

Council Member Motion

Notice given on: Wednesday, November 6, 2024

Meeting Date Wednesday, November 20, 2024
From Mayor Douglas
Subject North Cowichan's Housing Needs Projections and Immigration Policy Changes

Background

Purpose: For Mayor Douglas to move the motion that was introduced at the November 6, 2024 regular Council Meeting.

North Cowichan is currently working with diverse and contradictory housing needs projections over the next five years and 20 years. In July 2024, the Province issued a Housing Target Order for North Cowichan for 1,233 housing units by August 21, 2029 (5 years) that includes below market rental units and supportive housing for people experiencing homelessness. This target reflects 75% of the total provincial housing needs estimate for North Cowichan (1,644 units). Subsequently, in September 2024, North Cowichan prepared an [interim housing needs report](#) that relies on a calculator developed by the Province and UBC that takes little account of local context. According to the interim housing needs report, North Cowichan will need 2,172 housing units over the next five years, which includes social housing for low-income individuals and families and supportive housing for people experiencing homelessness. BC Stats has also developed [its own housing projection](#) for North Cowichan that estimates the number of households in the Municipality will increase by 1,151 between now and 2028.

It's important to keep in mind that these housing needs projections may now be out of date, as they were developed at a time when the federal government was planning for record levels of immigration, with 500,000 new immigrants annually, which were driving population growth across Canada at 3% over the past two years while birth rates were declining. In recent years, the federal government both doubled annual immigration numbers and the number of temporary residents, which includes temporary foreign workers. Based on anticipated population growth across Canada fueled by immigration, BC stats projects that the British Columbian population will increase by nearly 9% over the next five years, or by more than 478,000 people, which would require a significant amount of new housing.

Much has changed during the last 30 days. On October 24, 2024, the Minister of Immigration, Refugees and Citizenship [announced that the federal government will dramatically reduce immigration numbers](#) between 2025-27 to "pause population growth." The 2024-26 Immigration Levels Plan had allowed for 485,000 permanent residents in 2024, before stabilizing at 500,000 permanent residents annually in 2025, which was expected to support continued population growth across Canada. The 2025-27 Immigration Levels Plan allows for 395,000 permanent residents in 2025 (21% reduction), 380,000 in 2026 (24% reduction) and 365,000 in 2027 (27% reduction). As a result, the Canadian population is expected to decline by 0.2% in both 2025 and 2026, before returning to a population growth of 0.8% in 2027. At the same time, the federal government has announced the number of temporary residents in Canada will decline by 445,901 in 2025 and 445,662 in 2026. One would assume that these changes will have major impacts on our projected housing needs in BC.

[BMO's analysis](#) of recent changes to federal immigration policy suggests that the revised population growth projections will have a moderating effect on rent growth, potentially leading to declines in certain markets. BMO economists Douglas Porter and Robert Kavcic argue that, as newcomers are typically renters first, an immediate flattening of demand growth can therefore be expected. At the same time, a significant amount of new housing supply that is under construction, including investor-owned condos and purpose-built housing, will soon be completed. In addition, BMO anticipates that changes in population growth will reduce home price growth, although the impact will be greater on condo prices where investors face higher borrowing costs, than on single-detached housing, which is supported by stronger demand.

Homebuilding activity is expected to fall in some markets, Porter and Kavcic point out. However, this should be mitigated by strong demand that has built up in recent years. The new housing supply nearing completion combined with the projected population decline should narrow the housing demand-supply gap much quicker than various supply-side measures. They do note that "Canada still has a large cohort of millennials looking for suitable housing, and there will likely be some unbundling of households as the supply-demand balance eases."

North Cowichan's housing needs projections were developed prior to the federal immigration policy shifts, which will potentially have an impact on population growth, housing starts, and the viability of future development projects in the Municipality. To make informed decisions on land use planning, infrastructure investments and development proposals, it is important that Council and municipal staff have a strong understanding of what the housing projections represent and their value as precise targets for planning purposes, and how these federal immigration changes will be felt at the local level.

Recommendation

"THAT staff be directed to provide Council with a report that clarifies the different housing needs assessments and analyzes how recent changes to Canada's immigration policy may impact North Cowichan's housing requirements, as well as the viability of the development and construction industries to meet housing needs given potential new market dynamics."