



The Corporation of the City of Courtenay

# Staff Report

**To:** Council

**File No.:** 0135-01-2501

**From:** Acting Director of Development Services

**Date:** March 25, 2026

**Subject:** Housing Target Order Progress Report No 1. – Interim Reporting Period 1.1

## PURPOSE:

To provide Council the Housing Target Order Interim Progress Report No.1 for the period between September 1, 2025, and February 28, 2026 and seek Council approval to submit the report to the Minister of Housing and Municipal Affairs on behalf of the City.

## BACKGROUND:

On August 18, 2025, the City of Courtenay received a Housing Target Order (HTO) in accordance with the *Housing Supply Act*. Courtenay's Housing Target Order is for a period of 5 years, effective, September 1, 2025, and ending on August 31, 2030. Courtenay's five-year housing target is **1,334 net new units** and for the purposes of each progress reporting period, the annual cumulative number of net new housing units will be measured as shown in Table 1 below.

Table 1 – Housing Target Order Reporting Period Dates and Targets

Reporting Period	Reporting Period Dates	Housing Target (target per year)
Interim Period – 6 Months	September 1, 2025 – February 28, 2026	
Reporting Period Year 1	September 1, 2025 – August 31, 2026	200 units (200)
Reporting Period Year 2	September 1, 2026 – August 31, 2027	414 units (214)
Reporting Period Year 3	September 1, 2027 – August 31, 2028	660 units (246)
Reporting Period Year 4	September 1, 2028 – August 31, 2029	960 units (300)
Reporting Period Year 5	September 1, 2029 – August 31, 2030	<b>1,334 units (374)</b>

In accordance with Section 4 of the *Housing Supply Act*, the City has prepared the interim progress report in the form required by the minister (Attachment 1). Courtenay's Housing Target Order (Attachment 2) then stipulates that within 45 days of the end of the reporting period: Council must receive the progress report and then promptly send it to the minister [of Municipal Affairs and Housing] and post to the City's website.

## DISCUSSION:

During the City's 6-month interim reporting period, from September 1, 2025, through February 28, 2026, a total of 164 net new housing units were delivered.

- The 164 net new homes represent 82% of the first-year housing objective (200 units) and 12% of the overall 5-year total (1,334 units).

- 83% of 137 of 165 of these new homes result from the completion of two projects: the North Island College Student Housing North Building (85 units) and 574 Cumberland Road (52 units).

Beyond net new units, the provincial reporting requires additional information pertaining to the breakdown in bedroom counts, tenure (rental vs. ownership) and rental affordability (market, below market and below market with supports) for all new units completed. The Housing Target Orders definition of below-market affordable is 30% or more below the local BC Housing, Housing Income Limits<sup>1</sup>. The breakdown is as follows:

Table 2 – Unit Completions by Size, Tenure and Affordability

	Size	Tenure	Affordability
Primary Dwellings	Studios: <b>99</b> 1-Bedroom: <b>12</b> 2-Bedroom: <b>6</b> 3-Bedroom: <b>10</b> 4-Bedroom +: <b>30</b>	Purpose Built Rental: <b>137</b> Ownership: <b>20</b>	Market: <b>165</b>  Below Market: <b>0</b>
Accessory Dwelling Units	Studios: <b>1</b> 2-Bedroom: <b>1</b>	Rental: <b>2</b>	
Secondary Suites	Studios: <b>1</b> 1-Bedroom: <b>2</b> 2-Bedroom: <b>3</b>	Rental: <b>6</b>	
Totals	<b>165*</b>	<b>165*</b>	<b>165*</b>

*\*Total Net Units is 164. 1 unit reported as demolished.*

The HTO Interim progress report, as will all future progress reports, also provides more information about the development applications that were approved over the term of the reporting period. The information in these applications can help to understand the housing development that is underway but in earlier stages of the development process and, to a limited extent, predict the volume of new units that may be heading toward completion. Like the newly completed units, this ‘development pipeline’ is also monitored and reported on by bedroom count, tenure and rental affordability, broken down by approved rezonings, development permits and building permits. Those breakdowns are shown in Table 3 with the disaggregated data available in Attachment 1.

Table 3 – Development Application “Pipeline” Approvals

Type of Approval*	Number Approved	Number of Units
Building Permits Issued	35	295
Development Permit Applications Approved	0	0
Rezoning Applications Adopted	0	0

*\*Only the most current application type for a development is reported.*

<sup>1</sup> <https://www.bchousing.org/sites/default/files/media/documents/Housing-Income-Limits-Dec-2025.pdf>

**POLICY ANALYSIS:**

The interim progress report being received by Council meets the reporting requirements outlined in Section 5 of the [Housing Supply Regulation](#).

**Housing Needs Report and Housing Target Order**

The Housing Target Order (HTO) and the Housing Needs Report contain some overlap; however, they have distinct methodologies and purposes, and their production stems from different legislation (Attachment 3).

Courtenay’s 5-year target of 1,334 net new units represents 75% of what the province’s method determines the minimum 5-year need will be. The HTO timeframe is 2025 to 2030.

Table 4 – Housing Needs Report vs Housing Target Order 5-year need projections

Housing Needs Report Anticipated 5-year Demand	Housing Target Order 5-Year Need
2,471 units On average 494 per year between 2021 and 2026	1,334 units The HTO sets specific targets for <i>each year</i> , increasing each year between 2025-2030: a. Year 1: 200 net new units b. Year 2: 214 net new units c. Year 3: 246 net new units d. Year 4: 300 net new units e. Year 5: 374 net new units

The City remains committed to achieving the housing demands outlined in both the 5- and 20-year Housing Needs Report (HNR) and the provincial Housing Target Order. Since the targets identified in the local HNR (an average of 417 homes per year) are more ambitious than the provincial requirement, the strategic focus will be on meeting these local demands. By successfully meeting the HNR’s projections, the City will inherently surpass the provincial housing targets. Therefore, no separate strategy is required to meet the provincial order.

In addition to striving toward net new units, both the Housing Target Order and the Housing Needs Report disaggregate the cumulative number of homes each would like to see built into a variety of subcategories such as home size (bedroom count), tenure and ‘affordability’. To be clear, for the purposes of the Housing Target Order, it is only the total net new units that the City is accountable for trying to achieve, however the subcategories act as guidance that can be beneficial for the community to keep in mind as it strives toward its overall unit target.

When it comes to these subcategories, differences in the definitions, methods, and breakdowns between HTO and HNR, does not make cross comparison particularly useful. For example, there are big differences in need versus demand. A 1-bedroom market rental may only be required to meet a household’s need as calculated by the HTO methodology, but the household may pursue a two-bedroom rental therefore the market demand is there, and it should be built according to the HNR methodology.

**Persistent need for below-market housing**

What does remain consistent however, not just within Courtenay but across time and the Country<sup>2</sup>, is the proportion of below market/affordable housing that needs building; approximately one third of all new homes, at minimum, should be below market. This holds true for both Courtenay’s HNR and HTO. When

<sup>2</sup> Atkey, J., Chau, L., Falvo, N., Flynn, A., Gurstein, P., Jones, C., Suttor, G., Whitzman, C., Eidelman, G., Hachard, T., & Slack, E. (n.d.). WHO DOES WHAT SERIES The Municipal Role In. [https://imfg.org/wp-content/uploads/2022/04/imfgwdw\\_no1\\_housing\\_april\\_5\\_2022.pdf](https://imfg.org/wp-content/uploads/2022/04/imfgwdw_no1_housing_april_5_2022.pdf)

drilling down into affordability by tenure, the HTO guides that 67% of net new rental housing be affordable to meet need.

When observing the data from the Interim Housing Target Order Reporting Period, 145 new rental homes were built, 100% of which were market rate confirming that for this reporting period; below market/affordable rental housing is not keeping pace with need. With the anticipated completion of the supportive housing at 925 Braidwood Road and expecting occupancy in late 2027 (therefore reflected in this reporting period's Approved Building Permits but not housing Completions), it will fulfill 70 of the 445 below market rental units needed in Courtenay within the next 5 years, or 15%.

Courtenay's updated 2026 OCP (1<sup>st</sup> and 2<sup>nd</sup> readings received on February 25, 2026) includes policy to develop a below and non-market housing strategy that identifies an appropriate role for the City in supporting below and non-market housing in relation to other services and strategies within this sector. This work will take place this year and focus on delivering actions on specific identified tools including identifying municipal land for housing, policy guidance in the use of the City's Affordable Housing Amenity Reserve Fund and application support and prioritization clarity. Together, these tools will be designed to incentivize and support the delivery of below-market and non-market housing.

### ***Continuing to Support Market Supply***

At the same time, the City is committed to enabling new supply to keep pace with demand so that the City's land use polices and process do not reasonably inhibit the market to supply housing for the majority in our community who can access it. Supporting the supply of new market rate housing can reduce upward pressure (higher prices) on the market and reduce strain on the existing below market housing stock. The City can support market supply by designating and zoning land for new residential construction, ensuring timely and dependable permitting processes and not unduly levying fees that may push development costs beyond what the market can bear. Supporting the market in these ways is reflected in the Housing chapter of the updated 2026 OCP where Objective 1 now reads, "New housing supply keeps pace with demand" which guides specific policies towards this objective.

When observing the data from the Interim Housing Target Order Reporting Period, 164 net new market rate rental and ownership homes have been built. Over the 5-year total, the HTO guides that approximately 67% of units should be market, and 33% affordable/below market. This means within 6 months of our first reporting year, we have already achieved 122% of our market needs for the year (164 built vs. 134 needed).

### ***New Housing in the Development Pipeline***

As it relates to what is in the development 'pipeline' in the form of approvals over the past 6 months (reported in more detail in Attachment 1, Housing Target Order Interim Progress Report), we see:

- 35 Building Permits issued (picked up and paid for) for 295 new units,
- 0 Development Permits approving 0 new units,
- 0 Rezoning adopted approving 0 new units.

The data shows that it's reasonable to expect that the City is in a good position to meet or come close to meeting our Year 1 (200 net new units) and Year 2 (214 new units) targets, and especially the combined total over those 2 years (414 new units).

Of note is that until June 2024, most small-scale multi-unit housing forms (three- and four-plexes and even duplexes, secondary suites and accessory dwelling units across many properties) within traditionally single-residential neighbourhoods required rezoning which is no longer the case. Amendments to the Small-scale Multi-unit Housing Development Permit Area Guidelines (DPA-2) in May 2025 also have reduced the number of units requiring DPs. Both these land use policy amendments now allow such envisioned units to proceed

directly to building permit where they have the potential to go from building permit issued to occupancy in approximately 1 year or less.

At the time of writing this report a significant rezoning application for approximately 350 is being presented for Council's consideration which, if approved, will be included in the next applicable reporting period.

***Market Conditions***

The current housing market slowdown is evident across British Columbia and Vancouver Island, with broader market softness contributing to slower project timelines and tighter construction economics. The first 6 months of the City's HTO progress remains anchored by two large developments accounting for 83% of the total new units and illustrating the vulnerability of targets to market conditions: should one project proceed or stall, the ability to meet annual objectives can swing accordingly. This risk is not unique to Courtenay; it reflects a wider downturn in housing activity observed province-wide. In response, the City is actively pursuing two complementary paths: a Phase 2 Zoning Bylaw review to modernize provisions and remove barriers that impede housing supply, and a significant internal process reform to increase efficiency in applications, improve understanding of processes and requirements, and enhance collaboration across departments and with external partners. Together, these efforts aim to streamline development approvals and encourage the development of new housing in our community.

**FINANCIAL IMPLICATIONS:**

Placement on the Housing Target Order list did not include funding for these additional reports, software improvements or staff capacity. This unforeseen work has generated in-kind costs to the City and diversion of staff resources in the form of staff time and software management and configuration for development approval tracking in accordance with the HTO progress reporting templates.

**ADMINISTRATIVE IMPLICATIONS:**

Housing Target Order Progress tracking and reporting is now a normal part of the Development Services Department procedures. Setting up the reporting infrastructure that will be used for the next 5 years required assigning new tasks to Planning and IT staff to augment the existing software as well as create custom reports to support the metrics required by the Province. While this effort required diversion of existing staff resources to meet provincial requirements within a defined timeline, Development Services had already started exploring data support tools to both support customer service delivery of development application processes and report on development activities.

**STRATEGIC PRIORITIES REFERENCE:**

The provincial Housing Target Order is a requirement of the Province and is not explicitly a strategic priority of Council. However, exploring a number of approaches to achieving affordable housing are strategic priorities of Council. The requirement to track and report on housing activity within Courtenay will be valuable towards measuring the success of strategic priority initiatives that Council chooses to take with regards to housing.

This initiative therefore relates to the following strategic priorities:

- Affordable Housing - Explore approaches to develop affordable housing: Clarify municipal role in housing affordability
- Affordable Housing - Explore approaches to develop affordable housing: Develop strategy for housing amenity fund
- Affordable Housing - Explore approaches to develop affordable housing: Review potential of city property for housing partnerships with BC Housing

- Good Governance - Review and streamline development process and set targets for application processing times

**PUBLIC ENGAGEMENT:**

There was no public engagement resulting from Housing Target Order Interim Progress Report or its associated work.

The Housing Target Order Interim Progress Report and this staff report will be posted to the City's Website on its Housing specific landing page (<https://www.courtenay.ca/community-and-culture/housing>). This degree of engagement falls within the "Inform" category of the IAP2 spectrum of public participation.

**OPTIONS:**

1. THAT Council receive the Housing Target Order Interim Progress Report for the period between September 1, 2025, and February 28, 2026; and

THAT Council direct staff to immediately send a copy of the report to the Minister of Housing and Municipal Affairs and post a copy of the report on the City's website.

2. THAT Council provide alternative direction to staff.

**ATTACHMENTS:**

1. Housing Target Order Interim Progress Report
2. Courtenay's Housing Target Order
3. Housing Target Order and Housing Needs Report Methodologies Comparison

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