Interim Housing Needs Report

Town of Qualicum Beach

November 2024

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Executive Summary

This report presents an updated summary of interim housing needs in the Town of Qualicum Beach as mandated by the Province of British Columbia in June 2024. The study was funded by the Regional District of Nanaimo and conducted by Deloitte, following the guidelines specified in the *Housing Needs Report Regulation*. Specifically, the Housing Needs Report framework is used to calculate local housing needs within a 5- and 20-year time frame.

The report includes calculations of interim housing need in six categories, as required by the Province. These categories include housing units needed for households in extreme core housing need, individuals experiencing homelessness, suppressed households, anticipated household growth, raising the rental vacancy rate to 3%, and accounting for additional local housing demand. Deloitte also conducted supplementary analysis to provide characteristics of the projected units of need. The summary of the results for each of these sections are presented in Table 1.

The final section of this report outlines key municipal policies and recent initiatives aimed at supporting housing development near transportation infrastructure and reducing overall housing need. The results of this report will be used by local governments to update their Official Community Plan and zoning bylaws by the end of 2025.

Table 1: Summary of local housing need in Qualicum Beach

	5-year need	**20-year need**
0/1 Bedroom	107	320
2 Bedroom	214	745
3 Bedroom	302	1,026
4+ Bedroom	102	345
Total housing need	**726**	**2,435**

Introduction

This report provides an updated summary of interim housing needs in the Town of Qualicum Beach, as mandated by the Province of British Columbia (BC) in June 2024.

The study was funded by the Regional District of Nanaimo (RDN) and was prepared by Deloitte concurrent with the preparation of similar reports for the District of Lantzville and the RDN rural areas.

The report includes:

- Calculations of interim housing need in six categories, based on specific calculation requirements released by the Province.

- A summary of municipal policy and recent initiatives aimed at reducing housing need and supporting housing development near transportation infrastructure (as required by the Provincial regulations).

- Additional analysis to segment housing needs by type, size and tenure. The mandated housing need calculations produce an estimate of **total units** of need, which has been supplemented by this additional custom analysis to provide useful characteristics of the required units.

- Summaries of the methodology for all calculations along with summary and detailed tables of housing need results.

The intended use of the results is for each local government to update their Official Community Plan (OCP) and zoning bylaws by the end of 2025 to ensure the required number of units can be accommodated. A fully updated Housing Needs Report (including this analysis plus community consultation and other elements) is required by the end of 2028 to align with the results of the 2026 Census, and subsequent updates are required every five years as new Census results become available.

Methodology

As part of understanding local housing need, municipal and regional district governments in British Columbia are required to follow the guidelines specified in the *Housing Needs Report Regulation*, which includes the Housing Needs Report (HNR) framework for calculating local housing need.

Specifically, the HNR method is used to calculate the local needs for housing within a 5- and 20-year time frame, and consists of the following six criteria:

A. The quantity of housing units needed for households in extreme core housing need,[1] which is defined as households with shelter costs for housing that are more than 50% of their total before-tax household income.

B. The quantity of housing units required for individuals experiencing homelessness.

C. The quantity of housing units necessary for suppressed households,[2] which are those households that were unable to form due to a shortage of affordable housing options. Examples include young adults who might be living with parents or roommates but in a previous generation would have been expected to lead their own household.

D. The quantity of housing units needed for anticipated household growth, based on BC Stats growth projections.

E. The quantity of housing units necessary to raise the rental vacancy rate to 3%, which represents a more balanced supply of available rental stock.

F. The number of housing units that accounts for additional local housing demand (the "demand buffer"). This is intended to reflect the additional housing required to accommodate "healthy" market demand for different types, locations, and characteristics of units and could also be interpreted (although not stated by the Province) as a means to reduce inflationary pressure on housing prices. The demand buffer is an additional factor provided by the Province based on a combination of local housing prices and housing density, although the exact formula and rationale is not provided. This final category of need is applied only to municipalities and not to Electoral Areas.

A more detailed breakdown for the calculations of each component can be found in the Appendix section of this report.

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[1] Housing Needs Report Regulation
[2] Household Formation and the Housing Stock

Data Sources

The data sets used in the analysis include those specified by the HNR method, in addition to several related sources used by Deloitte as input into the custom analysis of unit characteristics. The data requirements for this analysis can be broken down into two parts:

1. HNR Method Data Sources:
   - The four most recent Census reports (2006, 2011, 2016, and 2021)
     - Various housing counts, measures of housing suitability, rates of household formation
   - The Province of British Columbia
     - BC Stats household projections
     - Regional homeless counts
     - Custom calculation of the "demand buffer"
   - Canada Housing Mortgage Corporation (CMCH)
     - Housing Market Information Portal (for rental market information)

2. Additional data sources used by Deloitte as inputs into the custom analysis of unit characteristics:
   - 2021 Census tables that show the relationship between household maintainer rates by age and structure type, tenure, and bedroom counts
   - BC Stats population projections by age

Summary of Interim Housing Needs Results

Interim HNR Calculations

Table 2: Total local housing need for Qualicum Beach		
Component	**5-year need**	**20-year need**
A Extreme Core Housing Need	34	136
B Persons Experiencing Homelessness[3]	26	51
C Suppressed Household Formation	94	375
D Household Projections	406	1,206
E Rental Vacancy Rate Adjustment	3	11
F Additional Housing Demand	164	656
Total housing need	**726**	**2,435**

Table 2 presents the total local housing need for the Town of Qualicum Beach, indicating a projected need for 726 units over a 5-year period and 2,435 units over a 20-year period. This includes all six components referenced earlier: extreme core housing need, homelessness, suppressed household formation, household projections, rental vacancy rate adjustment, and additional housing demand.

Additional Unit Characteristics

The Provincial guidelines provide a simple estimate of total units of housing need. No additional characteristics of those housing units, such as type or size of the required units, are available through the Provincial calculation formulas.

A supplementary analysis was prepared by Deloitte to provide additional useful detail to the Town. This custom analysis uses the Provincial guidelines as a starting point, while incorporating additional demographic projections from BC Stats, the latest population and housing projections completed for the RDN in 2023, and Census data describing existing patterns of housing structure type, tenure, and bedroom count in relation to population age.

The analysis produces estimates of how many units of need are required as single family versus multi-family homes (where multi-family includes apartments, townhouses, and other higher-density structures). Estimates are also provided of how many owned versus rental homes are required, and how large they should be (as measured by number of bedrooms).

[3] The Persons Experiencing Homelessness (PEH) calculation uses region-wide homeless counts and assigns Qualicum Beach a proportional share. As this component does not use local data, the results may not be reflective of the actual number of persons experiencing homelessness in Qualicum Beach.

The calculation of unit characteristics is different for each of the six components of housing need:

- **Component A – Extreme Core Housing Need.** The Provincial estimates show both owned and rented homes in this category. Due to extreme core housing need potentially affecting all types of homes, detailed estimates are based on the current distribution of structure type (single family versus multi-family), tenure and bedroom counts across all existing homes.

- **Component B – Persons Experiencing Homelessness.** The provision of homes for the currently homeless is assumed to be equivalent to one rental apartment for each unit of need.

- **Component C – Suppressed Household Formation.** The Provincial guidelines produce an estimate of the number of suppressed households for each age range. Using typical housing patterns for that age range, the number of units of each type, tenure and size can be estimated.

- **Component D – Anticipated Growth.** Using demographic projections from BC Stats that show the projected change in the local population at each age range, the typical housing patterns by age can be used to project increased demand for each type, tenure and size of unit.

- **Component E – Rental Vacancy Rate Adjustment.** This component is entirely focused on rental units, so the typical distribution of rental units by type and size is used to estimate future need.

- **Component F – Additional Housing Demand.** This is the "demand buffer" that amplifies the housing need calculated under Components A, B, C and E to better approximate a "healthy" housing market. The distribution of units by type, tenure and size is similarly calculated as a multiple of the calculations under those components.

The estimated characteristics of housing need are shown in Table 3 below, although several limitations of the analysis must be highlighted. First, the distribution by structure type is based on current development patterns, which are heavily weighted toward single-family homes. In most communities, the future development pipeline includes a higher share of multi-family units than in the past, suggesting that the estimates shown below may somewhat overstate the need for single-family dwellings.

Similarly, the estimated need by tenure (owned versus rented) is also based on existing patterns. It is possible that due to high housing prices and other constraints, additional needed units are more likely to be rental to act as a bridge for households currently lacking their own unit to secure a home, with potential

later transition to home ownership. If that is the case, these estimates may somewhat overstate the need for owned units.

Table 3: Additional unit characteristics in Qualicum Beach

	5-year need	20-year need
Owned - Total	**527**	**1,747**
…Owned 0/1 Bedroom	10	35
…Owned 2 Bedroom	158	523
…Owned 3 Bedroom	265	879
…Owned 4+ Bedroom	94	310
Rented - Total	**199**	**688**
…Rented 0/1 Bedroom	97	285
…Rented 2 Bedroom	56	222
…Rented 3 Bedroom	37	147
…Rented 4+ Bedroom	9	34
Total (Owned & Rented)	**726**	**2,435**
…Total 0/1 Bedroom	107	320
…Total 2 Bedroom	214	745
…Total 3 Bedroom	302	1,026
…Total 4+ Bedroom	102	345
Total Units	**726**	**2,435**
Single Family Dwelling	409	1,342
Multi-Family Dwelling	317	1,093

Table 3 reports additional local housing need in Qualicum Beach, spanning both 5- and 20-year time periods. About three-fifths of the need is for larger units (three or more bedrooms). In the short-term, demand is slightly more concentrated for single family homes, representing 56% of the 5-year need. Over 20 years, the concentration remains similar for single-family homes at 55%. And as stated previously, evolving development patterns in many communities will increasingly satisfy the need for larger units through multi-family development.

The projected need for rental units is 27% of the total (199 units out of 726 in the next five years).

Supportive Policy Statements/Actions

As required by the Housing Needs Reports Regulations, the following statements are meant to inform the local housing needs of all local governments within the province: (1) A statement about the need for housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation and (2) A description of the actions taken by the local government, since receiving the most recent housing needs report, to reduce

housing needs. For RDN communities, the most recent housing needs report was completed in 2020.

1) Housing development in proximity to transportation infrastructure

The Town of Qualicum Beach strongly supports active transportation and maintains policies for residential redevelopment to support that goal. The following are specific references to relevant Official Community Plan (OCP) policies.

To support active transportation:

- Encourage alternatives to private automobile use towards achieving greenhouse gas reduction, such as walking and cycling (p. 64).
- Develop a pedestrian and cycling network ensuring complete access throughout the Town, connecting all areas (p. 65).
- Establish roadways that are pedestrian-friendly, especially in the "Village Neighbourhood" (p. 66).

To support residential redevelopment and infill:

- Focus residential development in the "Village Neighbourhood" to maximize service efficiency and minimize reliance on automobiles (p. 25).
- Foster mixed-use developments within commercial areas to enhance walkability and local business support (p. 19).
- Promote housing types within the "Village Neighbourhood" to reduce sprawl and support sustainable development (p. 33).

These policies aim to create a sustainable and efficient urban framework that enhances walkability and reduces environmental impact. Exploring partnerships for transport and housing can enhance community connectivity and sustainability.

2) Recent actions by local government to reduce housing needs

The local government in Qualicum Beach has taken recent actions to address housing needs in the Town. Notable actions include:

- A **56-unit affordable housing development** is expected to be completed in 2025.
- A **72-unit multi-residential project** in the commercial core has been approved, and several other developments have received approval.

These policies, projects, and developments demonstrate the Town of Qualicum Beach’s commitment to reducing housing needs and promoting housing development in proximity to transportation infrastructure across the municipality.

Appendix: Detailed HNR Tables

Component A: Housing units and extreme core housing need

Identifying Extreme Core Housing Need (ECHN) is crucial to accurately assess local housing need and address the demand for housing affordability and accessibility. To calculate the number of new units to address ECHN, data from the four most recent census reports is required to calculate average ECHN rates for owners with a mortgage and renters, which are then used to calculate total units needed.

The calculations involve the following steps:

- Step 1: Gather data from the four most recent census reports, including the number of owner households, renter households, and owner households with a mortgage in ECHN.
- Step 2: Calculate average ECHN rates for owners with a mortgage and renters by dividing the number of households in ECHN by the total number of households for each census year.
- Step 3: Calculate current households in ECHN by multiplying the average ECHN rates by the total number of households from the most recent census report.
- Step 4: Calculate the total number of new units needed by adding the number of owner households in ECHN and renter households in ECHN (Table 2). This figure represents the total new units needed to address ECHN over 20 years (Table 4).
- Step 5: Given the housing units for this component are distributed over 20 years, to obtain the number of 5-year units, simply divide the 20-year result by 4.

Table 4: Extreme core housing need calculations for Qualicum Beach

Total Households	**2021 Households**	**Average ECHN Rate**	**Households in ECHN**
Owners with a mortgage	3,775	1.3%	50
Renters	560	15.4%	86
Total New Units - 20 years			**136**
Total New Units - 5 years			**34**

Component B: Housing units and homelessness

Measuring the number of housing units required for people experiencing homelessness (PEH) provides a quantifiable measure of the housing supply needed to address the specific needs of this vulnerable population. To estimate the number of permanent housing units required for PEH, the Integrated Data Project (IDP) is used to gather robust data on PEH at any point during the year. The IDP counts individuals who have received income assistance and had no fixed address for three

consecutive months or stayed in a BC Housing-affiliated shelter for at least one night. This data is publicly available at the regional scale.

The calculations involve the following steps:

- Step 1: Calculate the applicable municipality's or EA's population as a share (%) of the regional population by dividing the local population from the most recent census report by the regional population.
- Step 2: Gather PEH data from the IDP report published on the date closest to the most recent census, using the number of PEH for the associated regional district (Census Division).
- Step 3: Multiply the applicable municipality's or EA's population share (%) from Step 1 by the number of PEH as determined in Step 2 to estimate the proportional local number of PEH.[4] This figure represents the total new units needed to address PEH over 20 years (Table 5).
- Step 4: As the number of units for this component is distributed over 10 years, to calculate the 5-year number, simply divide the 20-year need by 2.

Table 5: People experiencing homelessness calculations for Qualicum Beach

Regional Population	Local Population		Regional PEH	Proportional Local PEH
	#	% of Region		
170,367	8,775	5.2%	996	51
Total New Units - 20 years				**51**
Total New Units - 5 years				**26**

Component C: Housing units and suppressed household formation

Suppressed Household Formation (SHF) refers to households that were unable to form between 2006 and the present due to a constrained housing environment. To estimate SHF, 2006 census data is used to determine headship rates by tenure and age cohort, which are then applied to the population data from the most recent census report to estimate the additional households that might have formed under more favorable housing conditions.

The calculations involve the following steps:

- Step 1: Gather Primary Household Maintainer data by age and tenure from the 2006 and most recent census reports. Adjust age categories to align with the census reports.
- Step 2: Gather population data by age from the 2006 and most recent census reports. Sum population age categories to align with Primary Household Maintainer age categories.

[4] This assumes one unit per person, so the proportional local number of PEH is equal to the number of units required.

- Step 3: Calculate the 2006 Headship Rates (%) by age category and tenure. Divide the 2006 number of households by the 2006 population for each Primary Household Maintainer age category and tenure.
- Step 4: Calculate 2021 Potential Households. Multiply the 2006 Headship Rates calculated in Step 3 by the population from the most recent census report for each age category and tenure.
- Step 5: Calculate the number of Suppressed Households. Subtract the number of households from the most recent census report from the estimated Potential Households for each age category and tenure.
- Step 6: Sum Suppressed Household results for each age category to arrive at age category totals. For any categories where the total is less than 0, enter 0 as the total. Sum the totals from each age category to determine the Total New Units needed to address SHF over 20 years (Table 6).
- Step 7: Given the housing units for this component are distributed over 20 years, to obtain the number of 5-year units, simply divide the 20-year result by 4.

Table 6: Suppressed household formation calculations for Qualicum Beach

Age Categories - Household Maintainers	**2021 Potential Households**		**2021 Households**		**2021 Suppressed Households**		
	Owner	**Renter**	**Owner**	**Renter**	**Owner**	**Renter**	**Total**
15 to 24 years	15	35	0	10	15	25	40
25 to 34 years	45	60	45	75	0	-15	0
35 to 44 years	180	145	165	90	15	55	70
45 to 54 years	490	90	270	60	220	30	250
55 to 64 years	730	70	680	105	50	-35	15
65 to 74 years	895	105	1,320	140	-425	-35	0
75 years and over	1,020	115	1,365	105	-345	10	0
Total New Units - 20 years							**375**
Total New Units - 5 years							**94**

Component D: Housing units and anticipated household growth

Anticipated Household Growth (AHG) quantifies the additional households required to accommodate an increasing population over twenty years. Data from BC Stats' Household Estimates & Projections tool, along with household data at the regional district level from the most recent census report as used to estimate AHG. Two 20-year growth scenarios are developed: the Local Household Growth scenario and the Regionally Based Household Growth scenario. The average of these two scenarios is taken to represent the total units needed to address AHG in the local municipality.

The calculations involve the following steps:

- Step 1: Gather the number of households for the associated regional district from the most recent census report and the BC Stats household projection data for the associated regional district for the year 20 years after the most recent census. Calculate the percent increase in households at 20 years

(Regional Growth Rate) by dividing the difference in households by the number of households from the year of the most recent census report.

- Step 2: Gather the number of households for the applicable municipality from the most recent census report and the BC Stats household projection data for the applicable municipality for the year 20 years after the most recent census. Use the difference between the two figures as the New Units for the Local Household Growth scenario.
- Step 3: Calculate the Regionally Based Household Growth scenario. Multiply the Regional Growth Rate calculated in Step 1 by the number of households for the applicable municipality or EA from the most recent census report. Use the result as the New Units for the Regionally Based Household Growth scenario.
- Step 4: For municipalities, take the average of the New Units calculated for each scenario. Use the average as the Total New Units to address AHG over 20 years. For EAs, use the results of the Regionally Based Household Growth scenario as the Total New Units to address AHG over 20 years (Table 7).
- Step 5: To calculate 5-year need, the steps above remain the same, except replace the BC Stats household projection data from Step 1 with 5 years after the most recent census report (i.e. 2026) (Table 8).

Table 7: Anticipated household growth calculations for Qualicum Beach

Growth Scenarios	**Regional Growth Rate**	**Households**		**New Units**
		2021	**2041**	
Local Household Growth	n/a	4,435	5,220	785
Regionally Based Household Growth	36.7%	4,435	n/a	1,627
Scenario Average				1,206
Total New Units - 20 years				**1,206**

Table 8: Anticipated household growth calculations for Qualicum Beach

Growth Scenarios	**Regional Growth Rate**	**Households**		**New Units**
		2021	**2026**	
Local Household Growth	n/a	4,435	4,744	309
Regionally Based Household Growth	11.3%	4,435	n/a	503
Scenario Average				406
Total New Units - 5 years				**406**

Component E: Housing units and rental vacancy rate

Rental Vacancy Rate Adjustment (RVRA) adds surplus rental units to restore local vacancy rates to levels representing a healthy and well-functioning rental housing market. To estimate RVRA, rental market data from Canadian Mortgage Housing Corporation's Housing Market Information Portal, as well as the number of renter households from the most recent census report are used. The calculations use Primary Rental Market Vacancy Rate data from CMHC for each applicable

municipality or EA. For Qualicum Beach, the relevant vacancy rate is for the Parksville Census Agglomeration (which includes Parksville and Area G).

The calculations involve the following steps:

- Step 1: Gather the local Primary Rental Market Vacancy Rate from CMHC. Use the rate for British Columbia if local data is not available. If the applicable Vacancy Rate is 3% or greater, the RVRA housing need over 20 years is assumed to be zero.
- Step 2: Calculate the local Occupied Rate by subtracting the local Vacancy Rate from 100%. For the target Vacancy Rate of 3%, the Occupied Rate is 97%.
- Step 3: Calculate the Estimated Number of Units for the target and local Vacancy Rates by dividing the number of Renter Households by the target and local Occupied Rates. The Estimated Number of Units represents the expected total number of rental units (occupied and vacant).
- Step 4: Subtract the local Estimated Number of Units from the target Estimated Number of Units to determine the Total New Units needed to address RVRA over 20 years (Table 9).
- Step 5: Given the housing units for this component are distributed over 20 years, to obtain the number of 5-year units, simply divide the 20-year result by 4.

Table 9: Rental vacancy rate adjustment calculations for Qualicum Beach

	Vacancy Rate	Occupied Rate	Renter Households	Estimated Number of Units
Target Vacancy Rate	3.0%	97.0%	580	598
Local Vacancy Rate	1.2%	98.8%	580	587
Total New Units - 20 years				**11**
Total New Units - 5 years				**3**

Component F: Housing units and demand (the "demand buffer")

The demand buffer is the calculated number of housing units that reflects additional demand for housing within a given community, beyond the minimum units required to adequately house current and anticipated residents. It helps account for the number of units needed to meet "healthy" market demand and reduces pressure in the housing system by addressing the needs of households seeking specific characteristics in housing.

The calculations involve the following steps:

- Step 1: Take the sum of the results calculated for components A, B, C, and E (housing units to address extreme core housing need, homelessness, suppressed household formation, and increase rental vacancy rate,

respectively). Exclude component D (anticipated household growth) from this calculation.

- Step 2: Multiply the sum from Step 1 by the demand factor (multiplier) calculated for the applicable municipality. The demand factor is based on a ratio of housing price to housing density, and represents the Total New Units needed over 20 years (Table 10).
- Step 3: Given the housing units for this component are distributed over 20 years, to obtain the number of 5-year units, simply divide the 20-year result by 4.

Table 10: Additional local housing demand calculations for Qualicum Beach

Component	**Result**
A Extreme Core Housing Need	136
B Persons Experiencing Homelessness	51
C Suppressed Household Formation	375
E Rental Vacancy Rate Adjustment	11
Total	**573**
Demand Factor	1.14
Total New Units - 20 years	**656**
Total New Units - 5 years	**164**

Summary of Interim Housing Needs Calculation

Below are the summary tables from the Summary of Interim Housing Needs Results section.

Table 11: Total local housing need for Qualicum Beach

Component	**5-year need**	**20-year need**
A Extreme Core Housing Need	34	136
B Persons Experiencing Homelessness	26	51
C Suppressed Household Formation	94	375
D Household Projections	406	1,206
E Rental Vacancy Rate Adjustment	3	11
F Additional Housing Demand	164	656
Total housing need	**726**	**2,435**

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