

September 27, 2022

Dear Members of Hamilton City Council,

5.13

The West End Home Builders' Association (WE HBA) is sharing a final piece of correspondence with current council members to provide an evidence-based view of the progress this term of council has made increasing housing supply, to meet the needs of our growing community. We would like to commend the City of Hamilton for working with industry to help us deliver a 10-year high of housing completions in the year 2020. This was no small feat during a global pandemic. Our members, along with the 20,000 plus employees in the residential construction sector are proud of the work we have done to achieve this peak of 2396 units. While completions dropped in 2021, they remained higher than our historic 20-year average of approximately 1700 units a year.

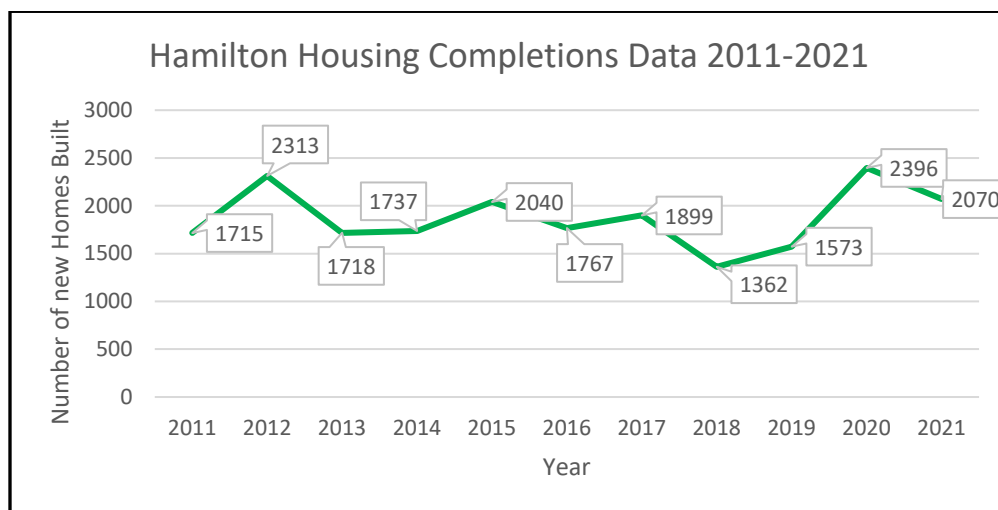


Figure 1: Housing completions over the past 10 years in Hamilton Ontario. Source: Canadian Mortgage and Housing Corporation

Housing completions in the past two years have significantly increased since the beginning of the 2018-2022 Council Term.



Figure 2: Graphic showing that Hamilton will need to increase our housing starts by 2000 units/year to achieve minimum Growth Plan targets.

We encourage all new and returning councillors to build on this progress made. Furthermore, in 2022 Hamilton City Council passed an Official Plan Amendment designed to bolster Hamilton's housing completions to an average of 3700 units per year, to achieve our minimum population growth targets for the year 2051. While the industry is concerned this Official Plan results in a shortfall of nearly 60,000 units, we are pleased to see the ambition being embraced. Despite this progress, there is significant work the next term of council should build upon. The Residential Zoning By-laws need to be reviewed, and brought into conformity with the new Official Plan following ministerial approval.

There is also one large caveat members of council should be aware of. In February 2022, the Provincial *Housing Affordability Task Force* (HATF) recommended Ontario set an ambitious target of building 1.5 million homes to help address our housing affordability crisis.¹ The

¹ "Report of the Ontario Housing Affordability Task Force" Ministry of Municipal Affairs and Housing, February 8, 2022. <https://files.ontario.ca/mmah-housing-affordability-task-force-report-en-2022-02-07-v2.pdf>.

Canadian Mortgage and Housing Corporation (CMHC) has since bolstered the Task Force conclusion, by acknowledging that the crisis affecting Ontario municipalities is the result of housing supply not responding to housing demand. CMHC cited that the last time housing was affordable across the market spectrum was back in 2003.² This has a significant impact on Hamilton residents.

Population Growth vs. Housing Completions

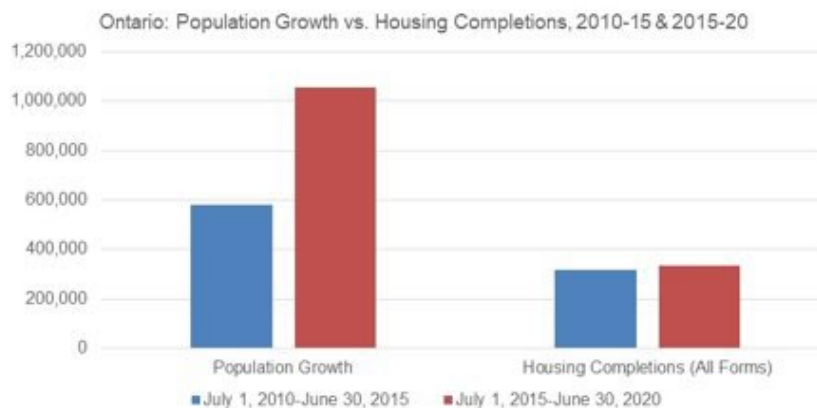


Figure 3: Chart showing that between the years 2015 to 2020, Ontario's population grew by approximately four hundred thousand more people than in 2010-2015, but our housing supply did not respond to that demand.

Despite Ontario's population adding 80 percent more residents in 2015-20 relative to 2010-15, the Hamilton CMA (including Burlington and Grimsby) built 23% fewer homes in 2015-20 relative to 2010-15. Hamilton is experiencing significant population growth, but new home completions are not keeping pace, leading to extensive displacement of young residents and families.³ With all major provincial political parties committing to the 1.5 million homes target and adopting many of the recommendations made by HATF during the spring election campaign, Ontario is proceeding down a path that will significantly transform the "housing sector, including government policies and processes. We require an 'all-hands-on-deck' approach to increasing the supply of housing to meet demand" as is recommended by Aled ab Iorwerth, Deputy Chief Economist of the CMHC.⁴ Most recently, Dr. Mike Moffatt with the Smart Prosperity Institute examined the commitment to build 1.5 million homes in Ontario with two questions:

- 1) Is the 1.5 million new homes a reasonable forecast of Ontario's housing needs over the next decade?
- 2) If the answer is "yes", how will the demand for 1.5 million new homes be distributed across the province?

² "Housing Shortages in Canada: Solving the Affordability Crisis" Cmhc-schl.gc.ca, June 23, 2022. <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/housing-shortages-canada-solving-affordability-crisis>.

³ "Ontarians on the Move - Local Intelligence Report - Hamilton." Smart Prosperity Institute, June 2021. <https://institute.smartprosperity.ca/publication/ontarians-on-the-move>.

⁴ "Canada's Housing Supply Shortage: Restoring affordability by 2030 Brief" Cmhc-schl.gc.ca, June 23, 2022. <https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030>.



The Smart Prosperity Institute found the answer to the first question is an unequivocal 'yes.'⁵

When they looked at how that number breaks down across municipal boundaries, they found that "1.5 million homes greatly exceeds the forecasts that underpin the Growth Plan",⁶ and estimated that **Hamilton alone will need to build 17,400 additional homes beyond what we have planned to build in our Official Plan, for a total of 52,400 new homes over the next decade.** An excerpt from the report commenting on Hamilton's official plan is provided below:

*Hemson forecasts are not simply predictions of what will happen; instead, they are used by municipalities for planning processes to ensure that their Official Plan will enable enough housing to be built to support population growth. For example, the City of Hamilton passed Official Plan Amendment No. 167 to the Urban Hamilton Official Plan in June 2022, which includes the household projections from Hemson's August 2021 report. In short, the Hemson housing growth forecasts are used to determine the adequacy of Official Plans, **yet those housing growth forecasts are incompatible with the province's 1.5-million-unit housing target.***

In short:

- 1) Our annual housing completions currently sit at an average of 1700 units per year, over the past 20 years.
- 2) Under Hamilton's Updated Official Plan we need to ramp our housing completions up to 3700 units per year, every year, for the next thirty years.
- 3) According to the Housing Affordability Task Force's recommendations to balance the housing system, Hamilton needs to begin building approximately 5000 units per year, each year, over the next ten years.

As your local home building industry representatives, WE HBA appreciates the work Hamilton City Council and Staff have done over the past term of council, and we applaud the progress made. We look forward to future collaboration with new and returning councillors over the next four years as we embark on an "all hands-on deck" approach to building our future as a welcoming and affordable city.

Regards,



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

⁵ "Ontario's Need for 1.5 million More Homes" Smart Prosperity Institute, August 2022, p. 6, <https://institute.smartprosperity.ca/1.5MillionMoreHomes>.

⁶ "Ontario's Need for 1.5 million More Homes" Smart Prosperity Institute, August 2022, p. 21, <https://institute.smartprosperity.ca/1.5MillionMoreHomes>.