



CANADA MORTGAGE AND HOUSING CORPORATION

# ASSESSING HOUSING NEED AND DEMAND

**We all recognize the need for affordable housing in our communities. However, it is essential to establish whether there is in fact a demand for the housing and service you want to provide, prior to thinking about developing.**

**Collecting data, including statistics, housing market trends, community profiles, and personal stories helps to determine whether or not a development should proceed and if so, what design, market, and service conditions should be incorporated.**

This fact sheet outlines the elements of a need-and-demand analysis for an affordable housing project and the steps involved in producing one.

Two types of research may be conducted when assessing need and demand: secondary and primary research. Secondary research includes data collected from existing sources, such as Census and housing market data. Primary data includes information collected first-hand using research instruments such as interviews, surveys or focus groups. Primary data can also include personal stories from the potential tenant group.

Collecting and analyzing the data will either prove or disprove opinions or anecdotal information about the need for the proposed housing and that there are people willing and able to occupy it. Data generated in a needs assessment can also support a development application, funding applications or other initiatives.

## Background

Assessing need and demand for your housing project is a critical first step in the development process.

The information you gather will identify for your group and for your funding and financing partners what the affordable housing gaps are in the community, and who is in the greatest need of affordable housing. It will demonstrate whether a community-based response is required to provide affordable housing for the population you wish to serve. Assessing demand demonstrates whether there will be enough people who are willing and able to live in the project for both the short and long term, including the ability to pay for the housing and services you are planning to provide.

There are a number of key components to a typical housing needs assessment. These are the types of information that should be included:

## Need-and-Demand Analysis

The need-and-demand analysis describes the demographic and economic factors affecting the housing needs of the community. Historical information, as well as forecasts from Census Canada,

CMHC, MLS® (Multiple Listing Service®), local planning departments, and regional health authorities will help you develop projections for the next five to 10 years for the following key indicators:

- population, age, and gender;
- household size, growth, and type;
- the economic growth or decline of the area including employers, industries, labour markets, unemployment rates;
- household average and median incomes;
- number of renters and vacancy rates;
- availability and affordability of rental housing based on income and rents, including non-market waiting lists;
- ownership tenure, new housing starts, cost of ownership, and income required for affordable homeownership.

Before you begin, check for any recent needs assessments that relate to your potential resident population. The local municipality or a community agency may have already conducted studies on housing or other needs such as health services, recreation, transportation, etcetera, that could be updated or referenced in your analysis.

Once the local housing and demographic landscape has been established, it should become apparent if certain populations are more vulnerable to current housing markets. You can then explore in more depth the particular housing needs of your potential residents. For example, if there is a large percentage of lone-parent females in the community and you wish to develop family housing for women, it would be useful to include as much data on lone-parent women as possible.

However, not all individuals in the potential tenant group will be low-income or require affordable housing, so it is important to investigate the percentage of lone-parent women who may likely require affordable housing.

### Surveying the Demand for Housing

Once the need has been demonstrated, you need to determine whether there is a demand for your proposed affordable housing project. Building housing is too costly and time consuming to take the chance, so it is important that you find out as much as you can about whether people will want to live there and that you will have a viable housing project.

The survey should seek information about your intended resident population, such as:

- Profile of respondents (age, gender, marital status, household income, employment status)
- Current housing arrangements (own, rent, house, apartment, cost)
- Future housing preferences (plans to move, preferred location, price, unit size and type, features, amenities, and need for assistance)

The method of distribution, completion and collection will vary, depending upon your target population. It will be important to demonstrate that you have reached a representative sample from your area and that the response indicates a genuine interest in your proposed project. At some point you will need to prove to a funder, investor or lender that the housing will be occupied by the intended group of residents.

### Analyzing the Data

Now is the time to interpret the data that you have collected and compiled, and relate it to the affordable housing project you plan to develop. Look for connections between published Census and CMHC data and the results of the survey you conducted. Explore in depth what the various statistics are saying about the need for housing among the people you plan to serve. Make observations and conclusions about the current and future needs of your target population based on the demographic and economic trends that you documented. Determine whether the location and type of housing will be suitable for your intended future residents.

### Preparing the Report

The housing needs assessment will be referred to at many stages in your housing development if you proceed. A clear and concise document that demonstrates the need and demand for your proposed project will be an important tool when applying for government assistance, charitable donations, private investments, service partnerships, municipal approvals and mortgage financing. All of these potential partners in your project will want to see the evidence that there is value in being involved in your project. Prepare a written report that includes the following sections:

1. **Overview of the Report:**  
The purpose and structure of the report and the sources of data that have been used.
2. **Need-and-Demand Analysis:** The summary of the findings from your secondary research, as described above.
3. **Survey Analysis:** How the primary research was conducted and the information gathered about the current housing arrangements and future housing preferences of the target population.
4. **Conclusions:** Link the secondary and primary research data, draw conclusions and make recommendations for meeting the need and demand that you have demonstrated.

## Suggested Activities

- Review available local data sources and publications including your municipality's Official Plan, affordable housing strategies, and any existing needs assessment documents.
- Identify the resources required to conduct a need-and-demand study and determine whether you will need to hire an external research consultant or housing market analyst.
- Conduct a demographic and economic analysis using Census, Service Canada and CMHC data. Identify past and future population growth trends, migration and immigration patterns, employment categories and income trends by tenure (that is renters vs. owners).
- Document the current affordable housing inventory, including the number of non-market and market rental units, vacancies or waiting list numbers, average market rents, average prices for homeownership.
- Identify and track trends in the housing market that could affect the proposed resident population.
- Interview various members of the community who may be working directly with those in housing need (for example, community support staff).
- Identify any community groups that have formed around the affordable housing issue for particular population groups.
- Determine the best method (for example, interviews, focus groups, surveys) for collecting information on housing demand from the potential resident population.

## Conclusion

Conducting a need-and-demand study can help your group to determine whether or not to proceed with building affordable housing in your community. It is crucial to invest the time, effort and money to get objective and authoritative research data that supports your opinion that the project you want to create is needed and will be fully occupied once built.

## Further Resources

- 1) CMHC's Housing Market Information—CMHC provides the housing industry and consumers with the latest statistical information and analysis of housing trends so they can make informed decisions. CMHC's Market Analysis Centre tracks information for local, provincial, regional and national markets.  
[www.cmhc-schl.gc.ca/en/inpr/homain/index.cfm](http://www.cmhc-schl.gc.ca/en/inpr/homain/index.cfm)
- 2) CMHC's *Canadian Housing Observer*—The *Canadian Housing Observer* identifies the housing trends, conditions and key factors driving Canadian housing markets: [www.cmhc-schl.gc.ca/en/corp/about/cahoob07/index.cfm](http://www.cmhc-schl.gc.ca/en/corp/about/cahoob07/index.cfm)
- 3) Statistics Canada (community profiles): [www.statscan.ca](http://www.statscan.ca)
- 4) Non-profit housing waitlists
- 5) Multiple Listing Services®: [www.mls.ca](http://www.mls.ca)
- 6) Newspaper rental ads
- 7) Municipal websites
- 8) Vermont Housing Needs Assessment Guide (United States): [www.housingdata.org/assessment/](http://www.housingdata.org/assessment/) (US)
- 9) Survey Design Tutorial: [www.surveysystem.com/sdesign.htm](http://www.surveysystem.com/sdesign.htm)