

# Planning for Ontario's Housing Needs:

## Attainable Housing and Market Choice Considerations for Municipalities



### Did you know?

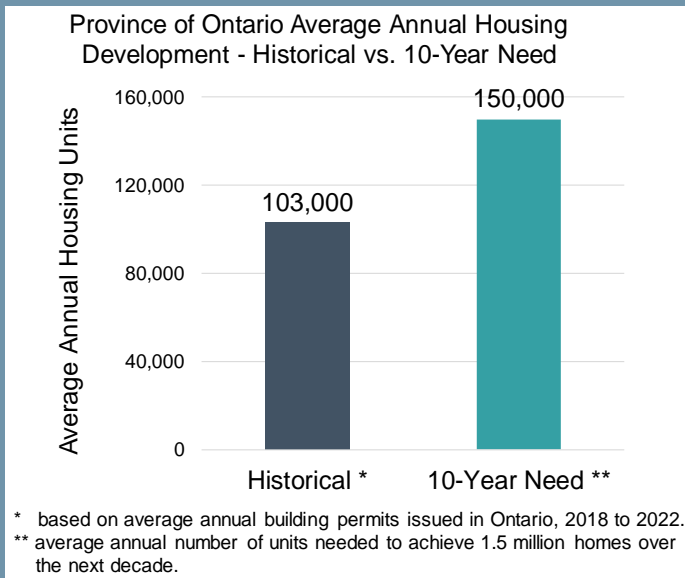
To maintain a well-balanced, strong community and ensure long-term sustainability, municipalities are required to plan for a variety of housing options. Market choice of ownership and rental housing is a key factor in attracting and retaining people and businesses to a community.

Provincial planning policy direction is focused on addressing current and future housing needs and market choice. The **2020 Provincial Policy Statement (PPS)** requires municipalities to provide an appropriate range and mix of housing options to meet the market-based needs of current and future residents.

The **More Homes Built Faster Act, 2022 (Bill 23)** targets the building of 1.5 million new homes over the next decade to address current and future population needs. This includes municipal housing targets identified for 29 of Ontario's largest and many of the fastest growing single/lower-tier municipalities.

Selected municipalities are being asked to prepare Municipal Housing Pledges by March 1, 2023, which provide details on how they will enable/support housing development through a range of creative solutions related to land use planning tools and policies, the streamlining of development approval and infrastructure related initiatives.

Many factors are driving demand for housing, including a growing population and changing demographics. The COVID-19 pandemic has augmented a rise in remote working and hybrid "work at home/work at office" employment, which has also impacted housing demand across Ontario.



Over the next decade and beyond, housing demand throughout the Province is anticipated to remain strong, primarily driven by higher federal immigration targets and a robust North American economy. To meet the provincial target of 1.5 million homes over the next decade, annual Ontario-wide housing growth will need to be about 50% higher than the development activity achieved over the past five years.

Ontario has also experienced strong appreciation in housing prices and rents, with growth rates higher than the rate of income growth. The erosion in housing affordability has been exasperated by a high inflationary and interest rate environment.

Municipalities play a key role in addressing the challenges in the housing sector through effective local policies and planning, enabling and supporting attainable and affordable housing throughout the private and non-profit sectors.

### Housing Market and Needs Assessment Services

Watson can provide municipal clients with a range of housing studies that consider housing supply and demand within the context of provincial policy direction including the *More Homes Built Faster Act*. Municipal Housing Targets and Municipal Housing Pledges have municipal implications which pose many questions, including:

- How do municipal housing targets align with current housing needs and adopted forecasts?
- What types of housing (i.e., tenure, built form) do municipalities require to meet current and future growth needs?
- What types of municipal planning and financial tools are needed to expand attainable and affordable housing supply and market choice?



### Housing Market Studies

Housing market studies typically include a broad range of macro and local parameters, with consideration of demographics/socio-economics, housing affordability trends, the local planning context, and the residential development sector.

Our studies cover a range of geographic areas, from site-specific developments and intensification/redevelopment areas to broader municipal or region-wide assessments. Analysis often considers market demand through a range of market segments, including working-age families, empty nesters, non-permanent residents, post-secondary students and seniors.

### Housing Needs Assessments

Building on our 40+ years of experience in growth forecasting and demographic analysis, Watson has developed innovative approaches and models that assess current and future needs for housing by type, tenure and affordability.

### Residential Development Feasibility Studies and Fiscal Impact Analysis

Higher density residential projects, notably purpose-built rental and affordable housing, often present feasibility challenges. Watson can prepare custom pro forma assessments for municipalities to assess feasibility and sensitivity testing of residential project return on investment under various development parameters, ranges of market conditions and financial scenarios. This includes examining the role of planning policies and permissions as well as the application of municipal financial incentives on development feasibility and corresponding municipal fiscal impacts.

### Municipal Services:

- Development Charge Studies
- Water/Wastewater Rate Studies
- PSAB Compliance and Asset Management
- Building and Planning Fee Studies
- Financial Planning and Analysis
- Developer Negotiations and Financial Agreements
- Planning and Land Economics Services
- Electoral Reviews



### Questions/Comments?

If you have any questions or comments regarding this or any Watson Newsletter, please contact us. We welcome the opportunity to discuss your specific municipality's needs.

### Have a Suggestion for Additional Newsletters?

If there is a related topic you would like covered in a future Watson Newsletter, please contact one of the Watson team members indicated below with your ideas.



### Our Team and Contact Information

**Jamie Cook, Managing Partner**  
 Tel.: (905) 272-3600 ext. 237  
 Email: cook@watsonecon.ca

**Erik Karvinen, Manager**  
 Tel.: (905) 272-3600 ext. 241  
 Email: karvinen@watsonecon.ca

2233 Argentia Road  
 Suite 301  
 Mississauga Ontario L5N 1V9  
 Tel: (905) 272-3600  
 Fax: (905) 272-3602

Visit our website:  
[www.watsonecon.ca](http://www.watsonecon.ca)