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DID YOU KNOW: Nearly Two-Thirds of GTHA New Housing Will Be Constructed in Built-Up Areas If the 905 Regions and Hamilton Adopt 50% Intensification Rates

The Growth Plan for the Greater Golden Horseshoe ("Growth Plan") cleverly provides a planning roadmap addressing housing supply and affordability, including for ground-related homes (singles, semis, and townhouses), and environmental concerns like greenhouse gas reductions. It does this by instructing municipalities to base long-term land requirements on market-based needs subject to minimum intensification and density targets. These targets relate to the proportion of new housing built in existing urbanized areas (intensification) and the number of people and community jobs accommodated per hectare of greenfield land (densification).

The City of Hamilton and the Regions of Durham, York, Peel and Halton are instructed to meet an intensification target of at least 50%. That is, 50% of all new housing must be built within their delineated built-up areas (2006 boundaries), according to Growth Plan Policy 2.2.2.

Municipalities are currently preparing Municipal Comprehensive Reviews as a basis for updating their Official Plans. They are hearing pleas during the consultation process for them to exceed the minimum 50% intensification targets, mainly for environmental reasons. The Growth Plan allows municipalities to exceed the minimum intensification target, subject to also being able to provide a market-based mix of housing by dwelling type. Increasing the intensification targets holds profound implications for the mix of new dwelling units built in a municipality. Most housing built in existing built-up areas are apartments (75-85%), while most housing built on greenfield lands are singles and other forms of ground-related homes (75-90%).

The Cities of Toronto and Hamilton and the four 905 Regions are all intertwined parts of a larger housing market area. Therefore, when judging the reasonableness of municipal intensification targets, municipalities should examine the resulting mix of housing at the regional housing market level as well as within their boundaries.

Figure 1 contains the household forecasts for 2021-2051 for the Greater Toronto Area (GTA) and the Greater Toronto and Hamilton Area (GTHA) prepared by Hemson Consulting as background for updating the Growth Plan in 2020. We have allotted 50% of the household growth to the built-up areas (2006 boundaries) except for Toronto where the intensification target is 100% since the city is fully built-up.

This publication provides a commentary on what we are reading about the performance of economies and real estate markets. Feel free to pass this issue to your colleagues and let us know your reactions to our observations.

Figure 1: Proportion of New Housing in Built-Up Areas with Toronto Achieving 100% and Other Municipalities Achieving 50% Intensification Factors, GTA and GTHA, 2021-2051

Municipality	Total Units	Units in Built-Up Area	Percent of Units in Built-Up Area
Durham	214,900	107,450	50
Halton	174,500	87,250	50
Toronto	348,500	348,500	100
Peel	268,300	134,150	50
York	271,200	135,600	50
GTA	1,277,400	812,950	64
Hamilton	110,300	55,150	50
GTHA	1,387,700	868,100	63

Source: CUR, based on data from Hemson Consulting (2020). “Greater Golden Horseshoe: Growth Forecasts to 2051, prepared for the Ontario Ministry of Municipal Affairs and Housing,” August 26, 2020. [Online] Available: <https://www.hemson.com/wp-content/uploads/2020/08/HEMSON-GGH-Growth-Outlook-Report-26Aug20.pdf>

The result is that nearly two-thirds of all new housing built over the next 30 years under the minimum intensification targets in the Growth Plan for the GTA and GTHA would be on lands already urbanized, which is a remarkably high percentage among North American metropolitan regions.

The bottom line is that a target of building 50% of all new housing in built-up areas in municipalities other than the city of Toronto will need an unprecedented shift in housing choices to apartments from ground-related homes. Adoption of intensification targets higher than 50% will mean even fewer ground-related homes as 75-85% of all housing in built-up areas will be apartments. For comparison, during the past ten years, two-thirds of new housing starts in the parts of the GTHA excluding Toronto were ground-related homes.

There is a limit on the willingness of households to live in apartments in built-up urban areas. It appears that a 50% intensification target for Hamilton and the GTA regions is the maximum target that should be adopted. This is supported by the research being undertaken by municipalities as part of their Municipal Comprehensive Reviews. For instance, Lorus and Associates, consultants for the City of Hamilton, cautions the City that an intensification target of 48% is approaching the maximum demand for intensification from a market perspective.¹

Municipalities in forecasting their long-term land requirements should not ignore the types of dwelling units demanded in the marketplace. The consequences of doing so include: the outflow of the population choosing to live in ground-related housing in less expensive municipalities with longer commutes and increased greenhouse gas generation, and higher prices for the existing stock of ground-related housing in the municipality, adding to the affordability problem.

Sources:

1. Lorus and Associates (2021). “City of Hamilton Residential Intensification: Market Demand Analysis.” Prepared for the City of Hamilton. [Online]. Available: <https://www.hamilton.ca/sites/default/files/media/browser/2021-03-18/grids2-ped17010i-appendixb.pdf>

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