
HOUSING NEED AND DEMAND STUDY

(Document Template)

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Introduction:

BC Housing considers the needs of all municipalities in the Province during deliberations on the location of new affordable housing projects. The objective of such broad-based decision-making is to ensure that affordable housing projects are distributed fairly and equitably across need groups and geographic regions of the Province.

An important part of the deliberations is identifying the level of need and demand for affordable housing in each target community. Usually, the task of identifying this need and demand falls on the project sponsor, which in the past has resulted in markedly different studies. In order to ensure that the need identification process is consistent, and the resulting project evaluations and decisions are fair to all need groups and across all regions of the Province, the *Costing and Targeting Task Group* has developed this document to assist project sponsors in developing need and demand studies. This document includes an example of a simple yet systematic framework that may be followed. Project sponsors are encouraged to modify the framework to suit the project and the community, but should endeavour to address all its key elements.

Overview: What is a Need and Demand Study?

A Housing Need and Demand study is an analysis of the extent of the need for affordable housing in a community. The typical housing need and demand study has three key components:

- (a) Current Need Analysis;
- (b) Newly Arising Need (Demand) Analysis; and
- (c) Supply Analysis.

The current need analysis seeks to identify households in the community that currently lack their own housing or live in inadequate housing for a variety of reasons, and cannot afford the housing they need in the local housing market without some assistance. In simple terms, the current need analysis seeks to answer the question of who in the community needs affordable housing immediately.

The newly arising need (demand) analysis is a forward-looking view of the need question. Specifically, it relies on the projected or potential short to medium term household composition of the community to estimate the future need for affordable housing in the community. Together, the current and newly arising need analyses allow the proponent to put forward a project that is better able to accommodate the present and future affordable housing needs of the community.

The supply analysis, on the other hand, determines the ability of the community to meet its current and future affordable housing needs in the absence of the proposed project by examining the existing housing stock and anticipated additions.

By stacking the need analyses against the supply situation, both the project sponsor and BC Housing are able to gain a better insight into the level of shortage or glut of affordable housing in the community, as well as the scale and form that the project should take — all of which are critical

factors that must be understood before an affordable housing project can be awarded to a community.

What Are the Requirements of a Need and Demand Study?

There are numerous approaches to preparing a need and demand study. It is also possible to develop an adequate need and demand analysis based on either quantitative or qualitative information. However, a more useful analysis is one that uses strong qualitative information supported by quantitative data (see explanations below).

Collection and Use of Qualitative Data for a Need and Demand Study

Throughout your Need and Demand study, it is important to make use of the best available information in order to respond to each of the questions. For the most part, your Need and Demand study will focus on the use of quantitative (statistical, economic or demographic) data, but you may find that qualitative data is useful and necessary, especially if your target population is small or is a very specific group. Qualitative data can be virtually any type of information that cannot be described as a numeric value. Qualitative data is often used to reflect the stories of lived experience.

Examples of qualitative data sources:

- Newspapers, magazines, local television or radio reports
- Interviews with experts, e.g., community leaders, service providers, government officials, people who have experienced homelessness
- Focus groups made up of community members and service providers with knowledge about the need and service gaps in their communities
- Housing industry annual reports and/or other documents
- Government publications, e.g., legislative documents, strategies, conference statements
- Reports from community organizations
- Proceedings of conferences or workshops

In order to make the best use of qualitative data, please remember to:

- Use the most up to date and authoritative information source as possible.
- Present facts over opinions.
- Keep a neutral voice and avoid “opinion” comments.
- Document ALL data sources (qualitative and quantitative).
- Avoid promoting a particular organization above others.
- Seek out multiple data sources.
- Always be clear about the time period covered.
- Let the facts speak for themselves and avoid subjective words such as *very*, *extremely*, *adequately*.

Identifying Community Amenities

You may also want to identify amenities that are near your proposed location, or you may want to understand the amenities that are available before you choose a location for your project. Amenities to consider depend on your target client group, and can include the following:

- Hospital or medical facilities
- Service agencies such as meal programs or mental health supports
- Low cost public facilities such as libraries and community recreational centres
- Transit stops
- Schools and day cares
- Commercial centres

FRAMEWORK FOR PREPARING A NEED AND DEMAND STUDY

Component

Introduction

This section typically provides the context for the study and sets the stage for the detailed analysis to follow. Generally, it includes statements on the purpose of the study, its scope, and its limitations. Definitions of unusual terms employed in the study may also be provided.

Community Demographic and Economic Profile

The demographic profile of a community largely determines housing demand and the types of housing that are required. Therefore, it is important for any need and demand study to begin with an analysis of the community's demographic profile. The profile should attempt to address several questions about the community's population, such as:

- o Is the community experiencing growth or expected to grow?
- o Are certain segments of the population (e.g. seniors) growing faster than others?
- o What are the growth pressures which support the construction of an affordable housing?

A major element of the demographic analysis is an analysis of the general housing conditions in the community. The analysis should examine such issues as:

- o Household characteristics;
- o Tenure arrangements;
- o Housing market conditions, especially rental market conditions; and
- o Condition of the stock.

The local economy also has a significant impact on housing need and demand. For example, income and employment levels create demand for different types of housing. For this reason, the local economy must

Study Outline

1. Introduction

- (a) Purpose of study
- (b) Scope of study
- (c) Key study assumptions
- (d) Definition of terms

2. Community Demographic and Economic Profile

- a.) Population (size, growth rate, and projection)
- b.) Age
- c.) Income
- d.) Labour force and employment
- e.) Housing
 - i. Household size and composition
 - ii. Housing types
 - iii. Condition of stock (age, repairs)
 - iv. Tenure types (rental, owned, shared equity, co-operative)
 - v. Housing market conditions
 - a. Ownership market
 - b. Rental market
 - c. Vacancies
 - d. Property valuations
 - e. Housing starts

Sources of Information

Information for this section should come from the project sponsor or agent.

Information for this section can be obtained from:

- o BC Stats
- o Statistics Canada
- o CMHC
- o Local governments
- o School Boards

be examined to understand its current state and trends or direction. Addressing the following questions may help gain a good perspective of the local or regional economy:

- What are the key labour force and employment trends?
- What are the future employment trends?

Current Affordable Housing Need

This section reviews the extent to which existing households in the community are in need of affordable housing. It is the core of a need and demand analysis. Issues that need to be examined here include the number and proportion of:

- Homeless households and those that are at the risk of homelessness;
- Households paying 30% or more of their income on housing;
- Households paying 50% or more of their income on housing;
- Households that are over-housed;
- Households living in overcrowding conditions;
- Households living in sub-standard housing (lack of bathrooms, kitchen, or need major repairs);
- Households facing threats and harassments, under notice, real threat of notice or lease coming to an end; and
- Households on waiting lists.

Current Affordable Housing Supply

This section of the analysis looks at the supply of affordable housing in the community. The analysis should include estimates of the number of occupied social housing units, vacant units, units under construction, and units to be demolished or otherwise taken out of management. General affordable housing supply issues (opportunities and challenges) as well as the viewpoints of housing stakeholders and advocates in the community may also be examined and presented.

3. Current Affordable Housing Need

- (a) Current occupiers of affordable housing (rental) in need
- (b) Households from other tenures in need
- (c) Households with inadequate housing
- (d) Households with social needs
- (e) Aggregate current housing need

Information for this section is available from:

- Statistics Canada
- CMHC
- Social planning agencies
- Local governments
- Local housing agencies

4. Available Housing Stock

- (a) Current occupiers of affordable housing in need
- (b) Vacant units within social housing sector
- (c) Committed supply of new affordable housing
- (d) Units to be taken out of management
- (e) Aggregate stock to meet current housing need
- (f) Current Unmet Housing Need

Information for this section can be obtained from:

- Local housing agencies
- Social housing providers
- Local governments
- BC Non-Profit Housing Association (BCNPHA)

Emerging Housing Need

This section reviews the potential or future need for affordable housing in the community. Typically, a review of anticipated household changes in the community is sufficient to achieve this.

Anticipated Affordable Housing Supply

This section provides an analysis of the community's affordable housing supply and its ability to meet projected needs.

Gap Analysis

This section compares information from the affordable housing need/demand and supply analyses to identify the differences or gaps between need and supply. This analysis should produce evidence of the existence of one or more of the following four housing outlooks for the community:

1. The current need for affordable housing exceeds current supply;
2. The current need for affordable housing falls short of current supply;
3. The future supply of affordable housing will exceed the community's need; or
4. The future supply of affordable housing will fall short of the community's need.

The proposed project should be able to demonstrate how it would allow the community to address, in whole or in part, one or more of these outlooks.

5. Emerging Housing Need

- (a) New households formation
- (b) New household formations with incomes that preclude open market entry
- (c) Existing households falling into need
- (d) Older households in owner occupied homes seeking social housing
- (e) Backlog of housing need among existing households
- (f) In-migration
- (g) Aggregate emerging housing need

6. Anticipated Affordable Housing Supply

- (a) Annual social housing turnover (less new units and transfers)
- (b) Annual supply of affordable social housing
- (c) Annual supply of private housing at sub-market rent
- (d) Aggregate supply of affordable units

7. Net Shortfall/Surplus of Affordable Housing

Information for this section can be obtained from:

- o Statistics Canada
- o BC Stats
- o CMHC
- o BC Housing
- o Local housing agencies
- o Household surveys

Information for this section can be obtained from:

- o BC Housing
- o Local governments
- o Real Estate Boards