



Peer Review of Hamilton Land Needs and Housing Assessment Report

City of Hamilton

June 10, 2025

Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca

Table of Contents

	Page
1. Introduction	1
1.1 Terms of Reference	1
1.2 Background	1
1.3 Scope of Peer Review	2
2. Assessing Long-Term Urban Land Needs within the Current Provincial Policy Framework and Recent Economic Conditions.....	7
2.1 Introduction	7
2.2 Ministry of Finance Population Projections	7
2.3 Long-term Planning Horizon for Urban Land Needs	9
3. Review of Elfrida Land Needs and Housing Assessment Report	10
3.1 Need for the Expansion	10
3.2 Impact on City-wide Intensification Objectives.....	13
3.3 Densification of Existing Neighbourhoods and D.G.A. Supply	14
3.4 Greenfield Residents and Jobs Density Target	15
3.5 Phasing of Development.....	16
4. Conclusions	18

List of Acronyms and Abbreviations

A.D.U.	Additional Dwelling Unit
B.U.A.	Built-up Area
D.G.A.	Designated Greenfield Area
G.D.P.	Gross Domestic Product
G.T.H.A.	Greater Toronto Hamilton Area
G.G.H.	Greater Golden Horseshoe
L.N.A.	Land Needs Assessment
L.R.T.	Light Rail Transit
M.C.R.	Municipal Comprehensive Review
M.O.F.	Ministry of Finance
M.T.S.A.	Major Transit Station Area
N.P.R.	Non-Permanent Residents
O.P.	Official Plan
O.P.A.	Official Plan Amendment
O.P.R.	Official Plan Review
P.P.S., 2020	Provincial Policy Statement, 2020
P.P.S., 2024	Provincial Planning Statement, 2024



List of Acronyms and Abbreviations (Cont'd)

U.B.E.	Urban Boundary Expansion
U.G.C.	Urban Growth Centre
U.H.O.P.	Urban Hamilton Official Plan



1. Introduction

1.1 Terms of Reference

Watson & Associates Economists Ltd. (Watson) was retained by the City of Hamilton in March 2025 to conduct a peer review of a report prepared by Parcel Economics Inc. (Parcel). The Report, titled, “City of Hamilton Land Needs and Housing Assessment Report” (hereinafter referred to as the Elfrida Land Needs and Housing Assessment Report) was prepared for the Elfrida Community Builders Group Inc. as part of an Official Plan Amendment (O.P.A.) application.^[1] The Elfrida Land Needs and Housing Assessment Report, provides an assessment of housing and urban land needs for the City of Hamilton to the year 2051 in support of a proposed urban boundary expansion (U.B.E.) referred to as the Elfrida U.B.E. This application seeks to remove approximately 1,200 hectares (2,965 acres) of rural lands within the southeastern region of the City and add these lands to the urban area. As identified in the concept plan, this area is proposed to be developed to ultimately accommodate approximately 115,000 persons and 14,500 jobs at buildout.

1.2 Background

The City of Hamilton completed a Municipal Comprehensive Review (M.C.R.) of its Urban Hamilton Official Plan (U.H.O.P.) in 2022. Through this M.C.R. process the City undertook a Land Needs Assessment (L.N.A.), which explored three long-term growth scenarios to the year 2051, including: 1) Growth Plan Minimum, 2) Increased Targets and 3) Ambitious Density.^[2] Each of these scenarios comprehensively examined the impacts of varying residential intensification forecasts and greenfield density assumptions on the City’s long-term urban land needs to the year 2051. By 2051, these scenarios produced a range in urban land requirements from a low of 1,340 gross hectares (3,310 acres) under the Ambitious Density Scenario to a high of 2,190 hectares (5,410 acres) under the Growth Plan Minimum Scenario. The City also

^[1] City of Hamilton. Land Needs and Housing Assessment Report. November 18, 2024. Parcel Economics Inc.

^[2] City of Hamilton Land Needs Assessment to 2051. Technical Working Paper – Summary of Results. March 2021. Appendix A to Report PED17010(i). Lorus and Associates.



prepared a Residential Intensification Market Demand Analysis in 2021 to support its long-term assessment of residential intensification potential to the 2051 planning horizon.^[3] It is important to note that the City's L.N.A. was completed prior to the new Provincial Planning Statement, 2024 (P.P.S., 2024) and this application is being considered under a new policy regime.

Upon reviewing each of these long-term scenarios, City staff recommended the Ambitious Density Scenario in March 2021. The City's L.N.A. was subsequently peer reviewed by Watson in 2021.^[4] The results of 2021 Watson peer review concluded that the approach and methodology utilized in the City's L.N.A. documents was appropriate within the context of the provincial planning framework and L.N.A. methodology guidelines in force at the time of the peer review. In November 2021, the City of Hamilton General Issues Committee approved the "No Urban Boundary Expansion Scenario" as the recommended long-term Growth Strategy for the City.

Over the past five years considerable technical analysis has been prepared for the City of Hamilton by consultants and City staff to comprehensively assess the potential need for future urban land expansion to accommodate future housing and employment growth to the year 2051. These scenarios explore a wide range of long-term growth scenarios which test varying rates of residential intensification as well as average greenfield population and employment density. A comprehensive L.N.A. document was prepared for the City, as mentioned above and recommended long-term urban expansion land requirements included 1,340 hectares.

1.3 Scope of Peer Review

As previously mentioned, the City of Hamilton General Issues Committee approved the "No Urban Boundary Expansion Scenario" as the recommended long-term Growth Strategy for the City in November 2021. While the U.H.O.P. does not support any urban boundary expansions outside of a City initiated M.C.R. or O.P Review (O.P.R.), the City also recognizes that under the Provincial Planning Statement, 2024 and recent legislative changes made to the Planning Act through Bill 185, new privately initiated

^[3] City of Hamilton Residential Intensification Market Demand Analysis. March 2021. Appendix B to Report PED17010(i). Lorus and Associates.

^[4] City of Hamilton Land Needs Assessment Peer Review. City of Hamilton. Final Report. October 4, 2021. Watson & Associates Economist Ltd.



urban boundary expansion applications can be received and approved at any time and are not subject to an M.C.R.^[6] To ensure that private applications for an U.B.E. are complete and comprehensive, the City has developed a framework for receiving, processing and assessing O.P.A. applications to expand Hamilton's urban boundary under the P.P.S., 2024.^[7]

On August 13, 2024, City of Hamilton Planning Committee directed that City staff use the Draft Framework for Processing and Evaluating Urban Boundary Expansion Applications when they review an O.P.A. for urban boundary expansion applications. Section 2.2. of the Technical Memo prepared by Dillon Consulting Ltd. (Dillon) outlines five key topic areas that U.B.E. applications should address, as part of the U.B.E. Submission Requirements.^[8] These five key top areas are listed below:

“1. Need for the Expansion. Recognizing that under the proposed P.P.S., (2024) municipalities will be required to consider the need for settlement area expansion, proponents should be required to demonstrate that any proposed expansion is necessary to accommodate the range and mix of land uses, including housing by type based on the City's approved U.H.O.P. housing targets. The justification would not necessarily be a full 'market-based' assessment of land need to the plan horizon at 2051, since the no U.B.E. scenario by definition requires that a significant shift away from historic patterns to accommodate be achieved to accommodate all growth within the existing urban boundary. Rather, the proponent should be required to support the need to provide additional supply for 'ground-related' housing, at the time of application, and show that this type of supply cannot reasonably provided within the existing urban area. This position would need to be less in the form of an overall "market-based" demand argument, but rather a supply-based assessment of the likelihood of the City accommodating its ground-related housing needs within the existing urban area, through the delivery of detached accessory units, like laneway houses and garden suites, lot splits, multiplex conversions and other gentle densification options. Work undertaken as part of the March 2021 L.N.A. concluded that delivering the necessary number of larger, family-sized apartments and ground-related units within existing areas

^[6] City of Hamilton Staff Report, Official Plan Amendment and Final Framework for Processing and Evaluating Urban Boundary Expansion Applications, Report PED24109(b), April 8, 2025

^[7] City of Hamilton Staff Report, Official Plan Amendment and Final Framework for Processing and Evaluating Urban Boundary Expansion Applications, Report PED24109(b), April 8, 2025.

^[8] City of Hamilton Draft Framework for Processing and Evaluating Urban Boundary Expansion Applications, Appendix "A" to Report PED24109.



would be a challenge. To address this challenge the City has undertaken a number of initiatives and strategies, as discussed further below.

2. Impact on City-wide Intensification objectives. Proponents should be required to show that the proposed expansion would not adversely affect City-wide intensification objectives including demand for higher-density apartment forms within the downtown U.G.C. and other priority nodes and corridors, notably the Major Transit Station Areas (M.T.S.A.) along the planned Light Rail Transit (L.R.T.) and other transit lines. To the extent that higher density apartment forms are proposed as part of 'complete communities' in new greenfield areas the proponent should be required to show that these units would not compete or otherwise reduce demand within other local apartment markets, especially the downtown and key transit-oriented nodes. Implications for the planned distribution of intensification should also be addressed in terms of the shares of growth anticipated for the downtown, other nodes and corridors and established neighbourhoods.

3. Densification of Existing Neighbourhoods and D.G.A. Supply.

Recognizing that a critical aspect of the City's no U.B.E. strategy is to 'redirect' greenfield demand for ground-related housing to other potential opportunities within existing residential communities in the form of detached accessory units (i.e. laneway housing) proponents should be required to show how any proposed expansion would not impede that objective. The proponent should also be required to show that there are no opportunities for the reasonable densification of existing vacant D.G.A. supply.

4. The Greenfield Density Target. At a minimum, any new expansion areas should be required to achieve the planned greenfield density of new urban areas proposed as part of the Ambitious Density Scenario (approximately 77 residents and jobs per hectare) which at the time was one of the highest D.G.A. densities proposed within the Greater Toronto and Hamilton Area (G.T.H.A.). It is likely that innovative approaches will be required to deliver such a high D.G.A. target without planning for significant greenfield apartment units, which are currently envisioned to be accommodated largely within the existing urban area. The City may wish to encourage new and flexible approaches achieving both high D.G.A. density and intensification targets supported by fiscal impact analysis to illustrate implications to the municipal corporation.

4. Phasing of Development. And finally, consistent with long-standing planning practice at the City and other fast-growing municipalities within the G.T.H.A., and in accordance with both the 2020 P.P.S. (Section 1.1.3.7) and P.P.S., 2024 (2.3.1.6) the proponent should be required to show that any new expansion is orderly and aligns with the timely provision of infrastructure and public service facilities and avoids the uneconomical expansion of infrastructure into rural areas. The timing of growth, especially to the 2031 horizon is key.



The likelihood of achieving the current 10-year housing targets by interim period should be addressed, along with associated implications for the orderly provision of servicing infrastructure to the plan horizon. The issue of infrastructure spending, fiscal impact criteria and submission requirements is addressed in more detail in the next section.”

To support the City’s intensification target of 80%, a variety of initiatives are being implemented to enhance housing development and affordability. These include completing additional phases of the M.C.R. to update policies for increased height and intensification, delineating M.T.S.A. boundaries to support the B-Line LRT, and updating Secondary and Neighbourhood Plans to allow for more intensification. City-wide low-density zoning is being amended to remove exclusionary practices and permit a wider range of uses, such as semi-detached units and multi-plexes. Flexible mixed-use zoning is being applied to commercial areas to allow residential redevelopment, and inclusionary zoning is being implemented to facilitate affordable and larger residential units. Development approvals are being streamlined through increased staffing, improved processes, and amended timelines. The City is reviewing its land portfolio to identify opportunities for housing development, providing financial incentives through the Housing Accelerator Fund, and planning necessary infrastructure. Additionally, the City is collaborating with community partners, the development industry, and federal and provincial partners to leverage resources and funding. New Site Plan provisions are being developed to assist large-scale residential projects affected by market downturns, and a review of the site plan process aims to improve communication and shorten approval times. The City has also implemented surety bonds to provide flexibility and reduce costs for developers.^[9]

This peer review does not critic each technical assumption made by Parcel in their respective report. However, a number of technical considerations related to population growth projections, housing requirements by structure type and urban land needs have been identified by Watson. These technical considerations are offered to provide context for the City based on Watson’s experience as well as generally accepted industry practices when conducting long-range growth analysis studies and urban land need assessments.

^[9] Meeting with Southwest Residential Construction Labour Bureau Briefing Note - Appendix A, prepared by the City of Hamilton, 2025.



The primary focus of this peer review is to assess the adequacy in which the five key topic areas regarding U.B.E. have been addressed within the context of the City's draft framework for processing and evaluating U.B.E. applications. Consideration has also been given to the potential impact the proposed U.B.E. application would have on the City's Growth Strategy as approved in the U.H.O.P.



2. Assessing Long-Term Urban Land Needs within the Current Provincial Policy Framework and Recent Economic Conditions

2.1 Introduction

This chapter provides a brief overview of current provincial planning policies that are particularly relevant to the preparation of long-term growth analysis and urban land need assessments for Ontario municipalities.

On August 19, 2024, the Province released the P.P.S., 2024, which replaces the Provincial Policy Statement, 2020 (P.P.S., 2020) and a Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019 (the Growth Plan) as an integrated document. The P.P.S., 2024 came into effect on October 20, 2024, and was released in coordination with Bill 185, *Cutting Red Tape to Build More Homes Act*.

A key focus of the P.P.S., 2024 is that it recognizes that the approach to delivering housing, employment associated urban need requirements will vary by municipality and, as such, it moves away from a prescriptive guideline-based approach. The following highlights the relevant P.P.S. changes when assessing long-term urban growth and urban land requirements. Again, it is important to note that the City's L.N.A. was completed prior to the new Provincial Planning Statement, 2024 (P.P.S., 2024) and this application is being considered under a new policy regime.

2.2 Ministry of Finance Population Projections

The P.P.S., 2024 now requires municipalities to consider population and employment growth forecasts prepared using Ministry of Finance (M.O.F.) projections and allows municipalities to modify these forecasts as appropriate.^[10] The use of the M.O.F. projections are not meant to replace long-term forecasting by municipalities. However, the M.O.F. population projections are to be used as a starting place in establishing

[10] P.P.S., 2024, policy 2.1.1., p.6.



forecasts and testing the reasonableness of alternative regional forecasts and area municipal population and employment growth allocations.

Watson has recently completed a number of long-term growth analysis and urban land needs assessments for Ontario municipalities under the current provincial planning policy framework. As a starting point, each of these studies incorporate an examination of the most current 2024 M.O.F. population projections. Our general observation regarding the most recent 2024 M.O.F. population projections is that they represent an ambitious long-term growth scenario for Ontario, and more specifically the municipalities within the G.T.H.A. when examining forecast immigration levels required over the long term to achieve these population projections.

The most recent 2024 M.O.F. projection has decreased the growth outlook for Ontario and Hamilton by 2046 (relative to the 2023 M.O.F. population forecast), largely driven by the recent federal government announcement to reduce the percentage of non-permanent residents (N.P.R.) from 7.3% of the national population to 5.0%.^{[11],[12]} Since the release of the 2024 M.O.F. projections, the federal government has also announced an additional reduction in the number of new permanent residents it will accept, lowering the 2025 and 2026 targets of 500,000 to 395,000 in 2025, 380,000 in 2026, and 365,000 in 2027.

With respect to the near-term national and provincial economic outlook, BMO Capital Markets has recently forecast that gross domestic product (G.D.P.) growth will decline to 0.6% in Ontario and 1.0% overall for Canada in 2025. For 2026, an annualized G.D.P. growth rate of 0.9% is forecast for Ontario and 1.2% for all of Canada, suggesting a significant downturn in economic growth in the near term, largely driven by global economic uncertainty in response to current U.S. tariffs and protectionist measures.^[13] These above changes to federal immigration policy, combined with the current slowdown in national and provincial economic growth will result in further downward adjustments to future near-term and long-term population growth for Ontario

^[11] N.P.R. share as of Q3 2024 derived from Statistics Canada Tables 17-10-0009-01 and 17-10-0121-01. There are 3,002,090 N.P.R. out of 41,288,599 residents in Canada.

^[12] N.P.R. national population target of 5% from the Government of Canada 2025-2027 Immigration Levels Plan.

^[13] Provincial Economic Outlook, BMO Capital Markets, May 23, 2025.



and Hamilton.^[14] The M.O.F. released an interim update to the Ontario population projections in May 2025, reducing the 2051 population from 22.1 million to 20.8 million people. This represents a 22% reduction in Provincial-wide growth between 2024 to 2051 from 6.0 million to 4.7 million people. It is important to note that projections by Census Division have not been released yet, but it is likely there will be a further reduction for the City of Hamilton when they are released later this year.

Notwithstanding the current slowdown in the national, provincial and regional economy, it is our opinion that the long-term population and economic outlook for the province and City of Hamilton remains very positive. While it is recognized that the M.O.F. population projections for Ontario and many regions of the province, including the City of Hamilton are ambitious, we acknowledge they serve as a useful starting place in the addressing population outlook for Ontario municipalities for the purpose of addressing long-range planning and infrastructure needs. In light slowing macro-economic and housing conditions, it important to ensure that housing demand, urban land expansion needs as well as near- and longer-term infrastructure requirements associated with the most current 2024 M.O.F. growth forecasts are not overstated.

2.3 Long-term Planning Horizon for Urban Land Needs

Compared to the P.P.S., 2020, the P.P.S., 2024 presents a more flexible horizon for planning for growth by providing a planning horizon. More specifically, municipalities are permitted to designate urban land to accommodate growth for at least 20 years, but not more than 30 years with the opportunity to designate additional land beyond the 30-year time horizon for Employment Areas, strategic growth areas, and planning for infrastructure.^[15] Given the potential uncertainties and risks associated with forecasting long-term population growth and urban land needs, the City of Hamilton now has the option, if deemed appropriate, to adopt a shorter 20-year planning horizon when assessing City wide urban land needs and considering private applications for urban boundary expansion.

^[14] Government of Canada News Release, October 24, 2024.

<https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/10/government-of-canada-reduces-immigration.html>

^[15] P.P.S, 2024, policy 2.1.3, p.6.



3. Review of Elfrida Land Needs and Housing Assessment Report

This chapter provides a review of the adequacy of the Elfrida, Land Needs and Housing Assessment Report in responding to the five key topic areas as developed by Dillon in their Technical Memo which addresses the City of Hamilton growth allocation criteria and housing submission requirements.

Chapter 4 of the Elfrida Land Needs and Housing Assessment Report provides direct responses to the key Growth Management topic areas as set out in the Dillon Technical Memo for evaluating U.B.E. applications. A review of the Elfrida Housing and Needs Report is provided below that draws from general standards of practice and Watson's experience in preparing similar studies (including the 2021 L.N.A. update prepared by Watson in 2023). This broad review has been organized within the context of the key topic areas set out in the Dillon technical memo and is summarized below.

3.1 Need for the Expansion

Observation: Using a higher long-term rate of forecast population growth for the City of Hamilton, the Elfrida Land Needs and Housing Assessment Report arrives at a reasonable assessment of the City's urban land needs by 2051 in accordance with the direction provided under this topic area outlined in Dillon's Technical Memo. However, as previously noted, it is our opinion that the 2024 M.O.F. population projection for the City of Hamilton is ambitious. To ensure that long-term urban land needs are not overstated, the City has the option to adopt a shorter 20-year planning horizon for the purposes of long-range planning.

Analysis:

- The revised L.N.A. prepared under Elfrida Land Needs and Housing Assessment Report has been derived using key growth assumptions from the City's Ambitious Density Scenario based on a higher long-term population and housing forecast to the year 2051 using the 2024 M.O.F. projections. This approach generates a moderately higher long-term urban land need when compared to the City's recommended L.N.A.



- On page 33 of the subject report, Parcel identifies a total urban expansion land need of 1,780 hectares over 30 years. Comparatively, this figure is approximately 28% higher than the 1,390 hectares identified under the City's Ambitious Density Scenario and 20% higher than the City's 2023 L.N.A. update as summarized herein in section 1.2.
- As noted in Chapter 2, it is our opinion that the 2024 M.O.F. population projections for the City of Hamilton are ambitious both over the near and longer-term.
- It is also important to note that the stronger rate of population growth observed within the City between 2021 and 2024 has been largely driven by a significant increase in Non-Permanent Residents (N.P.R.) As summarized below in Figure 1, 42% of immigration within the City of Hamilton between 2021 and 2024 was associated with N.P.R.

Figure 1
City of Hamilton, Components of Net Migration, 2021 to 2024

Period	Total Migration					N.P.R. Share of Net Migration
	Inter Provincial	Intra Provincial	International Migration	Non Permanent Residents (N.P.R.)	Total Net Migration	
2021 / 2022	-1,500	2,600	5,500	1,600	8,100	20%
2022 / 2023	-1,200	3,300	5,200	6,600	13,900	47%
2023 / 2024	-1,100	3,600	5,200	7,800	15,600	50%
Annual Average						
2021-2024	-1,300	3,200	5,300	5,300	12,500	42%

Note: Figures may not sum precisely due to rounding.

Source: Statistics Canada, Table 17-10-0153-01.

- It is our experience that housing demand associated with N.P.R. population tends to be stronger for high-density housing, including additional dwelling units (A.D.U.s) located within B.U.A.s, as opposed to ground related housing in D.G.A.s.
- Long-term demand for A.D.U.s is also anticipated to be driven by steady population growth within the City of Hamilton associated with one-person and



other Non-Census family households.^[16] To a lesser extent it is also anticipated the smaller Census family households will also contribute to demand for A.D.U.s within the City in some cases.

- This increased demand for A.D.U.'s has been experienced in recent building permit activity. As illustrated in Figure 2, A.D.U.'s averaged 287 units annually from 2019 to 2023, with a notable increase since 2021.
- Comparatively, annual building permits associated with A.D.U.s are tracking considerably higher than the A.D.U. forecast provided in the City of Hamilton M.C.R Ambitious Density Scenario of 110 units annually from 2021 to 2051.^[17]
- When considering recent development activity and future market demand potential associated with A.D.U.s, it is our opinion that Parcel has understated the near-term and longer-term market potential for A.D.U.s.

Figure 2

City of Hamilton, Additional Dwellings Units from Issued Building Permits, 2019 to 2023

Dwelling Type	2019	2020	2021	2022	2023
A.D.U. (new construction)				3	17
A.D.U. (conversion)	151	169	212	343	459
A.D.U. – Detached (new construction)			1	7	34
A.D.U. – Detached (conversion)	1	1	1	8	28
Total	152	170	214	361	538

Source: Adapted from the City of Hamilton 2023 Market and Land Supply Monitoring Report, by Watson & Associates Economists Ltd.

- We agree that all A.D.U.s do not represent a substitute for housing market in urban expansion areas, however, it should be recognized that a portion of the City's existing and future A.D.U. housing potential will off-set future demand for ground related housing. For this reason, it our opinion that the required shift identified by Parcel between the Market-Based Housing Forecast and Revised Ambitious Density Scenario has been potentially overstated.

^[16] As defined by Statistics Canada, non-Census-family households are either one person living alone or a group of two or more persons who live together but do not constitute a Census family.

^[17] A.D.U.s are also tracking notably higher than the annual average of 149 units from 2016 to 2051 identified in the Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, August 26, 2020.



- As previously mentioned in Chapter 2, the national, provincial and regional population growth forecast associated with both N.P.R. and permanent immigration is slowing, which is anticipated to result in a slowing of near-term population growth and housing demand for the City of Hamilton.
- Considering the potential uncertainty regarding the near- and longer-term regional and local population and housing growth outlook, the City may wish to adopt a shorter 20-year planning horizon for the purposes of establishing urban boundary expansion areas.

3.2 Impact on City-wide Intensification Objectives

Observation: Parcel assumes a 60% residential intensification forecast in their revised Ambitious Density Scenario, which is lower than the City's target of 80%. Additionally, Parcel has not demonstrated how the planned housing mix within the U.B.E. will impact the City's intensification targets.

Analysis:

- Parcel identified that the Elfrida U.B.E. will accommodate 114,900 residents and 14,460 jobs, with a density of 135 residents and jobs per hectare, as noted on page 4 of the Report. However, the Parcel Report does not provide a breakdown of the housing by type (low, medium, and high density) or how this high level of density would affect the City's intensification rate. It is important to note that the assumption of 114,900 residents and 14,460 jobs is also used in the Fiscal Impact Assessment prepared by Parcel.
- Achieving a density of 135 residents and jobs per hectare would necessitate a significant amount of high-density housing, which could compete with options in the B.U.A., thereby potentially impacting the City's ability to reach an 80% intensification rate.



3.3 Densification of Existing Neighbourhoods and D.G.A. Supply

Observation: The Elfrida Land Needs and Housing Assessment Report understates forecast demand for A.D.U.s to 2051. Forecast demand for A.D.U.s between 2021 and 2051 is anticipated to significantly exceed the City's 2021 M.C.R. forecast. It is reasonable to assume that a portion of A.D.U housing growth will accommodate families, which will reduce market demand associated with ground-related housing demand in the D.G.A.

Analysis:

- Figure 3.6 on page 28 of the Elfrida Land Needs and Housing Assessment Report illustrates an A.D.U. forecast of 4,170 units or 3.0% of the City-wide housing forecast from 2021 to 2051.
- The City of Hamilton made amendments in May 2021 to its Zoning By-laws to permit A.D.U.s. The City has also implemented a dedicated A.D.U. team to review and issue A.D.U. permits for existing single-family dwellings up to four internal units and one detached unit.
- As previously discussed in Section 3.1 and illustrated in Figure 2, the City has experienced a notable increase in A.D.U.s. since 2021. The City added 1,113 new A.D.U.s from 2021 to 2023. This represents 27% of the 2021 to 2051 A.D.U. forecast identified in the Elfrida Land Needs and Housing Assessment Report. As discussed in Section 3.1, increased demand associated with Non-Census family households, and to a lesser extent Census family households, within the City of Hamilton is anticipated to contribute to future long-term demand for A.D.U.s.
- As noted in Section 3.1, it is our opinion that Parcel has understated the long-term market potential for A.D.U.s. and that it should be recognized that a portion of the City's A.D.U. housing supply will off-set future demand for ground related housing.



3.4 Greenfield Residents and Jobs Density Target

Observation: The Elfrida Land Needs and Housing Assessment Report indicates that the Elfrida U.B.E. can achieve a density of 82 residents and jobs per hectare as part of its L.N.A., however, it is stated earlier in the Report that the Elfrida U.B.E. will achieve a density of 135 residents and jobs per hectare. Moreover, the subject report should include more details on the jobs component and how the U.B.E. will accommodate commercial and institutional uses, which are essential for aligning with the City's U.H.O.P. policy objectives.

Analysis:

- 1. The Elfrida Land Needs and Housing Assessment Report is utilizing a density of 82 residents and jobs per hectare within the Elfrida U.B.E. This exceeds the density of 77 persons and jobs per hectare considered in the Ambitious Density Scenario of the City's L.N.A.**
 - The Elfrida Land Needs and Housing Assessment Report states that it can achieve a density of 82 residents and jobs per hectare by using assumptions similar to those in the City's L.N.A. under the Ambitious Density Scenario. For example, it assumes 35 units per hectare for low density housing and 70 units per hectare for medium density housing units. This is used to calculate the net land area requirement. Additionally, the net-to-gross ratio is 50% which aligns with the City's L.N.A. The net-to-gross is an assumption to account for the essential non-developable and public realm land-uses of the community (e.g., stormwater ponds, local roads, parks and trails, commercial and institutional uses). The detailed calculation is outlined in Figure 3.11 of the Elfrida Land Needs and Housing Assessment Report (page 33).
- 2. The Elfrida Land Needs and Housing Assessment Report indicates that the Elfrida U.B.E. can achieve a density of 82 residents and jobs per hectare as part of its L.N.A. However, this conflicts with an earlier section of the Report, which states that the concept plan will accommodate 135 residents and jobs per hectare.**
 - The discrepancy mainly arises from the L.N.A. density assessment in the Elfrida Land Needs and Housing Assessment Report which focuses only on low and medium density housing units. It omits an assessment of density based on the



accommodation of high density housing units within the Elfrida U.B.E. It is important to note that the Fiscal Impact Assessment prepared by Parcel assumes 135 residents and jobs per hectare.

3. The jobs estimate for the U.B.E. appears reasonable, however more details should however be provided on the types of population-related employment anticipated and how this employment will be accommodated.

- The jobs estimate for the U.B.E. is calculated at 1 job per 8 residents, which is the same assumption used in the City’s L.N.A. Ambitious Density Scenario for expansion lands.^[19] The Elfrida Land Needs and Housing Assessment Report should provide more details regarding the types of population-related employment (e.g., work at home employment, commercial and institutional employment) anticipated and the land area dedicated to commercial and institutional uses. This will ensure that the U.B.E. maintains a well-balanced mix of land uses, in line with the U.H.O.P. policy objectives.

3.5 Phasing of Development

Observation: The Elfrida Land Needs and Housing Assessment Report basis its assumptions regarding the timing of population and housing growth on the 2024 M.O.F. forecast. It is our opinion that this forecast is ambitious, particularly with respect to project population growth over the next five to 10 years.

Analysis:

- The City of Hamilton population has increased from 594,100 in 2021 to 632,100 in 2024 based on Statistics Canada Post-Censal population estimates, which the 2024 M.O.F. forecast incorporates.^[20] Over this three-year period of high growth, over 4 in 5 new residents in Hamilton came from international sources (42% from permanent international migration and 42% from non-permanent residents).^[21]

^[19] City of Hamilton Land Needs Assessment to 2051 Technical Working Paper – Summary of Results, March 2021, prepared by Lorus & Associates Economists Ltd.

^[20] Statistics Canada Table 17-10-0155-01.

^[21] Statistics Canada Table 17-10-0153-01.

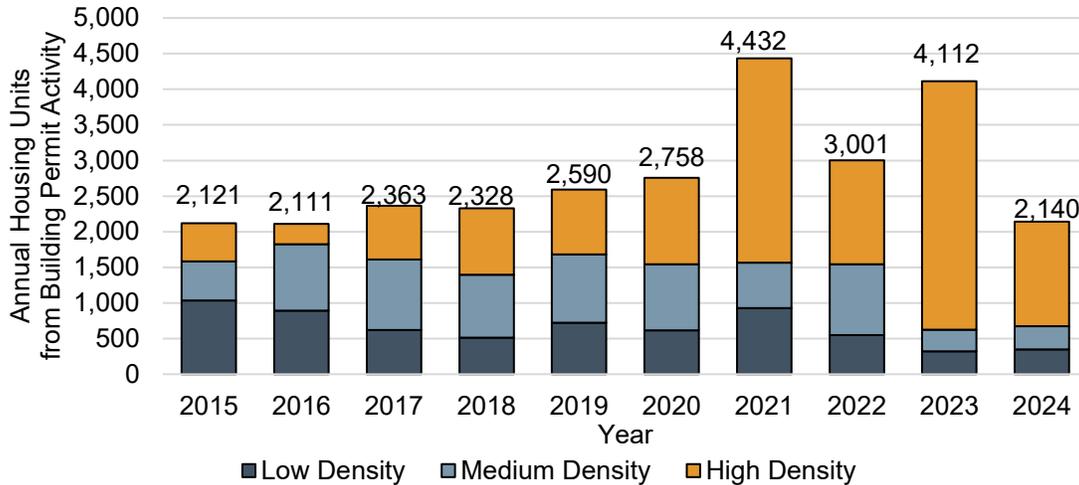


- As discussed in Section 2.2. of this report, in 2024 the federal government announced a reduction to the permanent and N.P.R. immigration targets. Accordingly, the 2025 M.O.F. interim population projections have reduced the 2024 to 2051 provincial-wide forecast by 22%. Given that the majority of population in Hamilton is attributed to immigration, these federal policy changes are anticipated to have a downward impact on the amount of future population growth in Hamilton. Additionally, BMO Capital Markets has forecast a downturn in economic growth in 2025 and 2026, which will also likely have a downward impact population growth in the near-term.
- Housing activity in the City has slowed considerably recently with 2,140 new housing units from building permits issued in 2024. As illustrated in Figure 3, this is a decrease from the 2015 to 2023 historical annual average of approximately 2,870 units. ^[22]
- Additionally, the timing for the phased development within the U.B.E., including the intensification hub described in the development concept, is unclear. More detailed information is needed to understand how the U.B.E. will be phased in alignment with the City's overall growth strategy.

^[22] Housing units based on custom order Statistics Canada building permit data.



Figure 3
City of Hamilton Housing Units from Building Permit Activity, 2015 to 2024



Source: Derived from City of Hamilton building permit data, by Watson & Associates Economists Ltd.

- In light of these trends and those discussed in Section 2.2, it is anticipated that population growth will slow and that the downturn of the housing market starting in 2024 will continue over the near-term. It is important to ensure that the phasing and timing of growth established in the 2024 M.O.F. forecast is reasonable over the next 5 to 10 years and not overstated over the longer-term to 2051. As stated in Section 2, Ontario municipalities are required to consider the M.O.F. population forecasts and modify as appropriate.

4. Conclusions

In accordance with our review of the Elfrida Land Needs and Housing Assessment Report, Watson has reviewed the subject report within the framework of the key topic areas set out in the Dillon Technical Memo, and has concluded the following:

Need for the Expansion

Using a higher long-term rate of forecast population growth for the City of Hamilton, the Elfrida Land Needs and Housing Assessment Report arrives at a reasonable assessment of the City’s urban land needs by 2051 in accordance with the direction provided under this topic area outlined in Dillon’s Technical Memo. However, as



previously noted, it is our opinion that the 2024 M.O.F. population projection for the City of Hamilton is ambitious. To ensure that long-term urban land needs are not overstated, the City has the option to adopt a shorter 20-year planning horizon for the purposes of long-range planning.

Impact on City-wide Intensification Objectives

The Elfrida Land Needs and Housing Assessment Report indicates that the Elfrida U.B.E. will accommodate 114,900 residents and 14,460 jobs, with a density of 135 residents and jobs per hectare, as noted on page 4. However, the Parcel Report lacks a detailed breakdown of the housing types (low, medium, and high density) and their potential impact on the City's intensification rate. It is important to note that the assumption of 114,900 residents and 14,460 jobs is used in the Fiscal Impact Assessment prepared by Parcel.

Achieving a density of 135 residents and jobs per hectare would likely require a substantial amount of high-density housing. This could compete with options in the B.U.A., potentially hindering the City's efforts to reach its 80% intensification rate.

Densification of Existing Neighbourhoods and D.G.A. Supply

The Elfrida Land Needs and Housing Assessment Report understates forecast demand for A.D.U.s to 2051. Forecast demand for A.D.U.s between 2021 and 2051 is anticipated to significantly exceed the City's 2021 M.C.R. forecast. It is reasonable to assume that a portion of A.D.U housing growth will accommodate families, which will reduce market demand associated with ground-related housing demand in the D.G.A.

Greenfield Residents and Jobs Density Target

The Elfrida Land Needs and Housing Assessment Report indicates that the Elfrida U.B.E. can achieve a density of 82 residents and jobs per hectare as part of its L.N.A. However, this conflicts with an earlier section of the Report, which states that the concept plan will accommodate 135 residents and jobs per hectare. The discrepancy mainly arises from the L.N.A. density assessment in the Elfrida Land Needs and Housing Assessment Report which focuses only on low and medium density housing units. It excludes an assessment of density based on high density housing units. It is important to note that the Fiscal Impact Assessment prepared by Parcel assumes 135 residents and jobs per hectare.



Furthermore, the subject report should include more details on the jobs component and how the U.B.E. will accommodate commercial and institutional uses, which are essential for aligning with the City's U.H.O.P. policy objectives.

Phasing of Development

The Elfrida Land Needs and Housing Assessment Report basis its assumptions regarding the timing of population and housing growth on the 2024 M.O.F. forecast. It is our opinion that this forecast is ambitious, particularly with respect to project population growth over the next five to 10 years.

Additionally, the timing for the phased development within the U.B.E., including the intensification hub described in the development concept, is unclear. More detailed information is needed to understand how the U.B.E. will be phased in alignment with the City's overall growth strategy.