

HOUSING NEEDS ASSESSMENT

Issue

An updated Housing Needs Assessment is presented to Council for information.

Motion Proposed by Administration

That the Housing Needs Assessment report be accepted as presented.

Report, Analysis and Financial Implications

Background and Methodology

Improving the diversity and affordability of housing options for individuals and families is a key priority of Council. To support this priority, Administration collaborated with HelpSeeker Technologies to prepare an updated Housing Needs Assessment (HNA) to better understand the housing landscape in Okotoks. The HNA provides a comprehensive analysis of demographic, economic and housing data to identify current and future housing needs. It provides the evidence to support the Town's ongoing efforts to make targeted investments, policy choices and advocacy efforts to ensure safe, appropriate and affordable housing is available to all who wish to call Okotoks home. Furthermore, this HNA will fulfill requirements of federal and provincial grant programs to have an updated HNA.

A variety of data sources were used to prepare this HNA. To ensure consistency and comparability with needs assessments across the province and Canada, data was primarily sourced from Statistics Canada and the Canada Mortgage and Housing Corporation (CMHC). Where possible, federal data was contextualized with local data sourced from the Town, Westwinds Communities, the Calgary Real Estate Board, and rentfaster.ca.

This HNA includes two methodologies to project housing needs to reflect differing methodologies recommended by the Federal and Alberta governments. The Housing Assessment Resource Tools (HART) methodology is a CMHC endorsed approach that utilizes an equity-based approach to identifying housing need. This standardized approach focuses on household income and vulnerable populations as the basis for determining need. The Government of Alberta encourages projection of housing needs based on non-market housing type categories used in the province. This additional approach to projecting housing need has been included as Appendix A to this report (Attachment 1).

Key Findings

The HNA is a technical document that analyzes a variety of factors to enhance our understanding of housing need and the key drivers affecting housing affordability in Okotoks. Attachment 2 summarizes key findings from the HNA in a short infographic format. The HNA confirmed much of what Administration already knew in Okotoks regarding housing need and provides the evidence to support local decision-making, advocacy and external funding requests.

Factors influence housing affordability in Okotoks

Affordability of the local housing market is shaped by many factors. The Okotoks housing market has been affected by record immigration into Alberta, resulting in low inventory levels and upward pressure on property values. In 2023 alone, the average residential assessment in Okotoks rose by 20% from the previous year. This issue has been exacerbated by longstanding water supply limitations, which has artificially constrained the Town's ability to meet the demand for new housing units. In fact, Okotoks went from being one of the fastest growing communities in the region (and Canada) prior to 2011, to one of the slowest following the introduction of a Water Allocation Policy in 2010 which restricted growth based on available water license capacity.

The Town's inability to meet the demand for residential growth has made it more expensive to live here. Data from the 2021 federal census, confirms that the cost of owning and renting a dwelling in Okotoks is higher than Calgary and Alberta. Furthermore, income growth has not kept pace with shelter costs. Between 2016 and 2021 shelter costs in Alberta increased by 9% while the median income in Okotoks rose by 0.7% during this same time period. The most recent data from 2023 to 2024 shows a 15% increase in overall shelter costs indicating a widening gap between shelter costs and income. In 2023, the benchmark home price in Okotoks (across all housing types) was \$571,742, nearly 5 times the estimated median household income of \$117,000. As of Q2 2024, the benchmark home price in Okotoks reached \$617,567. Homeownership is becoming increasingly out of reach for many households pushing them to seek housing in the rental market.

Demographic Trends

The demographic landscape in Okotoks is changing. Seniors aged 65+ are the fastest growing demographic in Okotoks, representing 15% of the overall population, projected to increase to 19% in 2031. Accompanying this trend is an increasing number of seniors living alone. Between 2016 and 2021 the number of seniors living alone increased by 62% from 455 to 735. This corresponds with data that suggests households in Okotoks are getting smaller as one and two person households experienced the highest rates of growth among all household sizes and represent 50% of all households. The Okotoks Indigenous population grew from 4% in 2016 to 5.3% in 2021, with 60% identifying as Metis.

Vulnerable Groups

Women led, lone parent female led, single person and seniors' households are disproportionately affected by unaffordable or inadequate housing options, reporting the lowest incomes and highest instances of core housing need. In 2021, reported incomes for single person and lone-parent female led households was \$57,000/year and \$76,000/year respectively.

Furthermore, renters in Okotoks are four times more likely to be in core housing need than homeowners. 17% (1755) of households in Okotoks earn less than \$58,500 per year. This means that 1 in 6 households cannot afford more than \$1463/month in shelter costs before spending more than 30% of their before tax income on housing. As there are very limited housing options in Okotoks available at rates less than \$1500/month, many households are

overspending on shelter costs and may be struggling to meet other essential needs such as food, medicine and clothing.

Housing Needs

The predominant approach to assessing housing need is by evaluating core housing need data that is published in the federal census every 5 years. Both the provincial and federal methodologies for housing needs assessments utilize core housing need data. The federal methodology analyzes core housing need and income data to identify priority populations most likely to face affordability challenges. The provincial methodology uses core housing need data to quantify housing need by non-market housing categories established by the province. Both methodologies demonstrate that Okotoks is underserved in all areas of non-market housing and is not meeting the needs of its most vulnerable residents.

Core Housing Need: A household is considered to be in Core Housing Need if their housing is unsuitable (in need of major repairs), inadequate (not enough bedrooms), or unaffordable (spending more than 30% of before-tax income) and the household would have to spend 30% or more of their total before-tax income to pay the median market rent of alternative housing.

In 2021, there were 335 households in core housing need in Okotoks, which is projected to increase by 50% to 456 in 2031. These figures are assumed to be under reported for a few key reasons:

- CERB (Canada Emergency Response Benefit) provided by the federal government artificially inflated incomes during the 2021 census;
- High inflation experienced in recent years has significantly impacted housing affordability in Okotoks; and
- Affordability indicators used in calculating core housing need are derived by utilizing data from the CMHC primary rental market survey to establish median rents in a community. As Okotoks has a small primary rental market, the CMHC primary rental market survey often underestimates median rents, resulting in less households meeting the criteria to be considered in core housing need.

Core housing need data suggests the Town has a current deficit of 183 non-market housing units, which is projected to increase to 279 units in 2031. The greatest need is for community housing where rents are geared towards income, followed by housing geared towards seniors, non-market affordable housing, and rent supplement. Okotoks does not have an emergency shelter or transitional housing which means residents requiring these supports must leave the community.

Beyond core housing need data, over 1700 households cannot afford shelter costs greater than \$1500. In the absence of new funding for non-market housing, additional rent supplement in Okotoks would enable more residents to access housing in the private market at affordable rates. Household size is decreasing in Okotoks with 50% of all households comprised of one or two persons. This coupled with an aging population suggests the need for more one- and two-bedroom units that incorporate universal design principles to support aging in place.

Progress

Though Okotoks continues to see deficits in all non-market housing types, significant progress has been made to attract investment and increase the supply and diversity of housing options available in the community. The Town is beginning to see the results of Council’s investments and proactive efforts to remove barriers to housing development:

- Housing diversity is improving - since 2020, 50% of housing starts have been for multi-family (apartment, row, duplex), and 50% of all secondary suites were completed in the last 3 years.
- Purpose-built rental stock is growing – 389 units were approved between 2021 and 2023 with more units anticipated.
- New non-market units have been added – in 2023, 22 new units of non-market housing were completed through private and non-profit developments.
- The Foothills-Okotoks Regional Water Project is on track for completion in 2026.

Conclusion

Okotoks is on the precipice of experiencing significant population growth as the supplemental water supply becomes operational in 2026. The information in this HNA provides valuable insights to support the Town’s ongoing efforts to ensure that new housing supply is diverse and affordable to all those who wish to call Okotoks home. Diverse and affordable housing is integral to a complete community and a thriving local economy. It promotes social inclusion, economic diversity, and improved quality of life as it enables residents to live near their workplaces, schools and services, reducing commute times and enhancing overall well-being.

Access to affordable housing was the number one priority in the 2023 business satisfaction survey. As Okotoks local economy is predominantly made up of lower wage jobs in the retail and service industries, it is crucial to ensure that local housing options are available to these workers so they can live in the community they serve. In addition, when residents have access to appropriate and affordable housing, they have more disposable income to invest in the local economy.

Though this report is focused on housing needs, a forthcoming social needs assessment will provide critical insights into other factors that influence the well-being of residents. Together, these two documents will provide a critical foundation to support ongoing efforts of the Town and its partners to support community needs, a thriving local economy and a high quality of life in Okotoks.

The Housing Needs Assessment will be published to the Town’s website and submitted as required for any federal or provincial grant programs.

Strategic Plan Goals

<input checked="" type="checkbox"/>	Responsibly Managed Growth	<input type="checkbox"/>	Demonstrated Environmental Leadership
<input checked="" type="checkbox"/>	Strong Local Economy	<input checked="" type="checkbox"/>	Enhanced Culture & Community Health
<input type="checkbox"/>	Organizational Excellence		

Equity/Diversity/Inclusivity Impacts and Strategy

Housing is a universal and basic human need and a key determinant of health and well-being. The HNA provides important insights into the factors influencing housing affordability in Okotoks and those disproportionately impacted. These insights support targeted investments, policies and programs to ensure that individuals and families in Okotoks can find housing that meets their unique needs.

Environmental Impacts

Ongoing efforts to ensure diverse and affordable housing options are available in Okotoks will promote more efficient use of land and will serve to increase opportunities for Okotoks' workforce to also live in the community, thereby reducing commutes and contributing to a reduction in greenhouse gas emissions.

Governing Policies/Bylaws/Legislation or Agreements

An updated HNA is required for many federal and provincial grant programs and will support non-profit partners' applications for affordable housing funding. Furthermore, action 5.3 of the Affordable Housing Strategy directs that the housing needs assessment be updated every five years to align with the release of data from the federal census.

Community Engagement Strategy

Westwinds Communities (WC) provided waitlist data to inform the housing need projections in this HNA. WC was provided with a draft of this HNA and their feedback was incorporated into the final document. The feedback from WC was positive and they indicated that the identified housing needs aligned with their targets for future development.

Additional community wide engagement was not undertaken due to the social needs assessment currently underway which involves a high degree of community and stakeholder engagement that will provide valuable insights into the experiences and challenges of Okotoks' most vulnerable residents. The findings of the social needs assessment will be used in tandem with this HNA to ensure strategies and actions of the Town are supporting social well-being.

Alternatives for Consideration

n/a

CAO Comments

Municipalities are facing unprecedented challenges. Most municipalities are hard pressed to generate enough revenue to take care of their current asset inventory. Municipalities, in a growth environment, must not only take care of their current assets, but also plan for growth. Now adding housing into the mix is a challenge as there is limited funding available from all orders of government. This report highlights affordability impacts of housing and requires the development of solutions from all government levels. This updated information will be essential to inform future options.

Attachment(s)

1. 2024 Housing Needs Assessment
2. 2024 Housing Snapshot

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September 26, 2024