

# Guidelines for Housing Needs Reports – HNR Method Technical Guidance

## INTRODUCTION

### 1. Purpose of this Guide

This guidance document is a resource to support local governments in understanding the HNR Method, which is the standardized method for calculating the number of housing units needed over 5 and 20 years, as required by the *Housing Needs Reports Regulation* and the *Vancouver Housing Needs Reports Regulation*.

In the fall of 2023, a comprehensive suite of legislation changed the local government planning and land use framework to enable local governments to deliver more housing, in the right places, faster. New requirements for local government Housing Needs Reports (HNRs) are a key part of these changes.

As a result of these changes, **local governments must complete an Interim HNR by January 1, 2025, using the HNR Method** to calculate the number of housing units needed over 5 and 20 years.<sup>1</sup>

**Municipalities must then update their official community plans<sup>2</sup>(OCPs) and zoning bylaws by December 31, 2025**, to accommodate the identified number of housing units. Regional district electoral areas (EAs) are exempt from these OCP and zoning requirements.

Following this, **the next regular HNR is due by December 31, 2028, and corresponding updates to municipal OCPs and bylaws will be required by December 31, 2030**. Subsequent reports and updates must be completed every five years. This update cycle is timed to correspond with each census data release.

The content of this guidance document is not a substitute for legislation, nor should it be relied upon as legal advice. Users of this manual should seek legal advice as necessary.

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<sup>1</sup> An Interim HNR can simply be a local government's most recent HNR, updated to include 3 new elements: the 5- and 20-year number of housing units needed (based on the HNR Method); a statement about the need for housing near transportation infrastructure; and actions taken to reduce housing needs since the last report.

<sup>2</sup> Local governments are not required to undertake a comprehensive OCP update. The statements and map designations for residential development must permit the number of housing units needed over the next 20 years (as determined by their most recent HNR) and OCPs must include housing policies respecting each type of housing required to be addressed in HNRs.

## 2. Overview of legislated requirements

The first legislative requirements for HNRs took effect in April 2019 and require local governments to collect data, analyze trends, and present reports that describe current and anticipated housing needs in BC communities. Municipalities and regional districts were required to complete their first HNR by April 2022 and every five years thereafter.

Updated legislation and regulations specify new requirements for local governments related to the HNR Method, streamlined information collection, additional content, and a new timing cycle.

The [Summary of Legislative and Regulatory Requirements for Housing Needs Reports](#) lists the updated HNR requirements.

### PART 1 – STANDARD CALCULATION METHOD FOR HOUSING NEEDS

#### 1. Overview of the HNR Method

Requiring a standard method for calculating housing need in HNRs ('HNR Method') will ensure that all local governments produce robust, consistent, and comparable assessments of housing need.

The HNR Method estimates the total number of housing units required to address a community's current and anticipated housing needs over 5- and 20-year timeframes, based on publicly available data sources that can be applied to communities of various scales. It is composed of the following six components (Components A-F) of housing need, **which are summed and rounded to the nearest whole number to determine the total 20-year housing need:**

- A. The number of housing units for households in extreme core housing need
- B. The number of housing units for individuals experiencing homelessness
- C. The number of housing units for suppressed households
- D. The number of housing units for anticipated household growth
- E. The number of housing units required to increase the rental vacancy rate to 3%
- F. The number of housing units that reflects additional local housing demand (the "demand buffer"). This component is only included for *municipalities*. There is no requirement to apply the demand factor to *regional district electoral areas*.

Each of these components is described in detail below, and includes:

- A written description of the component and calculation method
- Links to the relevant sections of the regulation
- A list of required data and sources and associated links

- Step-by-step guidance for calculating housing need using the HNR Method
- Tables illustrating the calculations in practice for a sample community<sup>3</sup>

Note that the following sections describe the housing need calculations required to meet legislated requirements for HNRs. Some local governments may choose to take the analysis a step further, to include additional data and calculations, such as breakdowns of unit size, tenure, or affordability, to provide a more detailed assessment of housing needs. Suggested methods for unit breakdown calculations are included in Appendix A. While not required, the Province encourages local governments to undertake this extra level of analysis as it could lead to more informed decision-making and better planning outcomes for the community.

Links to all required data are included below.

In limited cases, particularly for very small communities and regional district electoral areas (EAs), some components of the HNR Method require alternate calculation methods or assumptions to accommodate data availability challenges. Alternate methods for these cases are described in Part 2 of this guidance.

## 2. Calculating 20-year housing need

HNRR s. 16 (VHNRR s. 11)

For the purposes of calculating 20-year housing need, the total number of new housing units for the applicable municipality or regional district electoral area is the sum of the six components listed above and detailed in the following sections, **rounded to the nearest whole number.**

*The 5-year calculation is based on the 20-year calculation, and is described in Section #3 below.*

### **COMPONENT A: Housing units and extreme core housing need**

HNRR s. 17 (VHNRR s. 12)

Extreme core housing need (ECHN) for renters and owners with a mortgage is used to estimate the number of new units required for those in vulnerable housing situations. Extreme core housing need, as defined by Statistics Canada, refers to private households falling below set thresholds for housing adequacy, affordability or suitability that would have to spend 50% (as compared to 30% for core housing need) or more of total pre-tax income to pay the median rent for alternative acceptable local housing.

Not all households in core housing need require a new unit to address housing inadequacies; for some households, solutions such as making repairs to an existing unit may be sufficient. With that

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<sup>3</sup> All calculation examples in this guidance reflect a single sample community. The sample community is based on a real BC community; however, it was chosen for convenience and illustrative purposes only. The example tables have used rounding to aid in readability – totals reflect calculated results using original numbers prior to rounding.

understanding, the use of ECHN data as a subset of core housing need provides a more conservative estimate of new units required while still relying on consistent and available data.

**Calculation:**

To calculate required new units for ECHN, average ECHN rates (% of households) by tenure, taken from the past four census reports, are multiplied by the total number of households by tenure in the most recent census report. Using the average rate over multiple census years minimizes variations from short term effects, such as the impact of CERB payments during Covid.

**Required data:**

- The number of owner households and the number of renter households for the applicable municipality or EA (i.e., census subdivision) from the *four most recent* census reports<sup>4</sup>
- The number of owner households with a mortgage in ECHN for the applicable municipality or EA from the *four most recent* census reports<sup>5</sup> [available here](#)
- The number of renter households in ECHN for the applicable municipality or EA from the *four most recent* census reports

**Step 1:** Gather data for the total number of households by tenure (owners and renters) and the number of households in ECHN by tenure (owners with a mortgage and renters) from the four most recent census reports (e.g., 2006, 2011, 2016, and 2021). Calculate the rates of households in ECHN (% of total) by dividing the number of households in ECHN for each tenure by total households of the same tenure (Table 1).

**Step 2:** Calculate the Average ECHN Rates for owners with a mortgage and renters across the four census years (Table 1).

*Table 1: Extreme core housing need calculations for sample community, Steps 1 and 2*

Total Households	2006		2011		2016		2021		Average ECHN Rate
Owners	23,365		23,665		23,505		24,990		
Renters	4,955		5,250		5,995		7,710		
Extreme Core Housing Need	#	% of total	#	% of total	#	% of total	#	% of total	
Owners with a mortgage	n/a		n/a		n/a		705	2.8%	<b>2.8%</b>
Renters	560	11.3%	680	13.0%	730	12.2%	720	9.3%	<b>11.4%</b>

**Step 3:** Multiply the Average ECHN Rates calculated in Step 2 for owners with a mortgage and renters by the Total Households of the same tenure from the most recent census report to determine current Households in ECHN (Table 2).

<sup>4</sup> Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: <https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006->

<sup>5</sup> ECHN data for owners with a mortgage is not currently available prior to 2021.

**Step 4:** Add the calculated Households in ECHN for owners with a mortgage and renters from Step 3 together to determine the Total New Units needed to address ECHN over 20 years (Table 2).

*Table 2: Extreme core housing need calculations for sample community, Steps 3 and 4*

Total Households	2021 Households	Average ECHN Rate	Households in ECHN
Owners	24,990		
Owners with a mortgage		2.8%	705
Renters	7,710	11.4%	882
<b>Total New Units - 20 years</b>			<b>1,587</b>

## **COMPONENT B: Housing units and homelessness**

**HNRR s. 18 (VHNRR s. 13)**

People experiencing homelessness (PEH) is a population not typically captured well in data sources such as the census. 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 Province’s Integrated Data Project (IDP), a program initiated through a partnership between the Ministries of Housing, Social Development and Poverty Reduction, Citizen Services, and BC Housing. The IDP provides robust data on people experiencing homelessness at any point during the year, as a complement to the annual, one-day point-in-time counts conducted by many local and regional governments.

To be included in IDP counts, individuals must have received income assistance (i.e., BC Employment Assistance) and had no fixed address for three consecutive months or stayed in a BC Housing-affiliated shelter for at least one night, or both. The data is publicly available at the regional scale, with the most recent year being 2021 as of the writing of this guidance.

### **Calculation:**

Regional homelessness data, as reported by the IDP, is applied to the applicable municipality or EA based on its share of the regional population. A population-based distribution mitigates some of the impacts of historically varied local government investment in supports and housing serving the PEH population. This calculation assumes that one permanent housing unit is required per PEH.

### **Required data:**

- The population for the applicable municipality or EA (i.e., census subdivision) and the associated *regional district* (i.e., census division) from the most recent census report<sup>6</sup>

<sup>6</sup> Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: <https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006->

- The number of PEH for the associated *regional district* (i.e., census division), using the *Annual Estimate Report* of BC’s Preventing & Reducing Homelessness Integrated Data Project (IDP) published on the date closest to the most recent census<sup>7</sup>

**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 (Table 3).

**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. For 2021 census data, use the 2021 IDP report (Table 3).

**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. This method assumes one unit per person, such that the proportional local number of PEH is equal to the number of units required. Include this figure as the Total New Units needed to address PEH over 20 years (Table 3).

*Table 3: People experiencing homelessness calculations for sample community, Steps 1, 2 and 3*

Regional Population	Local Population		Regional PEH	Proportional Local PEH
	#	% of Region		
2,642,825	88,168	3.3%	11,392	380
<b>Total New Units - 20 years</b>				<b>380</b>

### **COMPONENT C: Housing units and suppressed household formation HNRR s. 19 (VHNRR s. 14)**

Suppressed Household Formation (SHF) addresses those households that were unable to form between 2006 and the present due to a constrained housing environment. Households make decisions on housing based on the choices available to them; for example, young people may have difficulty moving out of their parents’ homes to form households of their own, while others may choose to merge households with roommates due to lack of available and affordable housing supply.

#### **Calculation:**

To estimate SHF, 2006 census data – the earliest available data for a time when housing supply was less constrained – is used to determine headship rates by tenure and age cohort. Headship rate is calculated by dividing the number of households by population for a given cohort. 2006 headship rates are then applied to population data from the most recent census report to estimate how many additional households might have formed under more favourable housing conditions.

<sup>7</sup> IDP *Annual Estimate Reports* are available at: <https://www2.gov.bc.ca/gov/content/housing-tenancy/affordable-and-social-housing/homelessness/homelessness-cohort>. To align with 2021 census data, use the 2021 IDP report.

**Required data:**

- The number of households by Primary Household Maintainer age and tenure (owners and renters) for the applicable municipality or EA (i.e., census subdivision) from the 2006<sup>8</sup> and *most recent* census reports.
- The population by age for the applicable municipality or EA from the 2006 and *most recent* census reports.

**Step 1:** Gather Primary Household Maintainer data by age and tenure from the 2006 and most recent census reports. Note that age categories have changed between census reports. For the purposes of this calculation (Table 4):

- “Under 25 years” from 2006 is equivalent to “15 to 24 years” in the most recent census.
- The “75 to 84 years” and “85 years and over” categories from the most recent census must be combined to align with the 2006 category “75 years and over”.

*Table 4: Suppressed household formation calculations for sample community, Step 1*

Age - Primary Household Maintainer 2006 Categories	2006 Households		Age - Primary Household Maintainer 2021 Categories	2021 Households	
	Owner	Renter		Owner	Renter
Under 25 years	80	175	15 to 24 years	45	260
25 to 34 years	1,360	915	25 to 34 years	1,085	1,440
35 to 44 years	4,785	1,465	35 to 44 years	3,625	1,770
45 to 54 years	6,645	1,375	45 to 54 years	5,345	1,785
55 to 64 years	5,430	655	55 to 64 years	6,185	1,085
65 to 74 years	3,270	410	65 to 74 years	4,560	725
75 years and over	2,700	475	75 to 84 years	3,010	390
			85 years and over	1,140	255

**Step 2:** Gather population data by age from the 2006 and most recent census reports. Population age categories will need to be summed to align with Primary Household Maintainer age categories as listed in Table 5.

<sup>8</sup> Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: <https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006->

Table 5: Suppressed household formation calculations for sample community, Step 2

Age Categories - Household Maintainers	Age Categories - Population	2006		2021	
		All Categories	Summed Categories	All Categories	Summed Categories
15 to 24 years	15 to 19 years	6,320	11,270	5,680	10,395
	20 to 24 years	4,950		4,715	
25 to 34 years	25 to 29 years	3,105	6,760	3,895	8,100
	30 to 34 years	3,655		4,205	
35 to 44 years	35 to 39 years	5,625	12,800	5,370	11,535
	40 to 44 years	7,175		6,165	
45 to 54 years	45 to 49 years	8,110	14,890	6,575	13,450
	50 to 54 years	6,780		6,875	
55 to 64 years	55 to 59 years	5,825	10,350	6,720	13,180
	60 to 64 years	4,525		6,460	
65 to 74 years	65 to 69 years	3,205	5,945	4,955	9,165
	70 to 74 years	2,740		4,210	
75 years and over	75 to 79 years	2,240	5,220	3,335	7,760
	80 to 84 years	1,680		2,155	
	85 years and over	1,300		2,270	

**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 (Table 6).

Table 6: Suppressed household formation calculations for sample community, Step 3

Age Categories - Household Maintainers	2006 Households		2006 Population	2006 Headship Rate	
	Owner	Renter		Owner	Renter
15 to 24 years	80	175	11,270	0.7%	1.6%
25 to 34 years	1,360	915	6,760	20.1%	13.5%
35 to 44 years	4,785	1,465	12,800	37.4%	11.4%
45 to 54 years	6,645	1,375	14,890	44.6%	9.2%
55 to 64 years	5,430	655	10,350	52.5%	6.3%
65 to 74 years	3,270	410	5,945	55.0%	6.9%
75 years and over	2,700	475	5,220	51.7%	9.1%

**Step 4:** Calculate 2021 Potential Households. Potential Households are the households that may have theoretically formed if Headship Rates from 2006 had remained constant. Multiply the 2006 Headship Rates calculated in Step 3 by the population from the most recent census report for each age category and tenure (Table 7).

Table 7: Suppressed household formation calculations for sample community, Step 4

Age Categories - Household Maintainers	2006 Headship Rate		2021 Population	2021 Potential Households	
	Owner	Renter		Owner	Renter
15 to 24 years	0.7%	1.6%	10,395	74	161
25 to 34 years	20.1%	13.5%	8,100	1,630	1,096
35 to 44 years	37.4%	11.4%	11,535	4,312	1,320
45 to 54 years	44.6%	9.2%	13,450	6,002	1,242
55 to 64 years	52.5%	6.3%	13,180	6,915	834
65 to 74 years	55.0%	6.9%	9,165	5,041	632
75 years and over	51.7%	9.1%	7,760	4,014	706



**Step 5:** Calculate the number of Suppressed Households. Suppressed Households are the difference between those that could have theoretically formed at 2006 Headship Rates and those that actually formed. Subtract the number of households from the most recent census report, as gathered in Step 1, from the estimated Potential Households for each age category and tenure (Table 8).

**Step 6:** Sum Suppressed Household results (owners plus renters) from Step 5 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 8).

Table 8: Suppressed household formation calculations for sample community, Steps 5 and 6

Age Categories - Household Maintainers	2021 Potential Households		2021 Households		2021 Suppressed Households		
	Owner	Renter	Owner	Renter	Owner	Renter	Total
15 to 24 years	74	161	45	260	29	-99	0
25 to 34 years	1,630	1,096	1,085	1,440	545	-344	201
35 to 44 years	4,312	1,320	3,625	1,770	687	-450	237
45 to 54 years	6,002	1,242	5,345	1,785	657	-543	114
55 to 64 years	6,915	834	6,185	1,085	730	-251	479
65 to 74 years	5,041	632	4,560	725	481	-93	388
75 years and over	4,014	706	4,150	645	-136	61	0
<b>Total New Units - 20 years</b>							<b>1,420</b>

## **COMPONENT D: Housing units and anticipated household growth** HNRR s. 20 (VHNRR s. 15)

Anticipated household growth (AHG) quantifies the additional households required to accommodate an increasing population over twenty years.

### **Calculation:**

To estimate AHG, data is drawn from the recently updated BC Stats household projections. Two 20-year growth scenarios are developed:

- The Local Household Growth scenario uses household growth projections for the applicable *municipality* to determine the number of housing units needed.
- The Regionally Based Household Growth scenario takes the applicable municipality's or EA's number of households from the most recent census report, and applies the projected 20-year *regional* household growth rate (%), to determine the number of housing units needed.

The average of the two scenarios is taken as the new units required for AHG for housing needs calculations. Regional district EAs will *only* calculate a Regionally Based Household Growth scenario, due to data availability, and no average will be taken.

**Required data:**

- The total number of households for the applicable municipality or EA (i.e., census subdivision) from the most recent census report.<sup>9</sup>
- The total number of households for the associated *regional district* (i.e., census division) from the most recent census report.
- BC Stats household projection data for the applicable *municipality*, for the year 20 years after the most recent census report (e.g., 2041 for the 2021 census)<sup>10</sup>. This data will not be collected for EAs due to data availability.
- BC Stats household projection data for the associated *regional district*, for the year 20 years after the most recent census report (e.g., 2041 for the 2021 census).

**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 (Table 9).

Table 9: Anticipated household growth calculations for sample community, Step 1

Regional District Projections	2021	2041	Regional Growth Rate
Households	1,042,508	1,503,660	44.2%

**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 (Table 10). EAs will not calculate this scenario due to data availability.

**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 (Table 10).

**Step 5:** 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 (Table 10). For *EAs*, use the results of the Regionally Based Household Growth scenario as the Total New Units to address AGH over 20 years.

<sup>9</sup> Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: <https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006->

<sup>10</sup> This data is available at: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/household-projections>

Table 10: Anticipated household growth calculations for sample community, Steps 2, 3, 4 and 5

Growth Scenarios	Regional Growth Rate	Households		New Units
		2021	2041	
Local Household Growth	n/a	32,700	41,368	8,668
Regionally Based Household Growth	44.2%	32,700	n/a	14,465
Scenario Average				11,566
<b>Total New Units - 20 years</b>				<b>11,566</b>

**COMPONENT E: Housing units and rental vacancy rate** HNRR s. 21 (VHNRR s. 16)

A 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. Including a RVRA in calculations of housing need has been recommended by multiple sources, including the Expert Panel on Housing Supply and Affordability (BC/Canada) and CMHC. Typically, rates between 3% and 5% are considered healthy rates. These calculations use the more conservative rate of 3%.

**Calculation:**

The RVRA calculation uses Primary Rental Market Vacancy Rate data from CMHC for each applicable municipality or EA. The difference between the units required to reach a healthy vacancy rate of 3% and the estimated existing number of rental units is taken as the additional number of new units required. If Primary Rental Market Vacancy Rate data from CMHC is not available for the applicable municipality or EA, the local government should instead use the provincial vacancy rate, also provided by CMHC. Local governments with vacancy rates above 3% should use zero as the housing need for this component.

**Required data:**

- The number of renter households for the applicable municipality or EA (i.e., census subdivision) from the most recent census report<sup>11</sup>
- The Primary Rental Market Vacancy Rate from CMHC’s Housing Market Information Portal for the applicable municipality or EA (or for British Columbia where local data is not available) for the year closest to the most recent census<sup>12</sup>

**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 this calculation is not required, and the assumed RVRA housing need over 20 years is zero.

**Step 2:** Calculate the local Occupied Rate by subtracting the local Vacancy Rate from 100%. For the target (3%) Vacancy Rate, the Occupied Rate is 97% (Table 11).

<sup>11</sup> Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: <https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006->

<sup>12</sup> This data is available at: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/1/1/Canada>. To align with 2021 census data, use the October 2021 rental vacancy rate.

**Step 3:** Calculate the Estimated Number of Units for the target (3%) and local Vacancy Rates by dividing the number of Renter Households by the target and local Occupied Rates. The Estimated Number of Units is the expected total number of rental units (occupied and vacant) (Table 11).

**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 11).

Table 11: Rental vacancy rate adjustment calculations for sample community, Steps 1, 2, 3 and 4

	Vacancy Rate	Occupied Rate	Renter Households	Estimated Number of Units
Target Vacancy Rate	3.0%	97.0%	7,710	7,948
Local Vacancy Rate	2.8%	97.2%		7,932
<b>Total New Units - 20 years</b>				<b>16</b>

### **COMPONENT F: Housing units and demand (the “demand buffer”) HNR s. 22 (VHNRR s. 17)**

The final component included in the HNR Method is a calculated number of housing units reflecting additional demand for housing within a given community, beyond the minimum units required to adequately house current and anticipated residents. This is called the “demand buffer” and is designed to better account for the number of units required to meet “healthy” market demand in different communities. 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. Examples of such demand include households seeking homes closer to jobs and schools, growing families looking for larger homes, and seniors looking to downsize in their existing communities.

For the purposes of HNRs, a demand factor based on a ratio of housing price to housing density is calculated for each applicable *municipality*. This factor is then multiplied by the sum of the housing units calculated for Components A (housing units to address extreme core housing need), B (housing units for persons experiencing homelessness), C (housing units to address suppressed household formation), and E (housing units to increase the rental vacancy rate) to determine the additional local housing demand.

**Note: There is no requirement to apply the demand factor to regional district EAs.**

#### **Required data:**

- The numbers of new units for Components A, B, C, and E, as calculated based on the methods provided in the previous sections.
- The demand factor (multiplier) calculated for the applicable *municipality*, [available here](#).

**Step 1:** Take the sum of the results calculated for components A, B, C, and E. Component D (anticipated household growth) is *not* included in this calculation (Table 12).

**Step 2:** Multiply the sum from Step 1 by the demand factor provided for the applicable *municipality* to determine the 20-year additional local demand (Table 12).

**Note:** though calculated using the results from components A, B, C, and E, the results from Component F do not take the place of those other components. Rather, the results from Component F are *in addition to* the other components. See Total 20-Year Housing Need section below.

Table 12: Additional local housing demand calculations for sample community, Steps 1 and 2

Component	Result
A Extreme Core Housing Need	1,587
B Persons Experience Homelessness	380
C Suppressed Household Formation	1,420
E Rental Vacancy Rate Adjustment	16
<b>Total</b>	<b>3,403</b>
Demand Factor	1.18
<b>Total New Units - 20 years</b>	<b>4,012</b>

### **TOTAL 20-YEAR HOUSING NEED**

To determine the total 20-year housing need, the total new units calculated **for each of the six components (i.e., Components A-F) are summed and rounded to the nearest whole number** for the applicable municipality or regional district electoral area (Table 13).

Table 13: Total 20-year Housing Need

Component	Total Housing Need
A Extreme Core Housing Need	1,587
B Persons Experience Homelessness	380
C Suppressed Household Formation	1,420
D Anticipated Household Growth	11,566
E Rental Vacancy Rate Adjustment	16
F Additional Demand	4,012
<b>Total New Units - 20 Years</b>	<b>18,981</b>

### **3. Calculating 5-year housing need**

HNRR s. 15 (VHNRR s. 10)

The calculation of 5-year housing need is based on the 20-year calculation for each of the six components of current and anticipated need described above.

The 5-year *total* number of new housing units for the applicable municipality or regional district electoral area (EA) is the sum of the six components below, rounded to the nearest whole number.

*Note: some components are relatively higher in the first 5 years, reflecting the urgency of addressing them, and so calculating the 5-year total is not as straightforward as simply dividing the 20-year number by 4.*

**COMPONENT A: Housing units and extreme core housing need**      HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

**COMPONENT B: Housing units and homelessness**      HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 10 years, recognizing the urgent needs of this population, therefore the 20-year result is ***divided by 2*** to calculate the 5-year number.

**COMPONENT C: Housing units and suppressed household formation**      HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

**COMPONENT D: Housing units and anticipated household growth**      HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is calculated using the same method as the one described for Component D for the 20-year calculation above, except the references to 20 years will be changed to 5 years. In other words, it uses BC Stats household projection data for the applicable municipality and regional district, for the 5 years after the most recent census report (e.g., 2026 for the 2021 census).

**COMPONENT E: Housing units and rental vacancy rate**      HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is considered over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

**COMPONENT F: Housing units and demand (the “demand buffer”)**      HNRR s. 15 (VHNRR s. 10)

The total number of housing units for this component is distributed over 20 years, therefore the 20-year result is ***divided by 4*** to calculate the 5-year number.

*\*As with the 20-year calculation, this component applies only to municipalities and not to regional district EAs.*

## **PART 2 – CONSIDERATIONS FOR SMALL COMMUNITIES AND REGIONAL DISTRICT ELECTORAL AREAS**

### **1. Data Challenges**

In some cases, small communities and regional district electoral areas (EAs) may find that census data required for the HNR Method has been suppressed by Statistics Canada. Data suppression occurs for two reasons:

- Confidentiality – data is suppressed to ensure that the identity and characteristics of respondents is not disclosed
- Data quality – data is suppressed to limit the dissemination of data of unacceptable quality

Where data has been suppressed and local governments are unable to complete the calculations described by the HNR Method, the alternative calculations and assumptions described in the following sections may be used instead.

Data limitations will also exist for municipalities or EAs that have been incorporated after 2005 or that have had boundary changes after 2005, for which some census data may not be available. In these cases, calculations will use the data that is available:

- For Extreme Core Housing Need, the Average ECHN Rate will take the average of those census reports that are available (e.g., for 2011, 2016, and 2021, if 2006 is not available).
- For Suppressed Household Formation, the earliest available census report will be used to determine headship rates by tenure and age cohort (e.g., 2011 if 2006 is not available).

## **2. Alternative calculation method – Extreme Core Housing Need**

Where data on Extreme Core Housing Need (ECHN) is suppressed in a census report, assume that ECHN for that census report is equal to zero. Suppressed data will be indicated by an “X” in the applicable census data table.

For some local governments, the number of households in ECHN is reported as zero in a census report. This is not the same as the data being suppressed. Rather, no households were found to be in ECHN for that census reporting period. Calculate the number of units required to address ECHN as usual, using the HNR Method

## **3. Alternative calculation method – Suppressed Household Formation**

Where data on Primary Household Maintainer age and tenure is suppressed in a census report, use the following simplified method for Suppressed Household Formation. This method uses only a total headship rate, calculated as private households divided by population, to arrive at the 2006 headship rate. Calculations for individual age and tenure cohorts are excluded.

**Required data:**

- The number of households for the associated municipality or EA (i.e., census subdivision) from the 2006 and most recent census reports<sup>13</sup>
- The population for the associated municipality or EA from the *2006 and most recent* census reports

**Step 1:** Calculate the 2006 Headship Rate (%). Divide the 2006 number of households by the 2006 population.

**Step 2:** Calculate 2021 Potential Households. Potential Households are the households that may have theoretically formed if Headship Rates from 2006 had remained constant. Multiply the 2006 Headship Rate calculated in Step 1 by the population from the most recent census report.

**Step 3:** Calculate the number of Suppressed Households. Suppressed Households are the difference between those that could have theoretically formed at 2006 Headship Rates and those that actually formed. Subtract the number of households from the most recent census report from the estimated Potential Households calculated in Step 2.

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<sup>13</sup> Required census data can be drawn from custom data sets provided by the province for HNRs. This data is available at: <https://catalogue.data.gov.bc.ca/dataset/custom-census-reports-2021-2016-2011-2006->