



Planning for Ontario's housing needs: How do we effectively address current structural issues and plan for growth?

BY ERIK KARVINEN, RPP

Ontario's housing market is facing two major interconnected challenges – a lack of market choice and erosion in affordability. While municipalities are on the front line in facing these challenges, our current state of housing is largely an outcome of a broader range of factors that have influenced the market over the past decade.

Ontario has experienced strong population growth, which has placed strong demand pressures on a broad range of housing types. Housing demand has been driven in part by strong immigration in permanent and non-permanent residents. Evolving demographic and socio-economic conditions across the province also play a key role in understanding current and future housing needs. For example, the housing needs of younger generations, millennials (who are now in their peak household formation years), and aging baby boomers are vastly different.

Over the past decade, home prices and rental rates have also steadily increased, which has eroded housing affordability across the housing continuum. Housing cost appreciation further accelerated through COVID, while during the post-pandemic economic rebound, the erosion of housing affordability continues to worsen driven by inflationary pressures and a rising interest-rate environment.

As the province's population continues to grow, demand for new housing products across Ontario is anticipated. Looking forward, evolving socio-economic conditions, such as greater cultural diversity, an aging population, growing demand from new families, and eroding housing affordability, will require that municipalities promote and support a broad range of new housing products by location, built form, tenure, and price/affordability. This includes innovative approaches to accommodate new purpose-built rental housing, as well as various other ownership housing products that are attractive to a broad range of demographic groups.

Provincial policy direction is increasingly focused on housing market choice and expanding housing supply across Ontario. In the fall of 2022, the Province of Ontario introduced the *More Homes Built Faster Act* (Bill 23) with the aim to increase housing supply and attainable housing options. The province's plan is to address the housing crisis by targeting the creation of 1.5 million homes over the next 10 years. To implement this, the Act introduced a number of changes which seek to increase the supply of housing. This included assigning municipal housing targets and identifying the number of new housing units needed by 2031, impacting Ontario's largest and fastest growing single/lower tier municipalities.

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This goal to construct 1.5 million new homes over the next decade is a notable challenge. To meet this provincial target, Ontario-wide housing development activity will need to increase by about 50 per cent over the next decade. While the municipal housing targets are intended to provide guidance to impacted municipalities in achieving this goal, the high-level nature of the housing targets, which lack detail regarding housing form, tenure, or affordability, make their application challenging for municipalities. Reconciling the province's housing targets with approved forecasts and local planning initiatives to enable/support housing supply growth requires more rigorous assessments that embrace the local context of Ontario's diverse urban and rural municipalities.


Building on provincial policy direction, municipalities play a key role in addressing the challenges in the housing sector through effective local plans, policies, and programs, which enable and support attainable and affordable housing development across the housing continuum. Housing needs should be addressed through a local lens and considered within a broader growth management framework, which reflects existing population, labour, and employment/economic conditions and future growth potential. Housing needs must also be broadly assessed through a fiscal and housing affordability lens.

It is vital that municipalities regularly assess and monitor future housing demand against available housing supply opportunities through development in residential intensification areas and the development potential on vacant urban greenfield lands. This requires an examination of housing needs by location as well as by built form, tenure, and affordability. This is necessary to identify where barriers to housing choice and affordability exist and where ongoing unmet housing needs are likely to persist over the near to

longer term. This should be completed through a comprehensive assessment that is evidence-based, using a range of federal, provincial, and local community housing data indicators combined with input from community stakeholders.

To address local housing needs, municipalities should develop local housing action and implementation plans that identify tailored financial and regulatory tools and programs, as well as planning policies to support and enable housing supply expansion. These plans should be designed to be applicable and appropriate for the community, leveraging federal and provincial programs and incentives.

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Ontario's housing crisis is experienced through circumstances that are unique to each community. Ultimately, to be most effective, solutions need to be identified, developed, and implemented at the local level in partnership with higher levels of government as well as private and non-profit housing sectors. 



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