

March 5, 2021  
Delivered via email

**City of Hamilton**

Heather Travis, Senior Project Manager  
 Policy Planning Division - Growth Management Strategy  
 71 Main Street West, 4<sup>th</sup> Floor  
 Hamilton, ON L8P 4Y5

**West End Home Builder's Association | Submission on GRIDS 2, MCR and LNA**

The West End Home Builders' Association (WE HBA) is the voice of the land development, new housing and professional renovation industries in Hamilton and Halton Region. The WE HBA represents nearly 300 member companies made up of all disciplines involved in land development and residential construction, including: builders, developers, professional renovators, trade contractors, consultants, and suppliers. The residential construction industry employed over 27,300 people, paying \$1.7 billion in wages, and contributed over \$3.0 billion in investment value within the Hamilton Census Metropolitan Area in 2019.

Our industry is constantly facing challenges that affect our ability to build the necessary supply of new housing to meet growing demand for a variety of housing options in Hamilton. Today, during a global pandemic, this has become even more challenging with housing of all types and tenures becoming more expensive, making home ownership less attainable. The WE HBA strongly believes that a healthy housing system only exists when all levels of government work together with the private sector to ensure the right mix of housing choices and supply that provide all residents' shelter needs through their full life cycle.

Within this context, the WE HBA appreciates the opportunity to provide feedback on the Land Needs Assessment, as part of the GRIDS 2 and MCR process. WE HBA has participated in past consultations in the GRIDS 2 / MCR Process and is pleased the City is advancing a market-based approach through the Land Needs Assessment Analysis, as is required by the Ministry of Municipal Affairs and Housing. The WE HBA appreciates that professional planning staff at the City of Hamilton recognize that an urban boundary expansion will be required to accommodate population growth to the year 2051. With this submission, WE HBA is offering our comments on the City of Hamilton's Land Needs Assessment, focusing on our preferred intensification target of 50 % to 2051, and our concerns about the public policy ramifications of a potential increased intensification target of greater than 50% to 2051.



## **Provincial Context**

Ontario's Greater Golden Horseshoe is Canada's primary economic engine and is the fastest growing region in the country. It also contains some of Canada's best farmland and natural features. As such, it is critical that the Growth Plan work with the *Planning Act*, *Provincial Policy Statement*, *Greenbelt* and other Provincial Plans to provide a broad, long-term, and comprehensive planning framework that promotes employment growth and an appropriate supply of housing, while protecting our most valuable environmental resources. The City of Hamilton is well positioned through the provincial planning framework to accommodate a range of new housing supply opportunities through both greenfield development opportunities and through intensification. The City of Hamilton is also well positioned to balance this new growth with strong environmental protections that exist in the 83,674 hectares (836 km<sup>2</sup>) of already protected land designated in the City boundaries within the provincial *Greenbelt*.

Going forward it is critical to ensure that a clear, transparent, and effective public policy framework exists to guide and support the extensive and unwavering growth this region continues to experience. A properly functioning housing system should provide stability to both renters and owners, at prices people can afford and in the choice that meets their needs. The housing system must also be able to respond to meet projected demographic and market requirements for current and future residents. The Greater Golden Horseshoe is forecast to welcome 4.6 million new people over the in the next three decades, and the City of Hamilton through Schedule #3 of the Growth Plan is required by the provincial planning framework to plan to accommodate 236,000 additional people by 2051.

To put the Greater Golden Horseshoe growth forecasts into context, this is the equivalent of the entire population of Greater Montreal moving to this region over the next three decades. Growth of this magnitude provides both challenges and opportunities for the City of Hamilton. It is absolutely critical that the City of Hamilton recognize the magnitude of growth that is coming, and to make realistic and achievable plans to ensure the city is positioned to absorb this population and economically thrive from the opportunities the coming decades will bring this growing region.

While the pandemic has created some degree of uncertainty, it is important for the City of Hamilton to recognize that the provincial planning policy framework for which conformity with the policies of the Growth Plan is required to the planning horizon of 2051, is underpinned by strong technical demographic analysis by Hemson Consulting. The new market-based approach of the Land Needs Assessment is now in place to better ensure that long-term planning for housing supply is better aligned to housing demand to avoid market distortions that can arise if long-term supply is not planned in a balanced manner. Recognizing that local needs are diverse, the methodology provides the key components to be completed as municipalities plan to ensure that sufficient land is available to accommodate all housing market segments; avoid housing shortages; and consider market demand. The LNA examines household formation rates for different age groups and forecasts housing needs by dwelling types to ensure through the MCR process that municipalities are appropriately planning for diverse housing supply requirements including both high density and ground-oriented housing product. Furthermore, the WE HBA notes that despite the pandemic, the federal government continues to have in place ambitious immigration targets that significantly exceed the targets of previous federal governments; therefore it is critical to continue to appropriately plan for long-term growth.

Demographic and economic research published recently by Michael Moffatt demonstrate that over the last decade, not only have municipalities within the Greater Golden Horseshoe been growing at a significant rate, but that growth has in fact been accelerating.

## Ontario Population Growth – Comparing 2010-15 to 2015-20

Sources of Pop Growth	2010-15	2015-20	Chg
Natural	236,040	174,539	-61,501
Net Immigration	387,916	532,607	144,691
Net Non-Permanent	68,135	290,784	222,649
Net Interprovincial	-51,778	39,395	91,173
Net Intraprovincial	0	0	0
Residual Deviation	-68,973	-10,429	58,544
<b>TOTAL</b>	<b>571,340</b>	<b>1,026,896</b>	<b>455,556</b>

Source: Ontarians on the Move - Michael Moffatt: Senior Director, Smart Prosperity. Assistant Prof, Ivey Business School

This acceleration has also been experienced within the City of Hamilton with the population growing by 2.8% between 2010-15 and accelerating to a 6.3% increase between 2015-20. Economist Michael Moffatt has further noted that patterns of growth are shifting as there is an exodus of young families out of both the Toronto and parts of the Greater Toronto Area, moving to places like Woodstock and Stratford, in search of more affordable real-estate. As the cost of real estate in the City of Toronto and parts of the GTA reaches for the stratosphere, the City of Hamilton could come under even further pressure to accommodate even higher rates of growth than is currently forecasted. Unfortunately, the rate of growth and demographic demand over that last decade has vastly outpaced the ability of the residential construction industry to keep pace. A mismatch between housing supply and demand has contributed to an escalation in housing prices and rents in many parts of Ontario including Hamilton. The accelerating rate of population growth and migration dynamics that have changed substantially over the last five years has caused some of the chaos in the housing market, as growth is exceeding our ability to plan and build new housing. The current GRIDs/MCR/LNA process is therefore absolutely critical to “get right” in terms of adequately planning for a diversity of housing typologies and communities to meet the incredible volume of growth coming our way.

### Community Land Needs Assessment

The West End Home Builders’ Association appreciates the work of City Staff to produce a variety of options as part of the public consultation process to demonstrate the impacts of different public policy options in terms of density and intensification targets.

#### *Current Trends*

The WE HBA notes that current intensification trends in the City of Hamilton, since the inception of the 2006 Growth Plan is currently at 40%. Should these trends continue to 2051, it would result in a land need of 3,440 hectares. While the WE HBA recognizes that an intensification rate of 40% to 2051 does not achieve the goals of the Growth Plan, the City and the public should recognize that even achieving the new minimum target of 50% will not be a simple task. It will require significant changes in approaches to planning policy going forward. Even the 40% rate of intensification did not occur in a vacuum without



significant effort. The current intensification rate is being achieved a decade and a half after the initial Growth Plan and three separate reviews of the Provincial Policy Statement with each version of the PPS being more supportive of intensification. Paired with this, numerous local policy changes and major shifts in marketplace sentiments towards urban living have contributed to the 40% intensification rate. While the WE HBA looks forward to further public policy evolution and a greater focus on intensification, it should not be lost on public policy makers or public observers that significant changes and steps have occurred over the past decade. Increasing the rate of intensification is not a simple task and will require other public policy adjustments beyond the Official Plan itself.

#### *Growth Plan Minimum*

The WE HBA recognizes that based on current trends, the Growth Plan minimum of 50% intensification is an ambitious target for the City of Hamilton and will require a land need of 2,200 hectares through urban boundary expansion. WE HBA supports the City of Hamilton adopting an intensification rate of 50% to 2051. Since this scenario represents a shift to higher densities than market demand currently projects, the City of Hamilton will need to improve the attraction of investment to support higher densities. The City can do this through enhanced local planning policy frameworks that support intensification. The planning framework should not only support higher levels of density in nodes and corridors, but also have a more permissive approach to “gentle density” within established neighbourhoods. The City of Hamilton will also need to invest in the provision of infrastructure, including higher order transit to support Transit Oriented Development.

#### *Increased Targets*

The WE HBA recognizes that the *Increased Targets* scenario projects that to 2031 an intensification rate of 50% is projected, with targets projected to increase to 55% to 2041, and 60% to 2051. Even with these very ambitious intensification targets, 1,640 hectares of land will be required to be brought into the urban boundary. WE HBA has some concerns with this approach being achievable. If this scenario is selected as the preferred option, WE HBA would welcome further discussion on how to make this scenario work from a public policy perspective. A 50% intensification target to 2051 set out in the Growth Plan Minimum Scenario already represents a major divergence from current market trends. The WE HBA notes that if this option for increased targets is selected, the City will have to revisit its entire approach to city building. Hamilton will need to make significant amendments to as-of-right zoning permissions downtown, and other nodes and corridors, including allowing new forms of housing within existing established communities. Such an approach will require a very different approach by City Councillors to the politics of intensification and NIMBYism.

#### *Ambitious Density*

The Ambitious Density scenario (50% to 2031, 60% to 2041, 70% to 2051) would represent a significant shift in intensification and infill for the City of Hamilton and would still require an urban boundary expansion of 1340 hectares. By 2051, the share of apartment buildings in Hamilton would be 47% of the housing stock, but there would be a significant shortfall of ground-related housing. This approach will require a substantial cultural shift in housing preferences and a recognition by the City that market distortion will cause significant increases in the cost of ground-oriented housing. WE HBA cautions that this approach poses significant risk to the City of Hamilton with regards to planning for types of growth that may not occur. WE HBA would like to remind the City of Hamilton that planning for a higher rate of intensification significantly outside of market demand is unlikely to result in built intensification. The WE HBA strongly recommends the City not adopt such an unrealistic growth planning scenario.

#### *WE HBA's Preferred Scenario*

The WE HBA is supportive of the City of Hamilton adopting the minimum targets established in the Growth Plan for a 50% intensification target within the built-up area. WE HBA recognizes that given historical rates of intensification, an intensification rate of 50% will already be an ambitious target to achieve and represent a major shift to the mix of future housing. As a result, the City will need to change their approach to how medium and high-density housing projects are planned for in a local political environment that can be challenging. In an environment where housing of all types and tenures is becoming more expensive, and pricing more people out of the market, the WE HBA believes the City has an important opportunity to plan for growth in a way that is more economically sustainable. A healthy and sustainable housing system exists when a city has the right mix of housing choices and supply that can address all residents' shelter needs. This will ultimately help Hamilton become a destination of choice to raise a child, open a new business, and age-in-place successfully. This will involve planning for both intensification within the current urban boundary as well as new greenfield communities provided through an expansion of Hamilton's urban boundary.

**Potential Intensification Targets Over 50% to 2051**

The WE HBA would be very concerned with respect to an approach for an intensification target of greater than 50% to 2051. While the WE HBA appreciates there are different perspectives from diverse stakeholder groups, we would like to reiterate that the Growth Plan target of 50% is ambitiously high from a market perspective. It is also high given historical trends in Hamilton since the Growth Plan was first established in 2006. There are significant risks to the City in planning for unrealistic growth scenarios if significant levels of high-density housing absorption do not occur. This can impact land supply, growth related development charges revenue, costs of municipal services, and property tax assessment growth. Planning for unrealistic growth scenarios also presents risks in terms of planned infrastructure investments that do not match the amount or type of growth realized.

Conversely, if growth does occur at significantly higher intensification rates, there is a risk of over development causing significant infrastructure stresses for certain pockets of the City. WE HBA notes that the December 2020 Lorus Report referenced in their commentary on Toronto's "Condo Boom" along the waterfront as a caution for the City of Hamilton. Should the City adopt an intensification rate as projected in the *Increased Targets* or *Ambitious Density* scenarios, there will be a massive paradigm shift required for all City departments, all City policies, and planned infrastructure investments. While WE HBA would welcome dialogue and consultation on such a public policy paradigm shift, we caution that our members experience in bringing medium density or even missing middle housing opportunities into existing communities has been politically challenging. Achieving much higher rates of intensification without negatively impacting both housing affordability and neighbourhood stability will not be possible. Again, the WE HBA would welcome dialogue and consultation on such an approach, but professional City Staff and City Councillors would need to be prepared for an entirely different approach to infill and intensification going forward. As a key partner to the City of Hamilton in the delivery of new housing units, WE HBA wishes to ensure we can effectively work together towards the goal of affordable and sustainable housing choices for a growing population.

**Supporting the City's Intensification**



WE HBA wants to reinforce that if the City of Hamilton is to adopt an intensification rate of 50% to 2051, it will represent a paradigm shift that requires greater public policy alignment and tools to support intensified growth. WE HBA notes that in the December 2020 City of Hamilton *Residential Intensification Market Demand Analysis* by Lorius and Associates an intensification rate of 50% was recommended as a suitable aspirational goal for growth to 2051. To support this ambitious target, the City will need to address a wide variety of policy concerns to ensure strategic alignment between all municipal departments and services. In particular, the City of Hamilton will need to focus on improving the attraction of investment from the private sector to support higher density living. The City can do this through ensuring planning policy alignment and financial tools to enable a greater range of infill, mid-rise, and high-rise built forms. The City can also attract investment through the adoption of financial tools such as modern pay-on-demand surety bonds. In addition to this, ensuring required infrastructure and community services are available to accommodate growth is important. This will ensure WE HBA's members are well positioned to invest in Hamilton and align themselves with the City in the requirement to plan housing for an additional 236, 000 people, while ensuring a vibrant and complete community for current and future residents.

### **Urban Boundary Expansion**

The WE HBA appreciates that through preliminary analysis of the Land Needs Assessment process, City Staff recognize the reality of the situation for which Hamilton will require an urban boundary expansion to meet the Growth Plan targets to 2051 in all proposed scenarios. WE HBA supports the expansion of the City of Hamilton's urban boundary as specified in the Growth Plan 50% intensification scenario. WE HBA cautions the City that pursuing intensification at a higher than recommended level may have perverse public policy consequences. It may encourage leapfrog low-density development patterns, as market forces and a demand for ground-oriented housing push urban development outside of the City's current and proposed future urban boundary to outer ring communities beyond the greenbelt. This scenario is already occurring through a flight to affordable ground-oriented housing options in communities such as Paris, Woodstock, and St. Thomas. These communities have been experiencing very high levels of growth in the past few years due in part to economic displacement from the GTHA. Unfortunately, many people moving to these communities are still commuting to Hamilton or Toronto contributing to higher levels of GHG emissions. Given this, it is important for the City of Hamilton to plan for an adequate and appropriate range of housing as is required and established through the provincial market-oriented Land Needs Assessment.

### **Conclusion**

The COVID-19 Pandemic has further emphasized the importance and need to plan for the necessary supply of adequate and affordable housing for all residents. The WE HBA would like to emphasize our willingness to work collaboratively with the City to plan for and to accommodate the substantial growth that the City of Hamilton is projected to receive. WE HBA believes that by working together with the right public policy framework, our members are well positioned to help contribute to the COVID-19 economic recovery through the provision of both housing and local employment opportunities.

Sincerely,



Mike Collins-Williams, MCIP, RPP  
Chief Executive Officer  
West End Home Builders' Association