




Hamilton

INFORMATION REPORT

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	November 5, 2024
SUBJECT/REPORT NO:	Market and Land Supply Monitoring Report - 2023 and Interim 2024 Update (PED24110) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

COUNCIL DIRECTION

On June 2, 2022, Council approved amendments to the Urban Hamilton Official Plan (Official Plan Amendment No. 167) through Phase 1 of the Municipal Comprehensive Review / Official Plan Review, which, among other changes, added policies requiring the City to monitor and report annually on urban land supply, development activity and the cost of housing.

Staff have prepared the first Market and Land Supply Monitoring Report (attached as Appendix “B” to Report PED24110) based on the direction provided in the Urban Hamilton Official Plan using 2023 year end data. The data provided in the Monitoring Report will support future evaluations of the City’s growth strategy as well as inform the review and creation of housing strategies, policies, and programs. Annual reporting can identify large swings in development activity within any given year and whether these changes are temporary or permanent shifts over the course of a decade.

Staff note that the timing of the 2023 Monitoring Report was delayed because of the cybersecurity incident. As a result, staff have summarized select housing data from the first half in 2024 and compared this to data from the first half of 2023 (see Appendix “C” attached to Report PED24110) to provide Council with a more up to date account of housing activity.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Going forward, annual monitoring reports will be submitted to Planning Committee and Council in Q2. In addition, future annual monitoring reports will include employment data which was not available at the time of completing this report, and more analysis of development activity.

INFORMATION

The Market and Land Supply Monitoring Report (2023) (attached as Appendix “B” to Report PED24110) is the first report in response to Council’s direction to monitor and report annually on development activity and land supply. The Monitoring Report contains information respecting population and housing growth, construction activity, land supply and the cost of housing and affordability in the City of Hamilton to highlight the City’s progression towards the applicable targets prescribed by the Province of Ontario in various provincial legislation and by the city in the Urban Hamilton Official Plan. The Monitoring Report is a comprehensive and accessible platform to track these indicators of growth, land supply and affordability that can be used as a tool for future decision making. This report will be updated annually. A summary document, attached as Appendix “A” to Report PED24110, has also been created which highlights the key data respecting population growth, housing construction, housing supply and cost of housing which is further discussed in the Monitoring Report.

The purpose of the Report is to highlight patterns in growth which has occurred within the City of Hamilton without discussing assumptions on projections for the future. This represents a snapshot in time based on the data contained in the report. The report includes information available from Statistics Canada and other government entities such as CMHC as well as information from internal City databases.

Provincial Planning Statement, 2024

The Provincial Planning Statement, 2024 was approved by an Order in Council on August 20, 2024, and takes effect on October 20, 2024, replacing both the Provincial Policy Statement, 2020 and A Place to Grow, Growth Plan for the Greater Golden Horseshoe (Growth Plan).

A significant change in the Provincial Planning Statement, 2024 is that municipalities must begin basing population and employment growth projections on Ministry of Finance 25-year projections (2.1.1) but this policy document also states:

- Municipalities “may modify projections, as appropriate”; and,
- Municipalities may continue to use the previous forecast issued by the Province until its next Official Plan review.

The growth policies of the City’s Urban Hamilton Official Plan are based on the Growth Plan’s population forecast of 820,000 people and employment forecast of 360,000 jobs by the year 2051. As shown in Figure 1 below, the 2024 Ministry of Finance population projection for Hamilton is significantly higher to the year 2051 with 2051 having a population of 903,270, approximately 10 percent higher than forecasts in the Growth Plan.

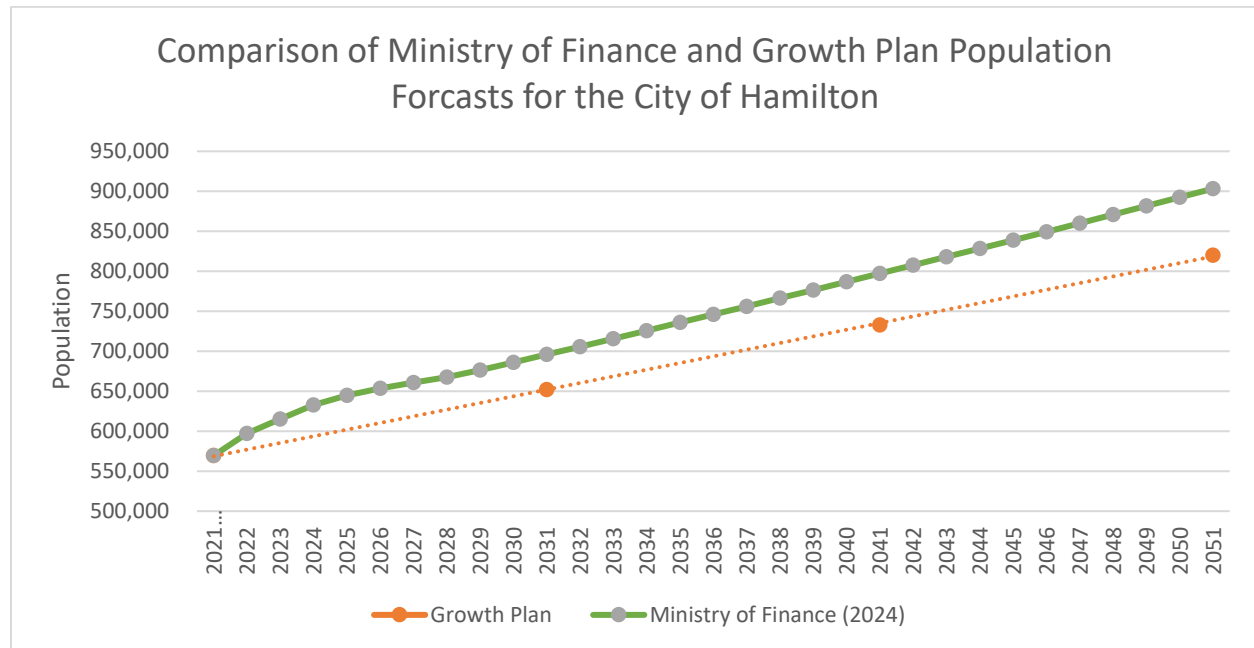


Figure 1

While the Provincial Planning Statement, 2024 allows Hamilton to maintain its current population and employment forecasts in its Official Plan in the interim, staff anticipate that the higher Ministry of Finance forecasts will form part of the justification by proponents of urban boundary expansion proposals.

Staff note that the Provincial Planning Statement, 2024 generally maintained previous Provincial Policy Statement, 2020 policies requiring municipalities to maintain a minimum of fifteen years of designated residential land supply and three years of serviced residential land supply.

Urban Hamilton Official Plan

Section F.3.5 of the Urban Hamilton Official Plan directs the city to monitor and report annually on land supply and development activity in the City of Hamilton. Policy F.3.5.1 identifies the indicators of land supply and development activity that must be reported annually in the Monitoring Report including the residential intensification rate; the

planned density of designated greenfield areas, urban growth centres and urban nodes; construction activity including: the range and mix of housing types; the Vacant Residential Land Inventory; a comparison of the City's population and employment growth relative to the forecasted growth in Schedule 3 of the Growth Plan; and, housing affordability. Additionally, Policy F.3.5.2 identifies the need to monitor and report on the cost of housing and land development costs. The following relevant policies from the Urban Hamilton Official Plan are provided below:

“3.5 Land Supply and Development Activity (OPA 167)

3.5.1 The City shall monitor the designated urban land supply to ensure there is sufficient land available to accommodate a mix and range of housing types, employment opportunities, and other land uses to meet the projected needs for up to a 30 year time horizon. The monitoring shall include annual reporting on the following: (OPA 167)

- a) The residential intensification rate; (OPA 167)
- b) The planned density of the designated greenfield area; (OPA 167)
- c) The planned density of the urban growth centre and other urban nodes; (OPA 167)
- d) Construction activity including the range and mix of housing types; (OPA 167)
- e) The Vacant Residential Land Inventory; (OPA 167)
- f) Comparison of the City's actual population and employment growth to the forecasted population growth identified in policy A.2.3.1 and employment growth identified in Policy A.2.3.2; (OPA 167)
- g) Employment and land absorption; and,
- h) Housing affordability. (OPA 167)

3.5.2 The City shall monitor the cost of housing and land development and provide annual reports on housing and land development costs, including social housing development costs. (OPA 167)”

Methodology and Data Sources

Dillon Consulting was retained by the City of Hamilton to prepare a framework for the Market and Land Supply Monitoring Report. The framework provided a policy context and identified key data points for reporting on the identified indicators.

In the preparation of the first Monitoring Report, Planning staff consulted with various internal departments including Growth Management, Staging of Development and Legislative Approvals, Building, Housing Services and Housing Secretariat. The purpose of this consultation was to learn about similar work being completed by other departments within the city and inform them of the information that will be included in the Monitoring Report in an effort to avoid duplication.

The data sources used in the preparation of this report include Statistics Canada and other government entities such as CMHC: Canada Mortgage and Housing Corporation as well as the City's internal databases and building permit data. Additionally, publicly available data on real estate websites including Rental.ca and the Realtors Association of Hamilton and Burlington was used for reporting on the cost of housing and affordability. The data available for certain metrics is limited to broader geographies such as the Hamilton Census Metropolitan Area (CMA) or City of Hamilton. Data for more specific geographies such as wards can be requested for future versions of the Monitoring Report.

Key Trends

Forecasted Growth

The Urban Hamilton Official Plan establish forecasts for population and household growth to 2051. The population forecast is for 820,000 people and the household forecast is for 258,100 households. The city must grow by approximately 7,964 people per year to achieve the population forecast and 3,560 households per year to achieve the household forecast to 2051. In 2023, the City of Hamilton's population grew by 9,793 people and 2,000 new units were added to the total number of occupied households.

Residential Growth

Residential growth in the City of Hamilton is measured by the number of units based on construction activity data, the range and mix of housing units including additional dwelling units and the location of new units. This information is based on data available from Canada Mortgage and Housing Corporation and City building permit data.

In 2023, the number of new dwelling units in various stages of the construction and approval process were as follows:

- 3,347 units based on Canada Mortgage and Housing Corporation housing starts;
- 6,226 units under construction based on Canada Mortgage and Housing Corporation data;
- 4,097 units approved in issued building permits; and,
- 2,695 units based on Canada Mortgage and Housing Corporation housing completions.

The proportion of new dwelling units being within apartments has increased significantly in the past 10 years. Based on Canada Mortgage and Housing Corporation housing starts, the percent of new dwellings units in apartments has increased from 9% in 2013 to 75.9% in 2023.

Additional dwelling units and additional dwelling units - detached have increased significantly since the implementation of the city-wide permissions. A total of 1,435 additional dwelling units and additional dwelling units – detached have been added to Hamilton’s housing stock either through new construction or conversions of existing dwellings since 2019. Of this total, 538 were added in 2023. The majority being added are additional dwelling units (internal) added through the conversion of existing single and semi-detached dwellings.

The residential intensification target established in the Urban Hamilton Official Plan is 80%. Residential intensification refers to the net increase in dwelling units within the City’s built boundary, as delineated on Appendix G – Boundaries Map of the Urban Hamilton Official Plan in alignment with the Built-Up Area in the former Growth Plan. The City of Hamilton exceeded this target in 2023 with an intensification rate of 90%. The Urban Hamilton Official Plan includes direction respecting the distribution of growth planned to occur within the Downtown Urban Growth Centre, Urban Nodes and Urban Corridors, and Neighbourhoods within the built boundary. The distribution of growth within the built boundary is as follows:

- Downtown Growth Centre – 40%;
- Urban Nodes and Corridors – 21%; and,
- Neighbourhoods (remaining area of built boundary) – 38%.

Planned Density

The Urban Hamilton Official Plan contain specific density targets for intensification areas and designated greenfield areas. The average density in 2023 for the different types of intensification areas are as follows:

- 287 persons and jobs per hectare for the Urban Growth Centre;
- 72 persons and jobs per hectare for the two Sub Regional Nodes; and;
- 63 persons and jobs per hectare for the nine Community Nodes.

The densities being achieved in the intensification areas are lower than the targets included in the Urban Hamilton Official Plan. The overall density for all the designated greenfield areas in the City of Hamilton is 60 persons and jobs per hectare which is the target established in the Official Plan.

Land Supply

The amount of residential vacant land has generally been decreasing from almost 700 hectares in 2013 to 481 hectares in 2023. While the amount of vacant residential land has been decreasing, the total number of dwelling units has been increasing, particularly since 2018. This can be attributed to the amendments to the Urban Hamilton Official Plan and Zoning By-law to expand and increase residential land use permissions and opportunities for intensification.

Housing Supply

As noted above, there has been a significant increase in the proportion of apartments in the overall supply of housing units compared to ground related forms such as single detached and semi-detached dwellings.

The Urban Hamilton Official Plan establishes a target for the split of ownership to rental units as 73% ownership to 27% rental. The split of ownership to rental in 2023 was 87 percent ownership (homeownership and condominium) and 13% purpose built rental. 2022 was the only year in the last 10 years to exceed 27% of new units with rental tenure.

In 2023, the distribution of rental dwelling units was five percent bachelor apartments, 44% one bedroom apartments, 45% two bedroom apartments, and seven percent three bedroom apartments. One and two bedroom units makes up the majority of the total number of rental dwellings within the Hamilton CMA, making a combined 89% of all rental dwellings.

The total number of rental units has remained fairly consistent over the past five years however the vacancy rate has generally been declining. This indicates there may be a misalignment between the supply of rental units and the demand for rental units.

Cost of Housing and Affordability

The cost of housing refers to the amount required to be spent on housing based on unit size, tenure, and location within the City of Hamilton. The Urban Hamilton Official Plan defines affordability for ownership housing, rental housing and for housing developments. For ownership and rental housing, an affordable purchase or rental price is considered the least expensive of an annual accommodation cost or rent which does not exceed 30 percent of gross annual household income for low and moderate income households (lowest 60 percent of the income distribution); or, at least 10 percent below the average purchase price of a resale unit, or at or below the average market rent, in the City of Hamilton.

The average price of rent has been consistently increasing with a percent change of 43% over the past 10 years. The highest annual change in the average rent for apartment dwellings was between 2022 and 2023, particularly for one and two bedroom apartments. The annual percent change in rent between 2022 and 2023 more than doubled the percent change in rent for the previous years.

Average purchase price has increased by 63% over the past 10 years. The highest percent change in purchase price was between 2021 and 2022 which had an annual increase of 22%. The average purchase price has decreased between 2022 and 2023 indicating the average purchase price may have peaked in 2022. The highest purchase prices in the City of Hamilton are located in Flamborough, Dundas, Ancaster and Waterdown.

The rise in Bank of Canada interest rates is one of several factors driving the rapid acceleration in the cost of housing and has a great influence on the housing market.

Comparison Between First Six Months of 2023 and 2024

Housing data from the **first six months of 2024** is presented below to provide a comparison against the **first six months of 2023**, which is attached as Appendix "C" to Report PED24110. Key housing trends from the first half of 2024 include:

- City of Hamilton Building Permit data reports a residential intensification rate of 73% which is a decrease from the 90% intensification rate reported in 2023 but still above historic averages.
- CMHC is reporting significantly lower housing starts in the first half of 2024 (654 starts compared to 1,185 in 2023); however, they have advised that since the availability of Building Permit data, which is a key data source for their reporting, had been impacted, these numbers may be underreported.

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- City of Hamilton Building Permit data reports a total of 1,491 new residential units representing an increase of 2.3% from 2023. This indicates that the CMHC housing start data has been underreported.
- CMHC is reporting a total of 2,065 CMHC housing completions representing an increase of 43% from 2023.
- CMHC is reporting 183 new purpose-built rental starts in 2024, representing 28% of all housing starts and an increase from 10.6% in 2023.
- City of Hamilton Building Permit data reports a total of 150 new additional dwelling units based on City of Hamilton Building Permit data representing a decrease of 95% from 2023.
- The total average rent in the City of Hamilton, as reported by rental.ca, has remained relatively flat with a slight decrease of 4% from \$2,084 in 2023 to \$2,004 in 2024. The only apartment type showing an increase in average rent is three bedroom apartments with an increase of 10.7% from \$2,406 to \$2,693. CMHC's 2024 rental housing survey will not be available until the beginning of 2025.
- The average purchase price, as reported by the Realtors Association of Burlington and Hamilton, has shown an increase of 1.3% from \$799,464 to \$809,851 in the City of Hamilton.

Next Steps

The Monitoring Report is intended to provide consistent tracking of the various indicators identified above. Annual monitoring helps to evaluate the existing growth strategy and the data points used in the report can be updated over time to better respond to the City's growth strategy and evolving targets.

An addendum to the first Monitoring Report will be released in Q1 2025 to include the employment data which was not available at the time of completing this report. A monitoring report will be prepared annually and presented to Planning Committee and Council every year in Q2. Future versions of the monitoring report will also report on development activity that is underway based on data from active and approved development applications such as the total number of proposed projects, the number of proposed residential units (by size and tenure) and the number of approved development applications.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED24110 – Housing and Land Supply Monitoring Report, 2023, Summary Document

Appendix "B" to Report PED24110 – Housing and Land Supply Monitoring Report, 2023

Appendix "C" to Report PED24110 – 2024 Housing Data Comparison

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