

# Operationalizing the Federal HNA: Identifying Housing Gaps



AMO Webinar Series: HNA Support for Small Municipalities



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# AMO – Identifying Housing Gaps

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This guide is designed to help municipal staff move from the data collected in a Federal Housing Needs Assessment (HNA) template to a clear, defensible articulation of the housing gaps in their community. Identifying housing gaps requires connecting evidence to residents’ experiences of housing, situating local conditions within the full housing continuum, and presenting findings in a way that can inform policy and drive action.

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## The Case for Identifying Housing Gaps

### What is a housing gap?

A housing gap, or a housing need, exists where there is a mismatch between the housing that is available in a community and the housing that residents need. Gaps can take many forms, from gaps in the types of dwellings in the existing housing supply to gaps in housing considered appropriate for priority populations.

Housing gaps are not just quantitative. Housing needs can also be informed by the qualitative experiences and insights of residents, sector partners, and priority populations. A community may have sufficient housing units overall, but still have a significant gap if those units are unaffordable, unsuitable for current household trends, or inaccessible to people with disabilities. Understanding the full range of gaps requires both data and local knowledge.

#### Key Principle

The most effective housing gaps share a common structure:

- Name the gap clearly
- Anchor it in specific evidence.
- Identify who is most affected, and
- Connect it to policy levers the municipality can actually use.

### Why do we identify housing gaps?

Identifying housing gaps serves three essential functions:

- **Policy and planning:** Gap analysis translates data into priorities. Strategic directions for housing policy are designed to address the identified housing gaps within the community. Without a clear articulation of what is missing and who is affected, it is difficult to design policies, zoning tools, or programs that will make a meaningful difference.
- **Advocacy and funding:** An evidence-based housing gap is the foundation for applications to provincial and federal housing and infrastructure programs. Funding programs, such as the Canada Community-Building Fund, Canada Housing Infrastructure Fund, and Affordable Housing programs, require municipalities to demonstrate evidence of local need. The identification of housing gaps strengthens applications through demonstrating clear and specific local housing needs.

- **Public awareness and accountability:** Housing gap statements give elected officials, residents, and community partners a shared understanding of the problem. They frame the conversation around what needs to change, rather than simply describing what currently exists.

### How do housing gaps inform planning and policy?

Housing gap findings are the connective tissue between HNA data and municipal action. They provide a baseline for housing data and translate analysis into direction. Specifically, gap statements inform:

- Official Plan housing policies, including targets for affordable housing, rental housing, and a range of dwelling types.
- Zoning by-law updates, including permissions for diverse housing forms (duplexes, triplexes, townhouses, secondary suites) that respond to identified gaps in the supply of diverse housing.
- Affordable housing strategies
- Capital budget decisions, including investments in housing-enabling infrastructure linked to specific gap locations.
- Infrastructure management
- Grant applications and reporting and development approvals, where demonstrated housing need justifies specific interventions.
- Advocacy to upper tiers, Service Managers, the provincial government, and federal programs for investment in social and affordable housing

## The Housing Continuum: A Framework for Identifying Gaps

### Understanding the housing continuum

The housing continuum describes the full range of housing types and tenures available in a community, from emergency shelter at one end to market ownership at the other. A healthy housing system is one where households at every income level can find suitable, adequate, and affordable housing on the continuum, with pathways to move along the continuum as life circumstances change.

Housing gaps can occur anywhere on the continuum. In practice, gaps tend to cluster at the lower end of the continuum (emergency, transitional, and social housing) where public investment has declined, and in the affordable and moderate rental segment where demand has grown faster than supply. However, gaps can also exist at the market end of the continuum, particularly in communities experiencing rapid growth or demographic shifts.

## THE HOUSING CONTINUUM



### Overview of the housing continuum

Emergency Shelter	Transitional & Supportive Housing	Community Housing (RGI)	Affordable Rental	Market Rental	Market Ownership
<b>Who typically lives here</b>					
People in acute housing crisis; those fleeing violence	Individuals and families leaving homelessness; youth aging out of care; people with mental health and addiction challenges	Very low- and low-income households; seniors; people with disabilities	Low- and moderate-income households who earn too much for RGI but cannot afford market rents	Moderate- and middle-income renters; households who choose to rent; those not yet able to enter ownership	Middle- and higher-income households; households with sufficient savings for down payment and carrying costs.
<b>Common challenges and housing gap patterns</b>					
Inadequate shelter capacity; no overnight options in many small municipalities; no year-round beds	Limited transitional supply; supportive housing waitlists; lack of on-site mental health and addiction services	Long waitlists (often 5–10+ years); aging stock in need of repair; expiring operating agreements	Near-absence of non-market affordable rental in many communities; loss of existing affordable units through rent increases	Very low vacancy rates; rapid rent increases outpacing income growth; insufficient purpose-built supply	High entry costs; mismatch between unit sizes and household types; workforce and young-family exclusion

In addition, there are several housing typologies that exist across the housing continuum that enable households to reside in suitable, adequate, and affordable housing that meets their needs. These include:

- Accessible housing
- Independent living facilities
- Long-term care homes
- Seniors' living communities and retirement homes.

Each of these housing typologies may be offered across different segments of the housing continuum. Identifying the existing supply and where it is concentrated on the housing continuum relative to the demand can also inform the development of housing gaps.

### **Rural, Northern, Small, and Resort Communities: Housing Continuum Gaps**

In *rural and northern communities*, housing gaps frequently span nearly the entire continuum, from a shortage of emergency shelter capacity to insufficient RGI units and long waitlists, to a near-absence of affordable rental for working households, and limited pathways to homeownership for low-income families. Understanding these as interconnected gaps is essential to developing a comprehensive response. Housing need may be determined through assessing changes in demographics and demand.

In *smaller municipalities and communities with a large seasonal population*, gaps are often concentrated in the affordable and market rental segments, with stronger pressures on small and single-earner households unable to afford rising market rents. The housing continuum framework can help articulate that the problem corresponds to a gap in the 'missing middle' between RGI and market rental.

### **Using the housing continuum to identify gaps**

To use the housing continuum as a gap identification tool, work through each segment systematically using your HNA data. For each segment, ask:

- Is there sufficient supply? How many units exist relative to the number of households that need them? What is the vacancy rate of units in the primary rental market?
- Does the supply meet housing size and typology needs? Do we have the housing we need to support our existing households?
- Is supply accessible? Are units physically accessible, in good repair, and located where households need them?

- Is supply affordable? Do units fall within the affordability threshold (30% of household income) for the households that rely on them?
- Are there waitlists or other evidence of unmet demand? What do Point-in-Time counts, waitlist data, or community consultation tell you about households whose needs are not being met?
- Is supply changing? Are units being added, lost, or deteriorating? Is the trend improving or worsening?

### **Practical Tip: Work From Available Evidence**

Not every municipality will have data for every segment of the continuum. Where data is limited, for example where CMHC rental market data is suppressed, or where shelter capacity data is held by the Service Manager, acknowledge the gap and supplement with qualitative information. Additionally, municipalities should look to work with Service Managers to gather and document data across the housing continuum. A well-reasoned statement based on available evidence, consultation findings, and local knowledge is more useful than a blank section.

## Dimensions of Housing Need

A housing gap is rarely due to a single cause. In practice, the conditions that make housing inaccessible to residents are interconnected and an effective gap analysis must capture that complexity. For example, housing stock may appear to be plentiful, but in reality is concentrated in dwelling types that do not match the needs of aging households or growing families. A neighbourhood may have affordable rents, but those units may be in disrepair or lack accessibility features. A unit may be technically affordable, but located far from transit and employment.

To identify housing gaps, municipal staff should assess need across five interconnected dimensions: affordability, suitability, adequacy, population-specific barriers, and geographic access. These dimensions compound and interact. A low-income senior living in an aging rural property may experience housing needs across all five simultaneously, for instance. Understanding how these dimensions overlap for different household types is what transforms raw HNA data into a defensible, locally grounded gap statement.

### **Affordability: Income-based analysis across the continuum**

Affordability is the most quantifiable dimension and forms the analytical backbone of most gap statements. Because housing affordability varies by household income, identifying

where gaps are most acute requires mapping housing costs against the income distribution of local residents.

The standard definition of affordability is that a household should not spend more than 30% of gross household income on shelter costs. A household is in core housing need when its housing falls below at least one of the indicator thresholds for adequacy, affordability, or suitability, and the household 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.

To construct an income-based affordability analysis, work through the following steps:

- Step 1: Establish household income distribution. Using Statistics Canada Census data (available in the HICC pre-populated template), identify the distribution of household incomes in your community, typically organized by income decile or by the income categories used in the Federal HNA template.
- Step 2: Calculate maximum affordable shelter costs. For each income band, calculate the maximum monthly shelter cost at the 30% affordability threshold (annual income  $\div$  12  $\times$  30%). This establishes what income each band can afford to pay for housing.
- Step 3: Compare to actual housing costs. Compare the affordable shelter cost thresholds to actual average market rents (from CMHC or proxy sources) and average ownership costs (from local real estate data) for each dwelling type. Where market costs exceed the affordability threshold for a given income band, there is an affordability gap. Note: the average ownership cost calculation can be modified to account for unique costs associated with homeownership, such as the estimated down payment, mortgage rates, and property taxes.
- Step 4: Determine which income bands face the largest gaps. Identify the income bands with the fewest available housing options that are considered affordable, and the income band at which this gap closes. Presenting this analysis clearly is the core of the affordability gap section of an HNA.
- Step 5: Connect to core housing need data. Cross-reference with core housing need data (available through HART and the pre-populated HICC template) to show the proportion of households currently in core housing need by income band and household type.

### **Suitability: Matching dwelling sizes to household compositions**

Households that can afford a unit but cannot find one that is the right size or configuration face a suitability gap. For example, families living in bachelor apartments, or multi-generational households in one-bedroom townhomes may be within the 30% affordability threshold and yet still face a significant housing gap. Suitability gaps are particularly visible

in communities where the dwelling type mix is dominated by large and expensive single-detached homes that are unaffordable to households in need, while the available supply of affordable housing options are unsuitably sized.

### **Adequacy: Addressing housing condition in older housing stock**

Households living in housing that is in need of major repair face an adequacy gap. This is especially relevant in rural and northern communities, where older housing stock may be nominally affordable but lacks basic accessibility features, requires costly upkeep, or poses health and safety concerns. Adequacy gaps can compound affordability pressures: a household may be spending within the 30% threshold but on a unit that is deteriorating and unsuitable for long-term occupancy.

### **Population-specific barriers: Assessing who is facing the highest housing need**

Some households face barriers to accessing housing that go beyond income. Seniors, Indigenous households, people with disabilities, young adults, and newcomers encounter discrimination, eligibility restrictions, design limitations, and other structural barriers that are not captured by affordability data alone. Municipalities should draw on data collected in Section 4 (Priority Groups) of the Federal HNA template to develop population-specific gap statements and connect these to the broader gaps identified across the other dimensions.

### **Geographic access: Analyzing locational attributes of the housing stock**

Housing that exists but is not located where households need to live represents a geographic gap. This dimension is particularly relevant for seniors, people with disabilities, and households reliant on public transit, for whom distance from employment, health services, or community supports can make otherwise affordable housing effectively inaccessible. In rural and northern communities, the geographic dimension is often more pronounced due to a lack of public transit options to connect people to the housing and services they need.

## **Writing and Presenting Housing Gaps**

### **Components of a strong housing gap statement**

A housing gap statement is the synthesis of your HNA analysis. It names a specific gap, grounds it in evidence, identifies who is affected, explains why it matters, and points toward action. The best gap statements are:

- **Specific:** Housing gap statements should clearly identify the housing need, such as “there is a need for an increased supply of small and large purpose-built rental housing to meet growing demand from one-person and family-sized renter

households.” The statement should then be followed by clear and specific evidence from the housing needs assessment, providing data to support the identified need.

- **Evidence-based:** Statements should be anchored in specific data sources. Housing gaps should be informed by Census figures, CMHC data, HART affordability analysis, waitlist numbers, or consultation findings. Even qualitative evidence should be attributed (e.g., “As noted in community consultations, seniors report significant difficulty finding accessible, single-storey housing”).
- **Locally grounded:** Housing needs are connected to real conditions in your community rather than provincial averages or generic statements. Local examples, local data, and local voices strengthen the credibility and policy relevance of gap statements.
- **Actionable:** Each gap should suggest, at least implicitly, a type of response. A gap in affordable rental supply may point towards measures such as incentive programs, inclusionary zoning, or non-profit housing development. A gap in accessible housing for seniors points toward retrofit programs, secondary suite policies, funding for seniors homes, or development standards.

### Number of housing gaps to identify

Most HNAs identify between three and six key housing gaps. This guidance is developed to balance the benefits of identifying and calling out specific needs that enable municipal advocacy and action, with the constraints of attempting to pursue all aspects of affordable housing at once.

Each municipality should assess the gaps that are most prominent, actionable, and locally resonant with various engaged parties (e.g., residents, sector partners, councillors, funding opportunities).

### Presenting housing gaps to different audiences

The same housing gap may need to be communicated differently depending on the audience. The table below provides guidance on how to frame and present gap findings for five key audiences that municipalities commonly need to reach.

Audience	What They Need to Know	What to Emphasize	Format Tips
<b>Council and Elected Officials</b>	Why housing gaps matter for their community; what the gaps mean for residents; whether there are	Local impacts: which residents are affected; connection to economic development, workforce attraction, community	Lead with a short gap summary (one page or less); use local examples and plain language; avoid jargon;

Audience	What They Need to Know	What to Emphasize	Format Tips
	corresponding gaps in funding services and/or infrastructure; what role the municipality can play	sustainability; what actions Council can take	connect to strategic plan priorities
<b>Municipal Planning and Policy Staff</b>	The evidence base behind each gap; how gaps in the housing supply and municipal infrastructure connect to planning tools available; what data was used and its limitations	Methodology; data sources; how gaps connect to Official Plan policies, zoning, CIPs, and capital plans; how gaps were prioritized	Structured report format; include tables and data; reference the Federal HNA template sections; note data limitations clearly
<b>Service Managers and Housing Providers</b>	Gaps in the community and supportive housing system; alignment with their housing and homelessness plans; partnership opportunities for funding, services, infrastructure and housing delivery.	Non-market gaps; waitlist data; continuum gaps from emergency shelter through affordable rental; linkages to Reaching Home and Homelessness Prevention programs	Focus on the lower end of the continuum; highlight data from Section 4 (Priority Groups); reference Service Manager plans and programs
<b>General Public and Engaged Parties</b>	What housing gaps mean for everyday residents; what the impacts are; how they can engage	Human stories and local context; what kinds of housing are missing and why; what the municipality is doing and what residents can do	Plain language; avoid technical terms; use visuals if possible; connect to lived experience raised in consultation; brief summary documents or one-pagers
<b>Federal and Provincial Funders</b>	Evidence of local housing need, including local contextual information;	Core housing need data; CMHC affordability thresholds; projected need including clear methodology; connection	Use the Federal HNA template language; reference HICC definitions; include affordability tables;

Audience	What They Need to Know	What to Emphasize	Format Tips
	alignment of proposed projects with identified gaps; strength of the evidence base	between identified gaps and proposed infrastructure or housing investments	ensure gap statements are specific and defensible

**Common pitfalls to avoid**

The following are some of the most common and consequential pitfalls when identifying and articulating housing gaps in an HNA:

- **Describing data without identifying the gap:** Housing gap statements should interpret the data to clearly identify the ‘story’ this tells about the housing challenges and needs faced by the community. Data should form the evidence base of the gap and be contextualized in terms of what this means for residents, households, housing stock, priority populations, and local infrastructure needs.
- **Conflating gap size with gap priority:** Municipalities should consider and weigh the relative urgency and severity of need on a qualitative basis when determining the emergent and highest priority gaps. There may be a larger absolute number of households facing one type of housing need, but a smaller cohort of households may be facing greater urgency and severity of need.
- **Omitting the lower end of the continuum:** Many municipalities focus on affordable rental and ownership housing gaps, as these are under their purview and responsibility. However, it is important to identify need and gaps at the lower end of the continuum (including emergency shelters, transitional housing, and supportive housing) to properly document local needs, enabling coordination with Service Managers and advocacy to upper levels of government.
- **Not connecting gaps to available actions:** Housing gaps are most effective when considering and connecting to municipal actions, policies, plans, and initiatives. Housing gaps should identify, at least implicitly, the available pathways for addressing the housing gap. This exercise connects to Section 7 of the Federal HNA, ensuring that housing gaps are incorporated into how municipalities think about and practice long-term planning.

## From Housing Gaps to Next Steps

Once gaps have been clearly articulated, the next step is to connect them to the planning, policy, and partnership tools available to your municipality. This is the work of Section 7 of the Federal HNA template (Use of Housing Needs Assessments in Long-Term Planning) and is covered in the Operationalization Checklist and Interdepartmental Coordination resources in this webinar series.

As a starting point, consider the following questions for each gap identified by your municipality:

- What planning tools does the municipality have that could address this gap? (e.g., zoning, CIP, Official Plan policies, development standards)
- What is the municipality's role in relation to this gap: is it primarily a local responsibility, a Service Manager responsibility, or a shared one?
- Are there funding programs (provincial or federal) that are aligned with this gap and for which the municipality could apply?
- Who are the key partners needed to address this gap? (e.g., non-profit housing providers, Service Manager, Indigenous partners, developers)
- What is the timeline for action? Is this a short-term, medium-term, or long-term gap to address?

## Reference Examples: Housing Gaps

The following table illustrates examples of typical affordability gap patterns by income band. However, specific income thresholds and housing costs will vary by community.

Typical Position on Continuum	Common Gaps Experienced	Notes
<b>Emergency shelter; RGI housing; transitional housing</b>	No market options are affordable; RGI waitlists often 5–10+ years; risk of homelessness	Document waitlist length and shelter capacity relative to need. Even modest market rents will be unaffordable at this income level. More non-market housing options are likely required.
<b>RGI housing; affordable rental; lower end of market rental</b>	Most market rentals unaffordable; limited non-market supply; risk of core housing need	Single-earner and small households are frequently concentrated in this band. In many communities in Ontario, average market rents already exceed what households at this income level can afford.

Typical Position on Continuum	Common Gaps Experienced	Notes
<b>Affordable rental; market rental; entry-level ownership in some markets</b>	Growing gap as rents rise; many households spending >30% of income; entry-level ownership out of reach in higher-cost communities	This band is often where affordability gaps are most visible and growing. In higher-cost urban markets, households at this income level cannot afford market rental. In smaller communities, they may be able to rent but not own their home.
<b>Market rental; moderate ownership in most markets; challenged in high-cost markets</b>	Ownership increasingly unaffordable in urban and high-demand communities where the growth in demand substantially outpaces increases in housing supply; rent increases eroding budget; limited suitable rental for families	In higher-cost markets, affordability gaps extend into this band, where households earn too much for subsidized programs but cannot access market ownership. In most smaller communities in Ontario, this band can generally access market rental, but have difficulty keeping pace with expensive options on the ownership market.
<b>Market ownership; market rental by choice</b>	Generally housing-secure; gaps arise in high-cost markets where even higher-income households face ownership barriers; mismatch of unit sizes and household types	Gaps in this band are primarily ones of supply type and mix rather than affordability. For example, a lack of smaller units for downsizing seniors, or a mismatch between large ownership units and smaller household sizes.