



**City of Hamilton Residential Intensification
Market Demand Analysis**
December 2020

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Section 1: Introduction and Background

The City of Hamilton has retained Lorus and Associates, in association with Hemson Consulting Ltd., to undertake an analysis of long-term demand for residential intensification. The market demand analysis is required to support the City's assessment of intensification potential, the update of the Growth Related Integrated Development Strategy (the GRIDS 2 update) and the Municipal Comprehensive Review (MCR) for the period to 2051.

1.1 Purpose of the Assignment

The purpose of the assignment is to prepare a forecast of demand for residential intensification and provide commentary on an appropriate intensification target for the City. The results will be used for the GRIDS 2 update and as input to the Land Needs Assessment (LNA) required for the MCR as well as the outstanding appeals of the Urban Hamilton Official Plan (UHOP). The forecast of future demand will also be taken into consideration by staff and Council in their determination of whether an alternative target should be sought in accordance with the *Growth Plan for the Greater Golden Horseshoe: A Place to Grow (Growth Plan, 2020)*.

1.2 Planning for Intensification

Encouraging residential intensification is a key City and Provincial planning objective. The *Growth Plan* states that by the time the next MCR is approved and in effect, and for each year after, a **minimum of 50%** of all residential development occurring annually over the period to 2051 will be within the delineated built-up area.

For Hamilton, this rate of intensification equates to **nearly 1,800 units annually**, which is **more than double** the historic level of such development that has occurred over the past decade. The *Growth Plan* rule provides direction on the proportion of new residential development that is to occur through intensification within a specified geographic area and refers to a **total number of new units added**, but not number of people, overall density, specific unit types or units gained or lost through changes in occupancy of the existing stock.



Section 1: Introduction and Background

For Hamilton, the intensification target is higher than currently set in the UHOP (40% of new residential units). The target also exceeds the historic rate of intensification in the City, which averaged around 33% between 2008 and 2016, as shown at right. In the 2016-2019 period the rate of intensification increased - to 38% although the market was paused somewhat as a result of the COVID-19 Pandemic lockdowns in early 2020.

The primary purpose of the *Growth Plan* intensification target is to reduce the amount of lands developed in greenfield locations. However, intensification is also embedded in many other important City planning objectives including:

- Supporting increased levels of transit ridership, in particular the **GO Stations** and **BLAST network**;
- The development of **complete communities** that provide a full range of housing types as well as employment opportunities, local retail stores, public service facilities and transportation options; and
- Delivering higher levels of **urban amenity** and more active and animated streetscapes to the marketplace, especially in the downtown and other nodes and corridors identified in the UHOP.

From an urban land needs perspective, it is necessary to plan for a long-term shift in housing demand towards higher density residential units to meet the *Growth Plan* intensification requirement. This shift in demand, in turn, has the effect of reducing the balance of units to be allocated to the City’s designated greenfield areas. As a result, the mandated intensification target has **City-wide growth planning implications**, in particular for the amount of additional land outside the existing urban area that may be required by 2051 and for the different types of units available to satisfy future demand.

City of Hamilton Estimated Rate of Intensification	
Year	Rate
2008	38%
2009	35%
2010	28%
2011	34%
2012	25%
2013	32%
2014	36%
2015	42%
2016	28%
2017	26%
2018	50%
2019	46%
2008-2011	33%
2011-2016	33%
2016-2019	38%
2008-2019	35%

Source: City of Hamilton (housing starts)

Section 1: Introduction and Background

1.3 Defining Intensification

Residential intensification occurs across a range of built forms and within both urban and suburban settings:

- From a **built form** perspective, the majority of residential intensification occurs in higher-density rowhouse and apartment units. Occasionally some intensification occurs through single and semi-detached units on remnant greenfield sites or through smaller-scale infill.
- In terms of **location**, intensification tends to be focussed within the built-up urban area, including in downtowns and waterfronts, along main streets and around transit nodes, at the edges of older industrial or commercial areas (referred to as “Brownfields” or “Greyfields”) and within older existing residential communities.
- Suburbs can also be ‘retrofitted’ to increase density, for example through the development of underutilized or ‘leftover’ large lots for new single detached units or row housing. There is also an emerging trend towards the redevelopment of existing large format (“Big Box”) retail centres for a mix of uses including significant high-density residential.

In this sense, intensification can occur in traditional ‘greenfield’ locations for both ground-related housing as well as the high-density, mixed-use forms typically envisioned for the Urban Growth Centres (UGC) or other parts of the older urban fabric such as the City’s nodes and corridors.

So, while the term “intensification” and “*Growth Plan* target” tend to be used interchangeably, they are not exactly the same. The *Growth Plan* target applies to the total new units within the built-up area. Intensification is defined as infill and redevelopment units. The vast majority of units added inside the built-up area will be “true” intensification from a built-form perspective (i.e. row house and apartment units) but some intensification will also occur outside the built-up area on designated greenfield lands.

Key Concepts

Housing Unit Types

Apartments include both rental and ownership (“condo”) forms. Row houses include traditional townhouses and multiple street/block towns joined side-to-side or back-to-back, with no other dwellings above or below.

The Built-up Area

The “built-up area” is defined as the area that was already built when the 2006 *Growth Plan* first took effect. In Hamilton, the built-up area included a number of larger vacant, underutilized or remnant ‘greenfield’ sites that have since developed with a range of housing unit types.

The remaining supply of these parcels is limited and distinct from what the City refers to as the “**built boundary holes**”: areas that are physically within the City’s built-up area but identified under the *Growth Plan* as part of the Designated Greenfield Area (DGA).

Section 1: Introduction and Background

1.4 The COVID-19 Pandemic

This report was prepared during the COVID-19 Pandemic, which is having severe and far-reaching global economic impacts. All economic sectors have been affected, some more so than others, and the full extent of the pandemic's social and economic impact is yet to be seen.

In discussing potential impacts, it should be noted that there is no experience with an economic recession of this origin, magnitude or speed of contraction anywhere in the world in modern times, making the nature of the recovery speculative no matter the source. Significant events of this type – major wars or epidemics (without lockdowns) – have typically heralded periods of major social and economic upheaval in all parts of society.

There is much uncertainty over how quickly the economy could return to pre-pandemic conditions. Many of the economic factors driving intensification have also been negatively affected, above all being the available income to purchase housing in a period of high unemployment, reduced incomes and steadily declining savings for many households. The short-term attractiveness of urban locations throughout the Greater Toronto and Hamilton Areas (GTHA) may be further compromised by the appearance of blight created by the many street front businesses that remain closed and may not reopen as before.

Nevertheless, the long-term economic outlook for the GGH and the City of Hamilton remains positive, albeit with a significant unanticipated pause in the current period. According to the updated *Growth Plan* forecasts prepared by Hemson Consulting Ltd., the GGH economy is evolving into a global economic powerhouse. It will remain very attractive to newcomers, mainly international migrants that are the primary source of population growth in the GTHA. Over the long-term, continued population growth will drive strong demand for all types of housing, including residential intensification.



Section 1: Introduction and Background

1.5 Context and Approach to the Analysis

Notwithstanding the economic pause arising from the COVID-19 Pandemic, the last five years have shown a significant acceleration of market interest in the City of Hamilton. Strong residential and non-residential building activity, rising real estate values and several high-profile projects in both the downtown and on the waterfront are among the major indicators of this shift. The City's burgeoning arts, culture and Creative Industries (especially film) also speaks to an emergent dynamic of renewal from an urban lifestyle perspective and bodes well for the long-term demand for residential intensification.

The forecast of demand for intensification is prepared within the context of the long-term regional growth outlook and the City's well-documented resurgence as a significant economic and cultural centre within the Greater Golden Horseshoe (GGH). Broad economic, demographic and other market demand-side factors are taken into account and supplemented by feedback from industry stakeholders, the City of Hamilton staff and members of Council.

For the purposes of this assignment, intensification is considered to be all new units within the built-up area and will be mostly apartment and rowhouse units, with only limited infill of lower density ground-related housing forms. The main source of this latter type of development is likely to be remnant greenfield sites or other small-scale infill opportunities.

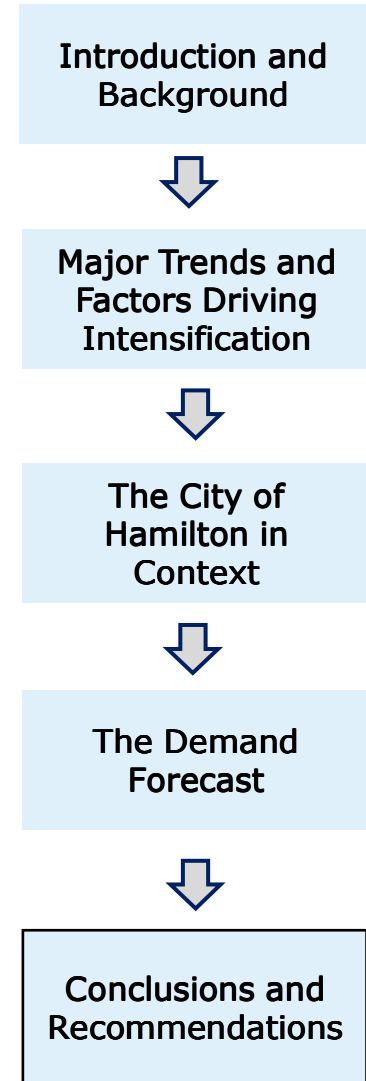
Since the specific amount, timing and location of intensification activity can be difficult to predict, the approach is to model a range of market demand outlooks. The result is a "Current Trends", "High" and "Low" forecast of market demand and commentary on the areas within the City where intensification is expected to occur. It is important to note that the approach is to provide a long-term demand outlook for land use planning purposes. The report is not intended to address short-term demand for specific unit types, pricing or sales.



Section 1: Introduction and Background

The report that follows provides the results of our review and analysis including the anticipated amount, timing and general location of development within the City of Hamilton. It is structured into five main sections:

- **Section 1** sets out the purpose of the assignment, key planning considerations, definitions and the context and approach to the analysis;
- **Section 2** describes the major trends and factors driving the demand for intensification, including economic factors, age structure, land supply, housing cost and affordability and lifestyle preferences;
- **Section 3** provides an overview of the City of Hamilton within this context, including the expanding role of the City in the broader metropolitan economy, the role of greenfields and intensification in accommodating growth and local real estate and housing market factors;
- **Section 4** describes the forecast demand for intensification, including the overall growth outlook for the GGH and City of Hamilton. A range of demand outlooks are described, including a Current Trends, High and Low forecast reflecting changes in Hamilton’s relative attraction for intensification from a broader market perspective; and
- **Section 5** provides our conclusions and recommendations including the broad areas of the City where future demand can be expected to occur and an appropriate intensification target over the period to 2051. Commentary is also provided on the implications of higher targets for the current LNA, GRIDS 2 update and MCR process.



Section 2: Major Trends and Drivers of Intensification

The major trends and drivers of demand for residential intensification include: **economic factors** that drive housing demand overall; **age structure** (demographic and lifecycle factors) that largely dictates housing choice by unit type; and **housing supply**, which determines options available to consumers and, in turn, **housing cost and affordability**. Finally, changing **lifestyle preferences** has increased demand for denser, well-serviced urban areas with a concentration of amenities and transit access, which influences the location and type of intensification that occurs throughout the metropolitan region.

1	Economic Factors	Continued economic expansion, job growth and real estate investment has driven strong population growth and demand for housing units overall in the Greater Toronto and Hamilton Area (GTHA).
2	Age Structure	Housing choice is closely tied to age structure. Recent growth has included a high share of younger adults (15-29 years old) that typically occupy apartment units. There is also a large number of existing older adults (30 -75 years) that typically occupy larger, family-sized units.
3	Housing Supply	Housing supply determines the options available to satisfy consumer demand. Since 2006, a number of factors have limited the options available to satisfy all segments of the housing market, especially larger family-sized units.
4	Housing Cost and Affordability	Strong demand in relation to supply has contributed to increased housing costs and affordability strains which, in part, have led to a shift to smaller housing units and more people living in denser, more affordable housing forms.
5	Lifestyle Preferences	A growing preference for cosmopolitan lifestyles has increased demand for well-serviced urban areas and a growing interest in amenity-rich work environments as a tool to attract skilled labor. These trends have played a major role in the significant concentration of development in downtown Toronto and emergence of large scale intensification in the City of Mississauga, southern York Region, and, more recently, in the City of Hamilton.

Section 2: Major Trends and Drivers of Intensification

2.1 Economic Factors Driving Overall Housing Demand

The Toronto region economy continues to grow, especially in technology and other knowledge-based industries. This strong economic performance fosters continued in-migration, which drives growth in population and overall housing demand.

Economic Region Continues to Perform Well

As shown in Figure 1, the Toronto Economic Region has grown steadily over time, to a total of over 3.6 million jobs in 2019. The Hamilton-Niagara Economic Region has also increased from just under 640,000 jobs in 2001 to over 765,000 jobs in 2019. After 2019, employment declined due to the abrupt changes brought about by COVID-19 Pandemic. As shown in Figure 2, most of the historic growth within the GTHA has been in the regions of York and Peel and the City of Toronto. The City of Hamilton has played a somewhat more limited role to date.

Long Term Growth Outlook Remains Positive

There is no question that the COVID-19 Pandemic is likely to have significant long-term economic consequences. According to the updated *Growth Plan* forecasts, some GGH industries may never fully recover: travel and tourism, conventions, retail restaurants and print media for example.

Notwithstanding these impacts, however, the long-term growth outlook remains positive. In general, both the GTHA and Outer Ring are anticipated to experience rates of long-term economic growth sufficient to absorb the expanding labour force created through migration. This expectation is consistent with the Ministry of Finance's *Ontario's Long Term Report on the Economy* (2017) which remains a sound economic outlook.

Figure 1: Historic Employment in Toronto and Hamilton-Niagara Economic Regions (ER)

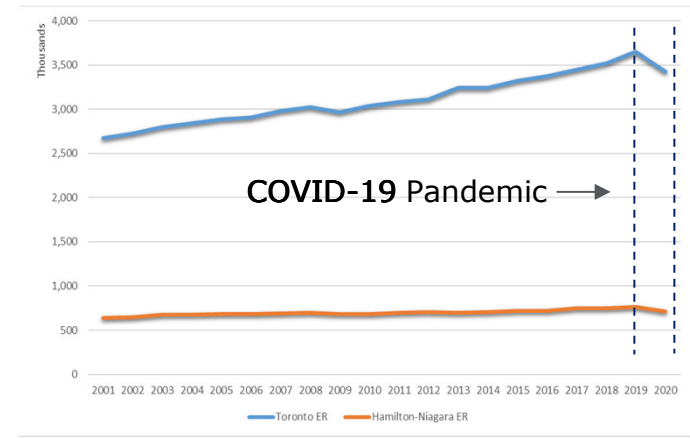
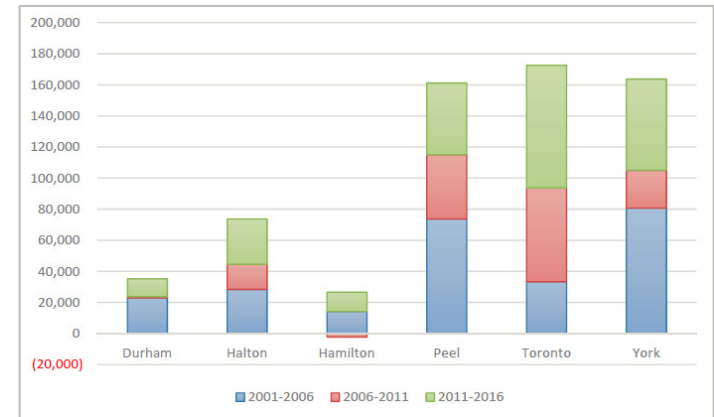


Figure 2: Distribution of Employment Growth in the GTHA (Census 2001 – 2016)



Source: Figures 1 and 2 Hemson Consulting Ltd. based on Statistics Canada Information by municipality and defined Economic Region

Section 2: Major Trends and Drivers of Intensification

2.1 Economic Factors Driving Overall Housing Demand

GTHA Evolving to a Modern Service-Based Economy

The GTHA economy continues to grow rapidly in professional services and other knowledge-based activities that tend to cluster in urban areas. Increased automation, Artificial Intelligence (AI) and other advances in the digital economy have led to an increased demand for high-skilled jobs, as illustrated by the pattern of growth in employment by skill level shown in Figure 3.

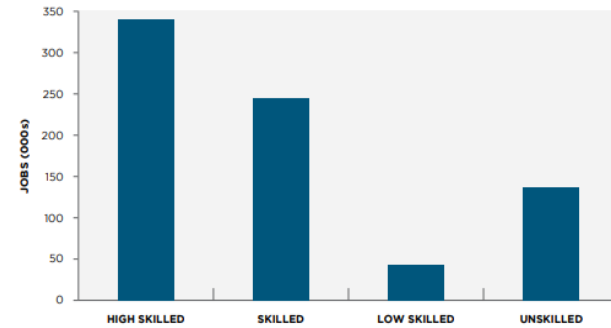
Migration Driving Growth in Population and Housing

The scale and nature of job growth historically has made Canada and the GTHA very attractive for migration, especially international immigration. Continued in-migration will drive growth in population and the resident labour force and, in turn, demand for new housing. Notwithstanding short-term COVID-19 impacts, net international migration to the GTHA is forecast to increase steadily over the period to 2051, as shown in Figure 4.

Other Factors Have Also Contributed to Demand

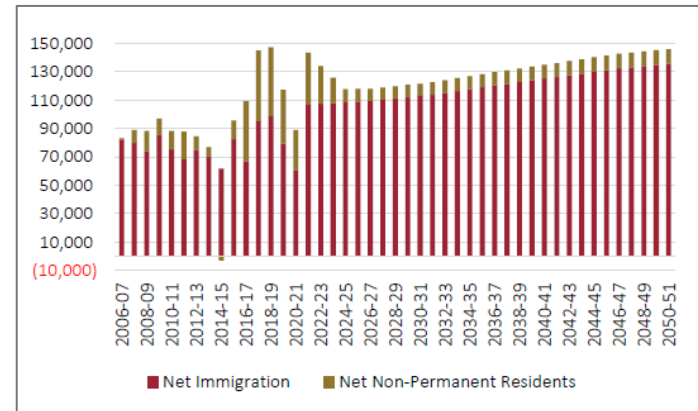
In addition to broader demographic forces, a decade of steady income growth and low interest rates has increased the buying power of residents and, in turn, demand for housing and housing prices. **The rise of housing as an investment vehicle** and the sharing economy has further boosted demand, including platforms such as **Airbnb** that are concentrated in central city areas and (until very recently) continue to grow. Notwithstanding short-term COVID-19 impacts, the overall price and demand for housing is expected to remain high in a North American context.

Figure 3: Change in Employment by Skill Level, GGH, 2001–2014



Source: Neptis Foundation and Metropole Consultants: *Planning the Next GGH*, November 2018

Figure 4: Net International Migration to the GTHA, 1996-2051



Source: Hemson Consulting Ltd., 2020, *Greater Golden Horseshoe: Growth Forecasts to 2051*

Section 2: Major Trends and Drivers of Intensification

2.2 Demographic Factors Influencing Demand by Unit Type

Age structure is the main determinant of housing demand. While there have been some recent changes in the occupancy patterns of young adults and the elderly, the long-term market is still dominated by larger, family-sized units for the 30-75 year age group.

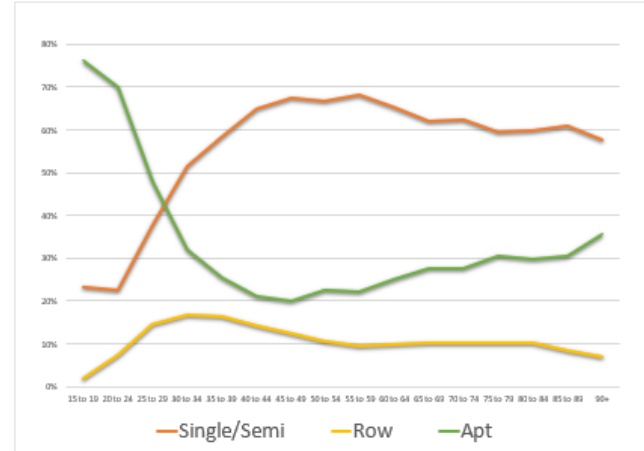
Housing Choices Are Closely Tied to Lifecycle Patterns

As illustrated by Figure 5, housing demand follows an established pattern, typically beginning with young adults in apartments. After family formation, housing preference shifts to larger units (single and semi detached, rowhouse). The pattern moves back to apartments later as empty-nesters downsize and more single-person households are formed through divorce or widowhood.

Over the last 20 years, household formation for young adults has declined somewhat as they stay at home longer and occupy apartments for longer. As well, seniors have been staying in their homes longer before downsizing, which reduces the supply of larger family-sized units for other generations. Little else has changed for the large group of residents between the age of 30 and 75 that tend to demand larger family-sized units.

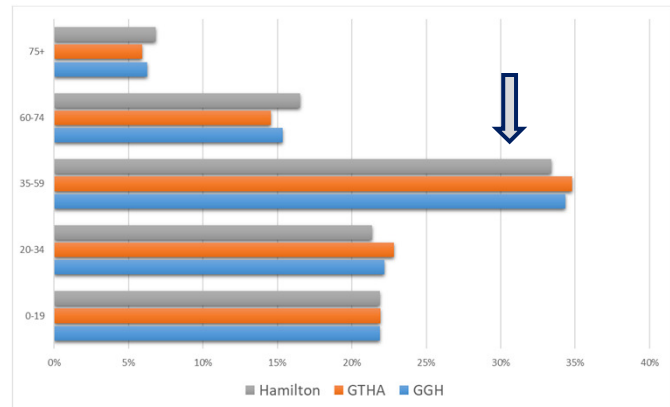
As shown in Figure 6, the largest age group in the GTHA is in peak years for family households and peak demand for new ground-related housing (Figure 5) most of which is accommodated in more traditional greenfield areas. Although an important goal, the provision of new 'family-friendly' apartments (typically 3-bedroom units) remains limited for most municipalities, including Hamilton, where very few large new units are being built. Most new high-rise projects are focussed on smaller units.

Figure 5: Housing Occupancy Patterns by Age Group, City of Hamilton, 2016



Source: Hemson Consulting Ltd.

Figure 6: Share of Current Population by Age Structure 2019



Source: Hemson Consulting Ltd.

Section 2: Major Trends and Drivers of Intensification

2.2 Demographic Factors Influencing Demand by Unit Type

Long-Term Market is Dominated by Ground-Related Housing Demand

Housing demand by type continues to be driven strongly by young families seeking ground-related housing units. Of course, some households will make different choices reflecting their specific economic circumstances or family structure. However, the dominant housing form choices of the broader population are well-established.

Within this context, the shift in demand to higher density housing is of note, especially the surge of demand for high-rise condominium development in downtown Toronto. Recently, however, this trend has begun to moderate in response to the COVID-19 Pandemic. The high cost of housing coupled with a rise in remote work has led to a short-term increase in demand and prices for new homes in nearby markets, especially the City of Hamilton, Guelph and Kitchener-Cambridge-Waterloo.

Over time, as younger adults age and start families, many will continue to opt for increased space and amenity of larger family-sized units, including traditional suburban ground-related housing. These residents will join the already large mass of population entering peak family-formation. In addition, the turnover of units to younger families is reduced as the elderly remain in their homes longer, further driving demand for new and larger family-sized units to accommodate population growth.

Age structure is by far the best predictor of demand for households and specific housing unit types. As the population continues to age, pressure for more ground-related housing can be expected especially from 'millennials', which are the largest and fastest growing demographic group in the GTHA and just entering their family forming years.



Ground-Related Housing
Generally refers to housing that is accessible from the ground. It includes all housing that is not an apartment unit, including larger family-sized units



Section 2: Major Trends and Drivers of Intensification

2.2 Demographic Factors Influencing Demand by Unit Type

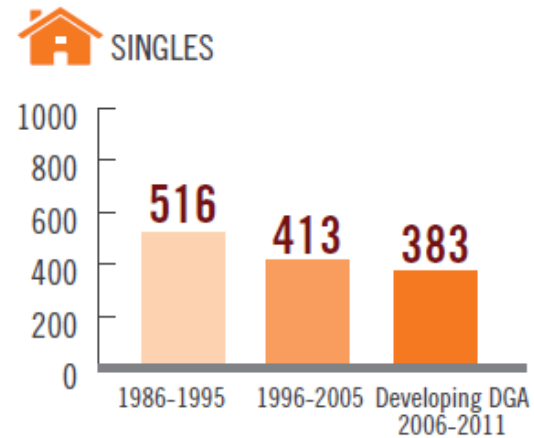
Density and Location of Family-sized Units is Shifting

From a demographic perspective, demand for larger family-sized housing has been consistent. What has been shifting, however, are the lot size, density and location of demand for those units within the broader metropolitan area:

- As shown in Figure 7, there has been a trend of declining lot sizes for single-detached housing. At the same time, unit sizes on those lots have increased as the market moved to a denser and more affordable ground-related product. There is anecdotal evidence that lot sizes have continued to decline since 2011.
- Within the ground-related market, row houses have also been a growing share over time including “maisonettes”. From a pricing perspective, other things being equal, rowhouses tend to be more affordable as starter homes than single-detached units and about the same cost as a much smaller apartment; and
- There is a continuing trend of rapid residential growth outside Toronto in the ‘905’ communities. In recent years, this growth has been moving even further afield (some would say “leap-frogging” defined as non-contiguous development beyond established urban centres) to communities within the extended commuter shed of the GGH: a trend that may be accelerated by the COVID-19 Pandemic.

What these trends suggest is that consumers continue to trade travel time and financial savings for affordable ground-related, family-sized units. Where this demand outstrips the available housing supply, the market tends to respond by providing denser ground-related forms or moving location, rather than shifting into high-rise apartment units.

Figure 7: Inner-Ring Median Developing Lot Sizes in the DGA (Square Metres)



Source: Performance Indicators for the *Growth Plan for the Greater Golden Horseshoe*, 2006. Ministry of Municipal Affairs and Housing, 2015

“The high price tags for new and resale homes in Toronto [have] made commuter-friendly and nearby [Census Metropolitan Areas] CMAs such as Oshawa, Hamilton, St. Catharines-Niagara, Guelph and Kitchener-Cambridge-Waterloo increasingly popular among home buyers, due to their overall affordability.”

Source: *Recent trends in new house prices in the Greater Golden Horseshoe Region*. Statistics Canada 2018

Section 2: Major Trends and Drivers of Intensification

2.3 Housing Supply

Since 2006, the *Growth Plan* has sought to shift the pattern of growth in the GGH towards more compact urban forms through policy intervention. The policy changes introduced by the *Growth Plan*, among other factors, have led to delays in bringing new supply to market and, in turn, affected options available to satisfy demand. The planning policy context is evolving to address this challenge, including Bill 108 and a growing interest in “missing middle” housing forms.

Growth Plan Seeks to Contain Greenfield Development

From its inception in 2006, the *Growth Plan* has sought to limit the amount of new urban lands developed for greenfield development. The primary mechanism to achieve this objective is to shift growth from greenfield areas to higher levels of intensification – implemented with the requirement that a specific share of growth (a minimum of 50% of new housing units) be accommodated in the built-up area. The intended effect is to shift the housing market overall towards medium and higher density forms by limiting the number of ground-related units accommodated on greenfield lands. These *Growth Plan*-related shifts are long-term and will affect the market and pricing over time.

Process for Getting New Land to Market has Been Delayed

The *Growth Plan* also introduced new requirements for official plan reviews and boundary expansions, which can take upwards of 10 years. The lengthy process required to complete the necessary requirements has generally extended the approvals cycle for urban boundary expansion and, in turn, delayed the provision of short-term supply for ground-related housing in greenfield areas.

As an example, most municipal conformity exercises for the 2012 *Growth Plan* Schedule 3 forecasts have yet to be completed. There is also anecdotal evidence of developers holding back serviced lot supply as part of their internal phasing plans, further delaying the delivery of new land to market.



Section 2: Major Trends and Drivers of Intensification

2.3 Housing Supply

Planning Policy Context is Evolving

At current housing prices, many households in the GTHA simply cannot afford to participate in the ownership market, especially millennials. Housing affordability is also a key factor driving out-migration from the GTHA to the outer ring: a trend that may be accelerated by the COVID-19 Pandemic. To the extent that housing supply has some bearing on price and affordability, planning policy is evolving to address this challenge:

- The *More Homes More Choice Act* (“Bill 108”) and related initiatives were put in place in June, 2019 in order to, among other matters, streamline the approvals process and boost housing supply;
- In August 2020 the Province released a new land needs assessment (**LNA methodology**) as part of Amendment 1 to the *Growth Plan* (2019). The new LNA method adopts a much more ‘market-based’ approach, directing municipalities to ensure that sufficient land is available to accommodate all segments of the housing market and avoid shortages that would drive up land cost; and
- There is a growing interest in the “**Missing Middle**” housing market to address the affordability challenge including larger, family-sized units. The Missing Middle refers to the range of housing types between traditional single-detached houses and high-rise apartments that have gone ‘missing’ from many large cities, including the GTHA. These include ‘family-friendly’ units in low and mid-rise apartment forms, laneway housing, garden and courtyard apartments, multiplex structures, live/work units and residential units above commercial businesses.



“Large [single-family] homes and tiny condos only work for some people. We need a mix of housing types – such as multiplexes, low- and midrise apartments – and sizes, like condos that are large enough for families.”

Source: More Homes, More Choice. Ontario’s Housing Supply Action Plan, May 2019

Section 2: Major Trends and Drivers of Intensification

2.4 Housing Cost and Affordability

Strong demand in relation to supply has driven the cost of housing to record levels and affordability remains a serious challenge for most potential buyers. Over the last 15 years, this affordability challenge has encouraged a broad shift towards medium and higher density housing forms throughout the GTHA.

GTA Housing Prices Have Reached Record Levels

The average cost of housing in the GTA has increased to record levels. As shown in Figure 8, prices peaked in 2017 and then corrected, partly due to measures put in place to cool the market through the Fair Housing Plan and tightened mortgage regulations (the 'stress test') which led to reduced purchasing power for most potential borrowers. A similar pattern has occurred in Hamilton, with average home prices now also at historic highs.

Affordability has Become a Serious Challenge

As shown in Figure 9, beginning in 2012, the household income required to purchase the average home in GTA exceeded actual incomes and the gap has only widened since. While a broad-based softening of the market in 2017 helped lower home ownership costs nationally, this relief barely made a dent in the GTHA market which has now returned to historic highs.

Enhanced affordability measures put in place by the Federal government will play a role but are unlikely to have real impacts on home price appreciation in most urban areas over time. As such, the current housing cost and affordability challenge is not expected to resolve any time soon. Owning a home will remain difficult for many potential buyers in the years to come.

Figure 8: Historic Residential Average Price Greater Toronto Area

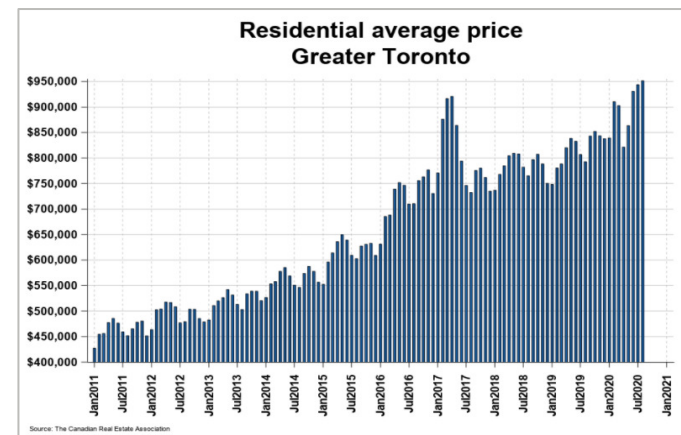
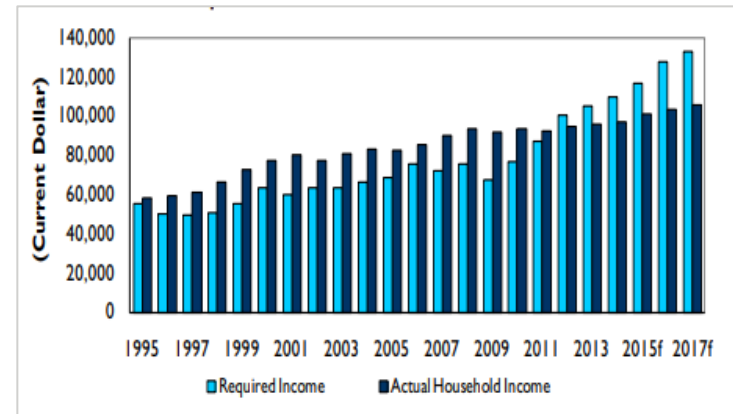


Figure 9: Required Vs. Actual Income to Purchase an Average Priced Home - GTA



Source: CMHC Housing Market Outlook, Greater Toronto Area, Fall 2015

Section 2: Major Trends and Drivers of Intensification

2.4 Housing Cost and Affordability

Single Detached Homes Have Shown Significant Price Increase

Notwithstanding the source of supply constraints, the effects can be seen in the widening divergence in price increases between ground-related and apartment units since 2012, as shown at right in Figure 10. Although the monthly cost of ownership and rental housing may be comparable, affording the necessary down payment remains a major barrier to market entry.

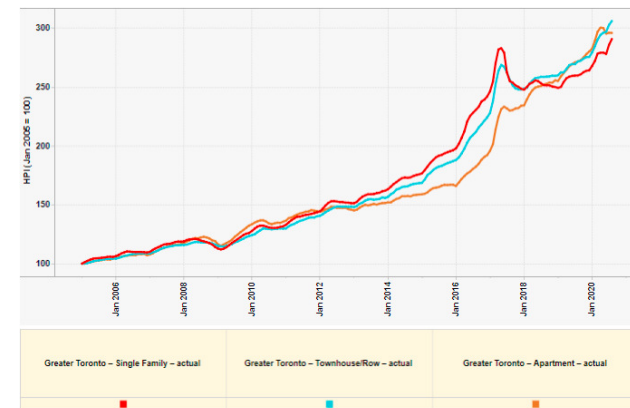
Prices moderated after the 2017 housing correction, and appear to have been affecting units by type more equally since. Apartments have also become relatively less expensive during the COVID-19 Pandemic, in part due to the short-term increase in the supply of vacant units previously used for Airbnb purposes or occupied by residents that have since vacated for financial reasons.

Market has Shifted to Smaller and More Affordable Options

The combination of market, pricing and policy-based factors has led to more people living in denser and more affordable housing. As illustrated by Figure 11, in the 2011 to 2016 period, 52% of new housing construction in the GTHA were apartments versus 29% of the market during the previous 25 years.

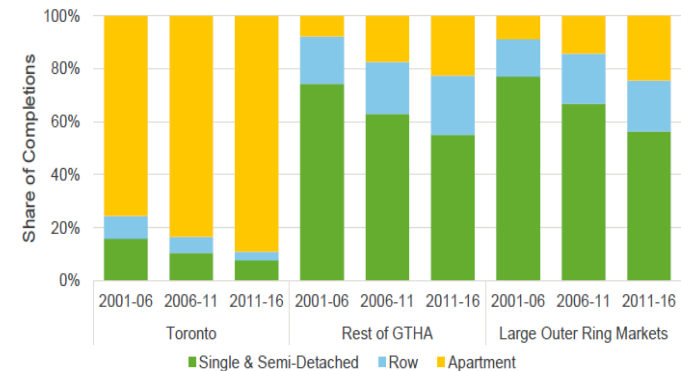
The shift to more affordable options led to a boom in high-rise apartment buildings, historically focussed in Toronto. However, intensification is also occurring in southern Peel and York Regions and, increasingly, Hamilton. Notwithstanding short-term COVID-19 impacts, these trends appear to indicate a lasting shift to medium and higher density forms in the market, which bodes well for the future of intensification.

Figure 10: Change in Housing Price Index Greater Toronto Area 2006 - 2020



Source: Canadian Real Estate Association 2020

Figure 11: Share of Housing Completions by Census Period Within Greater Golden Horseshoe



Source: Hemson Consulting Ltd. Based on Statistics Canada

Section 2: Major Trends and Drivers of Intensification

2.5 Lifestyle Preferences

Emerging trends in lifestyle and locational preferences have driven changes in the distribution of growth within the GTHA, especially evident with the focus of high-rise residential and office development in downtown Toronto. Large-scale intensification, however, is also emerging in other GTHA municipalities, such as southern York and Halton regions and the City of Hamilton.

Demand for Transit-Oriented Urban Lifestyles is Growing

Recent population growth has included many young adults (the “millennials”) which has driven key changes in lifestyle and consumer preferences:

- From a locational perspective, there has been a growing interest in more cosmopolitan lifestyles and **walkable communities** with high levels of urban amenities and transit access;
- The **aging of the population** is also supporting this trend, with the elderly increasingly preferring denser urban environments with high levels of amenity and good transit access; and
- The **changing nature of work** also plays a part, including growth in emerging clusters or “archetypes”, as developed in recent work prepared by the Neptis Foundation, and the associated “war for talent”. As a result, amenity-rich, accessible work environments have become increasingly important to the location decisions of major employers, especially knowledge-based firms seeking to attract young talent and skilled workers.

Notwithstanding short-term COVID-19 impacts, these trends are expected to continue over the planning horizon. At the same time, however, there remains a large pool of demand for family-sized housing. Moreover, as many millennials age and form households the appeal of urban amenities and access to transit will give way to a need for more affordable living space, driving additional demand for ground-related housing. Others will continue to prefer urban locations. This fragmentation of the ‘urban’ versus suburban housing market creates both challenges and opportunities.

IT IS NOT A COINCIDENCE THAT MANY OF THE GROWING ARCHETYPES ARE LOCATED IN AREAS WITH HIGH LEVELS OF TRANSIT SERVICE.

“Providing excellent transit service offers employers access to the widest possible pool of workers – a critical competitive asset. Attracting employees also means creating a high-quality urban environment – one that integrates transit, provides a walkable and cyclable public realm, and offers worker amenities and services, such as restaurants, cafes, shops, daycares, or recreational facilities.”

Source: Neptis Foundation and Metropole Consultants: *Planning the Next GGH*, November 2018

Section 2: Major Trends and Drivers of Intensification

2.5 Lifestyle Preferences

High-Density Development has Concentrated in Downtown Toronto

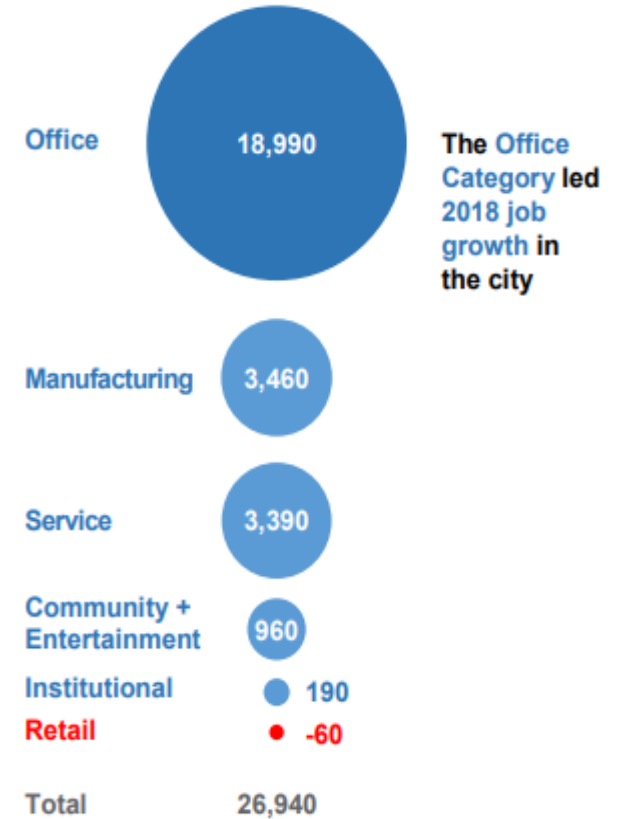
One of the most visible outcomes of recent trends has been the surge of new development in central Toronto. Recent growth is the result of a cycle of economic and demographic factors that are relevant for understanding the drivers of residential intensification:

- The GTHA’s continued **transition to a knowledge-based economy** has led to major office-based employers locating in downtown Toronto and, in turn, booming technology-based and Creative Industry sectors that employ a large share of young, mobile workers;
- Professionals in these fields **tend to prefer urban locations** and lifestyles with high amenities and access to transit, which, in turn, attracts more office employers to be close to their prospective work force; and
- This **trend is accelerated by congestion**, ironically, as Union station becomes ever more accessible to the maximum GTHA labour force, via the TTC subway, light rail, bus and a radial commuter rail network (GO Transit) delivering significant in-bound ridership (and jobs) from communities in the ‘905’ areas.

Employment growth has been so strong that Toronto has already achieved its 2031 employment forecast and will likely achieve its prior 2041 forecast sometime between 2024 and 2026. The office sector has been performing particularly well (until recently) as shown in Figure 12.

At the same time, there has also been an increase in office work occurring in non-office forms, in particular “flex space” which has become more widespread due its cost advantages and flexibility in use . Other forms of smaller co-working and shared office space have also become more prevalent, including in the City of Hamilton: another trend that may be accelerated by the COVID-19 Pandemic.

Figure 12: City of Toronto Job Increase by Category, 2017-2018



Source: Toronto Employment Survey 2018, Toronto City Planning

Section 2: Major Trends and Drivers of Intensification

2.5 Lifestyle Preferences

Market has Emerged in Other GTHA Municipalities

There is no question that the recent focus of development in downtown Toronto has been extraordinary by any measure. Contrary to popular belief, however, this trend is in line with the traditional demographic pattern of young adults moving to the urban core for education and job opportunities. It just so happens that recent growth has included a large share of this age group which, along with the growing technology-based and Creative Industry sectors that attract large numbers of young professionals, have concentrated in and around the downtown.

The City of Toronto will continue to play a major role in accommodating apartments, however it is no longer the only part of the market. Large-scale intensification has been occurring outside Toronto in more urbanized areas such as in the vicinity of shopping centres (e.g. Mississauga) in older commercial areas (e.g. Oakville) and along major arterial roads (e.g. Hamilton). Substantial levels of intensification are also taking place in the Vaughan Metropolitan Centre (VMC), supported in large part by the new subway line to downtown Toronto.

These emerging areas offer many of the factors that attract younger workers (access to employment, transit, shopping, urban amenities) but not yet at the level that attracts so many to central Toronto. Indeed, the City of Toronto appears to have entered a period of growth where the sheer scale of new investment creates its own market interest – or “buzz” – making the downtown attractive for intensification in its in its own right in addition to broader demographic and economic trends. Nevertheless, some higher density housing is being built through intensification outside Toronto, including the City Hamilton, the City of Guelph, the Kitchener-Cambridge-Waterloo area and others.



Numerous residential and mixed-use developments are completed underway or proposed in the VMC, including major offices.



Pier 8 in Hamilton’s West Harbour area is envisioned to accommodate 1,500 new units and significant non-residential floor space.

Section 2: Major Trends and Drivers of Intensification

2.5 Lifestyle Preferences

Intensification is not a Substitute for Greenfield Development

While intensification is emerging in other GTHA municipalities, ground-related housing types remain the dominant form of development for most communities outside Toronto. The exceptions are locations where a specific circumstance or catalyst for intensification is in place, such as major transit investment (the VMC), an almost fully built-out land supply (Mississauga) or large numbers of students and young professionals related to the technology sector (Kitchener-Cambridge-Waterloo, Toronto).

For the most part, older adults and families with children continue to locate largely outside the City of Toronto, mainly because of the availability of larger and more affordable family-sized units. Most Canadians also live in suburban spaces. An estimated two-thirds of the country’s total population are living in some form of suburb, with over 80% in the large metropolitan areas of Toronto, Montreal and Vancouver: in short, a nation of City-dwellers who live in the suburbs (Council for Canadian Urbanism, 2018).

Achieving higher rates of intensification is an important objective within this context. From a planning perspective, however, housing units built as intensification within the built-up area are generally not a direct substitute for ground-related housing in greenfield areas. Almost all of the designated land for larger family-sized housing is outside the City of Toronto. As a result, and despite the boom of apartments in the downtown, most of the population and housing growth to 2051 will continue to be accommodated in the regional (“905”) municipalities of the GTHA and City of Hamilton. The distribution and timing of this growth, in turn, will be governed largely by the availability of housing supply to meet this demand for family-sized units.



Section 3: The City of Hamilton in Context

As discussed in Section 2, demand for residential intensification is driven by strong economic and demographic forces, combined with lifestyle and employer preferences. This section provides an overview of the City of Hamilton within this context, including its expanding role in the metropolitan area, population and housing market trends and residential intensification activity.

3.1 Hamilton’s Expanding Role in the Metropolitan Area

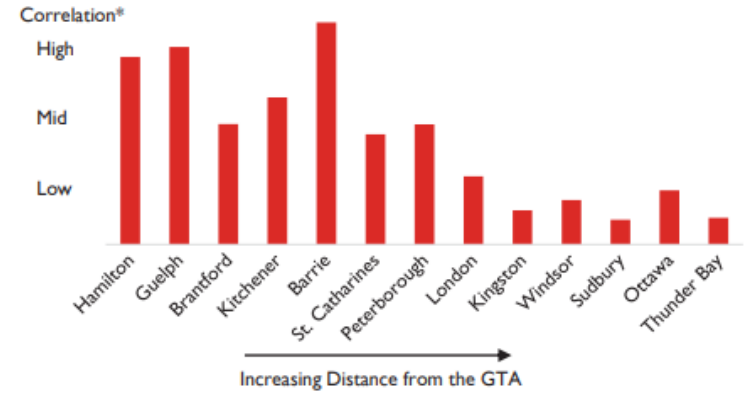
Since facing a period of economic struggles from the mid-1970s onwards, there has been an accelerating interest in the City as a location for new housing and business investment. Recent growth trends bode well for the future of intensification.

Housing Cost Spillovers From GTA

House prices in the central GTA have increased faster than surrounding areas, especially for larger, family-sized units. These price increases continue to motivate buyers to purchase more affordable homes in nearby urban areas, driving up prices in those communities.

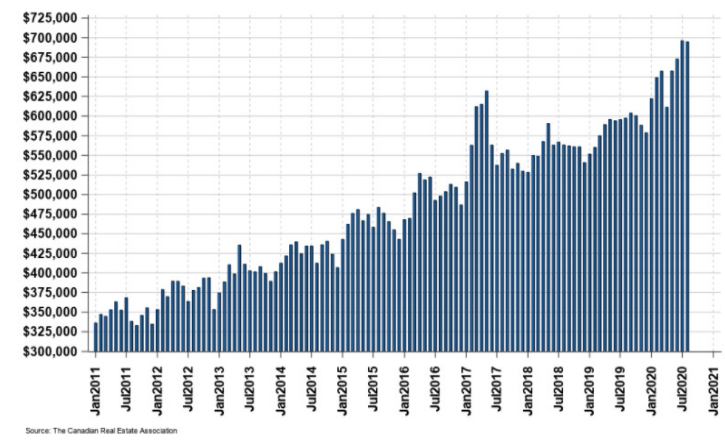
As shown in Figure 13, price spillovers historically have been most prevalent in the cities of Barrie, Guelph and Hamilton. And there is anecdotal evidence that more recent spillovers are occurring even further to the west in Brantford, St. Catharine's-Niagara, and Kitchener. As shown by Figure 14, average housing price in the larger Hamilton-Burlington area has risen steadily over time, even after the 2017 peak and correction. However, while prices may have increased, the City of Hamilton remains affordable relative to the broader GTA where the amount of price appreciation has generally been greater.

Figure 13: Price Growth Relationship Between GTA and Nearby CMAs



Source: CMHC Housing Market Insight Report, Hamilton CMA, January 2017

Figure 14: Historic Residential Average Price Hamilton-Burlington Area



Source: The Canadian Real Estate Association

Section 3: The City of Hamilton in Context

3.1 Hamilton's Expanding Role in the Metropolitan Area

Economic Migration from Central Toronto

Hamilton's relatively affordable real estate market has made the City more attractive not only for new home buyers but also economic development. This is one of the reasons for the City's burgeoning Creative Industries sector and local arts scene: economic activities that attract young workers and tend to cluster in central urban areas.

There is anecdotal evidence of downtown Toronto businesses relocating for more affordable space options, including the City of Hamilton. The changing nature of the office market is also driving demand for 'flex space', shared work spaces and other co-working arrangements as well as 'Brick and Beam' retrofits, such as the Westinghouse redevelopment and Cotton Factory Creative Hub, both shown at right.

In our view, the COVID-19 Pandemic is likely to at least sustain current trends in the office market. Increases in remote working have also led to an interest in new office models: the 'hub and spoke' concept, for example, which is characterized by a small central office augmented by other smaller offices or co-working space closer to where employees live. This trend along with the overall attraction of suburban office markets from a real estate cost perspective bodes well for the future of office growth and residential intensification in the City of Hamilton.

Over the longer-term, these trends are anticipated to continue as a result of the growing cost, ever-worsening congestion and other disbenefits to occupying central Toronto office locations. A positive outlook for office growth bodes very well for the future of intensification, especially growth in tech-related/creative sectors and associated demand for fashionable office space in historic downtown industrial buildings.



The former Westinghouse headquarters shown above has been converted to 80,000 sq. ft of Class A office space and a ground floor event space



The former Imperial Cotton Co. has been transformed into the "Cotton Factory": a creative industries complex, with space for workshops and small manufacturing, office space for creative professionals, and studios for artists

Section 3: The City of Hamilton in Context

3.1 Hamilton's Expanding Role in the Metropolitan Area

Role as Regional Centre in Southwest GGH

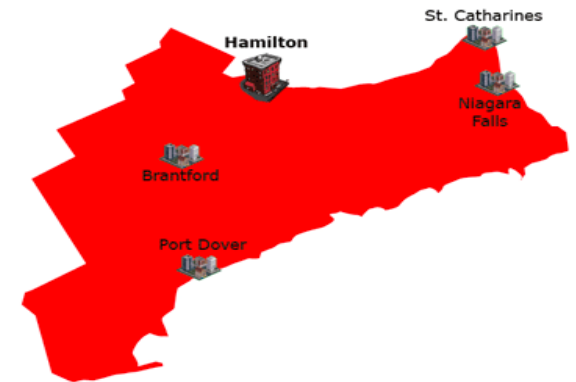
The City of Hamilton has served as a regional centre within the broader southwest GGH for decades. The City is the location of significant higher education and health care resources, community service and cultural amenities serving the broader Hamilton-Niagara-Haldimand-Brant area, represented conceptually by the boundaries of the Local Health Integration Network (LHIN) shown in Figure 15.

Continued housing cost spillovers combined with economic migration from central Toronto is likely to solidify if not expand the City's economic role as a regional service centre. There is also the real possibility of Hamilton emerging as the second major historic downtown centre in the GGH, driven by a combination of intense growth pressure in the Toronto core and the City's growing attraction for new business investment.

This potential also suggests that Hamilton will continue to serve demand for 'regional' population-related employment such as hospitals, universities and specialized downtown shopping. As noted, a key factor driving housing demand in the outer ring will be continued out-migration from the GTHA. This pattern of demand – combined with the focus on boosting housing supply as part of Bill 108 and new LNA method – is anticipated to continue for communities in the broader Hamilton-Niagara area; especially larger, family-sized housing.

There is recent anecdotal evidence of increased sales and pricing in Hamilton and farther afield in Niagara. The trend towards more dispersed growth (discussed in Section 2.2) combined with the City's burgeoning Creative Industries sector (especially film) could further expand the City's current role as a regional service centre within the southwest GGH and, in turn, support demand for residential intensification.

Figure 15: Service Area of the Hamilton Niagara Haldimand Brant LHIN



"COVID-19 speeds up home buyer exodus from Toronto, condo market quivers"
Reuters, August 2020

"It's a 180-degree turn': Toronto realtors see signs of a pandemic exodus"
Globe and Mail, August 2020

"Hamilton house prices explode amid COVID as Toronto buyers leave commuting worries behind"
CBC News, September 2020

Section 3: The City of Hamilton in Context

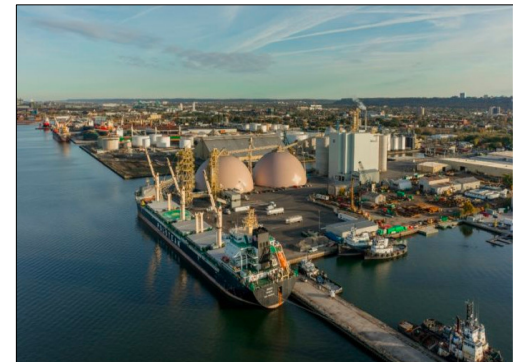
3.1 Hamilton’s Expanding Role in the Metropolitan Area

Industrial and Business Park Development

Hamilton is forecast to play a greater role in accommodating employment growth over the long-term, especially for business park and industrial-type uses. After lagging behind for years, this sector has recently returned to higher levels of performance:

- Demand for **greenfield industrial land** and building space has increased, as indicated by recent and pending projects in the Ancaster, Stoney Creek, Flamborough and Red Hill Business Parks. According to City staff, there is also a growing market interest for development lands in the Airport Employment Growth District (AEGD);
- The **Port of Hamilton** continues to expand as a key link in the goods movement network for agri-food, steel, and other marine-supported industry. Continued investment combined with the amalgamation with the Oshawa Port Authority speaks to a growing regional role for the Port as a major piece of economic infrastructure; and
- There is a renewed interest in the **Bayfront Industrial Area** as a location for growth. Of particular interest is the potential of the nearly 800 acre (310 ha) Stelco lands to accommodate a mix of new employment and potentially additional Port-related uses.

Demand for industrial space in the GTHA is currently surging and expected to remain strong, driven by growth in e-commerce, logistics, professional services and technology-related uses. The City’s ability to provide large development sites is a major competitive advantage within this market and especially as the supply of high-quality sites in other GTA west locations becomes increasingly scarce. As the City’s industrial and business park development accelerates, employment will grow, making the City more attractive as a location for new investment and, in turn, driving population growth and increased demand for housing units overall.



Section 3: The City of Hamilton in Context

3.1 Hamilton’s Expanding Role in the Metropolitan Area

Research, Innovation and the Technology Sector

Another element of the City’s economic and social transformation is its growing attraction for research, innovation and technology-related sectors:

- The City has solidified its role as **a leading centre for research and development** in the GGH, notably for health and life sciences, but also the automotive, steel and advanced manufacturing sectors. The City has been recognized as one of the **Top Intelligent Communities** in the World by the Intelligent Community Forum (ICF) for best practices in workforce development, innovation, and digital inclusion and advocacy (2018 and 2020);
- A network has evolved to encourage **innovation and entrepreneurship at the local level** including the McMaster Innovation Park (MIP) and Joyce Centre for Partnership and Innovation at Mohawk College. Collaborative workspaces such as Seedworks, the Cotton Factory and other shared office/creative spaces have emerged throughout the City to further support growth; and
- The City (until recently) has been experiencing **accelerated growth in the technology sector** along with other areas such as City of Guelph and the Kitchener-Cambridge-Waterloo area. Similar to housing, this growth has been driven in part by rapid office growth, rising space and operating costs and a shortage of qualified talent in the downtown Toronto market.

Notwithstanding the short-term COVID-19 impacts, the City is expected to continue its past strong performance in technology-related and Creative Industry sectors. The film sector, in particular, has the potential to outpace growth expectations. Moreover, a key aspect of emerging tech markets is the presence of younger age groups, which prefer urban lifestyles and tend to cluster in downtown areas. This demographic is also a major source of demand for high-density apartment units and, in turn, residential intensification. Improved accessibility to downtown Toronto via the West Harbour GO station is anticipated to compound these advantages over time.



TOP 7
INTELLIGENT
COMMUNITIES
OF THE YEAR



Section 3: The City of Hamilton in Context

3.2 Local Population and Housing Market Trends

Population and housing market trends in Hamilton have largely followed the broader metropolitan area, including recent growth in central city areas, growth in younger age groups and a shift to more affordable, higher density housing. The long-term outlook remains positive, and both greenfields and intensification will play a role in accommodating growth.

Population Growth has Shifted Within the GTHA

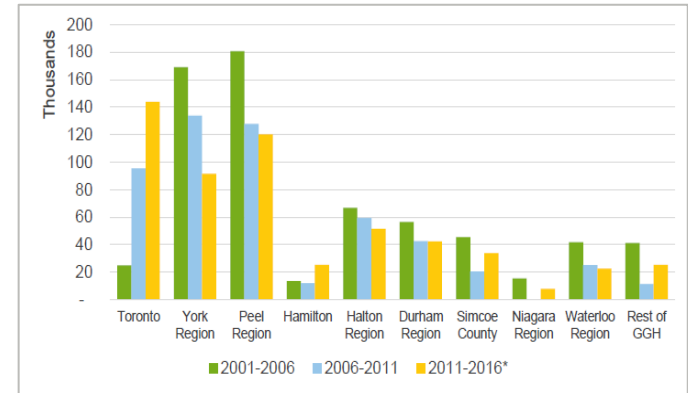
As shown in Figure 16, since 2001 the regional '905' municipalities have accounted for the majority of population growth in the GGH, especially the regions of York and Peel. Their highest levels of growth were in the 2001-2006 period, then declines thereafter. The Cities of Hamilton and Toronto, on the other hand, experienced their most rapid growth in the 2011 to 2016 period as part of a broad shift of growth towards more central city areas.

Recent Growth is Largely in Younger Age Groups

Within the GGH there is a long-standing pattern of growth in the form of young adults moving to the "Big City" for education and employment (historically the City of Toronto) and older adults, along with their children, moving out of Toronto to the '905' and further afield to adjacent communities in the GGH.

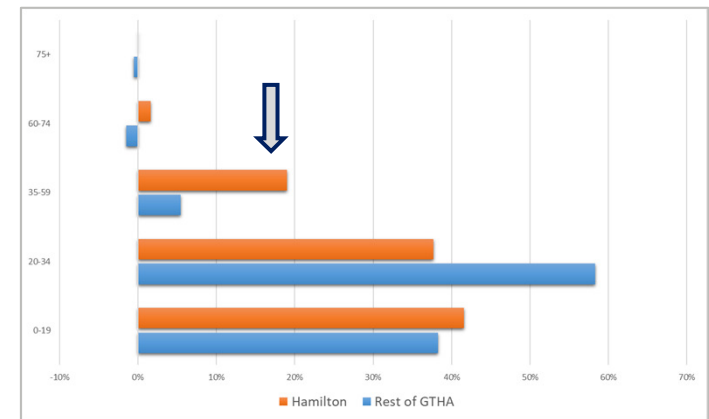
The demographic profile of growth in Hamilton shows a similar pattern of migration, primarily from other locations in the GTHA but also Canada and internationally. As shown in Figure 17, the recent growth has been mainly young adults and those in early family formation years, similar to the profile that has driven growth in the regional municipalities in the rest of the GTHA and GGH.

Figure 16: Population Growth by Census Period, GGH, 2001-2016



Source: Hemson Consulting Ltd. Based on Statistics Canada Annual Demographic Statistics

Figure 17: Age Structure of Net Migration, Hamilton, Rest of GTHA (2016 -2021e)



Source: Hemson Consulting Ltd. Based on Statistics Canada Annual Demographic Statistics

Section 3: The City of Hamilton in Context

3.2 Local Population and Housing Market Trends

Housing Market has Shifted to Higher Density Forms

Consistent with broader trends, the housing market in Hamilton has generally shifted away from single and semi-detached forms towards towns and higher density apartment units.

- As shown in Figure 18, within the ground-related category, row houses are making up increasing share of dwellings built; and
- As shown in Figure 19, the single-family home market has moved to progressively smaller lots over time.

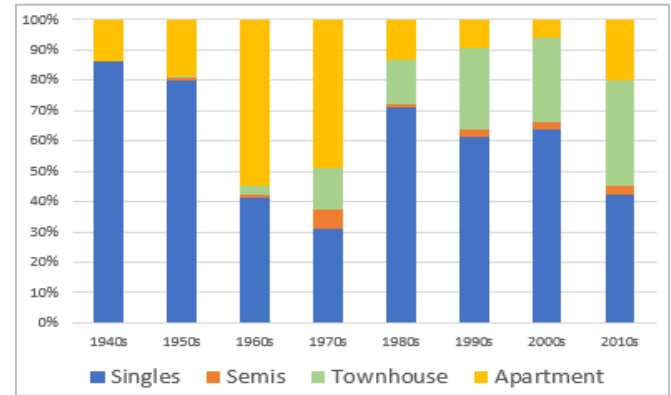
Although home prices and land values have increased, Hamilton’s ground-related market remains relatively affordable within a broader GTHA context. There is also evidence that the City’s apartment market has strengthened considerably and especially in the downtown and the central-west Hamilton area.

Forecast is For More Rapid Growth Moving Forward

The 2012 Schedule 3 *Growth Plan* forecasts overestimated population in Hamilton to 2019 (described more in Section 4.1) though growth over the last few years (until recently) is evidence of a turnaround. The 2020 *Growth Plan* forecasts anticipate more rapid growth moving forward in order to compensate for the growth ‘delayed’ by the abrupt changes brought about by COVID-19.

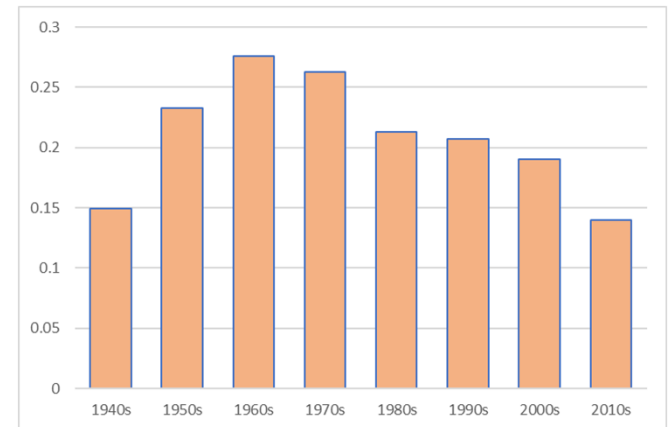
Population will be driven by significantly higher levels of in-migration from the rest of the GTHA than in the past and, in turn, demand for housing units overall. The City will need to maintain this higher rate of population growth to achieve the *Growth Plan* forecast over the period to 2051. The potential for approval delay and other challenges with getting new land supply to market will be an important strategy consideration within this context.

Figure 18: City of Hamilton Dwellings Built by Type 1940-2019



Source: City of Hamilton

Figure 19: City of Hamilton Average Single Family Lot Size 1940-2019 (acres)



Source: City of Hamilton

Section 3: The City of Hamilton in Context

3.2 Local Population and Housing Market Trends

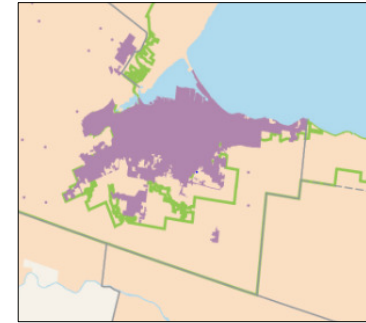
Intensification and Greenfields Both Play a Role

Over the period to 2051, there will be demand for a variety of housing types in Hamilton including larger family-sized units in greenfield locations and units serving non-family needs through intensification. From a planning perspective, however, it is important to reiterate that these two housing markets are not direct substitutes for each other:

- **Intensification is driven by demand.** Powerful economic and demographic forces combined with emerging trends in lifestyle and employer preferences largely dictate the amount and distribution of intensification that occurs throughout the broader metropolitan area.
- **Greenfield development depends on land supply.** Although greenfields have densified over time, growth is still driven primarily by the available land supply. Where demand outstrips that supply, the majority of the market will tend towards smaller lot sizes or move to another location. This trend includes both new and resale housing with the latter, according to City staff, being a key driver of housing demand especially in the lower city.

Having the right planning policies in place is a necessary pre-condition to facilitate development. However, **demand needs to change for more intensification to occur.** More people must want to live in a dense urban environment. Hamilton’s success in the market, therefore, depends on the City’s relative attraction for new high-density investment within the broader metropolitan context.

Both intensification and greenfields will be required to accommodate future demand, or there is a risk that the *Growth Plan* forecasts will not be achieved as the market for larger-family sized units simply moves further afield. This scenario may lead to fiscal and service delivery challenges associated with reliance on unrealized revenue from development that does not occur as planned (an issue discussed further in Section 5 of this report).



Section 3: The City of Hamilton in Context

3.3 The Pattern of Residential Intensification

The total amount of intensification has been in line with the original GRIDS expectations. Somewhat more has occurred in neighbourhoods and less in the nodes and corridors and downtown than was anticipated, however this was due in large part to the presence of remnant vacant parcels within the built-up area. This type of supply is increasingly limited and apartments have become a larger part of intensification activity.

Total Amount of Intensification Has Met Expectations

In 2006, a residential intensification (RI) study was prepared for the original GRIDS and official plan review. The study identified a demand for intensification of **26,500 units to 2031**, consistent with the *Growth Plan* target at the time (2006) that 40% of all new units be accommodated within the built-up area over the planning horizon.

The level of intensification the City has experienced is **on track with these expectations**. As shown at right, a total of roughly 26,800 housing units were constructed across Hamilton over the 2008 to 2019 period. Of these units, approximately 9,500 were located inside the built-up area, which translates into a 35% rate of intensification within a *Growth Plan* context. A higher rate has been achieved in the post-2016 period, albeit with some COVID-related changes dampening the market in early 2020.

As expected, a large share of intensification units (60%) were apartments. The other 40%, however, were ground-related (single and semi-detached and rowhouse units). As the readily available ground-related supply within the City’s built-up area is consumed, **the focus of intensification will have to shift** towards higher density forms – especially apartment units – in order to achieve the *Growth Plan* intensification target.

Projected vs. Actual Intensification 2008-2019	
Projected RI Units	10,800
Actual RI Total Units	9,500
City-Wide Total Housing Units	26,830
Intensification Rate	35%
Average annual unit production	790
Intensification rate post-2016 Census	38%

Source: City of Hamilton (housing starts)

Actual Intensification Housing Mix 2008-2019	
Single and Semi	2,440 (26%)
Rowhouse	1,360 (14%)
Apartment	5,700 (60%)
Total	9,500 (100%)

Source: City of Hamilton (housing starts)

Section 3: The City of Hamilton in Context

3.3 The Pattern of Residential Intensification

Distribution of Growth has Been Different

While the City-wide amount of intensification has been in line with the original GRIDS expectations, to date the distribution of growth has been somewhat different. Based on the GRIDS analysis in 2006, the UHOP identified the following RI targets by location:

- Downtown Urban Growth Centre (UGC) - 20% of RI Units;
- Urban Nodes and Corridors - 40% of RI Units; and
- Neighbourhoods – 40% of RI Units.

The planning expectation was for the nodes and corridors and downtown Urban Growth Centre (UGC) to accommodate intensification activity over the period to 2031, in accordance with mandated Provincial planning policy directions at the time. To date, however, the neighbourhoods have been accommodating a larger share of intensification activity, including a large share of more traditional ground-related housing in the form of single, semi-detached and rowhouse units.

It should be reiterated that this pattern of growth is mainly the result of the absorption of large or 'greenfield' sites that happened to be located within the built-up area and not necessarily an indication that the UHOP distribution is no longer appropriate. As this supply becomes increasingly limited, the pattern of growth will likely shift and become more aligned with original expectations. The majority of intensification that *has* occurred in the downtown is in apartments. The nodes and corridors have also been accommodating a large share of apartment units as well as strong growth in townhouse units. The shift to apartment units has been especially pronounced in the post-2016 period.

Actual Intensification within Built-up Area 2006-2016	
Location	Share of new units
Downtown Urban Growth Centre (UGC)	13%
Nodes and Corridors	19%
Remaining Neighbourhoods	68%
Total	100%

Source: City of Hamilton. *GRIDS2 Growth Summary 2006-2016*

As the remaining supply of large vacant, underutilized or remnant 'greenfield' sites is developed within the built-up area, the pattern of intensification will likely become more focussed in the nodes and corridors and downtown UGC, consistent with GRIDS expectations over the planning horizon.

Section 3: The City of Hamilton in Context

3.3 The Pattern of Residential Intensification

Apartments Have Become a Larger Part of the Picture

To date, intensification has been occurring across a range of forms, including ground-related housing that may not be 'true' intensification from a planning perspective but still counts towards the *Growth Plan* target. As noted, this pattern of growth is connected to the development of remnant greenfield parcels and 'easy' underutilized sites within the built-up area.

For most communities in the GTHA, growth within the built-up area has taken place where land supply is most economically viable, beginning with available ground-related units for which demand is strong. As this ground-related supply is consumed, intensification must occur increasingly in the form of higher density rowhouse and apartment units. The recent pattern of intensification in Hamilton reflects this well-established progression.

As shown at right, the share of apartment unit construction has increased, especially after 2016. On the flip side, the share of single and semi-detached units has declined. Row houses show the same pattern, generally declining in share over time consistent with a steadily depleting land supply for ground related units. Currently the large rowhouse market that does exist in the GTHA and Hamilton is primarily greenfield in nature.

Of course there will continue to be some infill and redevelopment within the City's neighbourhoods, including both ground-related and "missing middle" housing forms. However, as the supply of large vacant parcels and easy redevelopment sites is consumed, the form of intensification will increasingly be characterized by mid and high-rise apartment buildings. The majority of this type of development is accommodated in the downtown UGC and urban nodes and corridors. This pattern is expected to continue over the forecast period to 2051, as discussed in the next section.

Apartment Unit Share of Intensification 2008-2019	
Year	Share %
2008	27%
2009	12%
2010	36%
2011	65%
2012	21%
2013	57%
2014	57%
2015	80%
2016	66%
2017	71%
2018	90%
2019	70%
2008-2011	36%
2011-2016	61%
2016-2019	76%
2008-2019	60%

Source: City of Hamilton (housing starts)

Section 4: Forecast Demand for Intensification

The forecast demand for intensification in Hamilton is prepared within the context of the broader growth outlook and the City’s growing attraction as a location for investment. A range of future outlooks are shown, based on varying Hamilton’s relative attraction for new investment. Consistent with recent economic and demographic trends, intensification is anticipated to be focussed in central Hamilton, in particular the downtown and West Harbour Area, but these areas will not be the only locations for intensification.

4.1 The Growth Outlook for the GTHA

Most Communities were Trailing *Growth Plan* Forecasts up to 2016

As noted previously, many communities outside the City of Toronto have been trailing the growth forecasts prepared as Amendment 2 to the *Growth Plan* as measured by Statistics Canada. As shown below, with the exception of employment in the City of Toronto, all upper and single tier municipalities in the GTHA are behind forecast expectations, including the City of Hamilton.

Total Population and Place of Work Employment, GTHA 2016 Upper and Single-Tier Municipalities Compared to Background Work to Schedule 3						
Municipality	Background Work to Schedule 3		ADE Estimates	Census Employment	Differences	
	Total Population	Place of Work Employment	Total Population	Employment	Population	Employment
Durham	691	268	670	224	(21)	(44)
Halton	575	290	570	263	(5)	(27)
Hamilton	568	252	550	229	(18)	(23)
Peel	1,455	741	1,430	695	(25)	(46)
Toronto	2,865	1,573	2,820	1,608	(45)	35
York	1,199	611	1,140	544	(59)	(67)
GTAH	7,353	3,735	7,180	3,563	(173)	(172)

Source: Hemson Consulting Ltd. based on Statistics Canada data and Annual Demographic Estimates (ADE) 2020. Total Population includes Census Net Undercoverage

The main reason for the shortfall is that the forecasts prepared for 2011 to 2016 did not anticipate the degree of out-migration to western Canada from Ontario or Ontario’s decline in its national share of immigration. These patterns have now returned to historic averages. The concentration of employment growth in Toronto over this period further shifted the regional distribution, compounding the short-term effects of migration trends.

Section 4: Forecast Demand for Intensification

4.1 The Growth Outlook for the GTHA

Post-2016 Growth was Accelerating Until the COVID-19 Pandemic

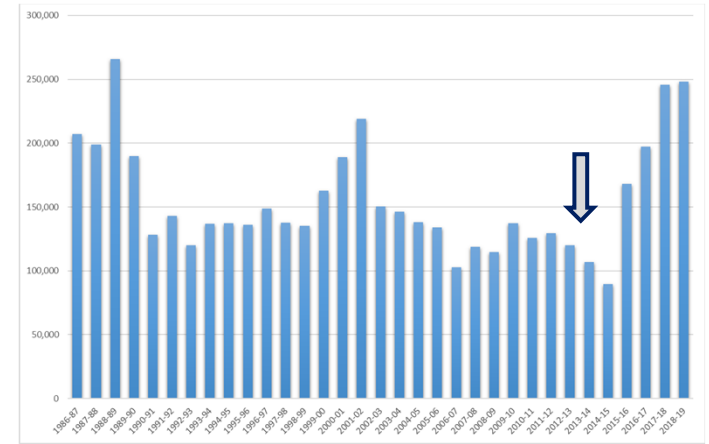
As discussed, population growth is related to economic cycles and immigration rates, with the pattern of lower-than-expected growth in the 2011 to 2016 period indicated by the arrow in Figure 20. Since 2016, there was a reversal of inter-provincial migration back in favour of Ontario. Rising national rates of immigration and Ontario’s rising share of those rates made 2018 and 2019 the largest years ever for population growth in the GTHA.

Likewise, employment had also started to grow more rapidly in 2018 and 2019. As illustrated in Figure 21, the employment growth rate in Hamilton had been low compared to Toronto, especially in the 2011-2016 Census period. After 2016, the rate of employment growth increased: over the period to 2019, the Hamilton CMA grew at nearly 4% annually and well outpacing the Toronto CMA, until COVID-19 paused this trend.

Pre-Pandemic Conditions Expected to Return by mid-2023

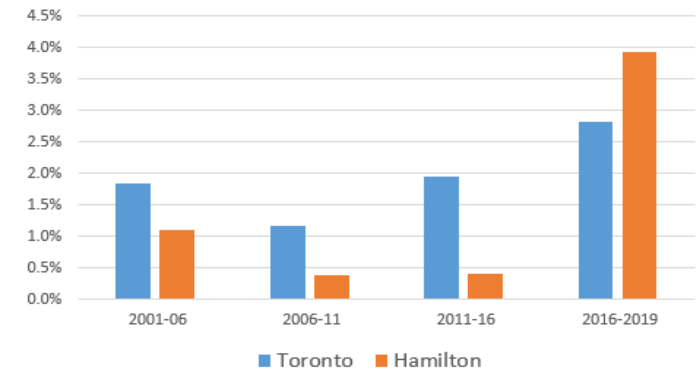
Prior to the COVID-19 Pandemic, the rate of employment growth for both Hamilton and the Toronto CMA was tracking well ahead of the Amendment 2 *Growth Plan* (2019) forecast for the 2016 to 2021 period. The updated *Growth Plan* forecast incorporates a severe economic contraction arising from COVID-19, however **overall growth is expected to return to pre-pandemic expectations by mid-2023**. For Hamilton, the employment forecast is predicated on continued diversification of the local economy, the revitalization of central City employment areas and the emergence of small major office clusters supported by well-located and extensive employment areas throughout the City.

Figure 20: Ontario’s Historic Annual Population Growth 1986-2019



Source: Hemson Consulting Ltd.

Figure 21: Rate of Employment Growth 2001 to 2019 for Hamilton and Toronto CMA



Source: Hemson Consulting Ltd.

Section 4: Forecast Demand for Intensification

4.2 Outlook for Intensification in the City of Hamilton

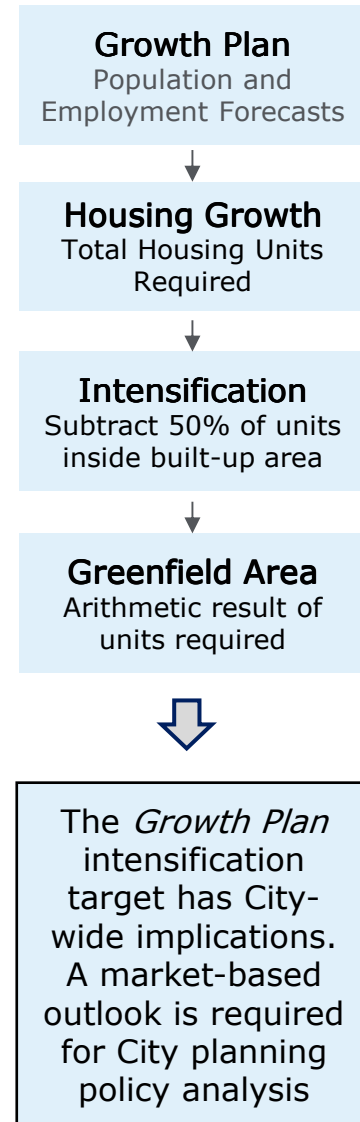
The market demand outlook for intensification is prepared within the context of the *Growth Plan* forecasts and the City’s growing integration within the GTHA. A market-based approach is taken to the analysis to prepare a Current Trends, Low and High forecast over the period to 2051.

A Market-Based Outlook for Planning Purposes

It is important to reiterate that the approach taken to the forecast is to provide a long-term demand outlook for planning purposes. The assignment is not intended to address short-term demand for unit types, pricing or sales. The outlook is undertaken from a **market perspective**, which is different than policy-based approaches such as the *Growth Plan* or economic development and marketing strategies, which tend to be more aspirational in nature.

While aspirational outlooks are useful for economic development and marketing purposes, they are not necessarily appropriate for an analysis of urban land needs within a *Growth Plan* context. There are also many uncertainties that could affect future growth that are difficult if not impossible to predict, such as the COVID-19 Pandemic, as well as changing migration patterns and resulting shifts in the land and building space required to accommodate growth.

Under the *Growth Plan*, the intensification target has the effect of reducing the number of units allocated to the City’s designated greenfield areas through the LNA and, in turn, the different types of units available to satisfy future demand. If the supply of greenfield and intensification units is not reasonably balanced, there is a risk that the *Growth Plan* forecast will not be achieved, which could lead to fiscal and service delivery challenges. As a result, the forecast presented in this report is a market-based outlook that represents, in our view, the most **plausible range of future demand**. It will be for the City to balance the market forecast with policy objectives to be developed as part of GRIDS2 and the MCR.



Section 4: Forecast Demand for Intensification

4.2 Outlook for Intensification in the City of Hamilton

Growth Plan Provides the Context for Analysis

The forecast of demand for intensification is prepared within the context of the *Growth Plan* Schedule 3 forecasts, which must be used for planning purposes by all municipalities in the GGH, including the City of Hamilton. Higher forecasts may be considered as part of the MCR, however lower forecasts are not permitted.

For Hamilton, the *Growth Plan* forecasts a total population of 820,000 in 2051, which translates into a City-wide total of approximately 332,900 housing units. This forecast represents growth of **110,300** units from an estimated 2021 base, summarized at right. The *Growth Plan* forecasts are structured as a share of the GGH housing market taking into account land supply, especially in Halton and Peel Regions where rapid population growth continues.

Over time, as the supply of development lands in these competing locations is depleted, Hamilton will be drawn 'closer' to established communities in the GTA-west and demand for housing will increase. The re-emergence of the downtown as an attractive location for technology-based industry and office uses combined with the City's expanding economic and demographic role in the GGH supports the view towards accelerating growth over time.

The economic integration enabled by the new West Harbour GO station is a further advantage in this context. Improved connectivity to downtown Toronto will, over time, encourage new business investment both within the City's designated greenfield areas and intensification in the built-up area.

City of Hamilton Census 2016 Housing Units and Forecast to 2051	
2016 Census Existing Housing Units	211,600
2021 Estimated Existing Housing Units	222,600
2051 City Total Housing Unit Forecast	332,900
2021-2051 Forecast Housing Unit Growth	110,300

Source: Hemson Consulting Ltd. Housing units are occupied private households in accordance with Census definitions. 2021 units are estimated from CMHC housing market information.

The *Growth Plan* forecasts a total population of 820,000 in 2051 for the City of Hamilton, which **is the minimum forecast to be used** for planning purposes. Lower forecasts are not permitted.

The *Growth Plan* 2051 population forecast translates into a City-wide total of 332,900 housing units, representing growth of 110,400 units over the 2021-2051 period.

Section 4: Forecast Demand for Intensification

4.2 Outlook for Intensification in the City of Hamilton

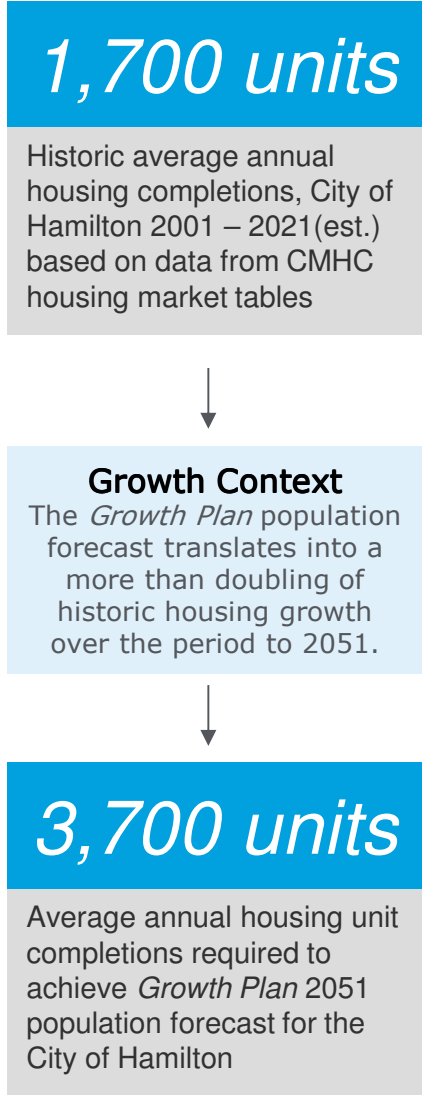
Approach Is to Model a Range of Demand Outlooks

The forecast of demand is undertaken within the control total of the City-wide housing forecast. As illustrated at right, the *Growth Plan* population forecast translates into a **significant increase in housing growth** over the period to 2051: **more than a doubling** of the historic rate of completions **from 1,700 to 3,700 units annually**. The intensification demand outlooks are modelled within this context, as follows:

- The housing mix within the built up area is set broadly at 20% ground related and 80% apartment units. Between 3% and 5% of apartments would be accessory units, which are the added apartments to a house rather than duplex units as defined by Statistics Canada. This definition is used to more accurately reflect how these units are treated from a land use planning perspective.
- The unit mix in greenfield and rural areas is set broadly at 95% ground-related units, for our purposes here only. A different housing unit mix may be determined as part of the updated LNA (2020) in accordance with the new Provincial method noted previously. Within the ground-related market, row housing is anticipated to remain strong, accounting for approximately 25% of total new units; and
- Each of the demand outlooks is varied in terms of the overall housing mix as a way to reflect Hamilton’s relative attraction for high-density residential development within the broader GTHA market context. The result is a Current Trends, High and Low forecast demand outlook.

Significant Intensification Anticipated

A significant amount of intensification is anticipated to occur under all of the demand outlooks. As noted, from a development perspective, the *Growth Plan* anticipates an expanded economic and demographic role for Hamilton. This outcome may have been delayed somewhat but has recently been unfolding as predicted, with the continued depletion of development lands in nearby communities and increasingly integrated housing and labour markets drawing the City of Hamilton closer in to the social and economic orbit of the broader GTHA marketplace.



Section 4: Forecast Demand for Intensification

4.2 Outlook for Intensification in the City of Hamilton

Current Trends, High and Low Forecast

The demand outlooks are summarized below. In accordance with the *Growth Plan*, intensification is defined as all new units inside the built-up area, regardless of unit type. However, most of the growth over time will be in apartment units as noted previously. The resulting share of new units within the built-up area is an **output of the analysis**, and shown only for ease of comparison to the *Growth Plan* Target.

Current Trends Forecast – Results in 40% of New Units as Intensification

The Current Trends Forecast continues the City’s strong recent performance within a post COVID-19 economic context. It continues the recent and well-documented upswing in apartment construction, resulting in 40% of all new units inside the built-up area. While the *share of intensification units* may be consistent with the City’s past performance, the actual amount is much higher compared to past trends because the overall housing unit growth is greater. Under the updated *Growth Plan* forecasts, housing growth increases quickly after 2021 and is maintained over the period to 2051.

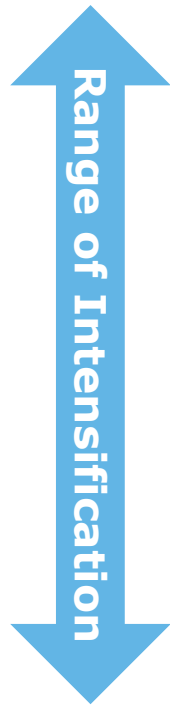
Low Forecast – Results in 29% of New Units as Intensification

The Low Growth Forecast is closer to a “business as usual” outlook. It anticipates a more modest increase in the share of apartment units, reflecting the amount that might be expected to occur if the market were left to its own devices without any substantial policy intervention. The forecast results in 29% of new units within the built-up area, which is still a significant amount of intensification.

High Forecast – Results in 48% of New Units as Intensification

The high forecast is approaching the maximum plausible demand outlook. It anticipates a significant acceleration of current apartment construction and growth in the central Hamilton real estate market. The forecast translates into 48% of new units within the built-up area. This level of intensification would have significant implications for the amount, type and scale of new development that would need to occur in the community.

High Forecast
Approaching
Maximum market-
based demand



Low Forecast
Closer to ‘business-
as-usual’

Section 4: Forecast Demand for Intensification

4.3 Demand Outlooks

Current Trends Forecast – 40% of New Units as Intensification

The Current Trends Forecast maintains the recent pattern of Hamilton’s resurgence as an economic and cultural centre within the GGH and a continued shift in housing preference towards apartments. The following key points are of note:

- The current trends forecast anticipates a total growth of approximately 44,100 units inside the built-up area over the period from 2021 to 2051. This equates to a share of approximately 40% of new housing units.
- While this outlook may look similar to past trends (just under 40% of new units in the post-2016 period as noted previously) it is not a ‘straight line’ forecast. The overall level of housing unit growth, and therefore amount of intensification, will be much higher compared to the past.
- The forecast translates into a total of 1,470 intensification units annually, which is an increase of nearly 700 units per year compared to past trends. To achieve this forecast, 12,600 households that would otherwise occupy ground-related housing will need to shift their preference to apartment units.
- Of the total housing units forecast for inside the built up area, approximately 33,500 will be apartment units. To provide a sense of what this outlook means in terms of new construction, 33,500 new apartment units over a 30-year period (2021-2051) translates into approximately 1,120 units per year.
- At an average size of between 150 and 200 units, this means that **6 to 7 new apartment buildings would need to be completed annually** over the period to 2051. Assuming a three-year construction period, this suggests that in the range of **18 to 21 buildings would need to be under construction at all times**. Of course, the new apartment market will also likely include low- and mid-rise forms. Nevertheless, the sheer scale of new construction that is indicated under the Current Trends forecast remains of note.

The technical details for the Current Trends forecast are shown on the data table on the following page.

Key Metrics

44,100

Forecast New Units Inside Built-Up Area 2021 to 2051

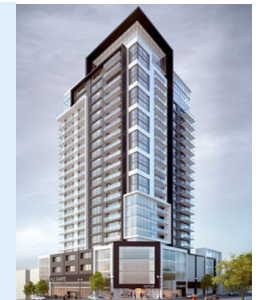
Intensification Units Required Annually

40% of new Units	1,470
Historic 2008-2019	790
Change from past	+680

33,500

Apartment Units Inside Built-Up Area 2021 to 2051

6 to 7 new buildings completed every year to 2051



18 to 21 buildings under construction at all times

Section 4: Forecast Demand for Intensification

4.3 Demand Outlooks

Current Trends Forecast – 40% of New Units as Intensification

The technical details for the Current Trends forecast are shown in the data table below.

Current Trends Intensification Scenario						
Estimated 2016–2021 Housing Growth by Type and						
2021–2051 Housing Growth by Type and Policy Area (Location)						
2016–2021 Estimated Housing Growth						
	Single/ Semi	Row	Accessory Apartments	Apartment Building	Total	
2016 Existing	131,300	24,900	3,200	52,200	211,600	
2016-2021 Growth	4,100	4,500	700	1,600	10,900	
2021 Estimated Total Units	135,400	29,400	3,900	53,900	222,600	
2021–2051 Forecast Housing Growth						
	Single/ Semi	Row	Accessory Apartments	Apartment Building	Total	Policy Area Share
Inside Built Up Area	2,200	6,600	1,800	33,500	44,100	40%
Greenfield and Rural	41,200	21,000	1,000	3,000	66,200	60%
City Total	43,400	27,600	2,800	36,500	110,300	100%
Housing Mix of Growth	39.4%	25.0%	2.5%	33.1%	100.0%	n/a
2051 Total Units	178,800	57,000	6,700	90,400	332,900	n/a

Source: Hemson Consulting Ltd. Based on Statistics Canada. Figures may not add due to rounding, and may differ slightly from the results of the LNA because of differences in the approach to the analysis.

As discussed, the Current Trends forecast is for a significant amount of intensification compared to past trends. It is worth reiterating that, although the resulting *share of new units* may be in line with historic trends, the overall housing growth, and therefore intensification, is much higher. Significant new construction activity will be necessary to achieve this forecast.

Section 4: Forecast Demand for Intensification

4.3 Demand Outlooks

Low Forecast – 29% of New Units as Intensification

The Low Forecast is closer to a 'pure' market-based or 'business as usual' outlook, absent the major *Growth Plan* policy directions and targets to encourage a shift to higher density forms. The following key points are of note.

- The Low Forecast anticipates a total growth of approximately 31,500 units inside the built-up area over the period from 2021 to 2051. This equates to a share of approximately 29% of new housing units.
- This outlook embodies a somewhat greater focus on housing preferences for ground-related units, more consistent with historic trends and aligned with what the 'market' would deliver if left mostly to its own devices. This focus is reflected in a relatively higher share of ground related housing forms as compared to the Current Trends or High Forecast outlooks.
- The forecast translates into a total of 1,050 intensification units annually, which is still an increase of 260 units per year compared to past trends. To achieve this forecast, approximately 3,200 households that would otherwise occupy ground-related housing will need to shift their preference to apartment units.
- Although the Low Forecast embodies a more traditional pattern of housing, there will still be significant apartment unit growth. Of the total housing units forecast inside the built boundary, approximately 23,900 will be apartment units, which translates into approximately 800 units per year.
- Again using an average apartment building size of between 150 and 200 units, this forecast means that **4 to 6 new apartment building will need to be completed annually** over the period to 2051, with **12 to 15 buildings under construction at all times**. Some low and mid-rise apartments and limited ground-related housing would also need to be accommodated within the built-up area.

The technical details for the Low Forecast are shown on the data table on the following page.

Key Metrics

31,500

New Units Inside Built-Up Area 2021 to 2051

Intensification Units Required Annually

29% of new Units	1,050
Historic 2008-2019	790
Change from past	+260

23,900

Apartment Units Inside Built-Up Area 2021 to 2051

4 to 5 new buildings completed every year to 2051



12 to 15 buildings under construction at all times

Section 4: Forecast Demand for Intensification

4.3 Demand Outlooks

Low Forecast – 29% of New Units as Intensification

The technical details for the Low Forecast are shown in the data table below.

Low Intensification Scenario						
Estimated 2016–2021 Housing Growth by Type and 2021–2051 Housing Growth by Type and Policy Area (Location)						
2016–2021 Estimated Housing Growth						
	Single/ Semi	Row	Accessory Apartments	Apartment Building	Total	
2016 Existing	131,300	24,900	3,200	52,200	211,600	
2016-2021 Growth	4,100	4,500	700	1,600	10,900	
2021 Estimated Total Units	135,400	29,400	3,900	53,900	222,600	
2021–2051 Forecast Housing Growth						
	Single/ Semi	Row	Accessory Apartments	Apartment Building	Total	Policy Area Share
Inside Built Up Area	1,600	4,700	1,300	23,900	31,500	28.5%
Greenfield and Rural	51,300	22,900	1,200	3,500	78,900	71.5%
City Total	52,800	27,600	2,400	27,400	110,400	100.0%
Housing Mix of Growth	47.9%	25.0%	2.2%	24.9%	100.0%	n/a
2051 Total Units	188,200	57,000	6,400	81,300	333,000	n/a

Source: Hemson Consulting Ltd. Based on Statistics Canada. Figures may not add due to rounding, and may differ slightly from the results of the LNA because of differences in the approach to the analysis.

The Low Forecast reflects more of what the market would deliver if left to its own devices and in theoretical absence of substantial policy intervention or greenfield land supply constraints. The overall amount of new construction activity is lower than the other two forecasts, but still represents a significant level of intensification compared to historic patterns.

Section 4: Forecast Demand for Intensification

4.3 Demand Outlooks

High Forecast – 48% of New Units as Intensification

The High Forecast is approaching maximum demand for intensification from a market perspective. Under the high forecast, Hamilton becomes significantly more attractive for new residential investment and, in turn, intensification within the built-up area. The following key points are of note.

- The High Forecast anticipates a total growth of approximately 52,800 units inside the built-up area the period from 2021 to 2051. This equates to a share of 48% of new housing units.
- The High Forecast is based on an even more significant increase in the share and preference for apartments in the local market and requires a strong acceleration of the current rates of development in the City.
- The forecast translates into a total of 1,760 intensification units annually, which is an increase of nearly 1,000 units per year compared to past trends. To achieve this forecast, nearly 20,000 households that would otherwise occupy ground-related housing must shift their preference to apartment units.
- Of the total housing units forecast inside the built-boundary, approximately 40,200 will be apartment units, which translates into approximately 1,340 units per year. At a size range of between 150 and 200 units, **7 to 9 new apartment buildings would need to be completed annually** to 2051, translating into between **21 and 27 buildings under construction at all times**.
- Since the current concentration of high-density growth in Toronto is widely anticipated to continue and there are still other competing locations for new investment outside Toronto, notably the VMC and Kitchener-Waterloo, achieving the high forecast outlook for the City of Hamilton will be a challenge (but not impossible) from a market demand perspective.

The technical details for the High Forecast is shown on the data table on the following page.

Key Metrics

52,800

Forecast New Units Inside Built-Up Area 2021 to 2051

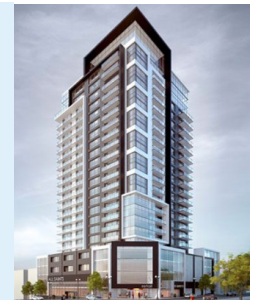
Intensification Units Forecast Annually

48% of new units	1,760
Historic 2008-2019	790
Change from past	+970

40,200

Apartment Units Inside Built-Up Area 2021 to 2051

7 to 9 new buildings completed every year to 2051



21 to 27 buildings under construction at all times

Section 4: Forecast Demand for Intensification

4.3 Demand Outlooks

High Forecast – 48% of New Units as Intensification

The technical details for the High Forecast are shown in the data table below.

High Intensification Scenario Estimated 2016–2021 Housing Growth by Type and 2021–2051 Housing Growth by Type and Policy Area (Location)						
2016–2021 Estimated Housing Growth						
	Single/ Semi	Row	Accessory Apartments	Apartment Building	Total	
2016 Existing	131,300	24,900	3,200	52,200	211,600	
2016-2021 Growth	4,100	4,500	700	1,600	10,900	
2021 Estimated Total Units	135,400	29,400	3,900	53,900	222,600	
2021–2051 Forecast Housing Growth						
	Single/ Semi	Row	Accessory Apartments	Apartment Building	Total	Policy Area Share
Inside Built Up Area	2,600	7,900	2,100	40,200	52,800	48%
Greenfield and Rural	34,300	19,700	900	2,600	57,500	52%
City Total	36,900	27,600	3,000	42,800	110,300	100%
Housing Mix of Growth	33.5%	25.0%	2.7%	38.8%	100.0%	n/a
2051 Total Units	172,300	57,000	6,900	96,700	332,900	n/a

Source: Hemson Consulting Ltd. Based on Statistics Canada. Figures may not add due to rounding, and may differ slightly from the results of the LNA because of differences in the approach to the analysis.

The High Forecast represents significant change for the Hamilton market, So although the *Growth Plan* 50% intensification target is characterized as a “minimum”, it represents a major market shift for the Hamilton real estate market in relation to historic rates of intensification and within the geography of high-density growth in the GGH: especially central Toronto and other emerging nodes to the west.

Section 4: Forecast Demand for Intensification

4.4 Supply Potential

In addition to the forecast demand, supply is also important. Both the short-and longer-term availability of locations to accommodate new development can affect the growth outlook. In short:

- To capture intensification, regional demand needs to meet local supply through **economically viable projects**. There must be a market opportunity, the landowner must have an interest in undertaking the project and suitable services and amenities must be in place.
- As such, the real economic prospects for intensification locally are influenced by demand as well as the **availability of sites** and the time required to complete the necessary property assemblies.
- More complex and time-consuming efforts are required to bring new projects to market over time, with site configuration and access often becoming more **serious challenges over time** – or put more simply: after the ‘easy’ ones are gone.

The City of Hamilton is well-positioned from a supply perspective. A potential of up to approximately 72,000 units has been identified by City staff to 2051, which would be sufficient to accommodate future demand. Notwithstanding, intensification can be a slow process with the combined requirements of site acquisition, financing, planning approvals and multi-year construction periods affecting the timing and location of new units in the market. This variability makes it difficult to identify all potential supply opportunities with accuracy and is especially challenging over the extended 30-year planning horizon to 2051.

Public concern and opposition to development can also affect intensification locally, as has been the case in the City of Toronto for some time and has started to emerge in Hamilton. Nevertheless, the City has not yet had to deal with supply challenges to nearly the same extent. There is currently a significant potential of **pre-zoned sites** to accommodate near-term demand in the downtown, along transit corridors and in the other nodes, corridors and neighbourhoods throughout the City.



Supply Potential

City staff estimate that up to 72,000 units could be available, which would be sufficient for even the high forecast demand outlook

Section 4: Forecast Demand for Intensification

4.5 Distribution of Growth Within the Built up Area

The current concentration of growth in central Hamilton is likely to continue, especially in the downtown and West Harbour area. The other nodes and corridors are likely to play a longer-term role. And while the current number of proposed units remains relatively high, intensification in the City's remaining neighbourhoods is expected to be more limited and variable over the period to 2051.

Recent Development Shows Key Growth Areas

In recent years, residential development activity has been occurring throughout the City as illustrated in Figure 22. Key areas include:

- The Downtown Urban Growth Centre;
- Binbrook Village, including traditional ground-related housing and an emerging interest in higher density forms;
- Upper Stoney Creek and along the Waterfront, with a mix of housing including low and higher density forms;
- Flamborough, especially Waterdown where current development activity shows no signs of slowing; and
- Remaining pockets of greenfield development lands in Ancaster, including the Meadowlands community.

Within the built-up area, the highest densities are generally taking place within the nodes and downtown, but also on the waterfront. The pattern of growth in the neighbourhoods has included lower density ground-related units, with an example illustrated at right. However, as the remaining supply of land for this type of housing in the built-up area is depleted, the pattern of growth will need to become more oriented towards higher density apartment units and, in turn, likely better aligned with the original GRIDS expectations.

Figure 22: Residential Building Activity "Heat Map" 2015 - 2019



Source: City of Hamilton



Section 4: Forecast Demand for Intensification

4.5 Distribution of Growth Within the Built up Area

Concentration in Central Hamilton Likely to Continue

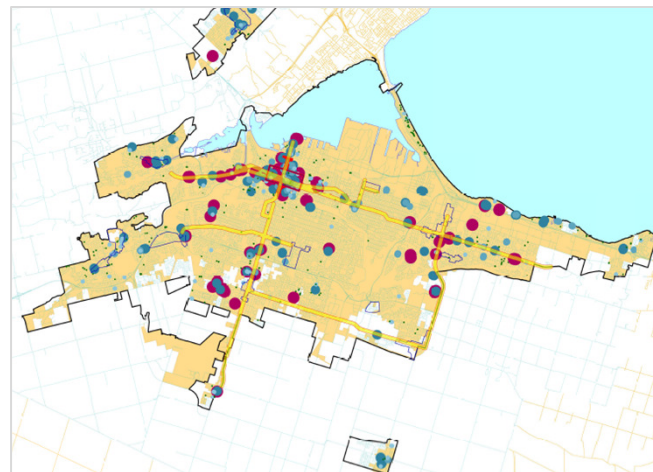
Recent development trends show that the majority of new mid- and high-rise apartment projects have been focussed in the downtown and West Harbour area. There is, of course, market interest for apartment units in other attractive locations – the historic core of Dundas and Ancaster and along the waterfront for example – but the bulk of recent demand is in central Hamilton.

The number of current and pending apartment projects reinforces the current geographic pattern as illustrated in Figure 23, which shows a concentration of growth in the downtown and along the urban nodes and corridors. Given that future intensification will be dominated by apartment units, we would expect the concentration of growth in central Hamilton to continue.

Significant new development activity is also anticipated for the West Harbour Area, especially Piers 7&8 and Barton-Tiffany as illustrated in Figure 24. Together these areas are expected to accommodate approximately 2,500 new residential units as well as significant new commercial space, including the recently announced “**Hamilton Studio District**” for the Barton-Tiffany area.

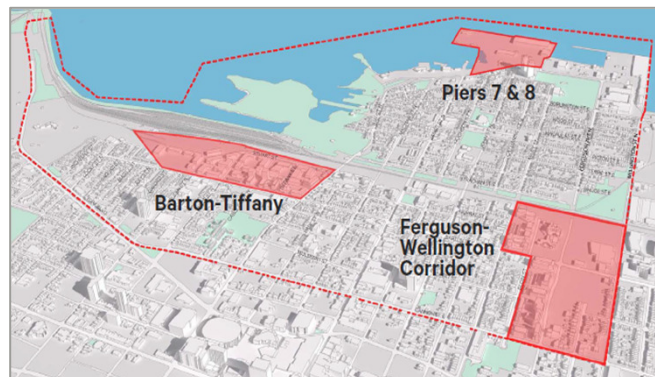
Additional development is anticipated in other areas, such as the Ferguson-Wellington corridor, as well as the provision of affordable housing supply through the planned redevelopment of Jamesville and the Ken Soble Tower Revitalization, among other initiatives. This new development supported by recent GO Transit investments will only compound the attraction of central Hamilton and the downtown as a location for intensification.

Figure 23: Apartment units Planned or Recently Built in Hamilton, 2019



Source: City of Hamilton. Colour of dots correspond to number of units. Light blue represents up to 150 units. Purple represents 150 units and above.

Figure 24: Primary Areas of Reinvestment and Development Within West Harbour area



Section 4: Forecast Demand for Intensification

4.5 Distribution of Growth Within the Built up Area

Prospects for Light Rail Transit (LRT) Corridor Unclear

The Hamilton B-Line Rapid Transit corridor was identified in 2015 as a Metrolinx priority project, envisioning rapid transit between Eastgate Square and McMaster University. A Light Rail Transit (LRT) line was identified as the preferred solution and first piece of the City’s rapid transit strategy; the “BLAST” network.

According to Metrolinx, the Hamilton LRT would act as a catalyst for economic development, attracting development interest and, in turn, intensification along the corridor. This expectation is in line with the experience of other communities outside Toronto, notably Kitchener-Waterloo, where more than 50 projects have been built or are in process along its LRT corridor. As illustrated in Figure 25, much of this growth has occurred in uptown Waterloo, downtown Kitchener and downtown Cambridge.

A similar uplift in economic activity was anticipated to occur with the completion of the Hamilton LRT. However, in late 2019 the Province cancelled the procurement process, rendering the future prospects for intensification less clear. The transit corridor remains a high priority from a City planning perspective and other options such as expanded bus rapid transit (BRT) are currently being considered. As well, areas that overlap with the downtown and West Harbour are still likely to see development interest, in line with the Kitchener-Waterloo experience. However, without rapid transit the remainder of the corridor is less likely to deliver the levels of intensification that may have been previously anticipated. And it had always been the expectation that the development uplift associated with the LRT would be primarily seen towards the later part of the planning horizon.



Figure 25: Planned and Completed Projects 2011-2017, Waterloo Region LRT Corridor



Source: Region of Waterloo

Section 4: Forecast Demand for Intensification

Planning Policy is Well-advanced to Support Intensification

As noted, having the right planning policies in place is necessary to accommodate future demand: one that intentionally encourages intensification. Planning policies are required to set the overall vision and density expectations. And detailed zoning and site plan regulations are required to manage the development process. Key elements of the City's framework to support intensification include:

- The **Urban Hamilton Official Plan (UHOP)** that establishes focal points of activity (nodes) connected by a series of corridors to accommodate intensification;
- A **new vision for the Downtown**, including updated land use designations, height limits and development standards;
- Updated **zoning-by laws** for Transit-Oriented Corridors (TOC), commercial mixed-use areas and residential areas (in progress);
- **New secondary plans** including the Downtown, Centennial, Waterdown community node (in process) and the West Harbour (Setting Sail) area; and
- **Financial incentive programs**, which play an important role in helping to reduce the costs associated with development in Downtown Hamilton, Community Downtowns, Business Improvement Areas (BIAs), the Mount Hope/ Airport Gateway, and the commercial corridors as identified in the Downtown and Community Renewal Community Improvement Project Area By-law. There are also financial incentives available for properties designated under the Ontario Heritage Act to support the City's conservation and restorative initiatives. The **Downtown and Community Renewal Community Improvement Plan (CIP)** provides the basis through which these programs are provided.

Planning policies are necessary to provide opportunities for intensification to occur but cannot (in and of itself) change the nature and timing of the development process. Intensification occurs incrementally and the process is not linear: it tends to fluctuate and compound over time. The most significant changes occur only after a 'critical mass' of development activity has been reached, as observed recently with the City of Toronto. Within this context, the City's current policy framework is well-advanced to support intensification, including SDUs, in planned locations.



Section 4: Forecast Demand for Intensification

4.5 Distribution of Growth Within the Built up Area

Demand in Rest of City Will be More Variable Over Time

Although intensification is planned to be focussed largely in central Hamilton, this does not mean that no such development will occur anywhere else within the built-up area. Remaining lower density infill and other parcel-by-parcel redevelopment will continue to play a role, including low and mid-rise apartments and other forms of 'missing middle' housing. This type of demand, however, tends to be more variable and difficult to predict.

Another likely source of demand for intensification is through the **redevelopment of existing large format retail** centres for a mix of uses, but especially high-density residential. This trend is emerging across the GTHA, both within and outside the built-up area. Major examples include the Yorkdale Shopping Centre, Galleria Mall and Golden Mile in Toronto, the Vaughan Mills Secondary Plan in York Region, and more recently around the Square One shopping centre in the City of Mississauga, as illustrated at right.

Interest in this type of intensification is emerging in Hamilton, as shown by the proposal (under review) to redevelop the Flamborough Power Centre and surrounding properties and the recent sale of the City Centre mall in the downtown. This trend will continue as growth in e-commerce continues to reshape the physical retail environment and owners move to intensify and expand around existing offerings. Within this context, there is likely to be demand for intensification around other large-scale malls in the City such as Limeridge and Eastgate, especially, given the potential for a new GO Transit station and connectivity to downtown Toronto at the latter location.



The recent proposal for the Galleria Mall in central Toronto envisions over 3,000 residential units in 8 new mixed-use high-rise towers (above). The proposal for Mississauga's Square One shopping centre could become one of the largest mixed-use developments in Canada (below).



Section 5: Conclusions and Recommendations

In light of the foregoing, a number of conclusions are reached: these are summarized below and explained in more detail in the section that follows. Based on these conclusions, it is recommended that an intensification target of 50% be adopted for the current period and that the City focus on further improving its attraction for higher-density living to increase the likelihood of success. A higher intensification target could be considered for later in the horizon, with ongoing monitoring and reporting to track progress and performance over time.

1	Outlook for Intensification	The outlook for intensification is bright, with strong demand anticipated across the GTHA over the period to 2051. The City of Hamilton is well-advanced in its efforts to encourage intensification including policy and zoning frameworks and financial and other incentives to accommodate future demand.
2	Capturing the Opportunity	Where that intensification occurs, however, will be driven by the relative attraction of various locations for new investment. Many factors must come together to achieve significant intensification, including planning policy, services and amenities, land ownership and site characteristics.
3	Housing Supply	Both greenfield housing and intensification units are required to accommodate the <i>Growth Plan</i> forecasts to 2051. Housing growth continues to be driven by demand for affordable family-sized units and the City has very limited control over the amount and timing of intensification that occurs.
4	Implications and Risks	There are fiscal implications associated with planning for a rapid shift in housing demand, in particular the risk that the amount and mix of housing growth does not occur as expected. Planning for a level of intensification that is beyond reasonable market expectations could also have other unintended consequences from a planning perspective.
5	The Intensification Target	Within this context, an intensification target of 50% is considered a suitable aspirational goal and recommended for current purposes. A higher target could be considered for later in the forecast period, depending on how growth unfolds in terms of Hamilton’s relative attraction for higher-density living. A balanced approach should be considered moving forward.

Section 5: Conclusions and Recommendations

5.1 Outlook for Intensification

Powerful economic and demographic forces combined with a growing preference for more urban lifestyles will continue to drive demand for intensification across the GTHA. Notwithstanding short-term COVID-19 economic impacts, the following observations persuade us that this will be the case:

- From a demographic perspective, growth will continue to include a large share of young adults that tend to prefer a more urban lifestyle and cluster in central areas. This pattern is consistent with long-standing demographic trends and is not expected to shift significantly or rapidly over the long-term.
- Many of these residents will be locating in the City of Toronto for education and employment opportunities, as well as emerging intensification areas in southern York Region (notably the VMC), the City of Mississauga, Oakville, Burlington and, increasingly, the City of Hamilton.
- The aging of the population, along with the preferences of young adults will drive steady demand for apartment units. This demand will be boosted by other factors such as growth in the technology sector, the 'war for talent', the sharing economy and other factors (until recently) driving demand for rental units that tend to be overwhelmingly in apartment unit forms.
- At the same time, however, demand for larger family-sized units will remain strong. This strong demand will likely continue to contribute to increasing housing costs and worsening affordability which, in turn, can be expected to support market shifts to smaller units and more people living in denser, more affordable housing forms over time.

In our view, recent trends point to a strong future for intensification, especially in high-quality urban environments within the built-up area. There is also likely to be some interest for intensification outside the built-up area, as suggested by the Flamborough power centre proposal and a major proposal for development on the City's waterfront, both of which are in the DGA.



Developments recently approved in the Downtown (top) and envisioned along the waterfront (above) show an interest for intensification within Hamilton across a range of different locations

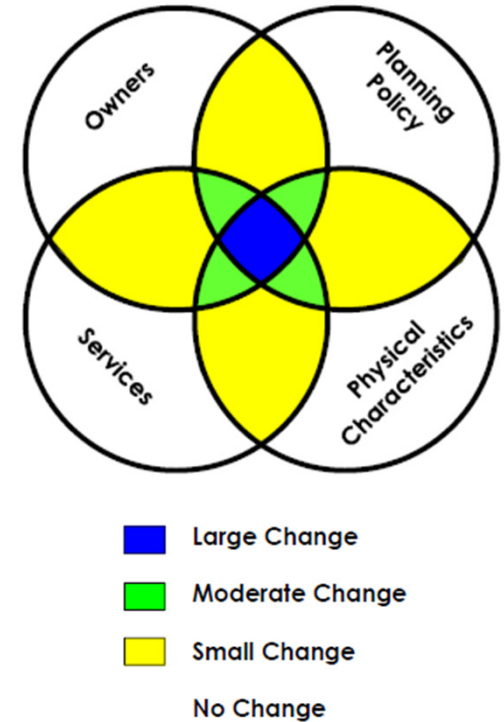
Section 5: Conclusions and Recommendations

5.2 Capturing the Opportunity

The amount of intensification and redevelopment that actually occurs within a community is driven by its relative attraction for investment within the broader market context. As shown in Figure 26, four key local factors also influence the probability of intensification occurring:

- **Planning policy** and implementing zoning by-laws must specifically encourage intensification. As discussed, the City is well-advanced in terms of updates to the policy and zoning frameworks for the Downtown, nodes and corridors, and West Harbour area as well as a range of financial incentives such as ERASE grants, the Laneway housing pilot project and others;
- **Existing or planned services**, especially transportation, must be in place as well as other hard and soft services, or the costs to provide those services must be economically viable to support intensification. Local amenities also affect the prospects for investment attraction;
- **Owners of property** must have an interest in redevelopment. Simply because a site appears to have potential does not necessarily mean that intensification will occur. Properties such as aging highway strip malls or walk-up rental apartments, for instance, provide land owners with a continuous, low-risk revenue stream. Others may be owner-occupants whose fundamental interest is in the long-term operation of their business rather than undertaking lengthy and complex redevelopment projects which, even in the strongest of real estate markets, carries an element of risk; and
- The **physical characteristics** of sites must allow for viable redevelopment. Older areas in particular often have issues with site depth and lane access and the process of land assembly can be a long and arduous process. The actual site size, configuration and access as well as surrounding land uses must support intensification or economic viability is compromised.

Figure 26: Factors Required for Intensification to Occur



Source: Hemson Consulting Ltd.

Section 5: Conclusions and Recommendations

5.3 Housing Supply

As discussed, the likelihood of intensification taking place depends on the “fit” between a range of factors. While any one factor by itself may represent a *potential for intensification*, the probability of development occurring is low if the other factors are not in place. Put more simply: not all possible intensification opportunities are likely to be realized within a given planning horizon.

From a City of Hamilton perspective, there are only two factors – planning policy and services – that are within direct municipal control. The City cannot control the market, nor land ownership and development interests. There is no question that planning policy plays a key role in supporting intensification, but if the other factors are not in place the City simply cannot count on a specific amount of redevelopment occurring in any given time frame.

At the same time, demand for family-sized units will be strong. Of course, there are some families that do occupy larger apartments. However, this type of demand is a small part of the market and occurs under a unique dynamic with very high costs and urban amenity requirements. The majority of young families and ageing millennials will be seeking affordable ground-related starter homes, especially those moving to Hamilton from other locations in the GTHA: many of which will be coming from small apartments in Halton, Peel and Toronto.

As a result, intensification alone will not be enough. Both greenfield housing and intensification will be required to accommodate growth. Particularly in the case of greenfields, where demand outstrips available supply, the evidence is that the ground-related market tends to simply move to the next location rather than shifting into high-rise apartment units. If the supply of family-sized and smaller units is not balanced, there is a risk that the *Growth Plan* forecast will not be achieved, which has fiscal and regional planning implications.

Price Matters

Apartments are only more affordable than rows because they are smaller:

600 sq. Ft x \$540/sq. Ft =
\$324,000 Apartment

2,000 sq. Ft x \$350/sq. Ft =
\$700,000 Row House

A typical “family-sized” apartment costs about the same as a larger row house

1,300 sq. Ft x \$540/sq. Ft =
\$702,000 Apartment

An apartment the same size as a typical single-detached home is well beyond the price an average family would be able to afford

2,500 sq. Ft x \$540/sq. Ft =
\$1,350,000 Apartment

Note: Illustrative example of relative difference in cost by housing types, based on available information on typical unit sizes and price for the GTHA and City of Hamilton

Section 5: Conclusions and Recommendations

5.4 Implications and Risk

As discussed in Section 4, the *Growth Plan* anticipates an expanded economic and demographic role for the City over the period to 2051, which translates into significant change from a housing market perspective. Moreover, all municipalities in the GGH must use the *Growth Plan* forecasts as a minimum for long-range planning and growth management purposes, including the City of Hamilton.

Because of this requirement, there are important implications if the *Growth Plan* forecast is not achieved. For the City of Hamilton, there are potential fiscal and service delivery impacts associated with reliance on growth that does not occur as planned, especially in terms of intensification. There is also a risk that ground-related housing demand will simply move further afield – or ‘leapfrog’ – to the outer ring, which is not consistent with *Growth Plan* objectives. And while intensification is often held up as a way to save money on infrastructure, this is not always the case.

Growth Plan Target Is High From a Market Perspective

As illustrated by the demand outlooks, achieving even the minimum *Growth Plan* intensification target of 50% of new units inside the built-up area will require a significant shift in the composition of housing demand in favour of apartment units compared to the levels experienced historically.

The shift in housing mix required to achieve the *Growth Plan* target is quite dramatic in a relatively short period of time, and means that a significant number of family-oriented households would need to choose apartment living over more traditional ground-related forms. This choice, in turn, means a significant cultural shift in the local housing market. The ability of planning (even at the Provincial level) to actually compel this market shift is limited. It is also unclear what the incentive would be to pay significantly more per square foot for housing where more affordable ground-related options are readily available elsewhere in the regional market.

250 units

Historic annual apartment unit completions, City of Hamilton 2001 – 2021 (est.) based on updated *Growth Plan* forecasts.

1,400 units

Average annual apartment unit completions required to achieve *Growth Plan* Target of 50% intensification within the built-up area



Market Demand

The rate of apartment unit growth in Hamilton must increase substantially compared to the past in order to achieve the minimum *Growth Plan* target of 50%.

Section 5: Conclusions and Recommendations

5.4 Implications and Risk

There are Risks to Planning for Rapid Shifts in the Nature of Housing Demand

For decades, municipalities in the GTHA have sought to increase intensification through land use planning policy. Recent market shifts favouring higher-density housing forms reflect the influence of these policies, along with price and age structure on housing demand, all of which is anticipated to continue. As discussed in Section 2, for the GGH the shift to date has been significant.

The *Growth Plan*, however, seeks to further shift housing demand to advance goals related to the physical and social character of the community, transportation and the urban landscape. However, there are risks associated with planning to achieve significantly higher levels of intensification: mainly that planned amount and mix of new housing does not develop according to plan:

- Planning for a level of intensification that is beyond reasonable market expectations could lead to a mismatch between family-based housing demand and the supply of units serving family versus non-family needs;
- Such a mismatch, in turn, may lead to land supply shortages and make it difficult for the municipality to accommodate all segments of the housing market with the result that the *Growth Plan* forecast may not be achieved; and
- In turn, growth-related revenue (mainly Development Charges) may be lower than expected, which could lead to fiscal and service delivery challenges including inefficient infrastructure investments and difficulty in establishing front-ending agreements. Municipalities have recently experienced significant shortfalls in fee revenue as a result of the COVID-19 Pandemic.

As is often the case in land use planning, a balance must be struck between setting goals that are desirable from a social, economic or community form perspective, while not reaching too far and creating unintended consequences.

Price Matters (again...)

Rising home prices and worsening affordability are phenomena occurring across Canada and the United States for a number of complex economic reasons.

By limiting the available land supply, the *Growth Plan* has the effect of further shifting the price structure of housing to make lower-density forms relatively less attractive and thereby encouraging a more compact urban form.

Pushing the price mechanism too far, however, could lead to unintended consequences including worsened housing affordability, difficulty in achieving the *Growth Plan* forecasts and a more dispersed pattern of regional growth in the GGH.

Section 5: Conclusions and Recommendations

5.4 Implications and Risk

An Overly Aggressive Target Could Have Unintended Consequences

Much of the discussion and analyses to date around *Growth Plan* targets tend to assume that the Schedule 3 forecasts will be achieved no matter what other policies are in place: or, that simply having the 'right' planning policies in place will result in more intensification. While the right policies are important, an overly aggressive target could have unintended consequences:

- An overly aggressive target may inadvertently **encourage a more dispersed pattern of urban development** by 'pushing' growth further afield, which is contrary to *Growth Plan* objectives. In our view, Hamilton is better suited to accommodate this growth because of its urban structure, strategic location, and developed multi-modal transportation connections within the broader region;
- Planning for a higher target, in and of itself, is unlikely to increase intensification. Most intensification will occur in accordance with market demand, supported by planning policy and approvals at the local level. The likelihood of success can be increased through efforts to improve the attraction of the built-up area for new investment through the provision of infrastructure, especially transit infrastructure. However, there is still **a risk that the planned units will not materialize**.
- Finally, **intensification does not always make better use of existing infrastructure** or is necessarily less 'costly' as is often suggested. Broadly speaking, it is primarily the cost of "linear" or spatially-driven services that is affected. The cost of "people-oriented" services tends to be less affected since these are required regardless of specific housing forms. Similarly, community services and other infrastructure can be more challenging and costly to deliver in an intensified urban environment, as demonstrated by the experience of the City of Toronto "Condo Boom".

If the goal is to increase the amount of intensification that *actually occurs*, the focus needs to be on the demand side of the equation, in particular improving the City's attraction as a location for higher-density living.

Unexpected outcomes

The City of Toronto "Condo Boom" has:

Led to a **critical shortage of park space**, which will only worsen over time even with the completion of the large "Rail Deck" park over the Union Station rail corridor and other open space investments.

Required **massive investments in water and sewer infrastructure** to accommodate increased loads from the rapidly densifying urban core

Created an environment where the provision of **new community facilities are very expensive**: especially new recreation facilities, libraries, and schools

Section 5: Conclusions and Recommendations

5.5 Recommended Intensification Target

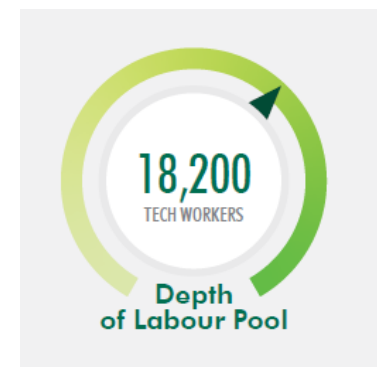
Based on these conclusions, it is recommended that an intensification target of 50% be adopted and that the City focus on further improving its attraction for higher-density living. The target of 50% is just beyond the high-end of the range of forecast market demand, so is considered a suitable aspirational goal. A higher target could be considered later in the planning period, with ongoing monitoring and reporting as development progresses.

Target of 50% is a Suitable Aspirational Goal

As noted, the *Growth Plan* target of 50% intensification is at the high-end of the forecast demand range. It represents a significant increase in the overall amount of housing unit growth, and a major change to the mix of that future housing in favour of apartments. From a pure market perspective, taking into account historic levels of development activity, a more 'balanced' growth scenario might be somewhere between the Current Trends forecast (at 40% intensification) and the *Growth Plan* target (at 50%).

At the same time, however, the City of Hamilton is clearly in a strong position to shift the historic pattern of development towards denser and more urban forms. As described in Section 3, City is very well-suited for intensification as a result of its expanding role in the metropolitan economy – especially the rapidly growing technology and creative sectors – combined with a large potential supply of sites within the built-up area, an up-to-date and modernized planning policy framework, and a range of complementary financial and other incentive programs encouraging new investment and redevelopment.

For these reasons, **the *Growth Plan* target of 50% intensification is a suitable aspirational goal** and is recommended for current planning purposes.



The City's rapidly growing 'Tech' sector is one of the most promising indicators of intensification potential over the next 20 years.

Source: 2019 *Scoring Canadian Tech Talent*, CBRE Research

Section 5: Conclusions and Recommendations

5.5 Recommended Intensification Target

Key to Success is Improving the City's attraction for higher-density living

To encourage new development, the City should continue to focus on the economic factors and local conditions that serve to improve Hamilton's relative attraction for intensification in the market. Of key importance are:

- **Employment growth**, especially office-type employment in the technology sector and the burgeoning arts, culture and creative industries which attract younger professionals and tend to cluster in central City areas.
- A **high-quality urban environment**, including an attractive public realm and amenity-rich and accessible work environments that attract talent and young workers and, in turn, major employers to be close to their prospective workforce;
- **Transit investment**, especially early investment to stimulate demand and integration of transit with the road network to limit business disruption and promote convenient commuting options from the widest possible range of locations;
- **Access to amenities**, including restaurants, shopping, entertainment, business and commercial support services, personal services and related institutions such as health care, arts and higher education; and
- **Financial and other incentives** to encourage new development, including current grant and development charge reduction programs.

There is no question that the City of Hamilton, perhaps more so than most other locations in the southwest GGH, is well-positioned to accommodate more intensive forms of development. And the City is currently engaged in many activities to actively promote more intensive forms of development. There are, however, **limits to the level of change that can be reasonably achieved** within the current planning period. To increase intensification, proactive efforts must continue to be made to support the City's real estate markets through all available means, including planning tools, financial and other incentives to encourage redevelopment and sustained economic development and investment attraction initiatives.



STRATEGIC
INFRASTRUCTURE
INVESTMENT
FOR ECONOMIC
GROWTH



VIBRANT
COMMERCIAL AND
CULTURAL DISTRICTS
AND PLACES

Section 5: Conclusions and Recommendations

5.5 Recommended Intensification Target

A Balanced Approach Should be Taken

While accommodating more residential growth through intensification advances a number of sound planning objectives, it is also important to provide an appropriate amount of greenfield development lands to accommodate all housing market segments. Intensification, in and of itself, is not the only goal of the *Growth Plan*, which seeks to strike a balance between the economy, the environment and the development of 'complete communities'.

As discussed in Section 3, the City of Hamilton will need to maintain a high rate of growth to achieve the *Growth Plan* population forecast of 820,000 in 2051. A balanced supply of housing to meet both family and non-family needs will be required to accommodate this growth. If a balanced supply is not made available, the *Growth Plan* forecast may not be achieved which could present fiscal and service delivery challenges for the City. There is also the potential for the market to simply move further afield, creating a more dispersed pattern of growth and development that is not consistent with *Growth Plan* objectives.

As such, a higher intensification target could be considered for later in the horizon but is not recommended for current planning purposes. In the short term, aligning the City's infrastructure, readiness for development and revenue streams will be enough of a challenge, especially in a post COVID-19 recovery context. If the goal is to increase the amount of intensification that actually occurs, the focus must be on improving the City's attraction as a location for higher-density living within the GTHA. Regular MCR and official plan updates will provide ample opportunity to monitor and report on progress over the period to 2051 and adjust the City's intensification target as may be required.

Outlook for intensification is positive

Hamilton is well-positioned to capture demand

***Growth Plan* target embodies a major market shift**

A higher target may be considered for later in the planning horizon

Improving the City's attraction for new investment is key to success

