



A Response to Durham Region's 30-Year Recommended Housing Needs Forecast by Dwelling Type

**A Submission by the Centre for Urban Research and Land
Development to Durham Region in Response to the Land
Needs Assessment for 2021-2051**

November 1, 2021

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The opinions expressed in this research report are those of the authors only and do not represent opinions and views of either CUR or Ryerson University.

TABLE OF CONTENTS

BACKGROUND ON CUR.....	1
THE REGION’S HOUSING NEEDS FORECAST BY DWELLING TYPE IN BRIEF	2
IS THE RECOMMENDED FORECAST OF THE TOTAL ADDITIONAL HOUSING UNITS NEEDED IN THE REGION BETWEEN 2021 AND 2051 REASONABLE?	2
IS THE ANTICIPATED MIX OF DWELLING UNITS IN THE STAFF’S RECOMMENDED HOUSEHOLD FORECAST REASONABLE?	3
CONCLUSIONS AND RECOMMENDATIONS.....	5

BACKGROUND ON CUR

The Centre for Urban Research and Land Development (CUR) is a research centre at Ryerson University focused on promoting better urban policy through economic analysis. Our Centre has conducted extensive research on demographic shifts, housing affordability and the reasons for high and escalating home prices and rents in the broader Greater Toronto and Hamilton Area (GTHA), including:

- An in-depth analysis of housing supply and factors restricting affordability in the GTHA;
- A study of how the aging of millennials is boosting housing demand, especially for low- and medium-density housing; and
- An examination of how a deterioration in ownership affordability in the Greater Toronto area (GTA) is driving millennials to leave the region for more affordable areas.

We are writing in response to the Durham Region's land needs assessment for 2021 to 2051 found in the following technical reports:

- Region-Wide Growth Analysis
- Housing Intensification Study
- Community Area Urban Land Needs Analysis

CUR's senior researchers provide feedback on the housing needs forecasted for 2021 to 2051, a key input into the Region's land needs assessment. We assess the reasonableness of the housing needs forecast by type of dwelling for this 30-year period and whether it complies with the Growth Plan for the Greater Golden Horseshoe (GGH) and the Province's land needs assessment methodology. Specifically, we respond to the following questions:

- Is the recommended forecast of the total additional housing units needed in the Region between 2021 and 2051 sufficient?

And

- Is the mix of dwelling units anticipated reasonable?



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THE REGION'S HOUSING NEEDS FORECAST BY DWELLING TYPE IN BRIEF

The Region's plan to accommodate household growth for the next 30 years can be summarized as follows:

- Durham's population will reach 1.3 million, a net change of 584,000 people from 2021 to 2051;
- Population growth will translate into 219,630 new households over this time frame;
- The aging of boomers and the migration of younger households into the region will result in higher demand for medium and high-density housing than has historically been the case.

IS THE RECOMMENDED FORECAST OF THE TOTAL ADDITIONAL HOUSING UNITS NEEDED IN THE REGION BETWEEN 2021 AND 2051 REASONABLE?

The recommended Durham Region forecast for growth of 219,630 households between 2021 and 2051 is virtually identical to the market-based household growth forecast for the Region produced by Hemson Consulting ("Hemson") in its background forecasts for the 2020 Growth Plan. Hemson forecasts household growth of roughly 214,900 over this period.

However, Durham's forecast does not consider the Province's land needs assessment methodology's suggestion that municipalities consider including an adjustment to household growth for other factors that impact housing need. These include adjustments to account for replacing units lost in the existing housing stock through demolitions exceeding conversions and to provide units to balance the rental market in the case of unusually low rental vacancy rates.

The Region-Wide Growth Analysis also identifies other factors that would impact housing need, including an allowance for short-term rentals (e.g. Airbnb) and student housing, which were not accounted for in the land needs assessment. We would recommend including an allowance for these and other non-household sources of housing needs.

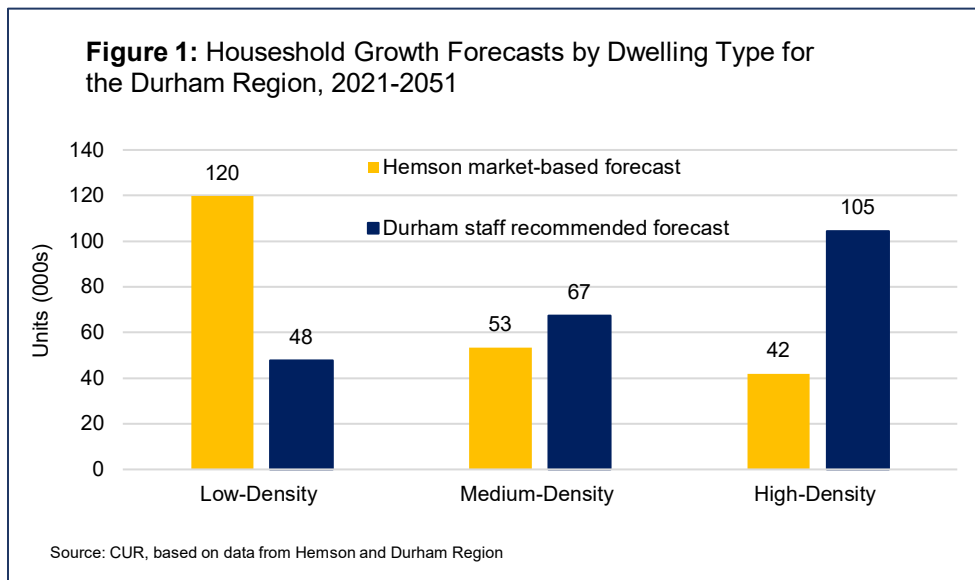
The Canadian and B.C. Governments commissioned an expert panel to provide recommendations to expand the supply of new housing and improve overall affordability in B.C. The panel recommends in its June 2021 final report that municipalities include an "affordability adjustment" in their housing needs forecasts to take into account the past underproduction of new housing, which, in the case of Durham and other parts of the GTHA amounts to many thousands of units.

We recommend that an "affordability adjustment" also be made to the household forecast in order to provide enough housing supply to tackle the affordability challenge being faced by the region caused in part by the past underproduction of new housing in the GTHA.

We estimate that a comprehensive accounting of housing needs and potential adjustments would result in a housing needs forecast of almost 240,000 over 2021-2051, or about 10% higher than the household growth forecast.

IS THE ANTICIPATED MIX OF DWELLING UNITS IN THE STAFF'S RECOMMENDED HOUSEHOLD FORECAST REASONABLE?

Figure 1 compares Durham's recommended household growth forecast by dwelling type from 2021 to 2051 to the market-based forecast of Hemson Consulting in its forecasts prepared for the Ministry of Municipal Affairs and Housing as background for the 2020 Growth Plan.



There is a marked disparity in the dwelling mix in the two forecasts. Durham is planning for 72,000 fewer low-density housing units than would be required to meet market-based demand, but more than twice as many apartments.

The wide disparity between the dwelling mixes in the forecasts is the result of the region's staff assuming that:

- the majority of boomer households will downsize into apartments once they are 75 years and older; and
- the majority of younger households choose apartment living in urban centres near transit over single-detached and semi-detached homes.

While there is no doubt that a greater share of households will live in high-density housing in the future than at present, the recommended forecast for high-density demand is too extreme

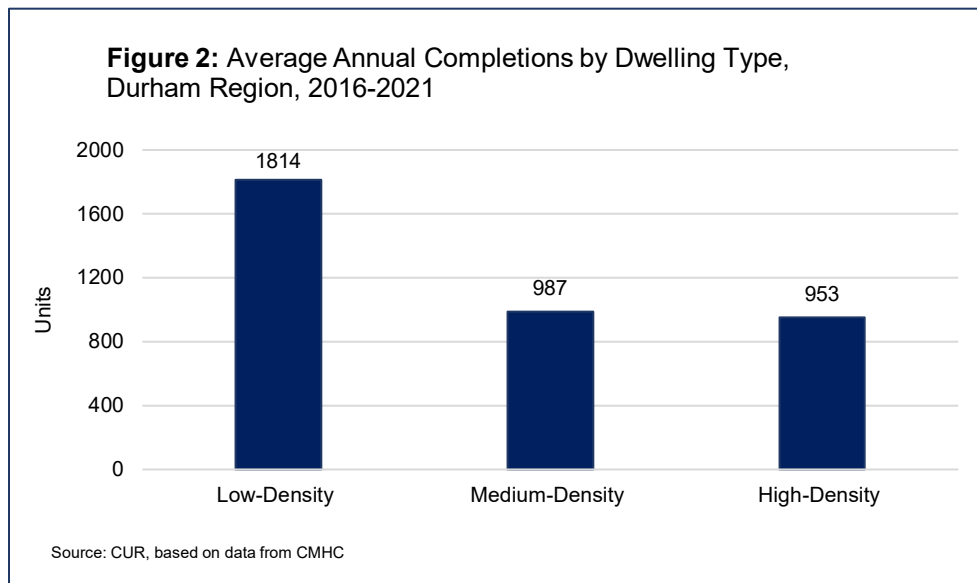
At the time of the 2016 Census of Canada, only 28% of households aged 75 years and older lived in apartments in the Durham Region. If boomer households do not downsize as assumed, this would then require all the growth in younger households to be accommodated in apartments,

while at the time of the 2016 Census only 12% of households aged 25 to 44 live in apartments. Such a dramatic shift of younger households into apartments in the Durham Region over the next 30 years is not realistic.

This view is supported by the Region’s Housing Intensification Technical Study, which cites a Royal LePage-commissioned survey that found that 47% of households aged 25 to 44 who participated said they would choose small town or country living. The top reasons for wanting to move to a less dense area were access to more outdoor space (62%) and lower home prices (61%), followed by the affordability of larger properties (51%). 45% of young households said they would like to live in an urban setting.

Many young households migrate into Durham Region because it offers more affordable ground-related housing when compared to its GTHA counterparts.

Indeed, over the past five years the housing market in Durham Region has supplied a mix of housing completions oriented to low-density and medium-density housing (see Figure 2).



The Region-Wide Growth Analysis notes that to meet its 2051 population target, net migration into the Durham Region will have to double between 2021 and 2051. It is our view that the majority of young households moving to Durham will do so to find affordable ground-related housing. Deliberately planning to under produce low-density housing will make it impossible for Durham to meet its population targets under the Growth Plan.

CONCLUSIONS AND RECOMMENDATIONS

We have two criticisms of the staff-recommended housing needs forecast by type of dwelling:

- While the 2021-2051 household growth forecast is reasonable given the Region's 2051 population target in the Growth Plan's Schedule 3, total housing needs are understated by approximately 10%. In our view total housing needs should be 240,000 households over the 30-year period rather than the staff-recommended 219,630; and
- The forecasts significantly overstate the need for high-density housing and understates the need for low-density housing.

As a result, the Region will need more designated greenfield land than the staff forecast predicts. Deliberately over planning for high-density housing at the expense of low-density housing will make it impossible for the Region's to achieve its 2051 population target and exacerbate the Region's growing housing affordability problem.

Our recommendation is for the staff to revisit their forecast of housing needs by total and units mix and the amount of newly designated greenfield area.