayment, as well as the minimum downpayment (ranging from 5% to 7%). While paying the minimum down payment upfront may be more achievable for households, it requires a higher income to qualify.

Table 17: Affordability Analysis of Benchmark Prices (2024) with a 20% and Minimum Downpayment (Single Detached, Townhouse, and Apartment)²²

Source: Vancouver Island Real Estate Board, Monthly Stats Package, October 2019-2024; Rate Hub, 5-Year Fixed Term Rates in Canada, November 2024

	SINGLE-DETACHED	TOWNHOUSE	APARTMENT
Benchmark Price (2024)	\$809,000	\$519,700	\$394,200
Income Required (20% downpayment)	\$197,790 (\$161,800)	\$134,771 (\$103,940)	\$107,433 (\$78,840)
Income Required (Minimum downpayment) ²³	\$224,064 (\$56,630)	\$153,986 (\$27,024)	\$125,947 (\$19,710)

Figure 11 on the following page compares the income required to qualify at each downpayment level and for each dwelling type against 2021 incomes. Only the 15% of households earning over \$150,000 (197% of the median income) could qualify for any purchase with a 20% downpayment, with much higher incomes required to qualify to purchase the benchmark priced single detached house (incomes of at least \$197,790). With a higher downpayment, the income required to qualify would be reduced and this is realistically how many households are able to purchase today. Many first-time buyers rely on downpayment assistance from parents or inheritances to be able to qualify with their incomes.

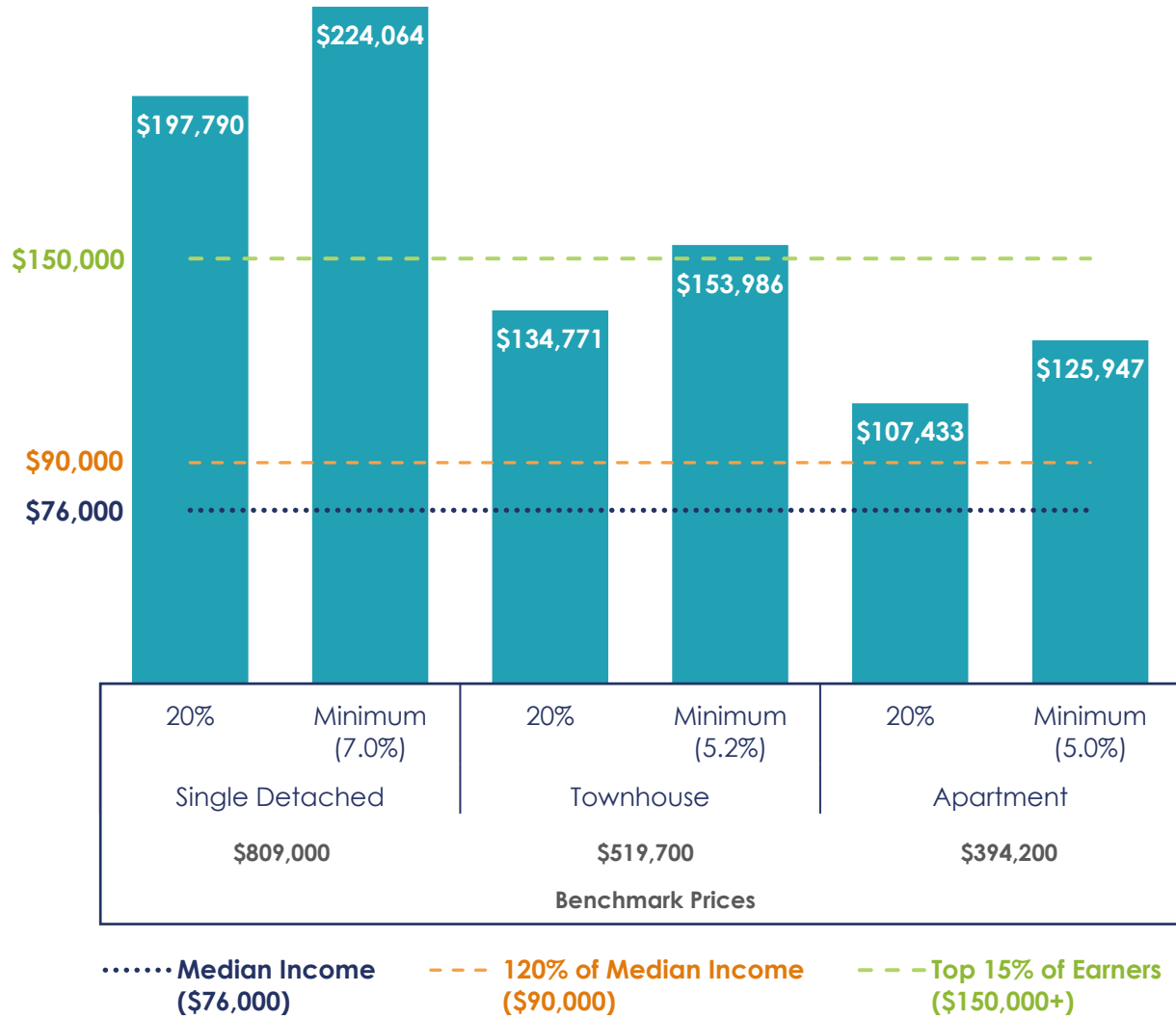
22. Calculating the household income required is based on qualifying for a current typical five-year fixed term mortgage (4.44%) at the associated stress test rate (6.44%) with a 25-year amortization and maximum gross debt service ratio of 32% and no other debts. Combined maintenance/strata fees and heating cost (\$575/month), and property taxes (based on the 2024 mill rate of 5.75255) are also considered in the qualification calculations.

23. The minimum downpayment for a purchase price of \$809,000 is 7.0% (5% for the first \$500,000 and 10% for the remainder; the minimum downpayment for a purchase price of \$519,700 is 5.2%; the minimum downpayment for a purchase price of \$394,200 is 5.0%.



Figure 11: Minimum Income Required to Qualify for Mortgage at Benchmark Prices (October 2024) by Downpayment Amount (Single Detached, Townhouse, and Apartment)

Source: Vancouver Island Real Estate Board, Monthly Stats Package, October 2019-2024; Rate Hub, 5-Year Fixed Term Rates in Canada, November 2024



7. Conclusion and Key Takeaways

This Interim Housing Needs Report meets the requirements of Part 14 of the *Local Government Act*, in addition to supplemental analysis to estimate housing need by housing type, a discussion comparing the housing target order to the HNR Method, and updates to rental and sales statistics since the *2023 Housing Needs Report* was received by Council.

Key takeaways of this interim report include:

- Needs assessment is largely a technical exercise, while setting a target considers the overall need through a lens of what is possible or realistic within a given timeframe.

HNR METHOD

- There is a **total estimated need for 7,227 dwellings over 5-years, 12,962 over 10-years, and 23,776 over 20-years**. The 5- and 20-year unit numbers are official mandated methodology, while the 10-year calculation is supplemental to support policy-making.
 - When further analyzing these results to estimate need by housing type based on an affordability analysis of local households
 - ▶ 20% of the need is for market rental;
 - ▶ 26% is for non-market rental;
 - ▶ 9% is for deep subsidy + supportive rental; and
 - ▶ 45% is for ownership.

HOUSING TARGET ORDER

- The Provincial Housing Target Order aims to address 75% of the estimated 5-year need between 2024 and 2028, which follows a different timeframe than the HNR Method (2021-2041).
 - The Housing Target Order takes a different, and unknown, approach to estimating the need for different types of housing. It is likely further consideration for what is realistically possible over the next five years shifting the target towards market rental and away from non-market solutions.
 - **The housing target order indicates 41% of new dwellings should be market rental, 16% should be non-market rental, 2% should be supportive rental, and 41% should be ownership.**



PERMIT ASSESSMENT

- Upon examining the rate of permitting new housing construction, **City of Nanaimo has permitted sufficient units to meet the average housing target order (940-units per year) in each of last five years except 2021.**
 - The target increases annually from 783 units in the first year to 1,151 units in the fifth, with an average of 940 units per year and a total of 4,703-units.
- In the last five years, the housing need assessed by the HNRM would have been met only in 2019, 2022, and 2023.

HOUSING INDICATORS

Rental

- Rents have continued to rapidly increase in the last year, with a +6% overall increase to the 'all units' median rent between October 2022 and 2023.
- 89% of new purpose-built rental units in the past 10 years (since 2013) have been 1-bedroom units (47%/+622) and 2-bedroom units (42%/+558), while there were only eight more 3+ bedroom units in 2023 (1% of new rental dwellings).

Ownership

- Over the past ten years, benchmark prices have at least doubled: single-detached houses (+123%), townhouses (+131%), and apartments (+100%).
 - While prices increased very rapidly in the first year of the COVID-19 pandemic (15% to 22% annually depending on the dwelling type), the overall percent increase in the five years before 2020 and after 2020 was relatively similar.
 - Prices were increasing more rapidly in the years leading up to 2020, than the years since 2021.
- From 2015 to 2020, benchmark prices in Nanaimo rose faster than the provincial average, based on the province-wide housing inflation rate. However, since 2021, prices in Nanaimo have increased at a much slower rate than the provincial average.
- With a downpayment of 20% or less, only the top 15% of households (those earning at least \$150,000) could qualify to purchase a townhouse or apartment at the benchmark price in 2024 (based on 2021 incomes); qualifying for the benchmark priced detached house would require an income of \$193,146 with a 20% downpayment of \$161,840.



Acronyms and Glossary

ACRONYMS	
AMI	Area Median Income
CHN	Core Housing Need
CMHC	Canada Mortgage and Housing Corporation
ECHN	Extreme Core Housing Need
HART	Housing Assessment Resource Tools
HNR	Housing Needs Report
HNRM	Housing Needs Report Method
HTO	Housing Target Order
IHNR	Interim Housing Needs Report
OCP	Official Community Plan

GLOSSARY	
Area Median (household) Income (AMI)	<p>Describes the median total income of household in the community. This variable is used in assessing housing need to understand the amount households can afford to spend on their housing, and for the income group concept specifically.</p>
Core Housing Need (CHN)	<p>Core housing need is a census concept based on a two-part test and three housing standards:</p> <ul style="list-style-type: none"> • Affordability: households can afford their housing when they spend no more than 30% of before-tax income on housing; • Suitability: housing is suitable when there are enough bedrooms for the household's type and size; and • Adequacy: housing is adequate when it does not require any major repairs. <p>When a household does not meet any one of the housing standards and could not move to another dwelling in their community to resolve the issue without spending more than 30% of their before-tax income on housing, they are classified as being in core housing need.</p>



GLOSSARY

<p>Deep Subsidy Non-Market Housing</p>	<p>“Deep subsidy” non-market housing units refer to units rented at rates affordable to individuals and households on social assistance (based on the BC Income Assistance Shelter Allowances by household size). BC Housing projects often include a subset of units for this rent category. Within the needs assessment analysis in this report, this category attempts to capture the need for people experiencing homelessness, and those on social assistance, who need very low rents.</p>
<p>Housing Needs Report Method (HRNM)</p>	<p>The new provincially mandated methodology for estimating housing unit need in communities across BC. The calculation includes six components to estimate current and future housing need (further described below under Housing Needs Report Method Components).</p> <p>This calculation estimates housing need but is not a direct target. The results must be accommodated within Official Community Plans.</p>
<p>Housing Target Order (HTO)</p>	<p>The Housing Supply Act gives the BC government authority to issue housing targets municipalities. The current targets are based on meeting 75% of the estimated need over the next five years. The target includes sub-targets for housing type or tenure and bedroom count.</p>
<p>Official Community Plan (OCP)</p>	<p>Official community plans describe the long-term vision of communities. They are a statement of objectives and policies to guide decisions on municipal and regional district planning and land use management.</p>



HOUSING NEEDS REPORT METHOD COMPONENTS²⁴

<p>Anticipated Household Growth (HNR Method Component D)</p>	<p>Based on the BC Stats projection for Nanaimo (2021-2041), this component describes the expected household growth over the next 20 years.</p>
<p>Demand Buffer (HNR Method Component F)</p>	<p>The demand buffer estimates the number of housing units needed to accommodate additional demand for housing within a given community, beyond the minimum units required to adequately house current and anticipated residents.</p> <p>The “demand buffer” is designed to better account for the number of units required to meet “healthy” market demand. Accounting for additional local demand helps address the needs of households who require or prefer housing with certain characteristics (e.g., housing location, unit size, transportation options, or amenities), thereby reducing pressure in the housing system.</p>
<p>Extreme Core Housing Need (HNR Method Component A)</p>	<p>Extreme core housing need describes the same concept as Core Housing Need (see above) except it describes households spending more than 50% of its income on housing (rather than 30% as with regular core housing need).</p>
<p>Persons Experiencing Homelessness (HNR Method Component B)</p>	<p>This component of housing need quantifies the supply of permanent housing units required for those currently experiencing homelessness. Data on homelessness is derived from the Provincial Integrated Data Project, which provides data on people experiencing homelessness at any point in the year. To be included in these estimates, an individual must receive social assistance and have no fixed address for three consecutive months or stayed in a BC Housing shelter for at least one night.</p>

24. Refer to the Ministry of Housing's 'Guidelines for Housing Needs Reports – HNR Method Technical Guidance' document for further detail on the specific components, what they represent, and why they were included in the methodology.



HOUSING NEEDS REPORT METHOD COMPONENTS²⁴

Rental Vacancy Adjustment

(HNR Method Component E)

The rental vacancy adjustment calculation seeks to estimate the number of vacant rental units required to maintain a vacancy rate of at least 3%. The result is not an estimate of how many rental units are needed in general, but rather how many more need to be vacant at a point in time to achieve a balanced vacancy rate.

Suppressed Household Formation

(HNR Method Component C)

Suppressed household formation aims to estimate the number of households that could not be formed due to high housing costs or insufficient availability between 2006 and 2021.

This concept describes situations, such as adult children being unable to move out of their parental home or two couples living together when they would prefer to each have their own separate homes.



List of Tables and Figures

Table 1: 5-, 10-, and 20-Year HNR Method Housing Need Estimates, City of Nanaimo	3
Table 2: Type and Tenure Allocation of HNR Method, City of Nanaimo.....	6
Table 3: 5-Year and 10-Year HNR Method Type and Tenure Allocation	7
Table 4: Income Range, Monthly Affordable Housing Cost, and Number of Households by Income Group, City of Nanaimo	8
Table 5: Estimated 10-Year Future Demand by Income Group and Household Size, All Households, Components D + F, City of Nanaimo	9
Table 6: Estimated 10-Year Future Demand by Income Group and Household Size, Owner Households, Components D + F, City of Nanaimo	9
Table 7: Estimated 10-Year Future Demand by Income Group and Household Size, Renter Households, Components D + F, City of Nanaimo	10
Table 8: Estimated 10-Year Future Demand by Minimum Bedrooms Required, Components D and F, City of Nanaimo	11
Table 9: Estimated Bedroom Needs, 10-Years, All HNR Method Components	11
Table 10: Nanaimo Housing Target Order Summary.....	13
Table 11: Nanaimo Housing Target Order, Housing Type Target	14
Table 12: Nanaimo Housing Target Order, Unit Size Target.....	14
Table 13: Housing Target Order (2024-2028) Compared to the HNR Method (2021-2031).....	15
Table 14: Housing Type Housing Target Order and HNR Method Comparison by Share of Dwellings.....	16
Table 15: Unit Size Housing Target Order and HNR Method Comparison by Share of Dwellings	17
Table 16: Existing Dwelling Stock Compared to Estimated Minimum Bedroom Needs	18
Table 17: Affordability Analysis of Benchmark Prices (2024) with a 20% and Minimum Downpayment (Single Detached, Townhouse, and Apartment)	27
Figure 1: 10-Year HNR Method Type and Tenure Allocation.....	7
Figure 2: Number of Units Permitted (2011-2023) and Estimated Units Needed (2021-2031) ..	19
Figure 3: Number of Units Permitted (2011-2023), Estimated Units Needed (2021-2031), and Housing Target Order (2024-2028)	20
Figure 4: Median Rents by Unit Size, Purpose-Built Rental, 10-Year Change (2013-2023)	21
Figure 5: Nanaimo Purpose-Built Rental Units, 10-Year Change (2013-2023).....	22
Figure 6: Annual Change in Purpose-Built Rental Units by Unit Size (2014-2023)	23
Figure 7: Non-Market Housing Units Tracked by BC Housing (2017-2024)	23
Figure 8: Benchmark Sales Prices (Single Detached, Townhouse, and Apartment), 2015-2024	24
Figure 9: Average Annual Increased in Benchmark Prices (Single-detached, Townhouse, and Apartment), 2015-2024	25
Figure 10: 5-Year Benchmark Price Trend (Single Detached, Townhouse, and Apartment), 2019-2024	26
Figure 11: Minimum Income Required to Qualify for Mortgage at Benchmark Prices (October 2024) by Downpayment Amount (Single Detached, Townhouse, and Apartment)	28



APPENDIX A

INTERIM HOUSING NEEDS REPORT

LEGISLATIVE REQUIREMENTS



Interim Housing Needs Report Legislative Requirements

Table A1 provides the required results of the HNR Method calculation as per the Ministry of Housing's *Guidelines for Housing Needs Reports – HNR Method Technical Guidance* to estimate housing need for 5- and 20-years.

Table A1: 5- and 20-Year HNR Method Housing Need Estimates, City of Nanaimo

COMPONENT	DETAIL	5-YEAR	20-YEAR
A	Extreme Core Housing Need	623.5	2,494.1
B	Persons Experiencing Homelessness	299.3	598.6
C	Suppressed Household Formation	313.9	1,255.6
D	Anticipated Household Growth	5,370.4	16,948.4
E	Rental Vacancy Rate Adjustment	45.3	181.2
F	Demand Buffer	574.4	2,297.7
Total		7,227	23,776

Statement on Housing Need in Proximity to Alternative Transportation Infrastructure

The City of Nanaimo Official Community Plan (*City Plan*) was adopted in July 2022 and is based on the principles of an integrated city that focuses residential development and employment near transit in seven Urban Centres. The Urban Centres are to be complete communities with the city's highest residential densities and mix of land uses. A density of more than 250 housing units per hectare is intended for downtown and an average density of 200 housing units per hectare is intended for the other six Urban Centres.

The Urban Centres will accommodate the majority of the City's housing need and will serve as mobility hubs integral to the City's transit and transportation network. Each Urban Centre will have a transit exchange that is highly accessible. The Corridor land use designation will tie together the Urban Centres, with rapid and frequent transit networks, and will contain higher intensity residential and mixed-uses (with an average residential density of 100-units per hectare). The City's others land use designations such as Neighbourhood, Suburban

Neighbourhood, and Old City will also accommodate residential density in the form of small-scale multi-unit housing.

Description of Actions Taken by Local Government to Reduce Housing need

City of Nanaimo has implemented a broad range of changes to address housing needs:

Permissive Tax Exemptions: A new 'Permissive Tax Exemption Policy' was adopted by Council in July 2024 that includes criteria for non-market housing. The policy outlines permissive tax exemption eligibility criteria for non-for-profit organizations that provide non-market housing for Temporary and Supportive Housing.

Small-Scale Multi-Unit Housing and Transit Oriented Areas: The City's current Zoning Bylaw was amended in June 2024 to allow four units per lot on most residential lots, as required by Provincial Bill 44, related to Small-Scale Multi-Unit Housing. In addition, the City passed a Transit Oriented Area Bylaw that identifies three bus exchanges in Nanaimo designated as Transit-Oriented Areas: Woodgrove, Country Club, and Vancouver Island University (VIU). Lands within a 400-metre radius of the bus exchanges are permitted to have higher density and greater building heights.

Digital Building Permit System: City of Nanaimo is working towards increasing annual building permits issued for housing units by improving the customer and staff user experience with the digital building permit system. The City is replacing its existing digital building software system to a web-based solution that allows developers and homeowners to submit and manage development-related applications without the need to visit City Hall or contact City staff. The objective is to:

- improve transparency, clarity, coordination, and accountability in the application, review, and approval of development applications; and
- reduce approval timelines to support accelerated development of housing.

For staff, the online tools include automation such as notifications on actions to complete, thus minimizing the need for manual processes that can delay permit issuance. The City's new web-based digital permitting solution will be accessible 24-hours per day, 7-days per week, and 365-days per year, offering an intuitive user experience that will result in increases to the number of annual building permits issued.



Short Term Rental Review: A review of the City's Short-Term Rental Program was completed in 2024 and the City will be utilizing the tools in Provincial Bill 35 – Short-Term Rental Accommodation Act to help increase compliance such that the supply of residential units continues to be available for long-term rental.

Reducing Permit Requirements: As part of implementing *City Plan*, the City also removed form and character development permit requirements (outside of the Old City) for housing projects of four housing units and less.

Certified Professional Program: The City adopted the Certified Professional program in 2023 to assist with the efficient processing of building permit applications. The first building permit to be received through this program is the mass-timber student housing tower at Vancouver Island University.

City Wide Parking Review: The City has started a city-wide parking review project to remove barriers for housing and ensure that the City's mobility system achieves its full potential. The goal is to modernize off-street and on-street parking management in Nanaimo, including optimizing parking regulations in the *Traffic and Highway Regulation Bylaw*, *Crossing Control Bylaw*, and *Off-Street Parking Bylaw*. The project will consider eliminating and reducing parking requirements in the City's Downtown Urban Centre and other high-density areas, near transit, and for missing middle and affordable housing.

Woodgrove Urban Centre Area Plan: The City has commenced a project to complete an Area Plan for the Woodgrove Urban Centre to eliminate barriers for mixed-use and high-density residential development. The project includes reviewing infrastructure investment plans to support an accelerated pace of housing development in the Woodgrove Urban Centre. The project objectives are to: a) provide clear direction for construction of mixed-use and high-density residential development in the Woodgrove Urban Centre; and b) to eliminate barriers and create an implementation plan for the construction of the mobility, water, and sewer infrastructure necessary to accommodate growth and to ensure this Urban Centre becomes a well-designed complete community hub.

Rent Bank and Rent Supplement Programs: Since 2016, the City has provided funding and partnered with local non-profit agencies to deliver these two programs. A rent bank is a short-term or temporary homelessness prevention tool that helps to provide housing stability for low- to moderate-income renters unable to pay their rent or utilities due to life



circumstances. Rent supplements are government-funded payments that bridge the gap between what an individual or family can afford to pay and the actual cost of housing.

DCC Reductions for Non-Market Housing: Since 2019, the City has offered development cost charge (DCC) reductions for non-market housing. *Development Cost Charge Bylaw 2017 No. 7252* contains a provision allowing for 50% reduction of development cost charge (DCC) fees for not-for-profit rental housing when at least 30% of the units are secured with a housing agreement such that rent does not exceed 30% of before-tax income.

Downtown Tax Exemption for Housing: The City's *Revitalization Tax Exemption Bylaw 2018 No. 7261* encourages multi-family units in the downtown area by offering a tax exemption on the municipal portion for a 10-year term for new multi-family units.

2019 Memorandum of Understanding between the City and BC Housing: The Memorandum of Understanding (MOU) will provide approximately 610 housing units (50% non-market units), including supportive housing at 702 Nicol Street, 285 Prideaux Street, 355 Nicol Street, 250 Terminal Avenue, and 1435 Cranberry Avenue, as well as a range of affordable housing units at the Te'tuxwtun development. The City continues to work cooperatively with BC Housing to find new sites for supportive and affordable housing.

HEART and HEARTH: BC's Ministry of Housing has identified City of Nanaimo as a priority community to participate in the Provincial programs Homeless Encampment Action Response Team (HEART) and Homeless Encampment Action Response Temporary Housing (HEARTH). The City has been working cooperatively with the Ministry to deliver more than 200 temporary housing units on four sites in Nanaimo at 250 Terminal Avenue, 1300 Island Highway South, 1030 Old Victoria Road, and 1298 Nelson Street.

Housing Legacy Reserve Fund: The City has maintained a Housing Legacy Reserve Fund since 2005. The accumulated funds in this reserve have been used for the following purposes:

- The purchase and acquisition of land and buildings, as well as costs associated with land and building improvements for supportive housing, emergency shelters, and below-market housing;
- Providing reductions in development cost charges and works and servicing fees (such as for roads, drainage, sanitary sewer, water, and parkland improvements) directly related to supportive housing, emergency shelters, and below-market housing projects;



- Rent Bank programs;
- Rent supplement programs;
- Providing basic humanitarian services to the City's unsheltered population; and
- Developing strategies, plans, and solutions to increase affordable housing in the City.



