



Foundational Housing Analysis

York Region

Final Report (Executive Summary)

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Executive Summary



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With an estimated population of 1,227,000 as of 2021,¹ York Region is expected to grow to approximately 2 million people by the year 2051, in accordance with the Growth Plan for the Greater Golden Horseshoe (GGH) – A Place to Grow, hereinafter referred to as the Growth Plan, 2019.² As the Region’s population grows, providing affordable and appropriate housing for residents across all life stages will be an ongoing challenge. Between 2021 and 2051, it is estimated that over 273,000 new households will be required across the Region, largely within existing and future urban areas.³

To better understand how macro-economic conditions, as well as regional and local real estate development trends, are influencing current housing trends across the Region, York Region is embarking on the development of a Foundational Housing Analysis. This analysis will help inform the definition of market demand as well as provide an assessment of the various other supply and policy-based factors that are likely to impact York Region’s updated Regional Official Plan (ROP) population and housing forecast. A critical consideration in the development of the 2051 housing forecast will be the need to strike the right balance between market demand, Growth Plan, 2019 targets and policy objectives, housing supply and housing affordability.

The York Region Foundational Housing Analysis is being prepared in two phases:

- **Phase 1 – York Region Foundational Housing Brief** (December 2020) – This Brief provided the preliminary findings of the Foundational Housing Analysis, largely as it related to:
 - The rate of recent population and housing growth relative to current estimates, as well as to York Region’s regional competitors within the broader regional market area;⁴ and

¹ 2021 population estimate, York Region. Adjusted for net Census population undercount.

² A Place to Grow: Growth Plan for the Greater Golden Horseshoe. Office Consolidation. August 2020. Ontario.

³ York Region, Preliminary Draft Forecast to 2051, September 2020.

⁴ For the purpose of this study, the broader regional market area is defined as the neighbouring upper-tier and single-tier municipalities of the Greater Toronto Hamilton Area as well as the Simcoe Area and Dufferin County.



- The reasons for estimated population and housing shortfalls relative to current estimates, as well as preliminary considerations of where on-going unmet housing needs are likely to persist and need to be further examined.

The Phase 1 report also provided a closer examination of anticipated residential real estate market demand, including potential barriers to housing choice, within the context of available housing supply.

- **Phase 2 – York Region Foundational Housing Report** – This report provides an assessment of the York Region long-term housing forecast to the year 2051, prepared by York Region as part of its current Municipal Comprehensive Review (MCR) and ROP Review. As part of this review, specific attention has been given to housing demand by structure type, tenure, planning policy area, and rate of development. In providing this assessment, a detailed examination has also been provided with respect to current conditions and future trends in housing affordability, and the influence of these trends on future housing needs by structure type and tenure.

Core to this analysis is an examination of the following key themes regarding the Region's 2051 population forecast and housing needs over the next 30 years:

- 1. What are the broader trends regarding long-term population for York Region within the GTHA and GGH context?**
- 2. What are the key factors that need to be considered in assessing the appropriateness of the long-term housing forecast by structure type prepared as part of the York Region draft MCR?**
- 3. Is the York Region long-term housing forecast by structure type prepared as part of the York Region draft MCR appropriate?**
- 4. Is a minimum 50% residential intensification target for York Region from 2021 to 2051 appropriate? Should York Region consider a higher residential intensification target?**



- 5. How are future trends regarding housing affordability in York Region anticipated to impact demand for rental and ownership housing? Are there particular types of rental and ownership housing where supply is needed to accommodate anticipated demand?**
 - 6. Are there potential risks for York Region if the housing supply is not well-aligned with the anticipated long-term needs of existing and future residents?**
 - 7. What recommended actions should York Region and its partners take to help ensure that housing supply in York Region is aligned with the anticipated needs of the Region's existing and future residents to the year 2051?**
- Q1. What are the broader trends regarding long-term population for York Region within the GTHA and GGH context?**
- A1. The growth outlook for York Region remains very positive; however, it is anticipated that the rate of future population and employment across the Region will gradually decline over the long term.**
- Population and employment growth within York Region is strongly correlated with the growth outlook and competitiveness of the broader regional economy of Central Ontario, which is commonly referred to as the Greater Golden Horseshoe (GGH). The economic growth potential and increasing global presence of the GGH City/Region presents a tremendous opportunity to leverage York Region's economic profile at the international level.
 - Notwithstanding the strong economic and population growth potential of the Greater Toronto and Hamilton Area (GTHA), it is important to recognize that the GGH Outer Ring economy is anticipated to grow at a relatively faster rate than the GTHA over the next three decades. This forecast shift in population growth from the GTHA to the GGH Outer Ring is anticipated to be largely driven by two key factors: 1) the relative affordability of housing in the GTHA compared to the GGH Outer Ring; and 2) a growing and strengthening economy across the GGH Outer Ring.



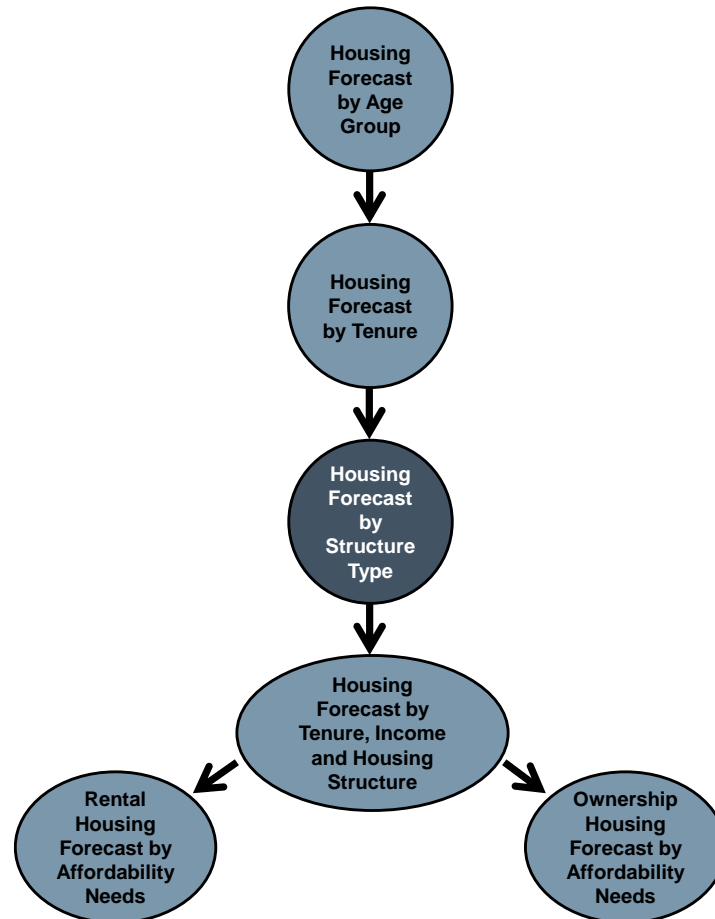
- It is recognized that the long-term population forecast for the GTHA as set out in the Growth Plan, 2019 is aspirational. This conclusion also applies to York Region. While it is recognized that the Growth Plan, 2019 population and employment forecasts are to be treated as minimums, a higher 2051 population forecast for York Region is not considered to be a likely long-term growth scenario. Accordingly, the Growth Plan, 2019 population forecast for York Region is recommended as the preferred long-term growth forecast.

Q2. What are the key factors that need to be considered in assessing the appropriateness of the long-term housing forecast by structure type prepared as part of the York Region draft MCR?

A2. The appropriateness of the York Region MCR housing forecast by structure type was tested through this Foundational Housing Analysis using a customized housing forecast modelling framework, which assesses future trends in age structure, housing demand by tenure (i.e. ownership vs. rental) and housing affordability. Figure ES-1 summarizes the adopted housing forecast modelling framework.



Figure ES-1
York Region Foundational Housing Study
Household Forecast Modelling Framework



- Using this modelling framework, a household forecast by structure type by population age group was generated over the 2021 to 2051 planning horizon. Key observations regarding housing demand by structure type and major age group are summarized below and illustrated in Figure ES-2.



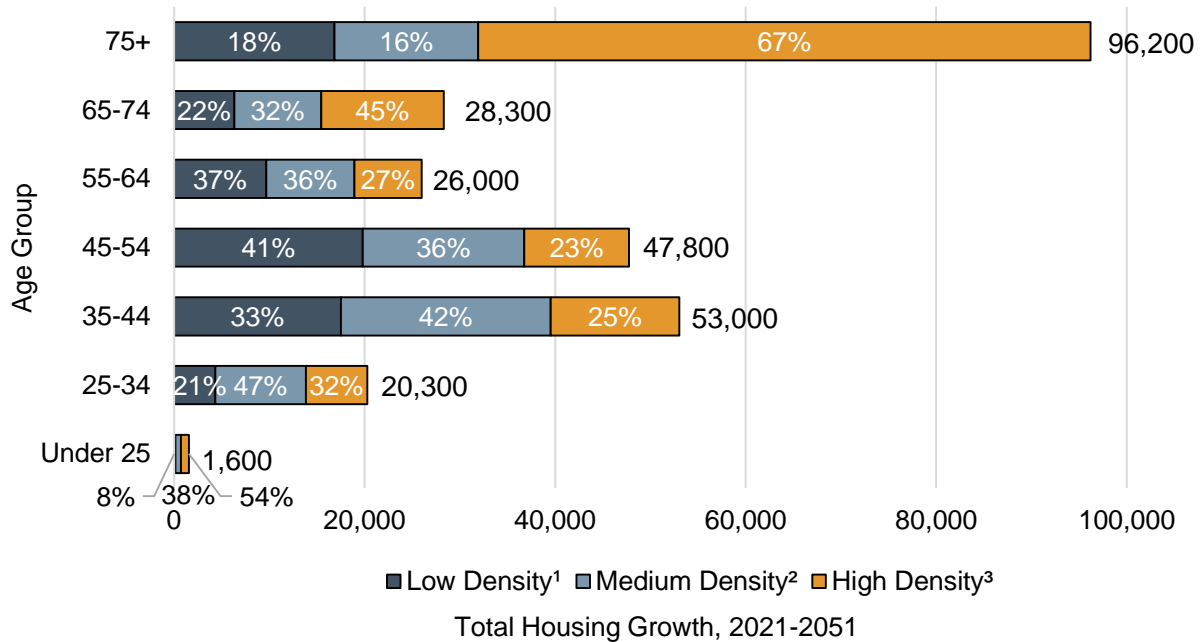
York Region's Aging Population is one of the Key Drivers of Increased Demand for High-Density Housing

- The average age of the population base in York Region is getting older, due to the concentration of Baby Boomers within the Region.¹ In 2021, the oldest of the Region's Baby Boomers will turn 75 years of age.
- The percentage of the population in the 75+ age group (older seniors) is forecast to more than double over the 25-year period, from 6% in 2016 to 14% by 2051. The 75+ age group is anticipated to represent the fastest growing demographic group in York Region, increasing at two and a half times the rate of the Region's total population.
- The aging of the Region's population is anticipated to place increasing demand on the need for a range of new housing options by type and built form, largely geared towards condominiums, rental apartments, seniors' housing, affordable housing and social housing products.
- Over the 2021 to 2051 forecast period, over half (55%) of future high-density housing demand in York Region is anticipated to be generated from households maintained by persons aged 75 years of age and older.
- As York Region's Baby Boomers continue to age, an increasing number of grade-related households are anticipated to "turn-over" to new buyers. In total, approximately 40,000 grade-related households are anticipated to be circulated back into the residential real estate market between 2016 and 2051, representing 13% of the Region's entire stock of grade-related households in 2016.

¹ Defined as those born between 1946 and 1964.



Figure ES-2
York Region
Housing Forecast by Structure Type by Age Group, 2021 to 2051



¹ Low density represents singles and semi-detached.

² Medium density includes townhouses (including back-to-back and stacked townhouses) and duplexes.

³ High density includes all apartments.

Source: Watson & Associates Economists Ltd. derived from York Region Draft Municipal Comprehensive Review Housing Forecast, 2020.

- The housing forecast by structure type was then further summarized by tenure. These results were also assessed against historical trends as well as active development applications in the planning approvals process. Key observations regarding housing demand by structure type and tenure group are summarized below and illustrated in Figure ES-3.

Ownership Housing Forecast

- Ownership housing in York Region is forecast to increase by 186,900 households, which represents approximately 68% of total forecast demand for new households over the forecast period.
- Just over two-thirds of projected ownership housing growth is anticipated to be grade related, while the remaining 32% is anticipated to be in high-



density forms. Demand for high-density ownership housing is largely anticipated to be generated from persons 75+ years of age.

Rental Housing Forecast

- Rental housing demand in York Region is projected to total 82,600 households, which represents approximately one-third of housing growth in York Region over the forecast period. At this rate of growth, rental housing would represent approximately 22% of total housing in York Region by the year 2051, which is similar to the ratio of rental to total housing for the GTHA, excluding the City of Toronto, as of 2016.
- Just under two-thirds of forecast rental housing demand is anticipated to be in the form of high-density households. Rental housing is anticipated to represent close to half the Region’s total high-density housing demand over the next 30 years, equally driven by demand from both the primary and secondary rental housing market.
- Forecast demand for rental housing is expected across a broad range of age groups but is anticipated to be highest amongst adults between 25 and 54 years of age and older seniors in the 75+ age group.

Figure ES-3
York Region
Housing Growth Forecast by Structure Type and Tenure, 2021 to 2051

	Low Density ¹	Medium Density ²	High Density ³	Total	Percentage Housing Share
Total Renter-Occupied Housing Forecast	7,500	22,600	56,100	86,200	32%
Renter-Occupied Housing Forecast by Structure Type	9%	26%	65%	100%	
Total Owner-Occupied Housing Forecast⁴	66,300	59,900	60,700	186,900	68%
Owner-Occupied Housing Forecast by Structure Type	35%	32%	32%	100%	
Total Household Forecast⁵	73,800	82,500	116,800	273,100	100%
Total Household Forecast by Structure Type	27%	30%	43%	100%	

Source: Watson & Associates Economists Ltd., 2021.

¹ Low density represents singles and semi-detached.

² Medium density includes townhouses (including back-to-back and stacked townhouses) and duplexes.

³ High density includes all apartments.

⁴ Includes freehold and condominium units.

⁵ Based on York Region draft MCR Housing Forecast.



Q3. Is the York Region long-term housing forecast by structure type prepared as part of the York Region draft MCR appropriate?

A3. Yes, the analysis prepared as part of this Foundational Housing Report supports the findings of the draft York Region MCR with respect to forecast long-term housing demand by structure type.

- In accordance with the York Region draft MCR housing forecast, the York Region 2021 to 2051 percentage housing forecast by structure type is 27% for low-density, 30% for medium-density and 43% for high-density dwellings.¹ The York Region draft MCR housing forecast by structure type:
 - Appropriately recognizes recent shifts in residential building permit activity in York Region from low-density dwellings toward medium- and high-density housing forms;
 - Recognizes further anticipated shifts toward medium- and high-density residential development which are exhibited in active residential plans; and
 - Anticipates a more balanced mix of ownership and rental housing demand relative to recent trends.

As York Region Continues to Mature and Urbanize the Composition of its Households are Anticipated to Diversify

- Demand for grade-related housing will largely be driven by Census families, which are relatively large with respect to average household size or persons per unit (PPU).
- It is important to note, however, that the share of Census non-family households, which typically have lower household sizes, has been recently increasing across York Region. This emphasizes the importance of providing a range of households by structure type and building size.

¹ For the purposes of this analysis, low-density housing includes singles and semis, medium-density housing includes townhouses (including stacked townhouses) and duplexes, and high-density housing includes all other apartment units.



Q4. Is a minimum 50% residential intensification target for York Region from 2021 to 2051 appropriate? Should York Region target a higher residential intensification target?

A4. Yes, a minimum 50% residential intensification target is recommended as the preferred long-term residential intensification scenario for the Region. This intensification target appropriately considers recent residential housing development patterns by geographic area as well as anticipated near-term and longer-term housing demand within the BUA and DGA.

A 50% Residential Intensification Target would Represent an Increase in the Absolute Amount of Housing Growth within the York Region BUA Relative to Recent Historical Trends

- Between 2006 and 2020, approximately 4,000 housing residential building permits were issued annually within the York Region BUA. Since 2006, the Region's share of residential development activity within the BUA has steadily increased, from 45% during the 2006 to 2010 period, to 54% from 2016 to 2019. During this same time period, the share of new residential development within the BUA has steadily shifted towards high-density housing types, as remaining vacant lands available to accommodate low-density housing have been absorbed.
- Under a 50% residential intensification target, approximately 4,600 new households would be required to be built on an annual basis within the BUA between 2021 and 2051. Relative to the amount of residential intensification achieved between 2006 and 2021, a 50% residential intensification target would represent a 15% increase in the annual level of housing growth allocated to the BUA. At this time, a higher residential intensification target beyond 50% is not considered a likely scenario.
- As previously noted in the York Region Foundational Housing Brief, York Region has recently made significant transit infrastructure investments within the BUA. These investments have played, and will continue to play, a key role in the Region's recent success regarding residential intensification over the next 30 years.



- Q5. How are future trends regarding housing affordability in York Region anticipated to impact demand for rental and ownership housing? Are there particular types of rental and ownership housing for which more supply is needed to accommodate demand?**
- A5. Housing affordability represents a key driver behind the need for a broader range of ownership and rental housing products geared toward medium- and high-density households.**

Housing Demand for Ownership Housing is Anticipated to Remain Strong Across York Region

- The home ownership market in York Region is expected to remain strong over the long term. Owner-occupied housing growth is expected to be comprised of a mix of freehold and condominium development with a range of low-, medium- and high-density dwellings. Demand for grade-related ownership housing is anticipated to be largely driven by middle- and high-income Census families.

Low-Density Ownership Housing Needs

- Forecast demand for low-density ownership housing in York Region will continue to be strongest amongst **high-income** households that can afford premium-priced homes above an average price point of \$950,000; however, minimal market choice exists for homes priced under this average.

Medium-Density Ownership Housing Needs

- Relative to low-density housing, York Region offers a greater supply of medium-density housing to accommodate anticipated demand associated with **high-income** households across York Region.
- Over the past decade, however, York Region has experienced significant price appreciation in medium-density housing which has eroded housing affordability for this form of housing to **middle-income** households.



- **Middle-income**, working-age families represent the largest market for medium-density ownership housing across York Region; however, few **middle-income** households can afford to purchase a medium-density home in York Region.²

High-Density Ownership Housing Needs

- York Region is anticipated to require a greater share of smaller condominium units in the market over the next three decades than what has been constructed over the past 10 years.
- This need for smaller condominium units (studio) is anticipated to be significant, representing approximately 53% of high-density ownership housing demand. Demand for smaller condominium units is expected to be largely driven by **low-income** households in the 75+ age group.
- Demand for larger (2 bedroom+) condominium units is projected to make up approximately 23% of the demand for high-density ownership households. Demand for larger apartments is anticipated to be comprised primarily from **high-income** households.

Continue to Explore Opportunities to Increase the Supply of Purpose-Built Rental Housing

- In recent years, demand for rental housing in York Region has largely been satisfied by the secondary rental market. This includes condominium units rented by owners and second suites as well as non-profit housing development. The secondary rental market is expected to continue to supply the majority of ground-oriented rental housing.
- Based on the findings of this study, it is projected that just under 40% of overall renter household growth during the 2021 to 2051 period will need to be accommodated through the primary rental market, totalling approximately 32,800 new purpose-built rental households.

² For the purposes of this report, **low-income** households are defined as those that earn an annual household income of less than \$65,000 per year, **middle-income** households are defined as those that earn an annual household income between \$65,000 and under \$104,000, while **high-income** households are defined as those that earn an annual household income of \$104,000 or more per year.



- Q6. Are there potential risks for York Region if the housing supply is not well-aligned with the anticipated long-term needs of existing and future residents?**
- A6. Improving the alignment of the housing stock by type, location, tenure, and affordability against the needs of the population by age and income level is a fundamental long-term goal for York Region. Improved alignment between housing supply and demand is essential for York Region to achieve its long-term population and employment allocation to the year 2051. Ultimately, if mismatches persist between housing supply and demand, existing residents and potential new home buyers may consider alternative housing options within the broader regional market area outside York Region.**

Continue to Address Gaps in Housing Affordability to Better Align Housing Demand and Supply across York Region

- If York Region is unable to address the housing affordability gaps identified herein, the following combination of outcomes are likely:
 - An increasing share of lower- and middle-income households will need to spend a greater than 30% share of household income on shelter costs in York Region.
 - Households may need to settle for housing arrangements that meet their affordability needs but do not necessarily meet their functional needs which may impact quality of life. This could include living arrangements in smaller than desired dwellings.
 - An increased percentage of young adults would be expected to defer entry into the rental or ownership housing market, combined with an overall increase in multiple family/multi-generation living arrangements.
 - A greater share of lower- and middle-income households than what has been presented herein will likely rent and not purchase, placing greater pressure on both the primary and secondary rental markets.
 - Households may consider less-expensive housing options in other locations within the broader regional market area outside York Region. If York Region is unable to attract the target market segments identified in



the forecast presented herein, the Region will have difficulty in meeting its long-term population and housing forecast to 2051.

Q7. Are there recommended actions that York Region and its partners should take to help ensure that housing supply in York Region is better aligned with the anticipated long-term needs of the Region's existing and future residents?

A7. Yes, opportunities exist through land-use planning tools and financial incentives to better align the anticipated long-term needs of the Region's existing and future residents.

Recommended approaches to address the Region's affordable housing needs are summarized below:

- Work with public- and private-sector partners to increase the supply of medium-density ownership housing opportunities geared toward younger families and middle-income households.
- Encourage the development of a broad range of condominium units by size and price.
- Continue to explore approaches to expand the Region's purpose-built rental housing inventory.
- Explore land-use planning tools and financial incentives to better align the anticipated long-term needs of the Region's existing and future residents, such as:
 - Municipal fee exemptions, discounting or deferrals;
 - Land donation or discounting;
 - Tax increment equivalent grants;
 - Reduced parking requirements;
 - Flexibility in building height and set back requirements; and
 - Inclusionary zoning.