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September 17, 2021

Steve Robichaud
Chief Planner and Director of Planning
Planning Division
Planning and Economic Development
City of Hamilton

*Sent via email***Re: City of Hamilton Land Needs Assessment Technical Update**

Dear Steve Robichaud:

Thank you for circulating the City of Hamilton Land Needs Assessment Technical Update ("technical update"). The Ministry of Municipal Affairs and Housing ("the Ministry") wishes to acknowledge the significant amount of work that has gone into preparing the City's draft land needs assessment materials to date.

The comments below are intended to assist the City in its Municipal Comprehensive Review (MCR) and conformity with A Place to Grow: The Growth Plan for the Greater Golden Horseshoe ("A Place to Grow") and the Land Needs Assessment Methodology for the Greater Golden Horseshoe, 2020 ("LNA Methodology").

In November 2020, the City of Hamilton shared the Draft Land Needs Assessment to 2051 with Ministry staff for preliminary review. The draft included three scenarios (*Growth Plan Minimums*, *Increased Targets*, *Ambitious Density*) based on varying intensification and density targets. In a letter to the City dated December 15, 2020, the Ministry's Ontario Growth Secretariat noted that each of the three scenarios included in the draft appeared to conform to the LNA Methodology.

In March 2021, City staff recommended that Council adopt the *Ambitious Density* scenario which implements a 60 per cent annual intensification target and a designated greenfield area density target of 77 residents and jobs combined per hectare. The *Ambitious Density* scenario creates a total land need of 1,310 gross hectares to 2051. Council deferred their decision on the City's Draft Land Needs Assessment to 2051 and

directed staff to undertake additional analysis on a *No Urban Boundary Expansion* scenario (no new land need to 2051).

In July 2021, the technical update was issued to City staff. In summary, the technical update outlines preliminary findings that, if adopted, the *No Urban Boundary Expansion* scenario would produce a shortfall of approximately 59,300 ground-related units.

The Ministry understands that the City is seeking input on whether the *No Urban Boundary Expansion* scenario, as described in the technical update, would conform to A Place to Grow and the LNA Methodology. Ministry staff have evaluated the technical update and wish to provide the following comments.

Municipalities are required to determine the need to expand their settlement area boundaries using the LNA Methodology issued by the Minister in accordance with policy 2.2.1.5 of A Place to Grow. The LNA Methodology requires municipalities to ensure that sufficient land is available to accommodate market demand for all housing types including ground-related housing (single/semi-detached houses), row houses, and apartments. This requirement is consistent with direction in the *Provincial Policy Statement, 2020* and Section 2.1 of A Place to Grow. Ministry staff acknowledge that the *No Urban Boundary Expansion* scenario is likely to bring about a shortage in land available to accommodate forecasted growth in ground-related housing. Ministry staff further acknowledge that the City's residential intensification analysis (included in the Residential Intensification Market Demand Report) has found that the City is unlikely to achieve the necessary level of apartment unit construction from a market demand perspective. As such, the *No Urban Boundary Expansion* scenario appears to conflict with the objective of the LNA methodology to "provide sufficient land to accommodate all market segments so as to avoid shortages" (pg. 6).

The *No Urban Boundary Expansion* scenario may cause a misalignment with forecasts in Schedule 3 of A Place to Grow as residents seek ground-related housing in municipalities where there may be sufficient supply. Schedule 3 forecasts, or higher forecasts established by municipalities, are to be the basis for planning and growth management to the Plan horizon. The City is required to demonstrate that it is planning to accommodate all forecasted growth to the horizon, including satisfying the direction in A Place to Grow to support housing choice through the provision of a range and mix of housing, as per policies 2.2.1.4 and 2.2.6.1. The LNA Methodology also prohibits planning for population or employment in a manner that would produce growth that is lower than Schedule 3 of A Place to Grow.

Further to the above, the Ministry has additional concerns regarding potential regional implications of the *No Urban Boundary Expansion* scenario, if adopted. The shortfall of

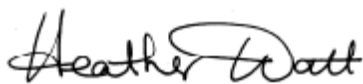
available land and ground-related units that could be created as a result of the *No Urban Boundary Expansion* scenario may cause forecasted growth to be redirected away from the City of Hamilton into other areas that are less suited to accommodate growth. This may have broader regional impacts on prime agricultural areas, natural systems and planning for infrastructure given the lower intensification and density targets applicable to outer ring municipalities that would likely receive pressure to accommodate forecasted growth. As noted in the technical update, the City of Hamilton is well suited to accommodate growth due to its urban structure, strategic location and multi-modal transportation connections.

Ministry staff also wish to acknowledge the strong growth management principles that underpin the City's *Ambitious Density* scenario. The *Ambitious Density* scenario appears to balance market-demand for different housing types while also implementing an intensification target (60 per cent) and a designated greenfield area density target (77 residents and jobs combined per hectare) which exceed the targets set out in policy 2.2.2.1 and 2.2.7.2 of A Place to Grow.

Based on Ministry staff review and analysis of the City's draft Land Needs Assessment and the technical update, it appears that the *No Urban Boundary Expansion* scenario poses a risk that the City would not conform with provincial requirements.

The Ministry looks forward to receiving the City's draft Official Plan as the July 1, 2022 conformity deadline approaches. In the meantime, please contact me by email at: (heather.watt@ontario.ca), or by phone at: 437-232-9474, should you have any further questions.

Best regards,

A handwritten signature in black ink that reads "Heather Watt". The signature is written in a cursive, flowing style.

Heather Watt
Manager, Community Planning and Development, Central Region Municipal Services
Office
Ministry of Municipal Affairs and Housing

c. Ontario Growth Secretariat, MMAH



Hamilton

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August 13, 2021

Heather Watt
Manager, Community Planning and Development
Ministry of Municipal Affairs and Housing
777 Bay Street, 13th floor
Toronto, ON M7A 2J3

Dear Madam,

Re: City of Hamilton Land Needs Assessment and No Urban Boundary Expansion Growth Option

Further to the meeting held on August 9, 2021 between City of Hamilton and MMAH / OGS staff, the City is requesting Provincial input on matters related to the City's Draft Land Needs Assessment to 2051 (dated March 2021) and Technical Update (dated July 21, 2021) completed by Lorus & Associates.

The City's December 2020 (updated in March 2021) [Draft Land Needs Assessment \(LNA\)](#) modelled three scenarios: Growth Plan Minimum (50% intensification, new DGA density of 65 pjh); Increased Targets (55% intensification, new DGA density of 75 pjh); and the Ambitious Density Scenario (60% intensification, new DGA density: 77 pjh). The No Urban Boundary Expansion (NUBE) Scenario was not modelled in either the December 2020 or March 2021 LNA.

The three land needs scenarios were reviewed by the Ministry in December 2020. The Ministry confirmed, in a letter dated December 15, 2020, that the draft LNA conformed to the Provincial Land Needs Assessment Methodology. In particular, it was noted that the draft LNA conformed to the Provincial method by considering market demand across a range of housing types, implementing the Schedule 3 forecasts, and that all three scenarios supported the minimum density and intensification targets established in A Place to Grow for the City of Hamilton.

Within this context, however, it is important to stress that the amongst the three scenarios under consideration, the Ambitious Density scenario represents a particularly aggressive approach to conformity to the *Growth Plan* in terms of the high amount of intensification and density of new DGA development anticipated, as well as the level of population-related employment and community area (non-residential) lands to be accommodated in new communities.

Similarly, for Employment Area land needs, the March 2021 LNA also envisions a very efficient pattern of land use including a much more optimistic outlook for major office growth, specific intensification expectations including 5,000 net new jobs in the Bayfront industrial area and 100% development of the existing land supply.

Taken together, the Ambitious Density inputs represent a plan to achieve a much more intense and compact urban form compared to the past, in accordance with *Growth Plan* objectives to optimize the use of the existing urban land supply and avoid over-designating land for future urban development while still planning to achieve the Schedule 3 Growth Plan forecasts. As such, the Ambitious Density Scenario has been recommended by staff as a basis for the City's conformity work.

A NUBE Scenario is now also being considered as a potential growth option in accordance with City Council direction arising out of the March 2021 GIC meeting. Lorius & Associates has provided a Technical Update to the draft LNA, attached to this letter, which provides a high-level discussion of the NUBE Scenario, including the housing market shifts required and other growth management implications.

Preliminary modelling of the NUBE Scenario indicates a shortfall of nearly 60,000 ground-related units that would need to be 'shifted' into family-sized apartment units in order to achieve the Schedule 3 forecasts, as shown in the Table below. According to Lorius and Associates, and for reasons explained in more detail in the March 2021 *Residential Intensification Market Demand Analysis* Report, this magnitude of market shift is unlikely to occur. A copy of this report can be accessed at the City's [webpage](#).

Ground-Related Housing "Shifts" Into Apartments Required by LNA Scenario			
Unit shifts and share of net new housing growth to 2051 (110,320 units)			
LNA Scenario	Intensification target	Ground-related units shifted to apartments	Ground-related share of growth
Market-Based	n/a	0	75%
Growth Plan Minimum	50%	20,730	57%
Increased Targets	55%	24,800	53%
Ambitious Density	60%	28,900	50%
No Urban Expansion	n/a	59,300	22%

Source: Lorius and Associates based on March 2021 LNA report, forecasts and other information from Hemson Consulting Ltd. and City of Hamilton Staff, 2021.

It is also our understanding that the purpose of the LNA methodology is to provide a specific quantum of lands to accommodate all market segments through the provision of a 'market-based' supply of housing "to the extent possible". While there is some latitude in the specific inputs to be used, the LNA inputs must be based on the Schedule 3 forecasts at a minimum. According to the mandated LNA method, lower forecasts are not permitted as they may lead to land supply shortages.

Under a NUBE Scenario, based on demographic and economic considerations as noted in the *Residential Intensification Market Demand Analysis* Report there is a real risk that the population growth to 2051 that would otherwise have been accommodated in the associated ground-related housing units will simply be 'redirected' away from Hamilton, most likely to other locations within the southwest GGH. Such a redirection would result in a regional misalignment of the Schedule 3 forecasts that are intended to be the basis for planning and growth management at the single- and upper-tier level.

For the City of Hamilton, therefore, the NUBE Scenario would likely have the effect of 'under planning' for growth relative to the Schedule 3 forecasts which is not permitted under the mandated LNA method. The no expansion scenario also represents a significant change from the *Ambitious Density* Scenario, which already represents quite an aggressive approach to planning within a *Growth Plan* context from both a Community and Employment Area perspective.

In consideration of the above points and the information on the NUBE Scenario contained in the attached Technical Update memorandum, the City is requesting Provincial input on the conformity of the four modelled LNA scenarios (Growth Plan Minimum, Increased Targets, Ambitious Density and No Urban Boundary Expansion) with the Land Needs Assessment Methodology.

We would appreciate input on this matter by **September 17, 2021**.

If you have any questions or comments, please feel free to contact Heather Travis at (905) 546-2424, ext. 4168, or by email at Heather.Travis@hamilton.ca, or myself at (905) 546-2424, ext. 4281.

Yours truly,

Heather Travis for

Steve Robichaud
Director of Planning and Chief Planner
Planning Division
Planning and Economic Development Department
City of Hamilton

Memorandum

Date:	July 21, 2021
To:	Heather Travis, Senior Project Manager Growth Management Strategy Policy Planning & Zoning By-Law Reform Section, Planning Division
Cc:	Steve Robichaud, Chief Planner and Director of Planning
From:	Antony Lorius
Subject:	City of Hamilton Land Needs Assessment (LNA) Technical Update

Purpose

The purpose of this memorandum is to provide an update to the City of Hamilton Land Needs Assessment (LNA) to 2051 in regards to two matters: the forecast for detached Secondary Dwelling Units such as “Laneway Houses” and “Garden Suites”; and the “No Urban Boundary Expansion” Scenario. These two matters have implications for the results of the March 2021 LNA and the City’s ongoing growth management process.

Background and Context

December 2020 Draft Land Need Scenarios

As you know, the LNA is being undertaken to support the update of the Growth-Related Integrated Development Strategy (the GRIDS 2 update) and the Municipal Comprehensive Review (MCR) over the period to 2051. The draft results were presented to the City’s General Issues Committee (GIC) on December 14th, 2020. Three main scenarios were identified based on varying residential intensification (RI) targets and greenfield density inputs:

- The *Growth Plan Minimum* Scenario, which is based on an average of 50% of new units inside the built boundary and a density of 65 residents and jobs combined in new greenfield areas; which resulted in a land need of **2,200 gross ha**;
- The *Increased Targets* Scenario; which is based on an average of 55% of new units inside the built boundary and a density of 75 residents and jobs combined in new greenfield areas; which lowers the land need to **1,640 gross ha**; and

- The *Ambitious Density* Scenario, which is based on still higher rates of RI (an average of 60% of new units inside the built boundary) and density in new greenfield areas (77 residents and jobs combined per ha), which lowers land need further to **1,340 gross ha**.

An illustrative *Current Trends* scenario was also prepared to show the results of a lower intensification target (40% of new units). However, this scenario is not considered suitable given the potential for Hamilton to shift the pattern of development towards denser urban forms. Similarly, the no urban expansion option was not modelled at the time. In our view, a no expansion option does not meet Provincial planning policy requirements and is not considered good planning.

The Ministry of Municipal Affairs and Housing has reviewed the draft LNA and provided preliminary comments in a letter dated December 15, 2020. Among other matters, Provincial staff confirm that the draft LNA conforms to the requirements of the mandated method for completing the analysis, in particular the need to consider market demand across the range of housing types. Provincial staff also notes that the three draft scenarios support the minimum density and intensification targets established in *A Place to Grow* (2020) for the City of Hamilton.

March 2021 *Ambitious Density* Scenario Recommendation

Following the December 2020 GIC meeting, data updates and other minor revisions were made to the draft LNA. Final results were presented to the City's GIC on March 29th, 2021. City staff recommended that Council adopt the *Ambitious Density* Scenario, which represents an aggressive approach to growth management from a planning perspective. In particular:

- The *Ambitious Density* Scenario is based on a substantial increase in the total amount of RI that occurs over the period to 2051. This expectation has the effect of substantially reducing the amount of urban expansion lands required to accommodate growth;
- Similarly, the density factors for new greenfield housing are also very high: on average 35 units per net ha for Single and Semi-detached units and 70 units per net ha for Row houses. While there may be some site-specific examples of such units at higher densities, on a community-wide basis the *Ambitious Density* factors represent an extremely compact urban form; and
- The expectation for population-related employment is optimistic – estimated at 1 job for every 8.0 new residents in new greenfield areas. This ratio is slightly lower than the existing greenfield area (meaning proportionately more population-related jobs) to take into account the potential for increased levels of remote working that have already begun to occur as a result of the abrupt changes brought about by the COVID Pandemic.

The *Ambitious Density* Scenario is therefore **not a pure “market-based” approach** to the LNA, but rather embodies deliberate policy intervention to optimize the use of the existing urban land supply and avoid over-designating land for future urban development while still planning to achieve the Schedule 3 *Growth Plan* forecasts. Given the level of policy intervention involved, the *Ambitious Density* Scenario requires careful monitoring and reporting on progress to ensure a balanced supply of housing types to 2051, in accordance with the mandated LNA method.

Council Decision and the GRIDS 2/MCR Urban Growth Survey

Rather than adopt the *Ambitious Density* Scenario, Council deferred the decision and instead directed staff to undertake additional public consultation on the question of urban boundary expansion. A City-wide consultation survey was mailed out to all residents in June, 2021, seeking input on the *Ambitious Density* Scenario, a No Urban Boundary Expansion Scenario and that also allows residents to submit their own alternative scenario. The survey results are to be compiled and presented as part of the GRIDS2 report back at the GIC meeting in October 2021. Council also directed staff to model and evaluate the No Urban Boundary Expansion Scenario and report back on the results in October.

A number of other changes have occurred since the March 29th GIC meeting, particularly in regards to the treatment of Secondary Dwelling Units (SDUs). Zoning by-law amendments have been adopted to permit SDUs as of right in all residential zones, including detached SDUs such as “Laneway Houses” and “Garden Suites” in the City’s urban area. City staff has also undertaken more detailed analysis in regards to the anticipated breakdown of intensification units (by type) within the “Built-up Area” as input to future growth and infrastructure modelling exercises.

These changes have implications for the March 2021 LNA results, which are described below to assist the City and Provincial planning staff in their consideration of the matter. The required housing market shifts and growth management implications of the no boundary expansion option is also described, in accordance with the March 2021 Council direction.

Forecast of Detached Secondary Dwelling Units (SDU)

Secondary Dwelling Units (SDUs) will play an important role in meeting the City’s future housing needs, including “Laneway Houses”, “Garden Suites”, “Coach Houses”, “Carriage Houses” and other stand-alone secondary housing forms. For detached SDUs in particular, the overall growth outlook is expected to be limited: approximately 80 units per year to 2051.

Clarification and Definition of “Accessory Units”

As part of the ongoing GRIDS 2 and MCR process, staff have received a number of questions on the definition of housing by type in the *Growth Plan* forecasts, especially the distinction between “Accessory Units” and detached SDUs such as Laneway Houses or Garden Suites.

For clarification: **Accessory Units are not detached SDUs.** The “Accessory Unit” category in the 2020 *Growth Plan* forecasts and March 2021 LNA are apartments added to an existing single-detached or semi-detached house (e.g., basement suites) and do not include detached SDUs such as Laneway Houses or Garden Suites. The City’s new zoning by-law also permits SDUs in towns (rowhouses). For convenience, these accessory units are included as apartments in the March 2021 LNA because ground-related units rather than apartments generate land need. Detached SDUs are entirely separate from the main house on the property so would likely be counted in the Census as a second single detached unit on the property. Since detached SDUs are physically separate from the main dwelling they are considered to be single detached units for the purposes of the growth forecasts and LNA to 2051, in accordance with current Census definitions by dwelling type. This distinction will be clarified for the report back to the October 2021 GIC meeting.

The Role of Detached SDUs in Accommodating Growth

Detached accessory units will play an important role in accommodating the City's housing needs over the period to 2051. There are many well-documented benefits, especially as part of the “Missing Middle”¹ housing market discussion and the need to address affordability challenges. To date, the experience has been that most new detached SDUs are occupied by younger single and two-person households rather than families with children.²

Part of the community feedback received on the LNA results also included reference to the potential for detached SDUs within the City's Built-up Area that is likely to be created by the new Zoning regulations. It has been suggested that this change will create such a large potential supply of single-detached units in existing residential zones – well in excess of the approximately 44,000 units allocated to the Designated Greenfield Area (DGA) under the *Ambitious Density* Scenario – that no urban expansion is therefore required.

There is no question that a large supply potential exists. However, while detached SDUs may be built physically as a detached unit, they function mainly as a more attractive rental option for new residents seeking amenity-rich downtown neighbourhoods. From a LNA perspective, therefore, detached SDUs within existing areas are generally not a direct substitute for ground-related, ownership housing in greenfield areas. These types of units also tend to be expensive for private homeowners to build and maintain, which compounds the supply challenge.

Anticipated Distribution Within the City

Similar to residential intensification in general, the outlook for detached SDUs in the City of Hamilton is likely quite positive. However, it should be noted that predicting the level of future development can be a challenge since it is an emerging market with relatively little in the way of historic development patterns to provide a basis for the future growth outlook.

That said, a recent report prepared by CMHC provides some helpful context in terms of understanding the key factors underlying the distribution of secondary units in Ontario. Two of the key findings most relevant to the outlook for detached SDUs in Hamilton are that:

- Secondary units are more prevalent in older established areas, especially in close proximity to the downtown core and amenities, such as transit hubs; and
- Municipalities with newer homes (built 2010-2019) have a lower prevalence of secondary units, due, in part, to their pattern of dispersed essential amenities that require car travel that has traditionally been less appealing to renters.³

¹ The Missing Middle refers to the range of housing types between traditional single-detached homes and high-rise apartments that have gone ‘missing’ from many large cities, including the City of Hamilton.

² Based on the findings of the City of Vancouver *Laneway Housing Survey Summary* (2018) prepared as part of the *Housing Vancouver Strategy 2018-2027* and *3-Year Action Plan 2018-2020*

³ For the complete findings see the Canada Mortgage and Housing Corporation (CMHC) report: *Housing Market Insight Ontario, Secondary Units in Ontario*, June 2021.

Although the CMHC report does not specifically address the growth outlook for detached SDUs, the findings suggest that development is likely to be focussed more within the Built-up Area as opposed to the DGA. This finding echoes the results of the City of Vancouver survey noted previously, with respondents reporting that a key attraction of laneway housing was the option to live in a newer unit close to jobs, schools, transit and other urban amenities.

Growth Forecast to 2051

To provide an indication of overall unit potential, in the City of Vancouver approximately 420 laneway housing units have been completed annually since 2010, as shown in Table 1 below. It is understood anecdotally that in the City of Toronto approximately 100 detached SDUs are being completed per year but that unit production is expected to catch up to Vancouver levels quickly.

City of Vancouver Laneway Housing Building Activity Building Permits Issued 2010-May 2021 <i>Laneway Dwellings</i>					Table 1
Year	Permits	Units	\$ Value	\$ Per Unit	
2021	104	104	\$20,209,989	\$194,327	
2020	384	384	\$74,346,119	\$193,610	
2019	470	470	\$90,744,031	\$193,072	
2018	734	734	\$143,733,479	\$195,822	
2017	589	589	\$112,048,474	\$190,235	
2016	500	500	\$91,758,618	\$183,517	
2015	523	523	\$92,818,870	\$177,474	
2014	377	377	\$60,116,337	\$159,460	
2013	352	352	\$51,696,739	\$146,866	
2012	354	354	\$43,349,376	\$122,456	
2011	232	232	\$28,038,904	\$120,857	
2010	192	192	\$19,004,019	\$98,979	
Average Annual Permits		421			

Source: City of Vancouver Statistics on Construction Activity, 2010-2021 ytd

It is unlikely that the City of Hamilton will achieve such high levels of development activity for detached SDUs, in particular for new Laneway Housing units:

- Virtually everywhere in Vancouver has lanes and they are all generally much wider and better-maintained than in Hamilton or Toronto;
- Based on a desktop review, it is estimated that Vancouver has more than 10 times the area of neighbourhoods with laneways compared to the City of Hamilton. Accordingly, a rate of 420 units per year might translate into **roughly 30 units per year**, which is likely optimistic given that not all laneways in Hamilton are public meaning that primary access to the unit may not be maintained as a public right of way throughout the City.

A similar number of “Garden Suites”, “Coach Houses” and other stand-alone secondary housing forms can be expected. Accordingly, for the purposes of the LNA and, again, recognizing the inherent challenges in predicting the future of such a new and emerging market segment, we would estimate roughly **40 additional units per year**. Most of these units are expected to be located within the Built-up Area (30 units per year) reflecting the attraction of urban locations for this type of development and limits on their development potential within the DGA.⁴

It is also understood that there is considerable interest in detached SDUs in the rural area. However, from a LNA perspective a conservative approach is warranted given the lack of any historical basis to judge future uptake and *Growth Plan* and City planning policies to direct growth to urban settlement areas with full municipal services. The City also has yet to determine the specific conditions under which detached SDUs will be permitted in the Rural area. Within this context, it is appropriate to allocate a relatively limited **10 units per year** to the Rural area.

These allocations result in a forecast of approximately **80 detached SDUs annually**, as shown below in Table 2, and focussed largely inside the Built-up Area. The allocation to the DGA and Rural areas is limited, however this situation would need to be monitored as part of the City’s growth management efforts over the planning horizon to 2051. Accounting for these 600 units (300 DGA and 300 Rural) has the effect of reducing overall land need, as discussed in the next section.

Table 2				
Forecast of Detached Secondary Dwelling Unit (SDU)				
Forecast annual and total units, City of Hamilton to 2051				
Policy Area	Annual Laneway House	Annual Garden Suite +	Total Annually	Total 2021-2051
Built-Up Area	30	30	60	1,800
DGA	-	10	10	300
Rural	-	10	10	300
Total	30	50	80	2,400

Source: Lorus and Associates Based on Information from the City of Vancouver Statistics and Hemson Consulting Ltd.
Forecast includes Laneway Housing, Garden Suites and other stand-alone secondary housing forms

Implications for the March 2021 LNA

The issue of detached SDUs is not explicitly addressed in the March 2021 LNA. However, these units were generally anticipated to form part of the ground-related intensification that will need to occur within the Built-up Area to achieve the policy-based targets in the *Ambitious Density* Scenario. Detached SDUs will form part of the “missing middle” intensification forms since the redevelopment economics of older urban areas favours higher-density row houses and apartment buildings in most circumstances. The provision of single-detached units through intensification tends to be limited and mostly takes place as replacements of existing houses.

⁴ For example, many ‘contemporary’ suburban lots may not be able to accommodate detached SDUs because of the minimum separation requirements that may eliminate many lots less than 100 ft. in depth. Only a portion of other types of housing lots such as street towns would be eligible (likely limited to ‘end’ lots, depending on lot depth and other factors) and other dwelling types such as duplex, triplex and other multiple forms are not eligible.

However, detached SDUs were not incorporated into the forecast for the DGA and Rural areas in the March 2021 LNA. The adjustment is undertaken in two steps:

- An additional 300 units (treated as single and semi-detached units) are allocated to the Rural Area, which reduces forecast DGA demand by this amount; and
- Similarly, an additional 300 units are included in the current DGA housing unit potential, which increases the available supply to accommodate growth.

The combined effect is to remove the land need associated with 600 single and semi-detached units (shown in Table 2) estimated at a density of 35 units per net ha and a net-to-gross factor of 50%, or approximately 30 gross ha. Accordingly, under the *Ambitious Density* Scenario, overall **land need is reduced from approximately 1,340 ha to 1,310 ha**

As noted previously, more detailed analysis of the intensification supply (by type) has been undertaken by City staff as input to growth and infrastructure modelling exercises. Updates have been made that shift the unit distribution inside the Built-up Area (particularly for rowhouse supply) but do not change DGA land need. City staff is also currently modelling the No Urban Boundary Expansion Scenario as part of the evaluation of growth options and preparation of Traffic Zone forecasts.

Implications of the No Urban Boundary Expansion Scenario

Provided below is a high-level discussion of the implications of the No Urban Boundary Expansion Scenario. The required housing market shifts and associated growth management implications are described, in accordance with the March 2021 Council direction, to assist the City and Provincial staff in their consideration of the matter.

Supply-Based Approach Taken

A supply-based approach is taken to the analysis, which is different than the March 2021 LNA that is based on increasing rates of intensification over time, for the various scenarios, which results in varying degrees of market shifts required to achieve *Growth Plan* policy goals: in particular the shift of ground-related forms into high density apartment units.

Under the approach taken here, forecast demand is compared to the available supply and unit shortfalls identified. Forecast demand is the “market-based” housing demand by type shown in the March 2021 LNA, adjusted for the additional 300 detached SDUs allocated to the Rural Area. The available supply is the estimated Vacant Residential Land Inventory (VRLI) supply as well as the updated intensification opportunities noted previously, including the detached SDUs that are expected to form part of the ground-related intensification inside the Built-up Area.

The results indicate a shortfall in market-based demand of **approximately 59,300 ground-related households** that would need to shift into apartments, as discussed in the next section.

Results Indicate Significant Shortfall in Market-based Demand

The results are set out in the series of technical tables below. Table 3 shows the market-based urban housing unit demand over the period to 2051 and the market-based mix of growth. Table 4 shows the unit supply potential, including detached SDUs and the updated intensification supply inside the Built-up Area. Table 5 reconciles supply and demand to show the shortage in ground-related households that would need to be 'shifted' into apartments.

Table 3				
Market-Based Housing Demand				
Compoment of estimate	Single & Semi	Row House	Apartment (all)	Total
City-w ide Housing Unit Need 2021-2051	56,020	27,600	26,700	110,320
Allocation to Rural infill (RSA)	135			135
Allocation to Rural Detached SDU	300			300
Total City-wide Urban Demand 2021-2051	55,585	27,600	26,700	109,885
Market-based Mix of Grow th	51%	25%	24%	100%

Source: Lorus and Associates based on March 2021 LNA Ambitious Density Scenario, forecast for Detached SDUs and updated information from City of Hamilton Staff 2021

Table 4				
Housing Unit Supply Potential				
Compoment of estimate	Single & Semi	Row House	Apartment (all)	Total
Estimated DGA Supply Mid-Year 2021	5,570	7,120	8,090	20,780
Adjustment for detached SDU	300	0	0	300
Residential Intensification Supply	3,280	7,630	55,160	66,070
Total City-wide Urban Unit Potential	9,150	14,750	63,250	87,150
Total Ground Related Unit Potential	23,900			

Source: Lorus and Associates based on March 2021 LNA Ambitious Density Scenario, forecast for Detached SDUs and updated information from City of Hamilton Staff 2021

Table 5				
Market-Based Housing Shortfall				
Compoment of estimate	Single & Semi	Row House	Apartment (all)	Total
Total City-w ide Urban Demand 2021-2051	55,585	27,600	26,700	109,885
Total City-w ide Urban Unit Potential	9,150	14,750	63,250	87,150
Market-Based Unit (Shortfall)/Surplus	(46,435)	(12,850)	36,550	(22,735)
Total Ground Related Unit Shortfall	(59,285)			

Source: Lorus and Associates based on March 2021 LNA Ambitious Density Scenario, forecast for Detached SDUs and updated information from City of Hamilton Staff 2021

As shown above, the results indicate a total ground-related housing unit **shortfall of 59,285 units** that would need to shift into apartments. The shift to apartments under the no expansion scenario is so significant that it exceeds the identified supply potential, including intensification within the Built-up Area. For apartment units in particular, approximately **22,735 units** would need to be accommodated in unidentified locations beyond those already determined by City staff.

Required Market Shifts Have Significant Implications

Under a no expansion scenario, nearly 80% of all new households would need to be accommodated within apartment units, including families. As illustrated in Table 6 below, this compares to 50% under the *Ambitious Density* Scenario and 25% under a market-based outlook for growth.

Housing Mix of Growth Comparison					Table 6
Growth 2021-2051	Single & Semi	Row House	Apartment (all)	Total	
Market-Based Mix of Growth	51%	25%	24%	100%	
<i>Ambitious Density</i> Scenario	25%	25%	50%	100%	
<i>No Urban Expansion</i> Scenario	9%	13%	78%	100%	
No Expansion Scenario shift from market	-42%	-12%	54%	0%	

Source: Lorus and Associates based on March 2021 LNA *Ambitious Density* Scenario, forecast for Detached SDUs and updated information from City of Hamilton Staff 2021

Achieving this share of apartment unit construction is unlikely from a market demand perspective, as explained in the Residential Intensification Market Demand Report prepared as input to the March 2021 LNA. It should also be noted that the housing shifts required under either the *Ambitious Density* or no urban expansion scenarios are not a simple “1 for 1” transfer because ground-related units are typically occupied at higher Person Per Unit (PPU) factors than apartments.

Household formation and occupancy patterns are a social construct. Accordingly, the shift in growth patterns that must occur is not a simple increase in the number of apartment units. The shift that must occur is an **increase in the number of larger family-sized households** that would otherwise occupy ground-related housing, but that now must choose to occupy apartment units instead. From a planning perspective, therefore, the challenge is to maximize the tolerance of the market to be influenced by policy without jeopardizing the Schedule 3 forecasts.

Planning for a level of intensification that is well beyond reasonable market expectations carries the risk that the amount and mix of housing does not occur as planned and the *Growth Plan* Schedule 3 forecasts are not achieved. A highly restricted land supply would likely also have other unintended consequences and negative planning and growth management implications:

- As explained in the City’s March 2021 DGA Density Analysis report, a significant portion of the existing DGA is either already developed or subject to approved development applications. As a result, there is little opportunity to achieve further density increases without sacrificing public standards for parks, schools, institutions or environmental protection or undertaking a wholesale review of existing secondary plans in regards to housing mix;
- On the demand side, it is important to note that the *Growth Plan* and March 2021 LNA housing forecasts are for **net new units**. Because the forecasts are based on age structure, they take into account demographically-driven trends in household formation and unit type preferences, including the turnover of single-family dwellings “freed up” by an ageing population and taken up by younger households coming into the market. However, this type of housing turnover is not anticipated to happen until later in the forecast period (around 2040) and will not generate enough units to satisfy all of the demand for ground-related housing to 2051.

- Within this context, and after the total available DGA unit supply is consumed at some point prior to 2031, the lack of new growth areas would lead to speculation at the urban fringe and, more than likely, poorly-planned incremental expansions into the rural area;
- Maintaining public park and open space standards would become a major challenge over time. Schools, community services and other types of recreation would need to be provided in the urban area where significant sites are costly to acquire; and
- Rather than ‘shifting’ into apartments, the ground-related housing market would likely seek – and find – other locations outside of Hamilton in the southwest GGH. Such a dispersal would solve many of Hamilton’s growth management challenges but would have the undesirable effect of redirecting growth to locations less able to manage it.

In our view, the No Urban Boundary Expansion Scenario would likely have the effect of redirecting growth away from the City of Hamilton which is not in accordance with the *Growth Plan* and is not considered to be good planning. The City of Hamilton is very well-suited to accommodate growth because of its urban structure, strategic location and well-developed multi-modal transportation connections within the broader metropolitan region.

We remain of the view that a balanced approach is required to manage growth, including intensification and carefully planned expansion areas. However, a third-party Peer Review is being undertaken to confirm that this approach and method meets applicable Provincial planning policy requirements. **It is also not clear if the No Urban Boundary Expansion Scenario would be acceptable to the Province based on the requirements of the *Growth Plan* and mandated LNA methodology.**

It would be very helpful for the province to provide guidance on this matter prior to the updated LNA and Peer Review findings being presented as part of the GRIIDS2 report back at the GIC meeting in October 2021. We trust this memorandum is of assistance. Please do not hesitate to let me know if you have any questions or require any additional information