



APRIL 2024

# Ontario's need for 1.7 million more homes: an update



Smart Prosperity  
Institute

## About Smart Prosperity Institute

Smart Prosperity Institute is a national research network and policy think tank based at the University of Ottawa. We deliver world-class research and work with public and private partners to advance practical policies and market solutions for a stronger, cleaner economy.

[institute.smartprosperity.ca](https://institute.smartprosperity.ca)

## Acknowledgements

This report was written by Mike Moffatt, Alison Dudu, and Maryam Hosseini. Responsibility for the final product and its conclusions is Smart Prosperity Institute's alone, and should not be assigned to the reviewers, interviewees, or any external party.

## Suggested Citation

Moffatt, M., Dudu, A., Hosseini, M. (2024). *Ontario's Need for 1.7 Million More Homes: An Update*. Smart Prosperity Institute.

**April 2024**

**With support from**



## ONTARIO'S NEED FOR 1.7 MILLION MORE HOMES: AN UPDATE

Estimated Net Housing Supply Needs from Pre-Existing Housing Shortages and Projected Population Growth from 2021-31, by Ontario census division.

Census Division	Projected Net Housing Supply Needs: 2021-31	Census Division	Projected Net Housing Supply Needs: 2021-31
Peel	302,381	Lanark	7,994
Toronto	282,576	Muskoka	7,684
York	185,035	Perth	7,637
Ottawa	109,600	Greater Sudbury / Grand Sudbury	7,036
Durham	100,215	Leeds and Grenville	6,978
Halton	91,046	Bruce	6,159
Waterloo	89,887	Stormont, Dundas and Glengarry	5,736
Simcoe	78,565	Renfrew	5,413
Hamilton	60,202	Lambton	4,791
Middlesex	55,317	Huron	4,787
Niagara	47,830	Lennox and Addington	4,345
Essex	38,618	Chatham-Kent	3,896
Wellington	31,688	Parry Sound	3,737
Brant	16,173	Nipissing	3,363
Oxford	14,316	Algoma	2,387
Haldimand-Norfolk	12,610	Kenora	2,246
Peterborough	11,844	Prince Edward	1,969
Hastings	11,790	Haliburton	1,916
Dufferin	10,113	Thunder Bay	1,274
Prescott and Russell	10,062	Sudbury	846
Frontenac	9,433	Manitoulin	763
Grey	9,313	Cochrane	759
Elgin	9,102	Rainy River	200
Kawartha Lakes	8,696	Timiskaming	108
Northumberland	8,661	<b>TOTAL</b>	<b>1,697,096</b>

# ONTARIO'S NEED FOR 1.7 MILLION MORE HOMES: AN UPDATE

## Ten Key Points from This Report

1. Ontario's current target of 1.5 million homes is not enough meet projected population growth and should be increased.
2. To address the province's housing crisis, the provincial government, all four provincial parties and the federal government have committed to building **1.5 million homes in Ontario over the next ten years**, based on a recommendation from Ontario's Housing Affordability Task Force.
3. No details have been provided on how this 1.5 million-target was estimated, which leads to two questions: Is the figure a reasonable estimate of Ontario's housing needs over the next decade, and if so, where in the province are these houses needed?
4. To answer these questions, we published the paper [\*Ontario's Need for 1.5 Million More Homes\*](#) in the summer of 2022. The paper developed a *Rest of Canada Average Benchmark* (RoCA Benchmark) method to estimate the number of homes each of Ontario's 49 census divisions would need to build to bring its supply up to the average of the rest of Canada by 2031. The "rest of Canada" is all of Canada excluding Ontario and British Columbia. This benchmark considers the size of a census division's population and the age of the residents.
5. Using the Benchmark, we originally found that Ontario has a pre-existing housing shortage of 471,500 units, and that over the next ten years, the province will need 1,034,900 net new homes to keep up with population growth. Added together, the Benchmark projected Ontario would need 1.506 million net new homes in the next decade.
6. Ontario's population has grown rapidly since the summer of 2022, and much faster than projected. From July 1, 2022, to July 30, 2023, Ontario's population grew by 463,363 persons. The Ontario Ministry of Finance had projected it would only grow by 270,681 during that time.
7. This rapid population growth caused the Ontario Ministry of Finance to increase their population projections. Their 2022 release saw Ontario's population growing to 17,120,667 persons by July 1, 2031. The 2023 release revised this figure upwards to 17,818,770, a change of 698,103 persons.
8. Using the Benchmark, we now find that Ontario will **need to build 1.7 million homes between 2021 and 2031 to accommodate population growth and the pre-existing housing shortage, an increase of approximately 190,000 units relative to the previous estimate.**
9. Of the 1.7 million homes needed over the next decade, **45% of the demand will come from just three of 49 census divisions: Peel Region, York Region, and the City of Toronto.**
10. Every census division saw their housing demand estimates increased, with Peel, Toronto, Waterloo, Middlesex and Durham all experiencing increases of more than 10,000 units.

## ONTARIO’S NEED FOR 1.7 MILLION MORE HOMES: AN UPDATE

In early 2022, Ontario’s Housing Affordability Task Force released a series of 55 recommendations to increase the attainability of homes for rent and sale across the province<sup>1</sup>. Its very first recommendation, “[s]et a goal of building 1.5 million new homes in ten years,” caught the eyes of policymakers, the media, and the public. During the 2022 election campaign, all four provincial parties committed to this goal, including the re-elected Progressive Conservative government.

The federal government provided further support for this goal of 1.5 million new homes. In Budget 2022, it committed to “double our housing construction over the next decade.” In the decade before Budget 2022, Ontario started 750,313 homes and completed 669,378<sup>2</sup>. Doubling these figures would approach the provincial government’s 1.5 million home target.

Despite the precision of these targets, there had been little evidence presented by the Task Force that 1.5 million new homes in the next ten years, or a doubling of housing construction over the next decade were either necessary or sufficient to address Ontario’s housing shortage and future population growth. In our report, *Ontario’s Need for 1.5 Million More Homes*, we set out to test if 1.5 million new homes was a reasonable estimate of Ontario’s future housing needs. Using a methodology adapted from [Baby Needs a New Home](#) that better accounts for pre-existing housing shortages and updated population forecasts from the Ontario Ministry of Finance<sup>3</sup>, we estimated the demand for 1.51 million net new homes over the next decade, in line with the provincial target. We obtained this figure by creating a *Rest of Canada Average* (RoCA) Benchmark, which is the average housing supply levels in Canada in 2016, outside of the two provinces with chronic housing shortages, Ontario and British Columbia, adjusted for both population size and age. The paper estimated the number of net new houses it would take for each of Ontario’s 49 census divisions<sup>4</sup> to reach the Benchmark by 2031. We found that under the Benchmark, Ontario had a pre-existing shortage of 471,267 homes in 2021 and would need an additional 1,035,051 homes to keep up with projected 2021-31 population growth and aging for a combined total of 1,506,318 net new homes needed over those ten years.

Ontario’s population has grown rapidly, and much faster than projected since *Ontario’s Need for 1.5 Million More Homes* was published in the summer of 2022. From July 1, 2022, to July 30, 2023, the province’s population grew by 463,363 persons, compared to the Ontario Ministry of Finance’s projection of only 270,681. When the Ontario Ministry of Finance released updated population projections on July 19<sup>th</sup>, 2023, it did not come as a surprise that those projections were increased.

---

<sup>1</sup> Government of Ontario, “Report of the Ontario Housing Affordability Task Force” (Government of Ontario, February 8, 2022), <https://files.ontario.ca/mmah-housing-affordability-task-force-report-en-2022-02-07-v2.pdf>.

<sup>2</sup> Between Census 2011 and Census 2021, the number of total private dwellings in Ontario rose by only 620,465, and the number of private dwellings occupied by usual residents rose by only 603,693. These figures are lower than the number of housing starts and completions, as they take into account housing demolitions. It is not clear from either the provincial or federal government’s communications if their goal is for 1.5 million gross new completions, or 1.5 million net new homes, considering demolitions.

<sup>3</sup> Government of Ontario, “Ontario population projections” (Government of Ontario, July 19, 2023), <https://www.ontario.ca/page/ontario-population-projections>

<sup>4</sup> In Ontario, a census division is typically a regional municipality, a county, or, in northern Ontario, a district.

Their 2022 release saw Ontario’s population growing to 17,120,667 persons by July 1, 2031. The 2023 release revised this figure upwards to 17,818,770, a change of 698,103 persons.

Converting this increase in population to an estimate of the number of future households (and, therefore, the number of new homes needed) is not straightforward. This conversion is not an easy process; there is no one-to-one relationship between population growth and the growth in the number of households. For example, a family welcoming a second child increases the population but does not increase the number of households. A young adult moving out of their parents’ home into an apartment increases the number of households but does not increase the population. The number of households is a function of the size of the population, the age of the population, as well as the number of housing units available.

In *Ontario’s Need for 1.5 Million More Homes*, we developed the RoCA Benchmark, a method of converting population by age totals into a number of households (thereby creating a crude measure of housing demand). The RoCA Benchmark is defined as follows.<sup>5</sup>

**RoCA Benchmark Number of Households (Definition):** The number of households a community would have, given the size of their population if their age-adjusted headship rates were equal to the 2016 “Rest-of-Canada” average, where the rest of Canada excludes Ontario and British Columbia.

Figure 1 provides the parameters to convert population data into the number of RoCA Benchmark Households. For example, for every 1,000 persons between the ages of 25 and 34 added to a population, the Benchmark number of households increases by 467.

**Figure 1: RoCA Benchmark Parameters by Age**

Age Group	RoCA Household Formations Per 1,000 Persons	Age Group	RoCA Household Formations Per 1,000 Persons	Age Group	RoCA Household Formations Per 1,000 Persons
0-14	0	35-44	549	65-74	615
15-24	120	45-54	579	75-84	619
25-34	467	55-64	593	85+	480

We then apply those parameters to the July 19<sup>th</sup>, 2023, population projections provided by the Ontario Ministry of Finance to estimate the number of household formations from 2021-31, as shown in Figure 2. We find that the number of projected households rises by 190,778. The pre-existing shortage figures are based on the 2021 Census and, as such, are not altered by the updated Ministry of Finance population projections.

<sup>5</sup> *Ontario’s Need for 1.5 Million More Homes* provides a more detailed explanation of the RoCA Benchmark method.

**Figure 2: Estimated Housing Demand by Source and Population Projection**

	<b>Pre-Existing Shortage as of July 1, 2021</b>	<b>Projected RoCA Household Formations 2021-31</b>	<b>Total Housing Demand</b>
<b>2022 MoF Population Projection</b>	471,267	1,035,051	1,506,318
<b>2023 MoF Population Projection</b>	471,267	1,225,829	1,697,096
<b>Change</b>	0	190,778	190,778

Although the Ontario Ministry of Finance’s population projection for 2031 has risen by 698,103 persons, the number of Benchmark families only rose by 190,778. This relatively modest increase is because of those 698,103 persons, the Ministry projects that more than half (351,817) will be under the age of 25, a group that has more limited housing needs in the RoCA model. As that population ages, however, their housing needs will grow, leading to increased housing demand in the mid-2030s, relative to the 2022 projections.

The Ministry of Finance’s population projections are provided for each of Ontario’s 49 census divisions, allowing us to calculate housing needs estimates at a local level, as shown in Figure 3. Peel Region will experience the highest levels of housing needs, with Toronto a close second. Forty five percent of all housing needs will be experienced in the three Greater Toronto Area census divisions of Peel, Toronto, and York. Note that families are mobile, so unfulfilled demand will spill over to surrounding communities. A family that cannot find housing in Middlesex may move to Elgin, and a couple that cannot find a place to live in Ottawa may move to Lanark. As such, census divisions near major centres are likely to face high levels of spillover demand not shown in Figure 3.

Figure 4 shows the change in estimated future housing demand since the publication of *Ontario’s Need for 1.5 Million More Homes*. Larger census divisions, such as Peel, Toronto, and Ottawa feature prominently. Waterloo and Middlesex also make an appearance near the top of the list due to their high numbers of international students. Many international college and university students will obtain work visas after graduation and eventually obtain permanent residency, leading to future demand for housing. This population growth and increased availability of talent will be a boon for these communities, but only if they create the housing and other infrastructure needed to support that growth.

Ontario’s population is expected to continue to experience robust growth, although recent changes to non-permanent resident programs will temper this effect. Ontario’s 1.5 million homes target has become insufficient to support a growing population. The provincial government should consider increasing it, along with adopting the reforms laid out in the [Blueprint for More and Better Housing](#) to ensure these homes are affordable, low-carbon, and resilient to extreme weather events.

**Figure 3: Housing Needs by Ontario Census Division, 2021-31**

Census Division	Projected Number of Family Formations (2021-31)	Existing Housing Shortage from Suppressed Household Formations	Total 2021-31 Housing Needs	Census Division	Projected Number of Family Formations (2021-31)	Existing Housing Shortage from Suppressed Household Formations	Total 2021-31 Housing Needs
Peel	133,507	168,874	302,381	Lanark	1,695	6,299	7,994
Toronto	34,291	248,285	282,576	Muskoka	2,305	5,379	7,684
York	96,194	88,841	185,035	Perth	1,011	6,626	7,637
Ottawa	10,417	99,183	109,600	Greater Sudbury / Grand Sudbury	-978	8,014	7,036
Durham	39,931	60,284	100,215	Leeds and Grenville	2,372	4,606	6,978
Halton	31,105	59,941	91,046	Bruce	960	5,199	6,159
Waterloo	13,447	76,440	89,887	Stormont, Dundas and Glengarry	1,228	4,508	5,736
Simcoe	22,926	55,639	78,565	Renfrew	956	4,457	5,413
Hamilton	14,465	45,737	60,202	Lambton	432	4,359	4,791
Middlesex	1,167	54,150	55,317	Huron	822	3,966	4,787
Niagara	11,070	36,760	47,830	Lennox and Addington	2,157	2,189	4,345
Essex	9,883	28,735	38,618	Chatham-Kent	581	3,315	3,896
Wellington	6,830	24,858	31,688	Parry Sound	1,268	2,469	3,737
Brant	3,853	12,320	16,173	Nipissing	-146	3,508	3,363
Oxford	2,363	11,953	14,316	Algoma	-887	3,274	2,387
Haldimand-Norfolk	3,967	8,643	12,610	Kenora	698	1,548	2,246
Peterborough	2,807	9,037	11,844	Prince Edward	937	1,032	1,969
Hastings	2,804	8,986	11,790	Haliburton	474	1,442	1,916
Dufferin	3,594	6,520	10,113	Thunder Bay	-1,186	2,459	1,274
Prescott and Russell	2,619	7,443	10,062	Sudbury	273	573	846
Frontenac	-612	10,045	9,433	Manitoulin	75	688	763
Grey	2,079	7,234	9,313	Cochrane	-875	1,635	759
Elgin	2,004	7,097	9,102	Rainy River	-164	364	200
Kawartha Lakes	3,351	5,344	8,696	Timiskaming	-470	579	108
Northumberland	3,667	4,995	8,661	<b>Total</b>	<b>471,267</b>	<b>1,225,829</b>	<b>1,697,096</b>



Figure 4: Housing Needs by Ontario Census Division, 2021-31, Change Since Previous Report

Census Division	Total 2021-31 Housing Needs (2022 Pop Projections)	Total 2021-31 Housing Needs (2023 Pop Projections)	Change	Census Division	Total 2021-31 Housing Needs (2022 Pop Projections)	Total 2021-31 Housing Needs (2023 Pop Projections)	Change
Peel	277,023	302,381	25,358	Chatham-Kent	2,429	3,896	1,467
Toronto	259,033	282,576	23,543	Grey	8,164	9,313	1,149
Waterloo	70,881	89,887	19,006	Perth	6,512	7,637	1,125
Middlesex	39,476	55,317	15,840	Renfrew	4,295	5,413	1,118
Durham	89,952	100,215	10,262	Elgin	8,007	9,102	1,095
Ottawa	100,106	109,600	9,494	Prescott and Russell	9,018	10,062	1,044
Niagara	39,092	47,830	8,737	Bruce	5,172	6,159	988
Simcoe	69,940	78,565	8,624	Muskoka	6,702	7,684	981
Essex	30,364	38,618	8,255	Lanark	7,292	7,994	702
Hamilton	52,383	60,202	7,819	Halton	90,361	91,046	685
York	180,133	185,035	4,902	Leeds and Grenville	6,376	6,978	602
Greater Sudbury / Grand Sudbury	2,816	7,036	4,221	Kenora	1,644	2,246	602
Frontenac	6,251	9,433	3,182	Huron	4,194	4,787	593
Brant	13,239	16,173	2,933	Parry Sound	3,199	3,737	538
Peterborough	9,285	11,844	2,559	Timiskaming	-396	108	504
Nipissing	905	3,363	2,458	Kawartha Lakes	8,206	8,696	489
Oxford	12,074	14,316	2,243	Sudbury	415	846	431
Algoma	159	2,387	2,228	Lennox and Addington	3,927	4,345	418
Wellington	29,582	31,688	2,106	Prince Edward	1,567	1,969	402
Lambton	2,700	4,791	2,091	Manitoulin	485	763	278
Hastings	9,797	11,790	1,993	Haliburton	1,639	1,916	277
Thunder Bay	-686	1,274	1,960	Northumberland	8,393	8,661	268
Cochrane	-942	759	1,701	Dufferin	9,851	10,113	262
Haldimand-Norfolk	10,975	12,610	1,635	Rainy River	68	200	132
Stormont, Dundas and Glengarry	4,256	5,736	1,479	<b>Total</b>	<b>1,506,318</b>	<b>1,697,096</b>	<b>190,778</b>



**Smart Prosperity  
Institute**

**1 Stewart Street, 3rd Floor  
Ottawa, ON K1N 6N5**