

2018

# Housing Needs Assessment: Market Baseline



# LAKE COUNTRY

Life. The Okanagan Way.

District of Lake Country

October, 2018

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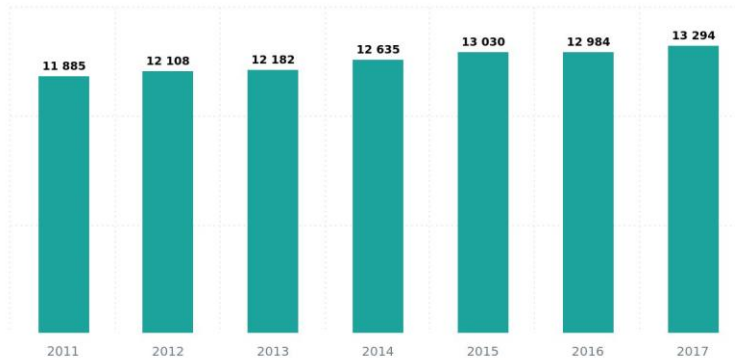
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## 1.0 Introduction

### 1.1 Background

The District of Lake Country (DLC) is located within the Regional District of Central Okanagan, and within the Kelowna Census Metropolitan Area (CMA). The CMA has consistently been one of Canada’s fastest growing regions for the past decade. Lake Country itself has been one of the most rapidly growing municipalities in British Columbia. Annual construction has reached record levels in recent years. In line with this growth, the population has also grown steadily.

#### Lake Country’s Recent Population Growth



Source: BC Statistics

The majority of housing development has been in terms of mid- to high-end of market housing options. The region and more specifically, the District, has experienced most of its residential growth as the result of investment in single family housing. While there has been somewhat of an uptick in multi-family development, and the District has permitted secondary suites within single family zones for over a decade, there is still a relative shortage of housing other than larger lot, single home development.

With the amount of growth and demand for housing in both the region and within Lake Country, Council outlined the need for a Housing Needs Assessment as a Strategic Priority. This Housing Needs Assessment will discuss the local housing market along the “Housing Spectrum” illustrated below.



## 1.2 Council Policy and Planning Framework

Council has established a number of high-level goals, objectives, and policies regarding housing, as summarized in the following table.

Document/Plan	Policy Statement and/or Synopsis of Relevant Framework
<b>Regional Growth Strategy (2014) Section 3.2.6, “Our Housing”</b>	<ul style="list-style-type: none"> <li>• Preserve and enhance existing neighbourhoods through encouragement of a variety of housing types, densities, choices and affordability;</li> <li>• Encourage new residential units and retrofits of older residential units to incorporate building materials and products that reduce energy and water consumption;</li> <li>• Encourage new growth areas to include sustainable community and neighbourhood design practices that demonstrate housing affordability/housing choices for the full housing spectrum;</li> <li>• Build capacity within the Region to advance affordable housing initiatives and increase the amount of transition and supportive housing in the Region.</li> </ul>
<b>Integrated Community Sustainability Plan (2014)</b>	<ul style="list-style-type: none"> <li>• The ICSP outlines future success in terms of housing as having a community with a diverse mixture of housing types and options. Further, the housing will be located throughout the District to ensure residents have access to amenities. Supportive housing and “aging in place” will be encouraged for seniors. Finally, rental housing stock will be available within the community.</li> </ul>
<b>Official Community Plan (2010) Section 7, Housing</b>	<ul style="list-style-type: none"> <li>• Goals:               <ol style="list-style-type: none"> <li>1) Support a variety of residential housing options.</li> <li>2) Allow for a range of residential housing tenures.</li> <li>3) Promote the availability of affordable housing.</li> </ol> </li> <li>• Each of the above-listed goals was accompanied with objectives and policy statements, which are now being updated with the review of the District’s OCP.</li> </ul>
<b>Official Community Plan (DRAFT 2018)</b>	<ul style="list-style-type: none"> <li>• The Draft OCP defines “Affordable Housing” as “housing where cost is no more than 30% of pre-tax household income of the median level income earner in Lake Country for the previous census year.” This is similar to the widely used definitions utilized by the Canada Mortgage and Housing Corporation, many academics, and banking institutions.</li> <li>• Objectives:               <ol style="list-style-type: none"> <li>1) Support a variety of residential housing options.</li> <li>2) Allow for a range of residential housing tenures.</li> <li>3) Promote the availability of affordable housing.</li> <li>4) Protect the existing rental stock.</li> </ol> </li> </ul>

### 1.3 Purpose

The purpose of this Housing Needs Assessment as established by Council, is to outline the market and the current state of housing in the District of Lake Country. The Needs Assessment does not fully address solutions to housing market issues. However, it does outline next steps, including a full Housing Strategy. This Assessment will act to outline housing prices, tenures, stock, and gaps in the market. Further, this document will address “what we know now” in terms of housing in Lake Country, including the 360 degree costs of housing (e.g. transportation, utilities, taxation), and issues such as homelessness.

## 2.0 The Inventory

### 2.1 Overall Housing Growth and Development in Lake Country

The District has changed dramatically since it incorporated in 1995, with the majority of these changes taking place since around 2006. The community shifted from being largely agricultural, to being highly residential alongside preserved agricultural lands. As the community has grown, new commercial and industrial demand has emerged, placing Lake Country on the urban-rural interface.



#### Quick Facts:

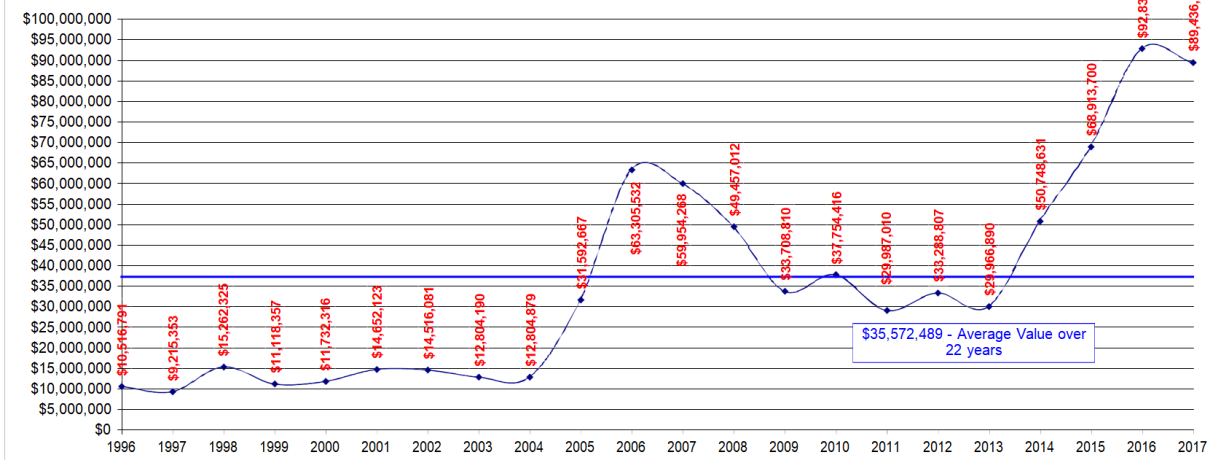
- Most Lake Country residents live in a single-detached house (69%)
- According to Statistics Canada, the total number of private dwellings occupied by usual residents is 5,094 of a total 5,897 (13.6% not occupied by usual residents)
- 78% of dwellings are owned and the remaining 22% are rented

- There is sufficient land designated to accommodate an additional unit growth ranging from 2000 to 4500 units, depending on the density of development in various areas.
- There is enough capacity in the existing Wastewater Treatment Plant for approximately another 750 units, but this could be less given expected commercial, industrial, and institutional growth.

The housing stock continues to expand and diversify alongside community and regional growth. While the supply has been primarily single family in nature, there has been notable growth in multi-family units in recent years. Since 2006, over one thousand single family homes have been constructed. In the same period, nearly one thousand multi-family units were built. With the increase in multi-family development, over 30% of housing in the community is now semi-detached, townhouse, apartment, duplex, or moveable in form; the remainder is single family. There are now over 6,000 units in the District.

**Historic Building Permit Values in Lake Country**

**DLC Building Permit Value (1996-2017)**



Housing development in the District is highly constrained due to geography and land use. Alongside the Identified Growth Areas in the District, established under the principles of responsible, Smart Growth and sound asset management, development is restricted along hillsides/steep slopes and also within the Province’s Agricultural Land Reserve (ALR). As a result, there is an imperative to use land wisely and attain appropriate densities in suitable areas, accommodating development that meets Council’s goals in terms of housing diversity and supply. This is pressing given the capacity limit of approximately 750 units in the Wastewater Treatment Plant, and projected population growth of 3.1% annually.

In examining Lake Country’s residential growth since incorporation, it is evident that single family development and renovations have led investment in the market.

Type of Permit	Total Issued 1996-2017
Single Family	1735
Residential Addition	962
Secondary & Accessory Suites	251
Multi-Family	116

While 116 permits for multi-family development have been issued since 1996, this is not completely reflective of the total number of units in the market. For example, in the last five years, 177 units of multi-family housing have been developed. This reflects a substantial increase in the development of multi-family housing. Nonetheless, this pales in comparison to the 525 units of single family housing developed over the same period.

In looking at the capacity of the District's Wastewater Treatment Plant in and around 750 units, and the last five years of development in Lake Country resulting in 702 units of new housing, the District has a market-dependent capacity for another 3-10 years of growth. In fact, considering the planned and in-stream applications that the District is aware of, there are roughly 2,400 units which may be applied for at any given time. Of course, this is heavily market dependent; but it illustrates the need to prioritize growth, timing, and the types of sanitary sewer connections that the District wishes to have. This will be a balance of residential, commercial, industrial, and institutional growth, which must all be accommodated in the same Wastewater Treatment Plant.

## **2.2 Single Family Development**

The community is predominately comprised of single unit residential dwellings in both urban and rural areas. Housing prices in Lake Country are high and continue to rise, and this is partially due to the predominance of low density single family dwellings on individual lots.

To reduce the amount of land consumed by low density development, help limit urban sprawl and to reduce the ecological impact of urban development, the District of Lake Country is advocating increased density in single unit residential neighbourhoods.





### 2.3 Multi-Family Development

While the multiple unit residential stock within the District had two peak increases in 2010 and 2016, there is still a low supply of this type of housing form within the community compared to the number of single family units.



### 2.4 Rental Housing Development

Rental housing is essential for the development of a complete community. Lake Country has few units available that are in the rental market. While the percentage of rental units in Lake Country is low, this number has been very gradually increasing over the last 10 years. This is reflected in the Census data, which indicates that in 2006, 16% of units were rented, 18.1% in 2011, and 21.8% in 2016.

There has been no multiple unit development constructed purely for the purpose of market rental housing in the District of Lake Country. Most multiple unit construction has been condominiums intended for owner occupation. Only a small percentage of these units were purchased with the intention to rent.

The remainder of the rental stock is comprised of mobile homes and seasonal accommodation that is occupied for short durations in the summer months but is otherwise available for long term rental in the off season.



A lack of rental accommodation affects the local economy, as business owners may not be able to find staff. As such, the District is committed to protecting existing rental stock and supports an increase to the availability of rental housing.

Secondary and accessory suites provide an important alternative to more traditional large scale multiple unit residential dwellings. Suites provide a means to accommodate a mixture of income and age levels within existing neighbourhoods without increasing apparent density or changing the character of the neighbourhood.



To further encourage suite development, the District of Lake Country amended the Zoning Bylaw in 2009 to permit secondary suites in all residential zones and to permit accessory suites on all rural residential properties.

### 3.0 The Ownership Market

The housing market in Lake Country is predominantly made up of homes for ownership purposes, with a low supply of rental units.

While new home construction has boomed in recent years, the data on these sales is less publicly available. As a result, this section of the Housing Needs Assessment draws heavily upon Multiple Listing Service (MLS) sales data, which is more readily available and trackable over time.

This section of the Assessment aims to outline the general trends in the ownership housing market over the past decade within Lake Country.

#### 3.1 Single Family Real Estate

Single family housing development has driven growth in the District since incorporation. While the housing stock has become more diverse in recent years, single family housing has continued to make up the majority of construction activity.

Single Family Housing MLS Sales Data						
Year	Sale Price, Average	Sale Price, Median	# of Sales	Months of Inventory	DOM, Average	DOM, Median
2008	\$582,007	\$489,500	108	24.75	70	52
2009	\$459,406	\$442,500	124	10.33	106	79
2010	\$513,843	\$445,000	105	17	81	62
2011	\$461,010	\$426,563	120	9.22	104	84
2012	\$465,456	\$430,900	123	14.43	95	65
2013	\$483,681	\$422,000	135	10.38	108	75
2014	\$514,587	\$468,500	177	7.38	97	64
2015	\$523,833	\$489,500	213	9.33	80	56
2016	\$637,480	\$575,000	242	7.14	54	38
2017	\$750,069	\$649,900	217	3.9	55	32
YTD 2018	\$750,493	\$698,000	109	5.11	58	34
AVERAGE	\$539,137	\$483,936	156	11.4	85	60.7
MEDIAN	\$514,215	\$456,750	130	9.8	88	63
% CHG.	29%	33%	101%	-84%	-21%	-38%

Over the past decade, the sales price of a single family home in Lake Country has increased by around 30%. The median housing price is likely more indicative of growth in values, since averages can be skewed by outliers in terms of high and low prices, which are often influenced by factors not present in

the sales transactions of most homes. Regardless, in this instance, there is substantial growth in the price of a home in Lake Country (+29% average and +33% median).

In the past ten years, the number of sales per year has increased dramatically (101%). So, alongside the rapid growth in housing development in Lake Country, absorption of these units has been steady and reliable. The months of inventory has decreased by 84%, and correspondingly, the days on market (DOM) for a home in Lake Country has also dropped (-21% average or -38% median).

These statistics paint a picture of a tightening and more competitive single family housing market in Lake Country. Housing prices are increasing steadily as inventory and the speed of absorption by the market increases. This is despite the increase in development and supply entering the market.



### 3.2 Apartment Condominium Real Estate

Apartment Family Housing MLS Sales Data (Average/Median)						
Year	Sale Price, Average	Sale Price, Median	# of Sales	Months of Inventory	DOM, Average	DOM, Median
2008	\$304,949	\$312,000	22	0	121	74
2009	\$251,715	\$249,950	40	5.5	70	52
2010	\$245,006	\$241,100	35	12.5	114	103
2011	\$225,584	\$231,125	28	0	90	46
2012	\$210,099	\$210,000	29	0	182	135
2013	\$232,004	\$227,500	21	0	146	66
2014	\$227,060	\$235,000	25	4.67	162	83
2015	\$225,175	\$229,000	39	4	173	57
2016	\$264,260	\$248,950	64	6	67	45
2017	\$289,046	\$293,750	52	12	53	36
YTD 2018	\$330,423	\$337,500	46	6.33	40	26
AVERAGE	\$247,490	\$247,838	36	4	118	70
MEDIAN	\$238,505	\$238,050	32	4	118	62
% CHG.	-5%	-6%	136%	*	-56%	-51%

Apartment prices reached a peak within Lake Country in 2008, but year to date numbers for 2018 indicate that this year may see a new peak by years end. The proportion of development in Lake Country that has resulted in new apartment stock has been minimal in the past decade as well. Regardless, the average and median sales prices for apartments in Lake Country appear to have dropped slightly since 2008, with a rapid uptick in 2018. The number of sales has also increased dramatically (136%), but the overall impact on the housing market is minimal due to the low supply of units available. Reflecting demand for apartments in Lake Country, the average and median number of days on market for an apartment unit have declined substantially (-56% and -51% respectively).



### 3.3 Townhouse Condominium Real Estate

Townhouse Family Housing MLS Sales Data (Average/Median)						
Year	Sale Price, Average	Sale Price, Median	# of Sales	Months of Inventory	DOM, Average	DOM, Median
2008	\$225,480	\$214,000	10	0	63	49
2009	\$341,513	\$272,000	31	4.6	214	221
2010	\$278,603	\$268,700	20	17	279	141
2011	\$261,925	\$238,500	12	28	83	62
2012	\$283,509	\$280,000	23	0	150	140
2013	\$327,590	\$306,000	21	6	98	44
2014	\$280,271	\$293,000	34	9.5	107	62
2015	\$312,492	\$329,900	48	7.5	99	105
2016	\$372,102	\$389,900	66	2.67	72	44
2017	\$422,698	\$429,000	80	5	55	39
YTD 2018	\$475,563	\$499,200	50	5.8	69	47
AVERAGE	\$310,618	\$302,100	35	8	122	91
MEDIAN	\$298,001	\$286,500	27	6	99	62
% CHG.	87%	100%	700%	*	-13%	-20%

The market for townhouse development in Lake Country demonstrates the increasing demand for this type of housing over the past ten years. Townhouse prices have skyrocketed since 2008 in Lake Country, with the median townhouse price doubling between 2008 and 2017, and showing no signs of decline well into 2018. The number of sales has increased by 700%, but in a proportionately small market this indicates more units on the market at any given time in relation to a decade ago. The average and median days on market for a typical townhouse has also declined, meaning a quicker absorption period from listing to sale. Overall, the townhouse market in Lake Country reflects increasing demand for this type of product over time.



## 4.0 The Rental Market

The rental vacancy rate within the District of Lake Country has been historically low. The entire Central Okanagan has had a vacancy rate hovering in and around 0% since the period leading up to 2008, with a short-term increase in vacancies following the recession. Since 2012, the vacancy rate has dropped substantially, and is again sitting at 0.0%. A healthy, more equitable rental housing market would have a vacancy rate of around 4%.

<b>Rutland (includes Lake Country)— Historical Vacancy Rates by Year of Construction 2010 to 2017 Apartment Bedroom Type - Total October</b>	
<b>Year</b>	<b>Vacancy Rate</b>
<b>2008 October</b>	0.3%
<b>2009 October</b>	3.0%
<b>2010 October</b>	3.3%
<b>2011 October</b>	3.4%
<b>2012 October</b>	3.6%
<b>2013 October</b>	1.6%
<b>2014 October</b>	0.8%
<b>2015 October</b>	0.1%
<b>2016 October</b>	0.1%
<b>2017 October</b>	0.0%

Source: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/067002/5/Rutland>

The rental market demand in Lake Country has been largely fulfilled with secondary suites, since there are few multi-family units on the rental market within the community. Between 2009 and the end of 2017, the District has permitted approximately 231 secondary suites within the community. Apartment rentals prices, which are tracked by CMHC, have increased substantially in recent years, partly due to the relatively low supply of rental units overall.

<b>Rutland (Includes Lake Country) — Historical Average Rents by Bedroom Type 2010 to 2017 Apartment October</b>					
	<b>Bachelor</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom +</b>	<b>Total</b>
<b>2010 October</b>	524	678	851	1,061	821
<b>2011 October</b>	590	692	898	1,046	860
<b>2012 October</b>	491	698	882	1,064	846
<b>2013 October</b>	519	707	895	1,076	854
<b>2014 October</b>	**	757	928	1,111	900
<b>2015 October</b>	618	789	960	999	917
<b>2016 October</b>	693	832	1,003	1,242	971
<b>2017 October</b>	720	875	1060	1,221	1022

Source: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/067002/5/Rutland>

There are a handful of developments in Lake Country that are also accommodating market rental options, within stratified buildings. These include multi-family developments within The Lakes, Powley Court, and Jensen Road, for example.



One building within the District provides a substantial portion of the rental stock in the community: The Lake Country Lofts. The Lofts was originally built with the intent to stratify each of its 71 units, but has since not been stratified, and has been rented with low vacancies for the past decade.

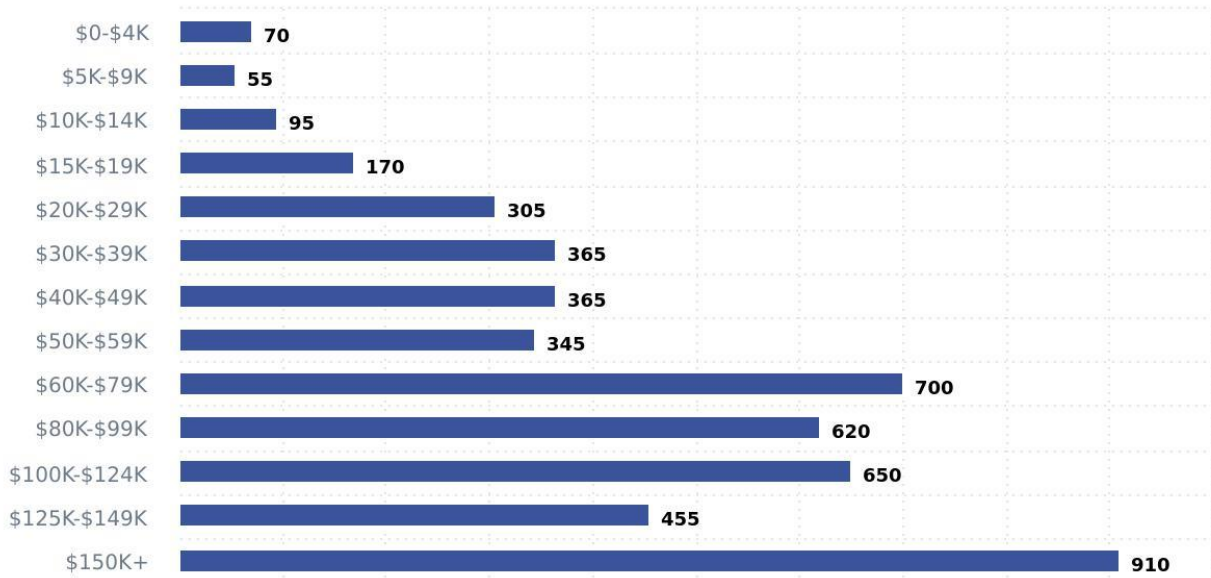
Overall, Lake Country has had a historically low rental vacancy rate coupled with quickly increasing rental prices. In order to have a balanced housing market, the District must work with other orders of government to address this shortfall in housing supply. Accordingly, the District is working with potential partners to deliver purpose-built rental housing within the community, better meetings the needs of Lake Country's growing and diversifying population.



## 5.0 Income, Homelessness & Housing Supports

### 5.1 Income in Lake Country

Income is a key determinant in the affordability of housing. A common measure of affordability is the median housing price in relation to median incomes.



Most residents are above the low income cut-off, or the income a person must earn to be considered to be part of the low income group. The majority of households are also above the 2016 national median income of \$83,243 per year.

### 5.2 Homelessness

In April, 2018, the Lake Country Health Planning Society, in collaboration with the District of Lake Country, conducted its first “Point in Time (PiT) Count” for homelessness in the community. The following is a brief summary from the Lake Country Health Planning Society’s report:

“The Government of Canada’s Homelessness Partnering Strategy has provided support to 61 designated communities across Canada to conduct a coordinated Point-in-Time Count of the homeless population. The count will provide vital information to participating communities about their homeless population and contributes to the understanding of homelessness in Canada. It aims to enumerate individuals in a community who are, at a given time, staying in shelters or “sleeping rough” (e.g., on the street, in parks), providing a “snapshot” of homelessness in a community. PiT Counts include a survey that provides communities with information on the characteristics of their homeless population (e.g., age, gender, veteran status, Aboriginal identity).

“Lake Country is not a designated community and therefore, did not receive Federal funding for their 2018 PiT Count held on April 21st, 2018. The District of Lake Country choose to support the local 2018

PiT Count to gain a better understanding of homelessness in the community, encourage discussion about homelessness and poverty reduction and to set a benchmark for the District of Lake Country.

“The results of the 2018 PiT Count provide a better understanding of the current state of homelessness in Lake Country. These results may be used to provide direction and inform strategic community planning. Further, these findings may act as a benchmark to track changes in the homeless population over time and measure progress in addressing homelessness.

“The 2018 PiT Count results represent the most accurate information currently available regarding the state of homelessness in Lake Country. In the month leading up to the PiT Count, 2 staff from Lake Country Health Planning Society spoke to 2 individuals that stated they were experiencing homelessness in Lake Country. Neither individual was located on the night of the PiT Count. Steering Committee members were asked to provide a search area update to the Team Leader in the week leading up to the PiT Count. Members reporting interacting with and observing individuals that were experiencing homelessness in 2 Lake Country locations. No individuals were found in these locations on the night of the PiT Count. Due to the large geographical spread, agricultural and park areas and rural nature of Lake Country, designated search areas were searched twice to be sure not to miss anyone and to account for individuals that may have been travelling throughout Lake Country on the night of the PiT Count.”

Although the homelessness count for Lake Country was zero on April 21, 2018, this only illustrates a snapshot of the most chronic type of homelessness in the community. It is likely that [hidden homelessness](#) is more common in Lake Country, rather than long-term homelessness that may be more common in more urbanized communities with shelters and other services for homeless populations. Academic research from UBC Okanagan has suggested that hidden homelessness, and the risk of homelessness, is common in the Okanagan.

### 5.3 Housing Supports in Lake Country

For those who are in the greatest housing need within Lake Country, there are few housing supports available. Right now in Lake Country, based on data obtained from the Canada Mortgage and Housing Corporation (CMHC), there are over 8% of households in Lake Country in “Core Housing Need.” This is in line with pre-Recession levels.

Core Housing Need in Lake Country	
2016	8.4%
2011	12.1%
2006	8.3%

Sources:

Statistics Canada (<https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm> )

CMHC ([https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/5935016/4/Lake%20Country%20\(DM\)](https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/5935016/4/Lake%20Country%20(DM)) )

“Core Housing Need” as defined by CMHC is:

“A household is said to be in core housing need if its housing falls below at least one of the adequacy, affordability or suitability, standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards).

- Adequate housing are reported by their residents as not requiring any major repairs.
- Affordable dwellings costs less than 30% of total before-tax household income.
- Suitable housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements.

A household is not in core housing need if its housing meets all of the adequacy, suitability and affordability standards

OR,

If its housing does not meet one or more of these standards, but it has sufficient income to obtain alternative local housing that is acceptable (meets all three standards).

**NOTE:** Regardless of their circumstances, non-family households led by maintainers 15 to 29 years of age attending school full-time are considered to be in a transitional stage of life and therefore not in core housing need.”

Source: CMHC ([https://cmhc.beyond2020.com/HiCODefinitions\\_EN.html#\\_Core\\_Housing\\_Need\\_Status](https://cmhc.beyond2020.com/HiCODefinitions_EN.html#_Core_Housing_Need_Status) )

While CMHC does not include 15-29 year-old student households as being in “Core Housing Need,” there is substantial and emerging literature from the University of British Columbia’s Okanagan campus that indicates there is also a housing need for students within the Kelowna Census Metropolitan Area. This is in addition to the 8.4% of people who are deemed to be in Core Housing Need as defined by CMHC.

The following data has been provided by BC Housing up to 2017, which is used more in a way to illustrate that the majority of Lake Country residents who receive BC Housing supports are seniors and those in need of supported housing with greater accessibility considerations. There are also a number of households receiving rental assistance through BC Housing’s programs. This is considered alongside the fact that Lake Country has no purpose-built rental housing available to the broader market.

Service Allocation	Service Allocation Subgroup	Unit Count	Total
Transitional Supported and Assisted Living	Frail Seniors	29	
	Special Needs	1	
<b>Total Transitional Supported and Assisted Living</b>			<b>30</b>
Independent Social Housing	Low Income Families	23	
	Low Income Seniors	70	
<b>Total Independent Social Housing</b>			<b>93</b>
Rent Assistance in Private Market	Rent Assist Families	24	
	<i>RAP Only (subset of Rent Assist Families)</i>	24	
	Rent Assist Seniors	28	
	<i>SAFER Only (subset of Rent Assist Seniors)</i>	28	
<b>Total Rent Assistance in Private Market</b>			<b>52</b>
Homeownership	Homeowner	2	
	<i>BC HOME Partnership</i>	2	
<b>Total Homeownership</b>			<b>2</b>
<b>TOTAL</b>			<b>177</b>

Source: BC Housing, 2017.

\*RAP: Rental Assistance Program.

\*\* SAFER: Shelter Aid for Elderly Renters

According to the BC Non-Profit Housing Association, nearly half of all renter households spend more than 30% of their gross income on rent, and nearly one third spend 50% or more.

In response to housing needs that have been expressed throughout the community, a number of organizations have sought to supplement the housing market. These organizations include: the Lake Country Seniors Housing Society, Connect Communities, the Society of HOPE, Habitat for Humanity, and more recently, a five-partner initiative between the District, Urban Matters, EllisDon, the Society of HOPE, and BC Housing. These organizations and their programs are briefly summarized below:

### **Lake Country Seniors Housing Society**

The Society, located on Main Street within the District's Town Centre, provides 29 units of seniors housing. Reportedly, their waiting list is expanding and they are seeking new lands to provide greater housing in the community. In discussions with the Society, many seniors who are not able to access their housing are leaving Lake Country for options outside of the community.

### **Connect Communities**

Connect Communities, located in the Woodsdale neighbourhood, provides transitional rehabilitation and residential services for up to 42 people living with brain injuries. This is within a single condominium development with six individual homes (each having seven bedrooms). There is shared kitchen, dining, and living areas and recreation amenities available. This development highlights that housing supports are not just about affordability, but equity, inclusivity, and accessibility.

### **Habitat for Humanity**

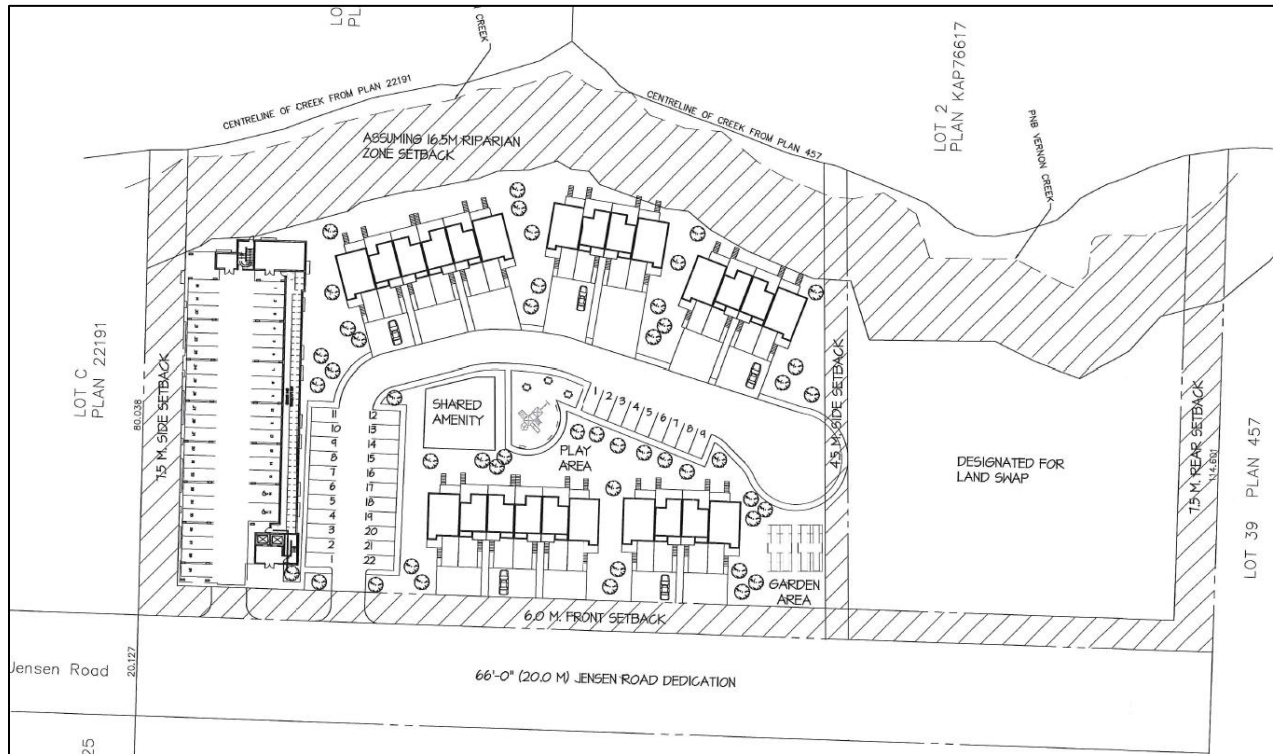
Habitat provides affordable home-ownership programs, and is currently proposing to construct a 12 unit townhouse development along Powley Court. Recognizing an on-going housing need in the community, Council granted a 50% reduction of building permit fees, as well as a waiver of all development permit with variance fees for the development.

### **Society of HOPE**

The Society of HOPE has been providing affordable housing throughout the District for a number of years, primarily along the north end of the Town Centre and in the Woodsdale neighbourhood. The Society of HOPE's developments include Pinewood Villas, Cedar Court, Woodsdale Place, and Providence Meadows. The model of delivery and funding varies throughout the Society's housing, from units paying rent based on family income, to some units paying what is deemed to be the "low-end of market" rental values. In total, the Society provides 70 units for 55+ living, and 22 family townhomes.

### **Urban Matters, EllisDon, Society of HOPE Collaboration with the District**

The District of Lake Country entered into a Memorandum of Understanding (MOU) with Urban Matters in 2016, looking to address the housing needs within the community. Through this process, Lake Country and Urban Matters have worked together and learned through the process of accessing external funds and opportunities to deliver affordable, appropriate, and accessible housing in the community.



Working together into 2018, the District was approached by Urban Matters, who was also working with EllisDon and the Society of HOPE in seeking BC Housing funding. A property along Jensen Road was secured, and the District is working alongside these four other partners to deliver 186 units of affordable rental housing in the Town Centre. Complementing this development will be civic space and new parkland, well-connected to transit and active transportation corridors. The project is currently at the re-zoning stage, with the District entering into a further MOU to explore options in offsetting Development Cost Charges for the development, in order to facilitate this housing development alongside other community benefits. The project is also pending BC Housing funding.

## 6.0 360 Degree Affordability

There is a shortage of affordable and attainable housing in the community. This is an impediment to economic development and the establishment of a complete community, as individuals in the middle and lower income brackets may be unintentionally excluded from the District.

When it comes to housing costs and prices, the discussion often ends with mortgage and/or rent payments. The full cost of housing includes, but is not limited to, energy costs, property taxation, transportation costs, and insurance.

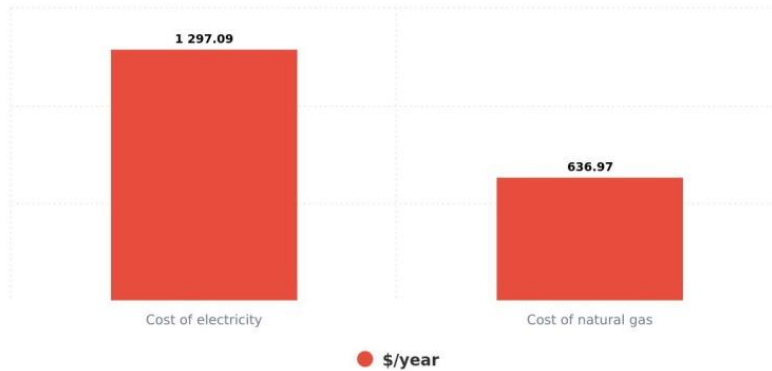


### 6.1 Energy Costs, the BC Energy Step Code, and Home Values

Energy costs make up a substantial portion of the 360 degree costs of housing, but are often not fully grasped in discussions pertaining to the long-term affordability of communities.

In Lake Country, the average household cost for both electricity and natural gas use totals \$1,934.06 annually; however, some households only have one energy source or the other, and so utilizing averages is only for illustration purposes.

Average Energy Costs Per Household – Source: Statistics Canada Census Data, April, 2018



In Lake Country, BC Hydro provides electricity, while Fortis provides natural gas within a smaller service area.

The higher the quality of a home in terms of its energy efficiency, the lower the annual costs of electricity and natural gas in the long-term. The BC Energy Step Code is a provincial standard designed to help both local government and industry incrementally move toward a future in which all new construction across the province is “net-zero energy ready” (the building is capable of producing at least as much energy as it uses) by 2032.

The assumed cost increase of development that would meet this standard is in the range of 2% for construction. That being considered, cost does not equal value. In terms of the valuation of properties and developments, this is the reason why there are two key valuation methods for residential properties (Cost Approach and Direct Comparison Approach). The typical and most-used methodology for valuing housing is the Direct Comparison Approach, where property sales with a high degree of similarity are compared to each other to determine market value. A Cost Approach would typically only be used as a sole valuation method in instances where there are few “direct comparisons” or “comparables” in the market to draw upon. Further, “cost” does not equal “value.” A home could be built with a very high cost due to a number of factors, only to sell for less based on market realities and what a willing buyer would pay. This rather simplified and abbreviated summary of valuation is provided purely to suggest that the cost increase associated with the BC Energy Step Code is expected to have a negligible impact on the overall value of housing in British Columbian housing developments (particularly when the entire Province is mandated to adopt the same standards by 2032). In fact, over the lifecycle of a housing unit, greater energy efficiency will likely make the 360 degree costs of housing lower for residents.

## **6.2 Property Taxation & Municipal Utilities**

Property taxation is another key component of annual housing costs. Lake Country’s residential tax rate is quite low, with a low municipal tax rate of 2.3758 (dollars per \$1,000 taxable value).

So, a house with an assessed value of \$727,000 (the average assessment in Lake Country for 2018), would have a municipal tax levy of  $\$727,000 * 0.002378 = \$1,728.81$ . This does not include taxation that the District of Lake Country collects on other jurisdictions’ behalf, including the Okanagan Regional Library, the Regional Hospital District, the Regional District, and the Regional Sterile Insect Release Program. Nor does the tax rate include parcel taxes on properties. In Lake Country, there are currently two key parcel taxes, including the \$125 parcel tax for Transportation for Tomorrow, and \$75 for the Environmental Levy (sanitary sewer). Water utilities are also billed through water metering, so reflect the actual use of water in billing. All services, including taxation, operate only for cost recovery.

Although property taxation and utilities adds to the cost of housing, it is essential in providing services that improve quality of life, uplift all members of the public equitably, and provide for those who would be in greatest housing need. At the same time, the District is mindful of responsibly considering municipal taxation/charges and value for money.

## **6.3 Transportation Costs, Commuting, and Complete Communities**

Development in Lake Country has historically facilitated the use of private automobiles. Land use and development has been primarily large lot and/or single family development spread out over the 122.19

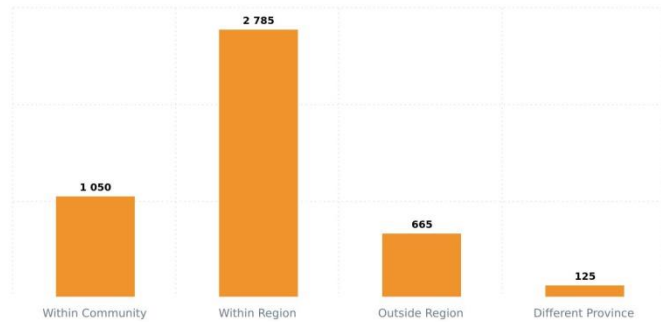
square kilometers of Lake Country, resulting in an average population density of 105.8 people per square kilometer (Statistics Canada, 2016). Only in recent years has there been an uptick in multi-family development, infilling the community with higher-density, slightly more walkable and more transit-oriented development. Yet, due to large roads and extensive highway development, commute times have been historically low. Because it has been so easy to use an automobile, they have proliferated and been used widely. It has been relatively easy to live in a sprawling community due to somewhat short commute times despite long commute distances. The overwhelming majority of commutes in (and out of) Lake Country take place via a private automobile, and are to surrounding communities with more employment and shopping, for example, such as Kelowna and Vernon. Further, many people within Lake Country work in a “fly-in fly-out” position, whether that be to the Lower Mainland, elsewhere in BC, or Alberta. Thus, Lake Country has been a “bedroom community” for surrounding centres for many years.

There is also a substantial cost to developing housing that requires parking. The cost of a single parking stall can range from \$10,000 to around \$50,000 in a development, depending on its size, whether or not it is covered, and if it is within a garage. Typically, the more parking that is required per unit, the greater the cost of the housing.

Commute Time in Lake Country



Commute Destination

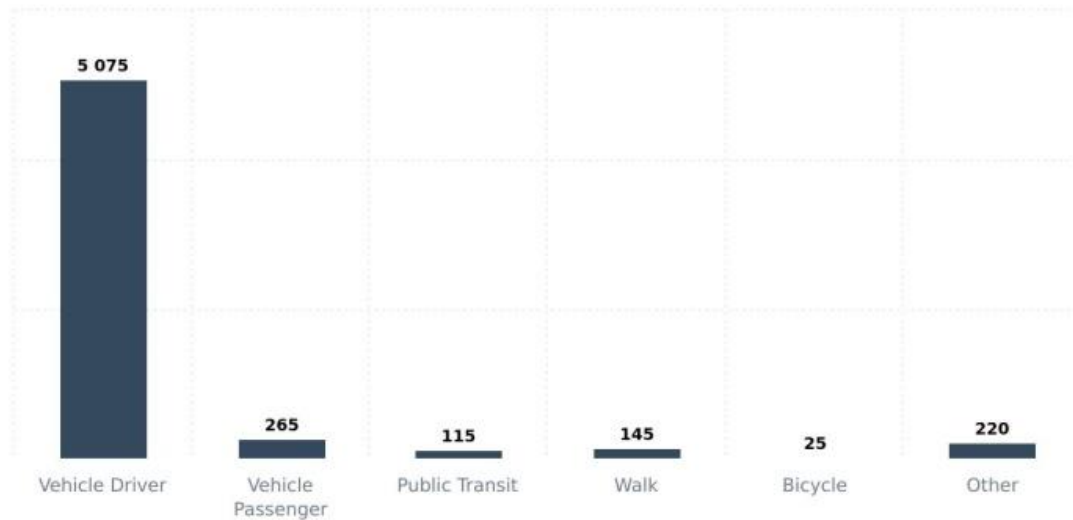


Commute Time





Commute Method



Source: [Townfolio powered Community Profile](#)

The data demonstrates that assumptions about automobile dependence following predominantly single family and large lot development are correct. Put simply, if you live in Lake Country, owning a car is almost a necessity to conduct day-to-day business. In fact, the cost of owning and operating a single automobile far outweighs the costs of property taxation, house insurance, and energy costs combined.

It has been estimated that the annual cost of automobile ownership can range from \$6,000 - \$10,000. A home that requires automobile ownership to access daily needs, therefore, can be assumed to have a greater cost of living. This is compounded if all residents within a home must use a car to access daily needs such as groceries, recreation spaces, and work.

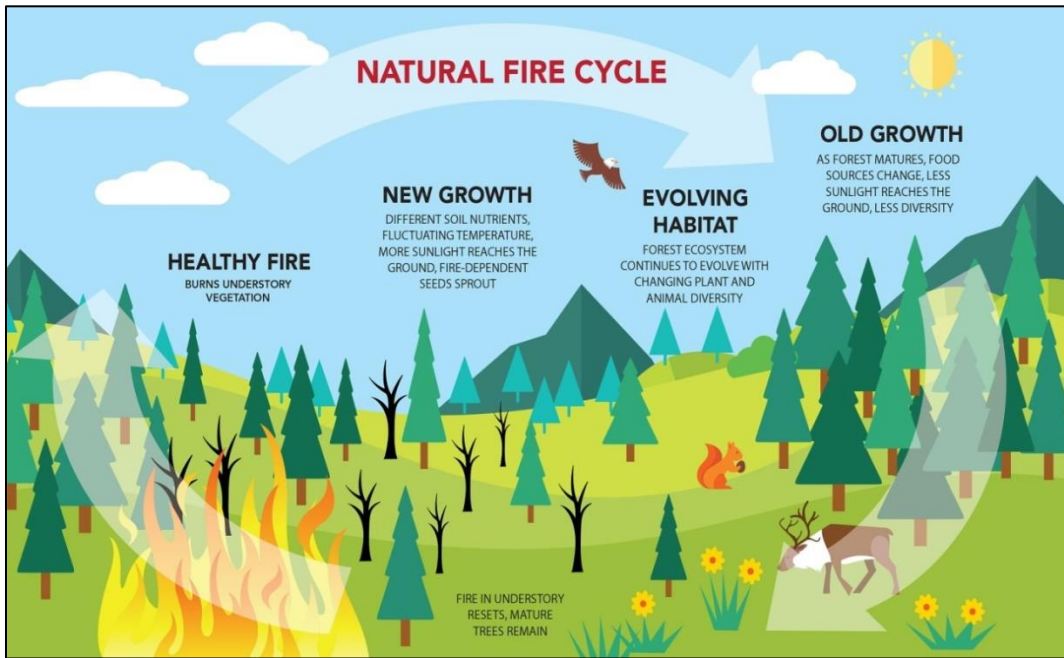
The economic costs are on top of the social and cultural costs. Building complete communities that are less auto-dependent will not only save residents money, reducing the cost of their housing, but may improve community-level physical and mental health. A community, or neighbourhood, without access to transit, active and multi-modal transportation options, is more likely to have higher 360 degree housing costs for residents. Lake Country has strived in recent years to infill neighbourhoods with active, multi-modal transportation options, remedying a history of development without these assets.

**6.4 Construction Within and Near a Wildfire Interface: Insurance, Climate Change, & Community Cost**

Lake Country is fortunate in many ways to have access to the natural environment and well-forested areas. Many new and existing developments, however, now abut pine forests and vegetated hillsides. Construction within and near the wildfire interface may present risk in terms of the maintenance and operations of housing. This is why the District has been active in mitigating wildfire risk.

In terms of the 360 degree costs of housing, there is an intersection of the advancement of climate change, the Okanagan’s naturally-dry, semi-arid desert natural environment, and insurance premiums. Climate change and the interruption of the natural wildfire cycle without the clearing of fuel on forest floors has compounded the risks associated with development near interfaces in the Okanagan Valley.

Yet balancing tree retention and wildfire mitigation is difficult, and has other long-term impacts on issues such as hillside stability and erosion. This is a complex issue worthy of its own study and strategy, but is presented in this Assessment, since climate change in relation to wildfire interfaces will need to be considered further alongside the development of housing in the future. There are economic reasons for this, such as the likelihood of insurance premiums increasing for residents, and firefighting costs borne by all residents through taxation. More importantly, there are environmental and community safety issues to consider.



## 6.5 Site Selection for Businesses

When businesses are choosing to locate in a community, they consider a number of factors, including the availability of serviced land and existing buildings, population and demographics, ease of transportation and connections to their market, quality of life, and labour availability.

Below is a table highlighting the key site selection factors for businesses. Of particular note when it comes to this Assessment, is that “labour” continues to be an issue for businesses. On top of this, housing is a determining factor for current and prospective employees in choosing a community in which to live. So, a community that is working to locate and keep successful businesses must also have a strong and reliable labour force; and this labour force needs a diverse supply of housing. It will be important that Lake Country continues to be mindful of diversifying its housing supply so that people have places to live no matter their income range and field of work, particularly as the local economy changes.

### Key Site Selection Factors for Businesses

	Cost Factors	Other Key Factors
	Business Costs	Business Environment
<b>Business</b>	<i>Facilities</i> <i>Labour</i> <i>Transportation and distribution</i> <i>Utilities</i> Financing Federal, provincial, and local taxes	<i>Labour availability and skills</i> Access to markets, customers, suppliers <i>Road, rail, port, airport infrastructure</i> <i>Utility, telecom, internet services/reliability</i> <i>Suitable sites and facilities</i> <i>Regulatory environment</i>
	Cost of Living	Quality of Life
<b>Personal</b>	Personal taxes Cost of housing Cost of consumer products/services Healthcare costs Education costs	Healthcare facilities Schools and universities Crime rates Climate Culture and recreation

Adapted from: KPMG Competitive Alternatives Report, 2016. Italics indicate that these also a in the top 5 site selection factors per the International Economic Development Council (2015).

## 7.0 Conclusion and Recommended Next Steps

It is clear that the District has been developed with primarily single family housing development. A healthy housing market is diverse, equitable, inclusive, and offers quality housing to all people. While the District has a number of policy statements and bylaws that influence the development of housing, the most pressing gap at a local level is the absence of a housing strategy for the community. A strategic approach will enable the community to tackle the issue of housing needs in a meaningful way. A housing strategy may set a path forward in terms of policy tools, and their implementation, in addressing housing needs. It may also deal with more of the qualitative side of housing needs, which are not fully dealt with in terms of this market-oriented Housing Needs Assessment.

But the District is not sitting idle in the absence of a Housing Strategy. There is significant work being done today and in recent years to address housing needs in the community.

In terms of housing development, the District has allowed secondary suites in most zones that also accommodate single family development. This is a good first step, but puts the onus for rental housing entirely on private homeowners to become landlords; and as such, secondary suites do not get included in vacancy rate calculations, as they are unreliable in terms of their permanence in the rental market. They are not “purpose built” for rental housing, so they cannot be relied upon long-term to address rental housing needs. For the community to have an equitable housing market, it must have a balance of ownership and purpose-built rental housing options along the housing spectrum.

The District has also actively worked alongside housing providers to deliver non-profit housing solutions in the community, addressing some gaps. On top of this, the District is proactively working alongside EllisDon, the Society of HOPE, Urban Matters, and BC Housing, to immediately address the housing gap in the community.

It is not only the tenure of housing that the District must address, but also the gaps in terms of housing form. Although there has been a substantial uptick in multi-family housing in recent years, the District is still primarily developing single family neighbourhoods. As the community grows, in line with more recent practice, it will be imperative to address the gaps in multi-family housing. This is not only more likely to open up housing options for a full spectrum of people, but will also mitigate asset and growth management issues for the District.

Housing of mixed form and tenure alone is not enough. Developments on the outskirts of the community, or even outside of the Town Centre and Woodsdale neighbourhood, are likely to be less walkable, less well-connected, less accessible, and in terms of asset management, strain the District’s servicing capacity. This leads to social, cultural, and economic gaps in the community, on top of the financial strain on the municipality. The District should mindfully approach future developments in ways that will facilitate transit-oriented, walkable communities.

Due to macro- and micro-level factors, housing prices in Lake Country have climbed steadily over time, despite economic factors such as the Global Recession in 2008. The fundamentals of the Central Okanagan have positioned it as a place that will continue to grow in terms of population, diversity, and economics. With this growth comes a need to strategically address housing issues, working alongside partners in First Nations, post-secondary institutions, Provinces, and the Federal Government. Only then can communities be equitable and inclusive along the housing spectrum.

Based on this Assessment, the greatest housing needs in Lake Country are twofold:

- 1) multiple unit, transit-oriented development near the Town Centre, and;
- 2) rental housing within the aforementioned multi-unit developments. With over 8% of households in Core Housing Need, and the potential displacement of some residents due to a shortage of suitable housing options, low vacancy rates, and hidden homelessness, this housing shortfall is estimated to be in the range of 500 units as of 2018. Further, it would be good practice to consider 10% of all housing development moving forward to be multi-unit rental housing.

This Housing Needs Assessment only acts as a baseline for addressing the housing needs in the community, and is heavily market-oriented. Council requested a great deal of market information in order to understand the current state of housing in the community. While there are some unknowns remaining, this report aims to move the dial slightly on housing issues in the community, and further, to indicate that there is a true need for a comprehensive Housing Strategy in the District.

The District is exploring innovative ways to address existing housing needs. Building upon this work, the overall housing issues of the community have been summarized below, with high-level recommendations alongside them.

Housing Issue	Recommendation
Lack of comprehensive housing strategy or plan	Within 2019-2021, the District should budget for and contract out the completion of a comprehensive Housing Strategy.
Wastewater Treatment Plant Capacity (~750 units)	Current assessments from the District’s Infrastructure team state that there is approximately 750 units of capacity remaining in the existing Wastewater Treatment Plant. In the past five years, the District has approved 702 units of new housing. So, given market-dependent construction and absorption rates, there may be anywhere from 3-10 years of available growth that can be facilitated by the District’s current servicing capacity. This does not include industrial, institutional, or commercial growth. This servicing issue highlights the need to prioritize development that meets or exceeds the two greatest housing needs: 1) multiple unit, transit-oriented development near the Town Centre, and 2) rental housing within the aforementioned multi-unit developments. This Assessment considers the current housing shortfall in terms of these kinds of housing to total 500 units as of this year.
Rental Housing	There are no purpose-built market rental apartment buildings in the community. The District may wish to consider putting greater emphasis on actively seeking out or incentivizing this type of development, diversifying the housing stock and increasing the vacancy rate. Council may also wish to explore prioritizing development of this type of housing over single family and ownership housing until such time that the capacity of the Wastewater Treatment Plant is addressed. This is particularly relevant given the fact that the District has a multi-family rental housing shortage in the range of 500 units.
The Qualitative Side of Affordability	In completion of a Housing Strategy, the District should look to include interviews, focus groups, and other engagement opportunities to include the community. This will build on this market-oriented Housing Needs Assessment.
Incentives	Council may wish to consider a full spectrum of incentives to address housing issues in the community, either separately or

	preferably within the scope of the Housing Strategy. These incentives would target Housing Needs as identified within this Assessment, such as: development of purpose-built rental housing; accessible housing; development of apartment multi-family housing; and, development of sustainable, well-connected housing.
Student Housing	The community is within 10-15 minutes commute of UBC's Okanagan campus and 20-25 minutes from two Okanagan College campuses. This is spurring investment in the community, and yet there is no targeted approach to addressing housing needs for this population. This could be addressed partially through more purpose-built rental housing, and through a Housing Strategy.
Accessible and Age-Friendly Housing	As with student housing, there is no targeted strategy for addressing housing needs for seniors and those who need greater accessibility in their housing. Council should consider this in its Housing Strategy, and how it can increase the supply of housing for this demographic.
Housing for New Residents	The aforementioned Housing Strategy should consider ways to facilitate an equitable, inclusive, and welcoming community with housing supports in place for newcomers to the community.
Transit-Oriented Development	Council should consider intensifying and focusing new developments within the Town Centre and Woodsdale neighbourhoods. This will increase walkability and support transit use with density in areas with existing service.
Infill Development	Infill development will reduce the land cost of housing and be a better use of a limited supply of land in the District. Council should continue to encourage infill developments.
Sprawl and Asset Management	By limiting sprawl, Council will position the community to have shorter commutes, lower 360 costs of housing, create more walkable, connected communities, and reduce asset-related financial issues for the District. Council may wish to concentrate development approvals, as able, into areas that are already serviced and zoned prior to opening up new areas to development. Concentrating development within the Town Centre and Woodsdale neighbourhood will not only address these issues, but mitigate the pressing and upcoming capacity issues with the wastewater treatment plant (not to mention other community infrastructure).
Secondary/Accessory Suites	Council should continue allowing and encouraging secondary and accessory suites within the District, to meet on-going and fluctuating rental housing needs.
Efficient & Sustainable Housing	In addition to advancing the BC Energy Step Code prior to the mandated deadline of 2032, Council should consider other ways to create more sustainable and efficient housing stock.
Housing Support Services	Council and staff should continue to work alongside external agencies, collaborating to address housing needs on an on-going basis.