

Non-Market Housing Gap Analysis

Technical Memo

September 2026



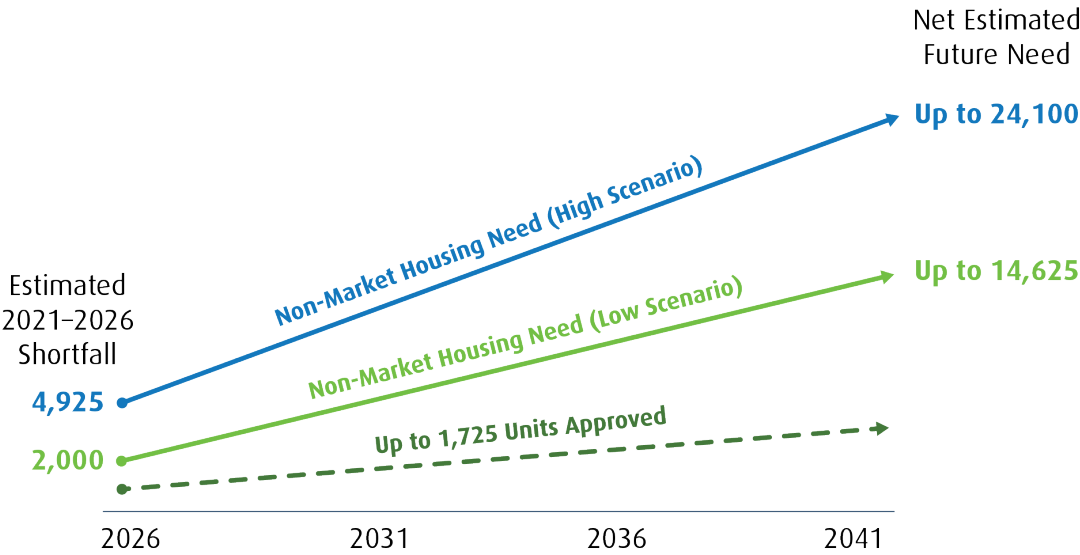
NON-MARKET HOUSING NEEDS (2026-2041)

With 3,825 non-market homes delivered or under construction since 2021, there is a shortfall of 2,000-4,925 homes in 2026.

The shortfall will continue to grow without intervention.

Estimated Future Need

Short-Term Need	Long-Term Need
6,175 – 10,800	14,625 – 24,100
5-Years (2026-2031)	15-Years (2026-2041)



Municipal Approvals



1,725

APPROVED
AS OF 2026

Approved units are not guaranteed

Projects with approvals may not have funding secured.

Additional support may be required to meet non-market housing needs for 2026-2031 and beyond.

Non-Market Housing Gap Analysis

To better understand regional housing needs and prioritize the use of limited funding and resources, the Housing Needs Report Method (HNR Method) results for all member jurisdictions in the CRD have been assessed using the Housing Target Order (HTO) methodology¹ to estimate the non-market housing need in the region. This establishes a non-market housing estimate starting from 2021, and recent non-market housing completions are compared to the estimate to understand how much need remains unmet through 2031.

Background + Methodology

With the passing of the *Bill 44 – Housing Statutes (Residential Development) Amendment Act (2023)*, new requirements were established for all local governments to estimate their five- and 20-year housing needs using a new standardized HNR Method. Previously in 2022, *Bill 43 – Housing Supply Act* enabled the provincial government to assign Housing Target Orders (HTOs) to local governments, which set mandatory five-year housing targets (with non-mandatory secondary targets by housing type). Individual HTOs are established through applying a secondary methodology to the HNR Method results and are typically equivalent to approximately 75% of the estimated total housing need.

However, without a HTO assigned, local governments may not have finer-grain information on what type of housing is needed in the community. While understanding the total scale of housing need is important, knowing what type of housing is needed will better support the design of local regulations, policies, and programs to support the delivery of needed housing. Some local governments may have undertaken additional analysis to understand these details and this work is not intended to override any local assessments but rather provide a uniform approach to estimating regional housing need using the established provincial methodology for HTOs.

1. The HNR Method and HTO methodology are new provincial approaches to estimate total and non-market housing needs.

METHODOLOGY

The Ministry of Housing shared a modified HTO methodology to support regional districts in understanding their housing needs. The methodology assesses the tenure, unit size, and affordability needs of households based on further analysis of the HNR Method results. To understand the CRD’s regional housing needs, the HNR Method results of all member jurisdictions have been summed together by sub-component for five and 20 years, with a 10-year breakdown calculated using the 20-year total. The standard provincial HTO methodology is then applied to the regional results to understand the amount of non-market housing needed by income band. This analysis relies on census data and as a result all timeframes begin in 2021.

The primary objective of applying the methodology is to understand the need for non-market rental housing in the CRD. Non-market housing need is assessed for households who earn less than the Housing Income Limits set by BC Housing, which sets the maximum household income by unit size for eligibility under many affordable housing programs. Table 1 provides the maximum household income by unit size for the Victoria CMA. Households with incomes below this threshold are assigned to the non-market category depending on their bedroom needs.

Table 1: Housing Income Limits by Unit Size
Source: BC Housing, Housing Income Limits, Victoria CMA, December 2025

Unit Size	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4+Bedroom
Maximum Income	< \$45,000	\$50,000	\$65,000	\$82,000	\$95,500

Estimated Regional Housing Need – Housing Needs Report Method

Table 2 provides the regional HNR Method results by subcomponent for five, 10 and 20 years.²

Approximately 95% of the overall need is from municipalities, with the remainder from electoral areas.

Overall, the HNR Method estimates a total housing need of 52,230 over 10 years (2021–2031) and 103,460 over 20 years (2021–2041). For consistency, the regional need has been estimated by summing the local calculations rather than using regional-level statistics to produce an alternative result.

Table 2: Total Housing Need Estimated through BC Housing Needs Report Method by Component and Member Jurisdiction (Municipalities and Electoral Areas)

Source: HART, BC HNR Calculator, Capital Region, 2021

HNR Method Component	Timeframe		
	5-year	10-Year	20-Year
A. Extreme Core Housing Need	2,335	4,670	9,340
B. Persons Experiencing Homelessness	1,010	1,510	2,015
C. Suppressed Household Formation	1,935	3,875	7,750
D. Anticipated Growth	23,305	34,280	68,565
E. Rental Vacancy Rate Adjustment	335	670	1,340
F. Additional Local Demand	3,615	7,225	14,450
Capital Regional District Total	32,535	52,230	103,460
Municipalities Only	27,632	49,552	98,152
Electoral Areas Only	4,901	2,682	5,308

2. The HNR Method considers five-year and 20-year time horizons. For this analysis, the same principles were applied to also estimate 10-year need.

Estimated Non-Market Housing Need (2021–2025)

Overall, it is estimated there was a need for 5,825 to 8,750 units of non-market housing across the region between 2021 and 2025, representing 18 to 27% of the total five-year estimated housing need. The lower scenario results from directly applying the provincial methodology, reducing housing need for lower-income households in the future by increasing renter incomes year over year. The upper scenario assumes the 2021 income distribution will be maintained, which increases the number of lower-income households in the future and therefore increases the overall need for non-market housing. The evolving relationship between renter incomes and market rental prices will determine which end of the range is most accurate.

Table 3: Estimated Non-Market Housing Need (2021–2025) by Housing Income Limit

Source: StatCan, Census of Population, 2016/2021, Capital Census Division; HART, BC HNR Calculator, Capital Region, 2021; BC Housing, Housing Income Limits, December 2025; consultant calculations

Household Income Range	Max. Monthly Affordable Rent	Lower Scenario	Upper Scenario
< \$45,000	\$1,125 or less	3,375	4,150
\$45,000 – \$49,999	\$1,125 - \$1,250	625	1,725
\$50,000 – \$64,999	\$1,250 - \$1,625	675	1,250
\$65,000 – \$81,999	\$1,625 - \$2,050	725	1,125
\$82,000 – \$95,500	At least \$2,050	425	500
Total Non-Market Housing Need		5,825	8,750
HNR Method Total		32,535	
Share of Total HNR Method		18%	27%

Estimated Non-Market Housing Delivered (2021–2025)

Member jurisdictions were surveyed to understand how much non-market housing had been delivered since 2021.³ It is estimated at least 2,675 non-market homes were delivered across the CRD between 2021 and 2025. When considering an estimated non-market housing need of 5,825 to 8,750 for 2021–2025, this means an additional 3,150 to 6,075 non-market homes were needed to affordably meet the needs of CRD residents.

Table 4: Non-Market Housing Needs and Units Delivered (2021–2025)

Source: Municipal Survey on Non-Market Housing Delivery, CRD; consultant calculations

	Lower Scenario	Upper Scenario
Total Non-Market Need	5,825	8,750
Non-Market Housing Units Delivered	2,675	
Total Estimated Unmet Non-Market Housing Need	3,150	6,075

Estimated Net Non-Market Housing Need (2026–2031)

To understand the amount of non-market housing needed in the future, the previously unmet need for 2021 to 2025 can be added to a future looking estimate for 2026 to 2031. As shown in Table 5 on the following page, it is estimated there is an additional need for 4,175 to 5,875 non-market homes for 2026 to 2031.

Together with the previously unmet non-market housing needs from 2021 to 2025, the estimated total for the next five years (2026–2031) is 7,325 to 11,950 non-market homes.

There are also additional non-market housing units in various stage of planning, approval and construction, which will ultimately support addressing the estimated need. The CRHC currently has 1,150

3. Definitions for non-market housing vary between communities; responses are based on the local definition. Responses were not received for the Southern Gulf Islands, North Saanich, or Salt Spring Island. While the exact number is unknown, some non-market housing has been delivered on Salt Spring Island since 2021.

non-market units funded for development and anticipates these units will be realized. Member jurisdictions also provided an estimate of 2,875 anticipated non-market housing units for 2026 to 2031. Similar to the units delivered, definitions for anticipated units vary and classifications may not be consistent across communities.⁴ It is not clear whether these anticipated units have funding, are under construction or have been put on hold. Recent changes to the funding environment at both the provincial and federal levels may put these projects at risk.

Table 5: Estimated Non-Market Housing Need (2026–2031), Unmet Needs (2021–2025) and Future Needs (2026–2031)

	Lower Scenario	Upper Scenario
Unmet Non-Market Housing Need (2021–2025)	3,150	6,075
Anticipated Non-Market Housing Need (2026–2031) ⁵	4,175	5,875
Total Estimated Non-Market Housing Need (2026–2031)	7,325	11,950
Non-Market Housing Units Anticipated (2026–2031)	1,150 – 2,875 ⁶	
Total Estimated Non-Market Housing Gap (2026–2031)	4,450 – 6,175	9,075 – 10,800

There is an anticipated need for 4,450 to 10,800 (or 8,500 ±25%) non-market homes over the next five years in addition to those under construction by the CRHC (2026 to 2031).

4. Different jurisdictions define anticipated non-market units using different approval types, including development permits, rezonings, and building permits, and it is unclear how many units fall under each category. Units with building permits may already be under construction, but the path from approval to completion is uncertain. The cancellation of provincial funding programs in 2026, combined with federal programs that are in transition and largely unavailable, raises questions about how many of these units will ultimately be built.

5. Anticipated Non-Market Housing Need (2026–2031) is estimated using the same methodology as the 2021–2025 estimate, using the second half of the ten-year HNR Method estimate.

6. The lower value shows funded CRHC units anticipated for delivery; the upper value shows non-market units approved by member jurisdictions, though it is unclear whether those units have secured funding, are under construction, or will proceed at all.

Potential Long-Range Outlook (2041)

The HTO methodology for estimating of non-market housing needs is designed for shorter timeframes, however, all else being equal, **if 18 to 27% of housing needs through 2041 could still only be met with non-market housing, this would mean an additional 8,450 to 13,330 non-market units would be needed between 2031 and 2041**, for a total of 18,450 to 27,925 between 2021 and 2041.

When subtracting out units completed since 2021 and currently under construction by the CRHC, the net need through 2041 is estimated to be 14,625-24,100 (or 19,350 $\pm$ 25%).

To maintain accuracy, this analysis should focus on five- and 10-year time frames and be updated with each census release to maintain the relationship between incomes, housing costs and the estimated need for non-market housing.

If renter incomes increase faster than market rents in the future, the need for non-market housing over the next 20 years would be lower; however, if market rents increase faster than renter incomes, the need for non-market housing could be higher than the order-of-magnitude estimate above. Further, any reduction in non-market housing need would likely result in a corresponding increase in the need for market rental as it is unlikely households who need non-market housing today would see income growth sufficient to move straight to ownership over a five-year period.

