



WHO WILL SWING THE HAMMER?

MAY 2023



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Acknowledgements

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WHO WILL SWING THE HAMMER?

Ten Key Points From This Report

1. **Hamilton's population is aging:** Canada's population is aging, and Hamilton's is no exception. For Hamilton to thrive, it needs to attract and retain talent, from high-tech positions like software engineers to the healthcare workers needed to care for an aging population to the tradespeople needed to build the homes for those workers.
2. **Hamilton is struggling to attract young talent:** In recent years, Hamilton has struggled to attract young workers. It receives fewer immigrants than Kitchener-Cambridge-Waterloo. It receives fewer families moving in from the Greater Toronto Area than Oshawa. It receives fewer international students, particularly compared to places like London.
3. **Hamilton is also struggling to retain young families:** Hamilton is also having difficulty retaining talent. It is losing thousands of people, on net, yearly to Brantford and St. Catharines-Niagara. It is also losing greater numbers of persons to other provinces than other mid-sized Ontario metros.
4. **Hamilton is losing families to communities with lower housing costs, like Brantford and St. Catharines:** This migration should not be a surprise, as Hamilton's home prices are higher than those in Brantford and St. Catharines-Niagara, but lower than those in the GTA.
5. **Housing availability is the primary driver of migration in the Hamilton area:** From the Canadian Housing Survey, we can identify the most common reason for people in Hamilton to move. It is to upgrade to a larger or better-quality dwelling for existing homeowners. For first-time owners, it is to become a homeowner. Those moving to and from Hamilton are looking for attainable housing that meets their needs, particularly families with young children.
6. **Hamilton has a housing shortage, which helps explain both high home prices and outmigration:** there is a pre-existing housing shortage of roughly 14,500 units in the City of Hamilton alone.
7. **In particular, Hamilton has a shortage of family-friendly housing:** Despite this need to attract families with young children, Hamilton's housing stock is shifting towards building smaller, less-child-friendly units.
8. **Hamilton and Burlington need to double-home building over the next decade:** The province has given Burlington a homebuilding target of 29,000 units and Hamilton a target of 47,000 units over the next decade. These targets align with the projected needs from the SPI report *Ontario's Need for 1.5 Million More Homes* and will present a monumental challenge, as it requires a doubling of homebuilding. As such, it will be crucial that the Hamilton area has enough skilled tradespeople to hit those targets.
9. **Hamilton will have increased difficulty competing with cities like Ottawa and Calgary for talent due to a lack of attainable housing:** Hamilton is still relatively competitive in attracting families without children, but families are being priced out.
10. **Hamilton's economic prosperity and ability to ensure enough social services for an aging population requires a substantial increase in family-friendly housing:** Hamilton needs to ensure an adequate supply of family-friendly climate-friendly housing, so the next generation of workers can live in the city.

Table of Contents

Acknowledgements	1
Ten Key Points From This Report	2
Introduction	4
Part I: Hamilton's population is aging	7
Part II: Hamilton is struggling to attract young talent	8
Part III: Hamilton is also struggling to retain young families	16
Part IV: Hamilton is losing families to communities with lower housing costs, like Brantford and St. Catharines	23
Part V: The primary driver of migration in the Hamilton area is the availability of housing	26
Part VI: Hamilton has a housing shortage, which helps explain both high home prices and outmigration	28
Part VII: In particular, Hamilton has a shortage of family-friendly housing	30
Appendix A: Ontario's 6 Regions and 49 Census Divisions	43
Appendix B: Competing Population Estimates and the Census Undercount	44
Appendix C: The RoCA Benchmark – Estimating the Number of Suppressed Households and Projected Number of Family Formations	50
Data Sources Used in the Report	52
References	53

WHO WILL SWING THE HAMMER?

Introduction

The City of Hamilton, along with Burlington and Grimsby, the three communities that comprise metropolitan Hamilton, find themselves at the centre of a troubling paradox:

1. Metro Hamilton has a pre-existing housing shortage and needs to double homebuilding over the next decade to address this shortage and keep up with population growth.
2. The shortage of housing in Metro Hamilton has caused home prices and rents to rise higher than in other communities in Canada.
3. Metro Hamilton's high home prices and rents risk pricing out the workers needed to build those homes.

Failing to address the housing shortage will not just cause living in Hamilton to become less affordable, but it will also strain the social and economic viability of the community. With an aging population, the region must attract and retain experienced workers to replace those retiring. It will need healthcare workers to care for an aging population and education workers to ensure Hamilton is a viable option for families with children. Hamilton's growing manufacturing, tech, and health sectors will need to be able to attract young workers and retain them when they consider having children.

To determine Hamilton's competitiveness with other Canadian communities when it comes to attracting and retaining workers, we examine four examples of families:

1. **The young, single tech worker: Sabrina** is a 27-year-old software engineer. She is looking for a one-bedroom apartment in downtown Hamilton.
2. **The mid-career, blue-collar family: Tony and Gabrielle** work as a pipefitter and bus driver, respectively, are in their mid-40s and have two teenage children. They would like to live in an average single-detached house.
3. **The early-career health and education couple: Laura and Matthew** are in their early 30s, have a 2-year-old child, and both work, as an early-childhood educator and a nurse, respectively. They are looking to buy a townhouse.
4. **The young working roommates: Sunny and Ali** are roommates renting a two-bedroom apartment. Sunny works as a retail supervisor, and Ali works as a carpenter.

Taking into consideration both income and housing costs (and no other factors), we find the following:

1. **The young, single tech worker:** The City of Hamilton and Burlington are attractive locations for high-skilled workers without children.
2. **The mid-career, blue-collar family:** Even with good incomes, our mid-career family would be in core-housing need were they to buy today. Communities such as Calgary, Halifax, and London, Ontario, would provide much lower housing costs and comparable or higher wages.
3. **The early-career health and education couple:** This family would also get priced out of Hamilton and Burlington. They might *drive until they qualify* and move to a community like Brantford or

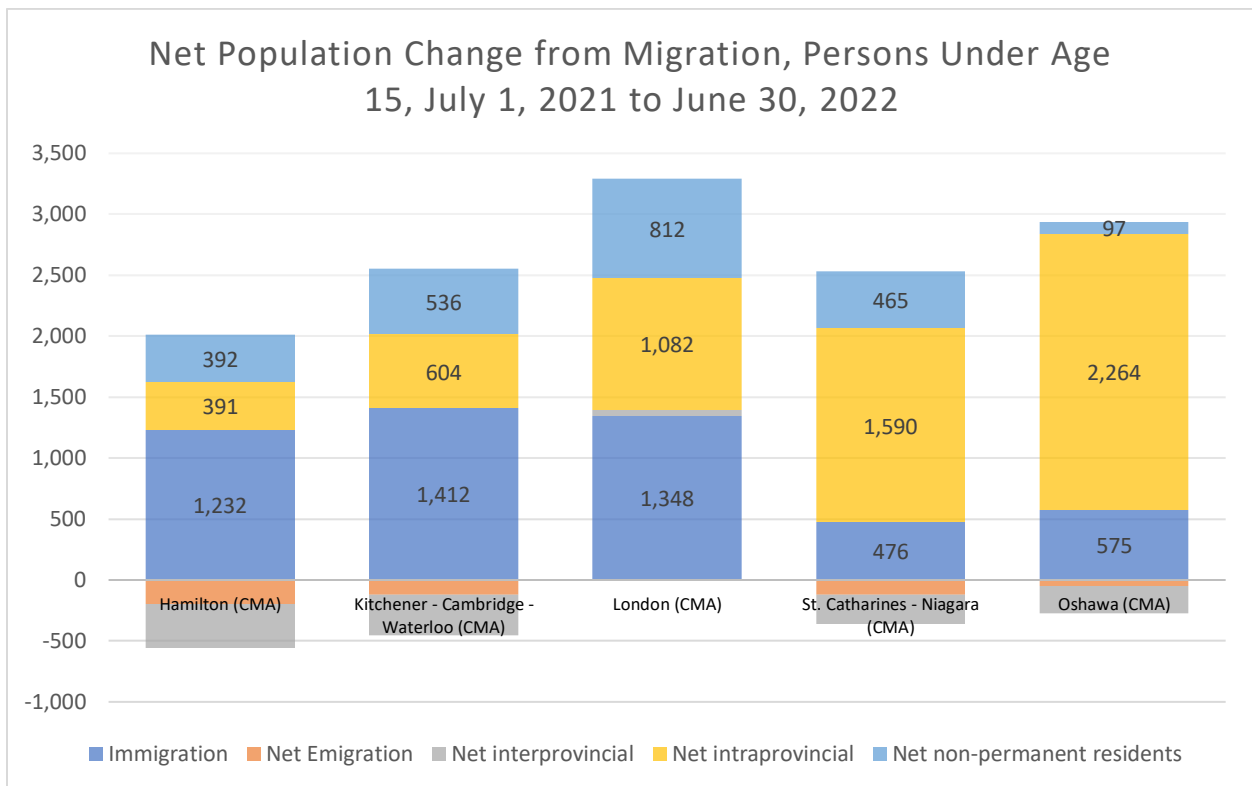
London or look for opportunities in Ottawa, Calgary, and Halifax, which would see their salaries go further.

4. **The young working roommates:** Burlington and Hamilton, remain good choices for this pair until they consider having children and moving into a more child-friendly unit.

A common theme among these four case studies is that Hamilton remains a viable and attractive place to work or live for those without children with more limited housing needs. For those with children, Hamilton is lagging behind many other parts of the province. The City of Hamilton has made its vision to be the best community to raise a child and age successfully, but the reality is that individuals and families are provided with limited housing options impacting their ability to live affordably in Hamilton at any stage of their lives. These impacts are even more pronounced for those not deemed above-average income earners.

The concern about the ability of Hamilton to attract and retain families with children is not a hypothetical one. Comparing metro Hamilton to four smaller, mid-sized Ontario metros reveals that the community is struggling to attract and retain families with children under 15. Figure 1 shows that, in the last 12 months for which we have data, fewer children under 15 moved to metro Hamilton than to Kitchener-Cambridge-Waterloo, London, St. Catharines-Niagara, or Oshawa.

Figure 1: Net Population Change from Migration, Persons Under the Age of 15, July 1, 2021, to June 30, 2022.



In short, Hamilton will struggle to attract and retain the talent it needs without a substantial increase in the supply of attainable child-friendly housing.

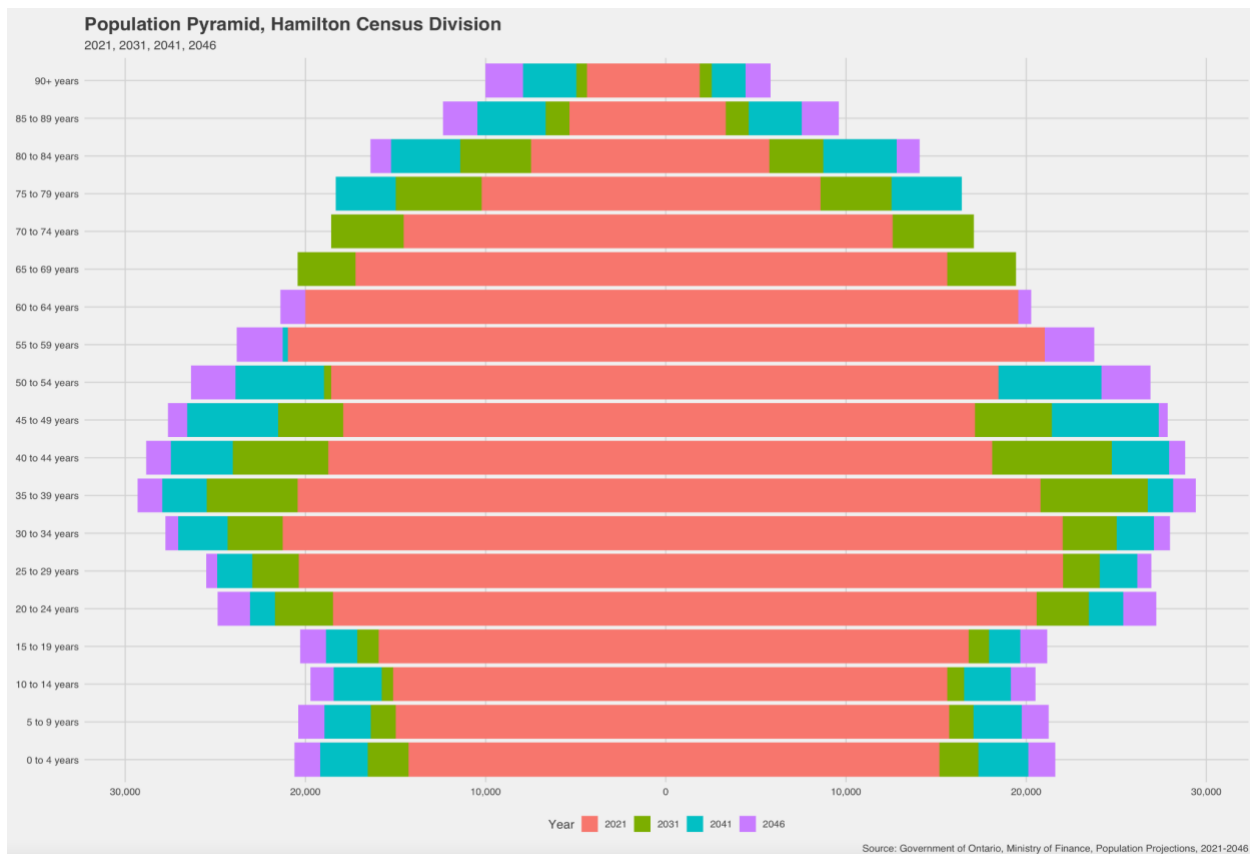
The story of how metro Hamilton lags other communities in attracting and retaining families with children and what it means for the community's vitality is long but not particularly complicated. The story, in ten parts, is as follows:

1. Hamilton's population is aging, which places pressure on the local labour force and creates the need for senior-friendly housing. Hamilton must attract and retain younger workers to help the economy thrive and care for an aging population.
2. Despite the need to attract younger workers, including workers with young children, Hamilton is falling behind London and Kitchener-Waterloo in attracting newcomers to Canada with children.
3. Hamilton is also failing to retain the families it has, losing them to other parts of the country. Metro Hamilton is experiencing high levels of net outmigration to other provinces and lags Oshawa and St. Catharines-Niagara when it comes to attracting and retaining talent from within Ontario.
4. Hamilton does attract many families from the Greater Toronto Area, though it lags somewhat behind Oshawa. However, Hamilton also loses many residents to Brantford and St. Catharines-Niagara.
5. Hamilton's high housing costs relative to cities from Brantford to Edmonton is a primary driver of young families leaving the area. The Canadian Housing Survey identifies the desire for larger housing and home ownership as primary drivers of migration in the Hamilton area.
6. Hamilton attracting and retaining fewer families with children can be linked to the overall housing shortage in the community. The SPI report *Ontario's Need for 1.5 Million Homes* identifies a shortage of 14,500 housing units in the City of Hamilton alone to house the current population. This figure is an underestimate, as it does not consider those who left Hamilton or chose not to move to Hamilton due to a lack of housing options.
7. Hamilton's struggle to attract and retain young families, in particular, can be explained by the type of housing built in the metro. There has been a shift away from building family-sized housing towards building smaller, less child-friendly apartment units.
8. Without significant reforms, the problem of a lack of attainable housing for families in Hamilton and Burlington is likely to get worse. Due to demographic change and population growth within Ontario, Hamilton and Burlington must double housing completions over the next decade.
9. Examining the housing situation at the individual level illustrates Hamilton's challenge with attracting and retaining workers with children. While younger workers without children can find suitable housing, so long as they have a well-paying job, middle-income families with children are not so lucky. In particular, those employed as a nurse, early childhood educator, or pipefitter will find cities from Calgary to Ottawa more attractive to raise a family.
10. Hamilton's lack of attainable housing for families leaves the city in the uncomfortable situation of being unable to house the workers it needs to build more homes. This paradox leaves us to ask, *who will swing the hammer?*

Part I: Hamilton's population is aging

Like much of the rest of Canada, Hamilton has a large cohort of people about to enter their 60s and 70s, which will cause a wave of retirements in Hamilton's labour market. Figure 2 shows the Ontario Ministry of Finance's projected population pyramid for the City of Hamilton for 2031, 2041, and 2051. The Baby Boomers (born between 1946 and 1965) are the first bulge in the red population pyramid; only the older half of this generation aged into their retirement years between 2011 and 2021. They will range in age from 66 to 85 in 2031 and 76 to 95 in 2041. The large green and blue bars in the population pyramid from 65 years of age and up show the progression of this large cohort.

Figure 2: Projected Population Pyramid, City of Hamilton, 2021, 2031, 2041 and 2046



The aging of the Baby Boomers impacts the labour market and the need for healthcare and other social supports. It also changes the housing type needed to support that population. The aging of the Baby Boomer generation into Super Seniors (85+ years old), starting in 2031, is critical, as the proportion of people who drive as their primary form of transportation starts to drop around age 80, drops more quickly at age 85 and is less than one in three (for men) and less than one in ten (for women) by age 90.¹ Suppose we apply these rates of non-driving to the estimates of the male and female Super Senior populations. In that case, Hamilton's population of non-driving Super Seniors should increase by nearly 6,000 persons, or 34%, over the next decade. Many of these Super Seniors will be looking for housing

¹ See Table 1 in Turcotte (2012).

and mobility options that work for them now that they are no longer driving as their primary mode of transportation. By 2041, the number of non-driving Super Seniors will increase even more dramatically, doubling to roughly 35,000 relative to 2021 levels.

Fortunately for Hamilton's labour market, many experienced individuals will be in their 30s, 40s and 50s to take those positions. These include Millennials (born between 1981 and 1996), who are the second bulge in the red population pyramid, who will be aging from 40 to 50 years old (at the older end) and from 25 to 35 years old (at the younger end) by 2031. Millennials are estimated to be the largest generation *before* 2031 (represented by the green bars on the population pyramid for age groups from 35 to 49 years old).

The progression of these two large generational cohorts will affect the demand for different types of housing units. Providing attractive options for the Baby Boomers to move to within Hamilton, places that meet their housing and mobility needs now and as they age into Super Seniors, will be critical for the local housing market over the next decade.

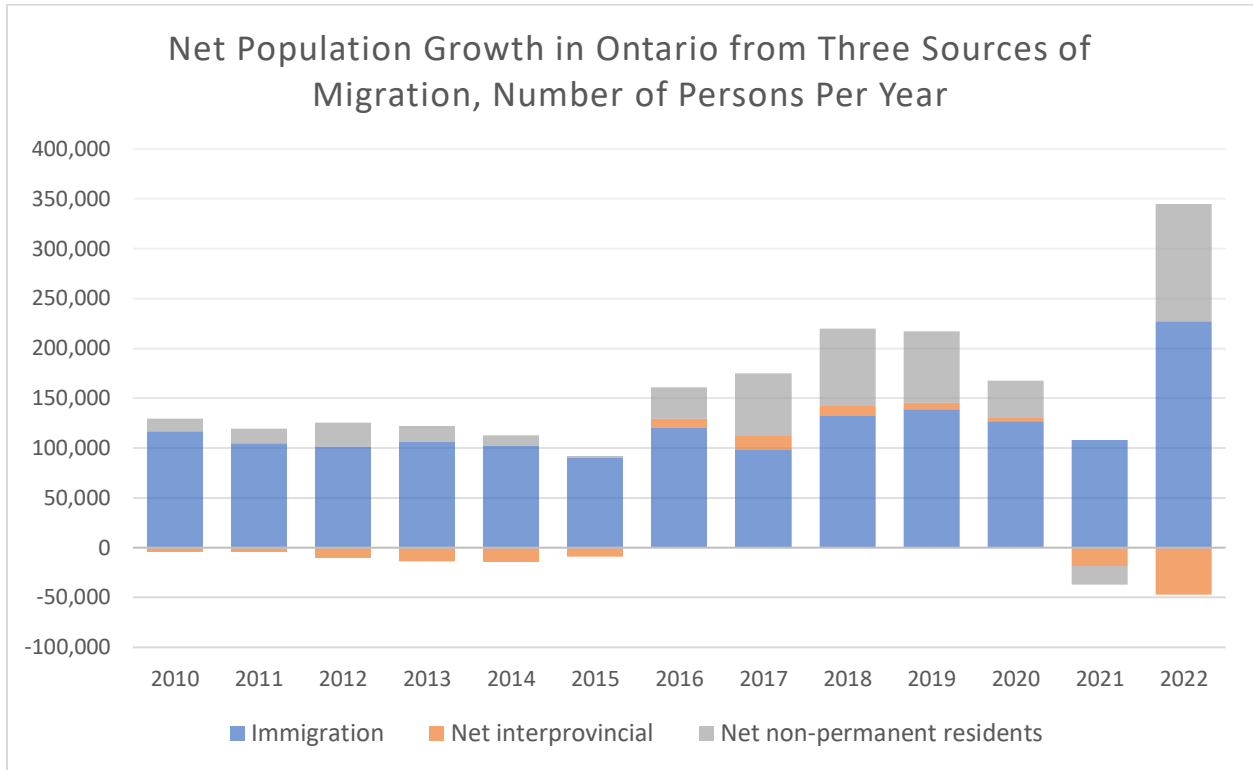
Hamilton needs to ensure there are enough attainable, family-friendly housing choices for both Millennials and Generation Z (born between 1997 and 2012) to ensure enough workers to support an aging population. In particular, Hamilton must ensure that there are enough attainable homes suitable for raising kids. Unfortunately, Hamilton is lagging behind communities like Kitchener-Cambridge-Waterloo when it comes to attracting younger families.

Part II: Hamilton is struggling to attract young talent

Ontario's population has experienced rapid growth in recent years, primarily due to migration. Ontario has added just over one million people to the population in the last five years. Of this growth, 138,000, or 13.3 percent, comes from "natural" population growth, the difference between births and deaths. The rest of this growth, over 900,000 persons, has come from domestic and international migration.

There has been a steady rise in population growth from migration since 2015, outside of the first year of the pandemic. Figure 3 shows migration-based population growth from three sources of migration. Population growth in Ontario is up from both immigration and non-permanent residents, which includes international students, temporary foreign workers, and refugees. This growth is offset somewhat by the record number of Ontarians leaving for other provinces; between July 1, 2021, and June 30, 2022, over 47,000 people, on net, left for other parts of Canada.

Figure 3: Net Population Growth in Ontario from Three Sources of Migration, Number of Persons Per Year²

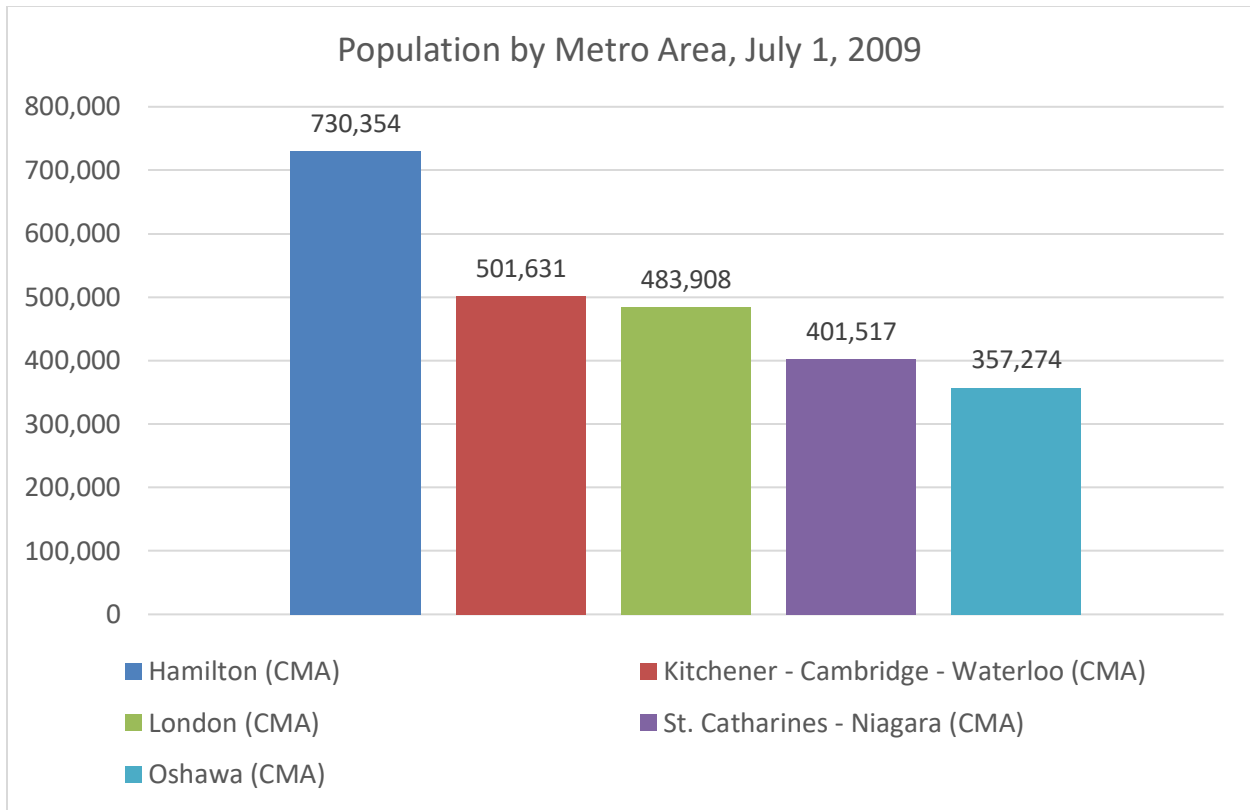


Like other communities in southern Ontario, Hamilton has experienced migration-driven population growth. However, that growth has lagged in recent years compared to similar metropolitan areas in southern Ontario, as families have "voted with their feet" and moved to other communities rather than Hamilton.

In 2009, metropolitan Hamilton (Hamilton CMA), which consists of the cities of Hamilton and Burlington and the town of Grimsby, had a population of just over 730,000, well above other mid-sized Ontario metros, such as Kitchener-Cambridge-Waterloo, London, St. Catharines-Niagara, and Oshawa as shown in Figure 4:

² Statistics Canada (2023a).

Figure 4: Population of Five Mid-sized Ontario Metros on July 1, 2009³

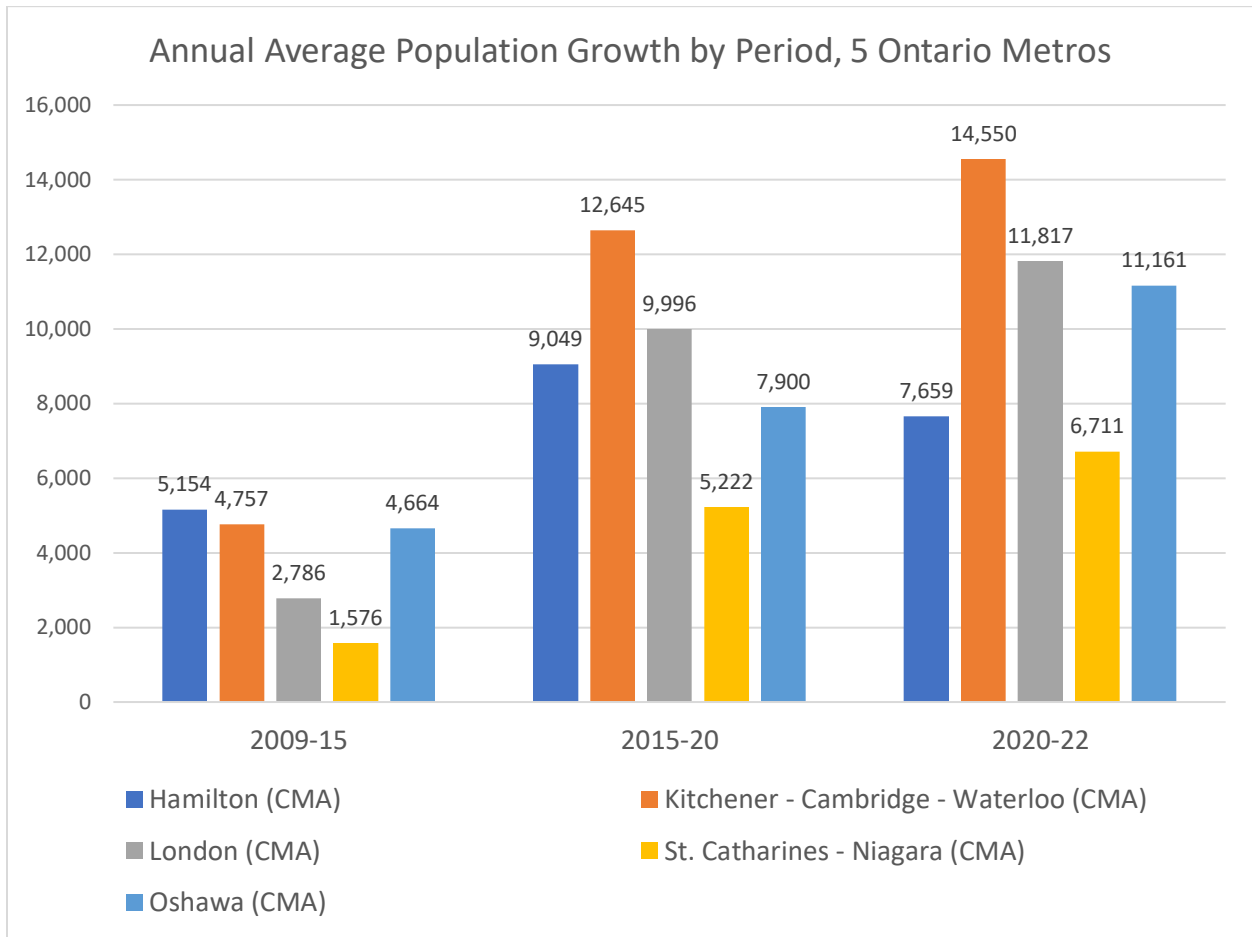


When examining post-2009 population growth, we divide the era into three segments. The first is the **post-recession recovery** (2009-2015), where Ontario's population growth was relatively modest. Second, is the **international student boom** (2015-2020), where population growth in Ontario nearly doubled due to increased international student enrollments and immigration targets. Finally, there is the **pandemic** (2020-present), where there has been an outmigration from more expensive to less expensive communities across Canada.

During the post-recession recovery, Hamilton experienced higher overall population growth (measured in the number of persons per year) than other mid-sized Ontario metros, growing by an average of just over 5,000 persons per year, as shown in Figure 5. As with most of Ontario, population growth accelerated after 2015 in Hamilton, though not nearly as much as the rest of the province. Over the last two years, Hamilton's population growth has averaged 7,659 persons per year; it lags substantially behind Kitchener-Cambridge-Waterloo, London, and Oshawa, each of which has averaged over 10,000 persons per year of growth.

³ Source: Statistics Canada (2023b)

Figure 5: Annual Average Population Growth by Period, 5 Ontario Metros⁴



As in most of Ontario, in each of these communities, population growth is driven primarily by people moving there from other communities, with births exceeding deaths playing a secondary role. There are four primary sources of migration-based population growth:

1. Immigration (international residents obtaining permanent residence)
2. An increase in the number of non-permanent residents, such as students and temporary-foreign workers
3. Interprovincial migration; people moving to the community from outside Ontario.
4. Intraprovincial migration; people moving to the community from other parts of Ontario.

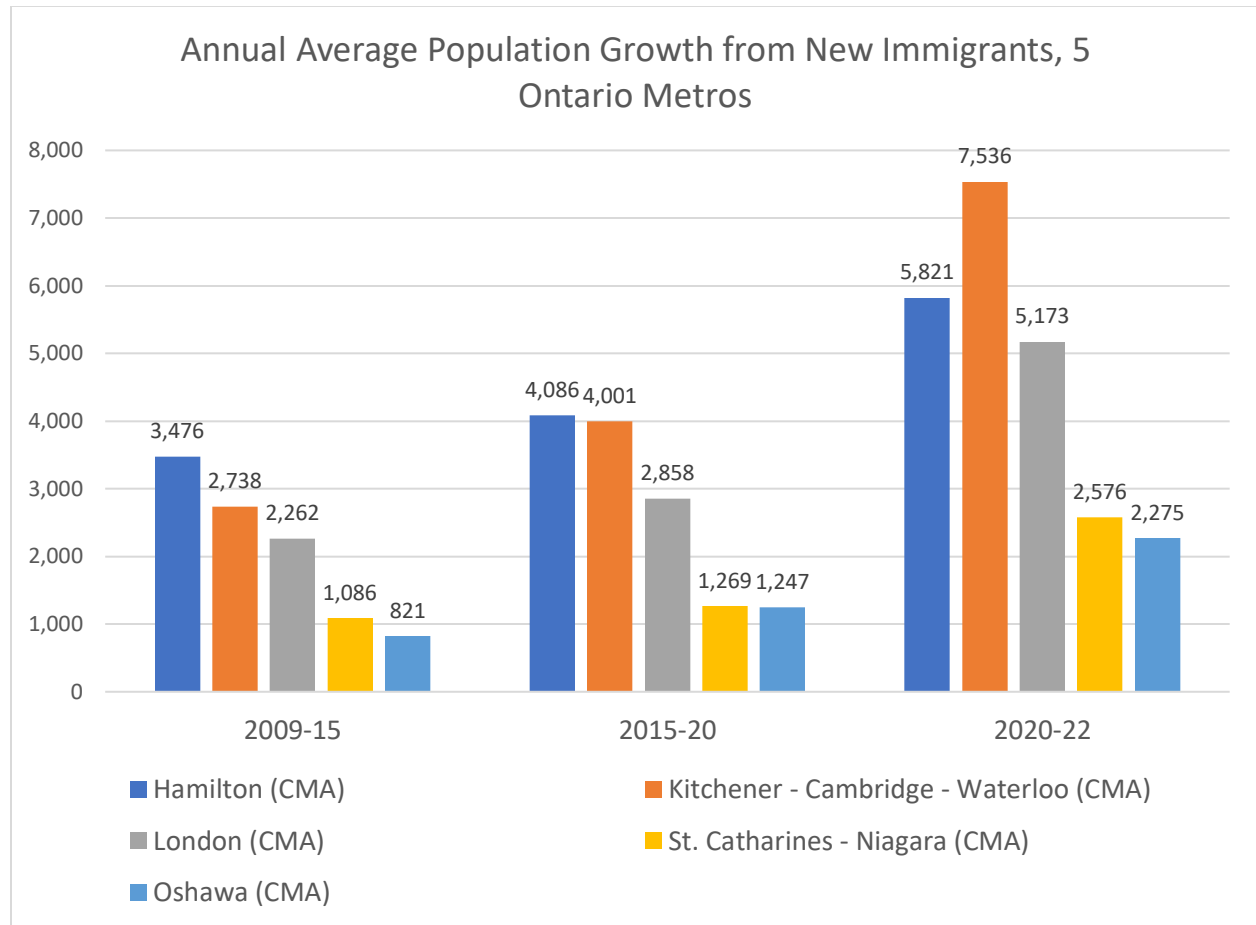
Examining these sources provides insights into Hamilton's lagging population growth.

⁴ Source: Statistics Canada (2023b)

Population growth from immigration

In most mid-sized and large metropolitan areas in Ontario, immigration is the most significant driver of population growth. The number of immigrants locating in Hamilton has risen in recent years, but at a slower pace than in other communities. In 2009-15, Hamilton attracted the most immigrants of our five mid-sized Ontario metros. Since the beginning of the pandemic, Kitchener-Cambridge-Waterloo has taken the top spot, with London reaching near-Hamilton levels, as shown in Figure 6.

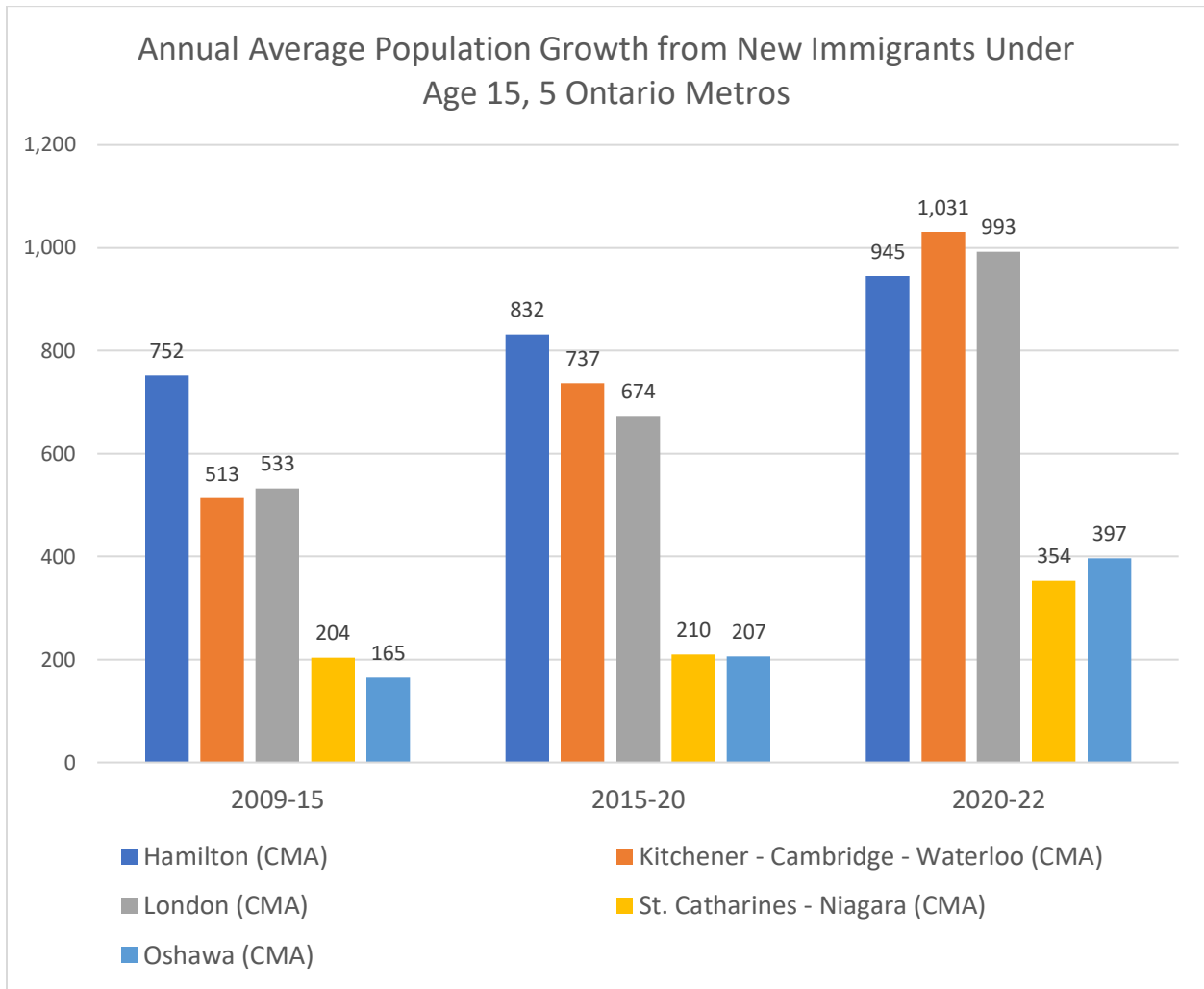
Figure 6: Annual Average Population Growth from New Immigrants, 5 Ontario Metros⁵



Regarding attracting immigrant families with children, Hamilton has been passed by both Kitchener-Cambridge-Waterloo and London. Figure 7 shows the number of new immigrants under 15 in each community. While Hamilton was substantially ahead of the four other metros in the post-recession period (2009-15), it has since fallen to third place.

⁵ Source: Statistics Canada (2023b).

Figure 7: Annual Average Population Growth from New Immigrants Under Age 15, 5 Ontario Metros⁶

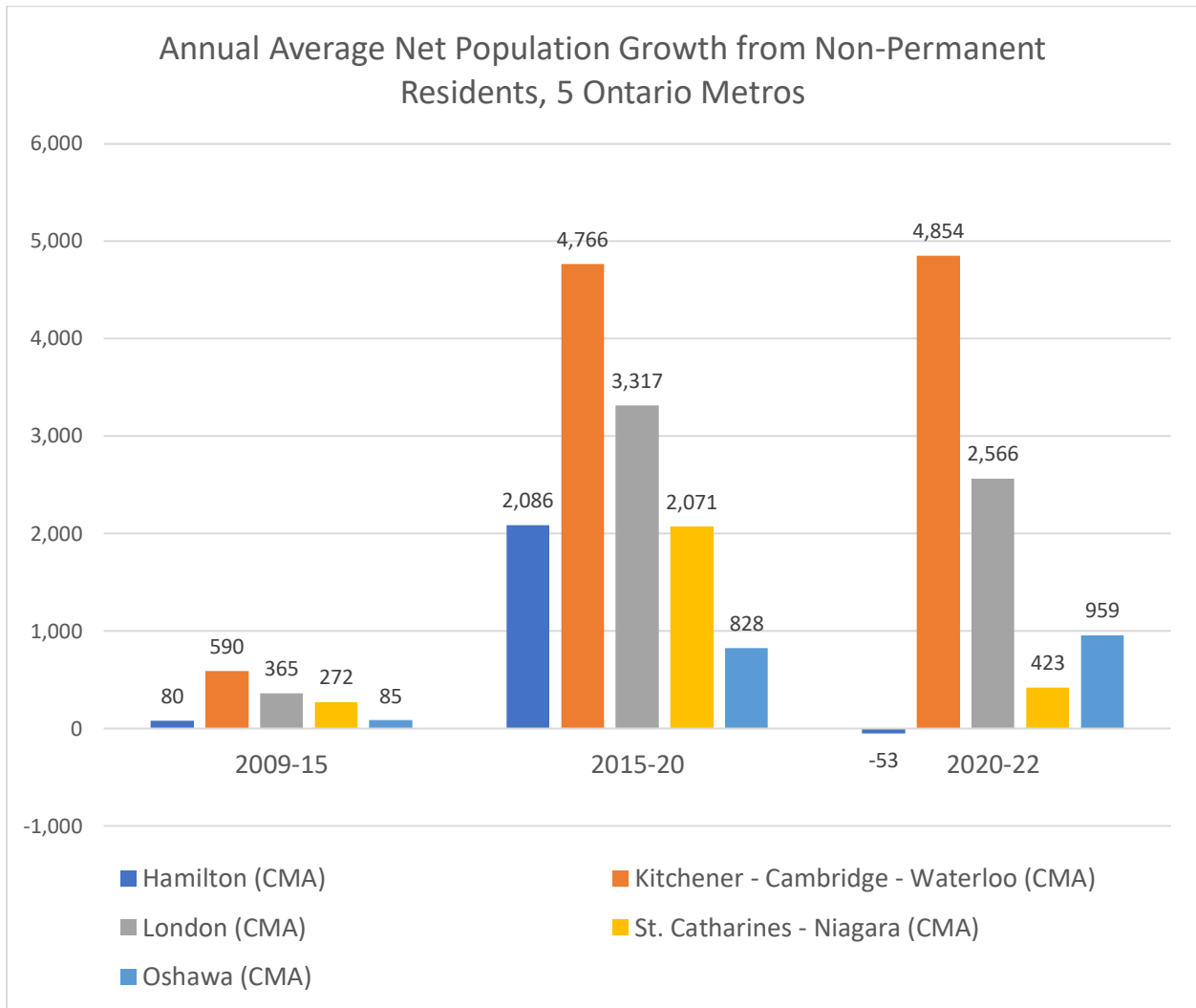


Population growth from net non-permanent residents

The Non-permanent resident category includes international students and those with temporary work permits, as well as refugee claimants. As a university and college metro region, Hamilton CMA is a draw for international students, though it lags behind other mid-sized Ontario metros, as shown by Table 8. Note that the figures here are *net* growth, so those who return to their home country or obtain permanent residency are considered to be a reduction in the number of non-permanent residents.

⁶ Source: Statistics Canada (2023b).

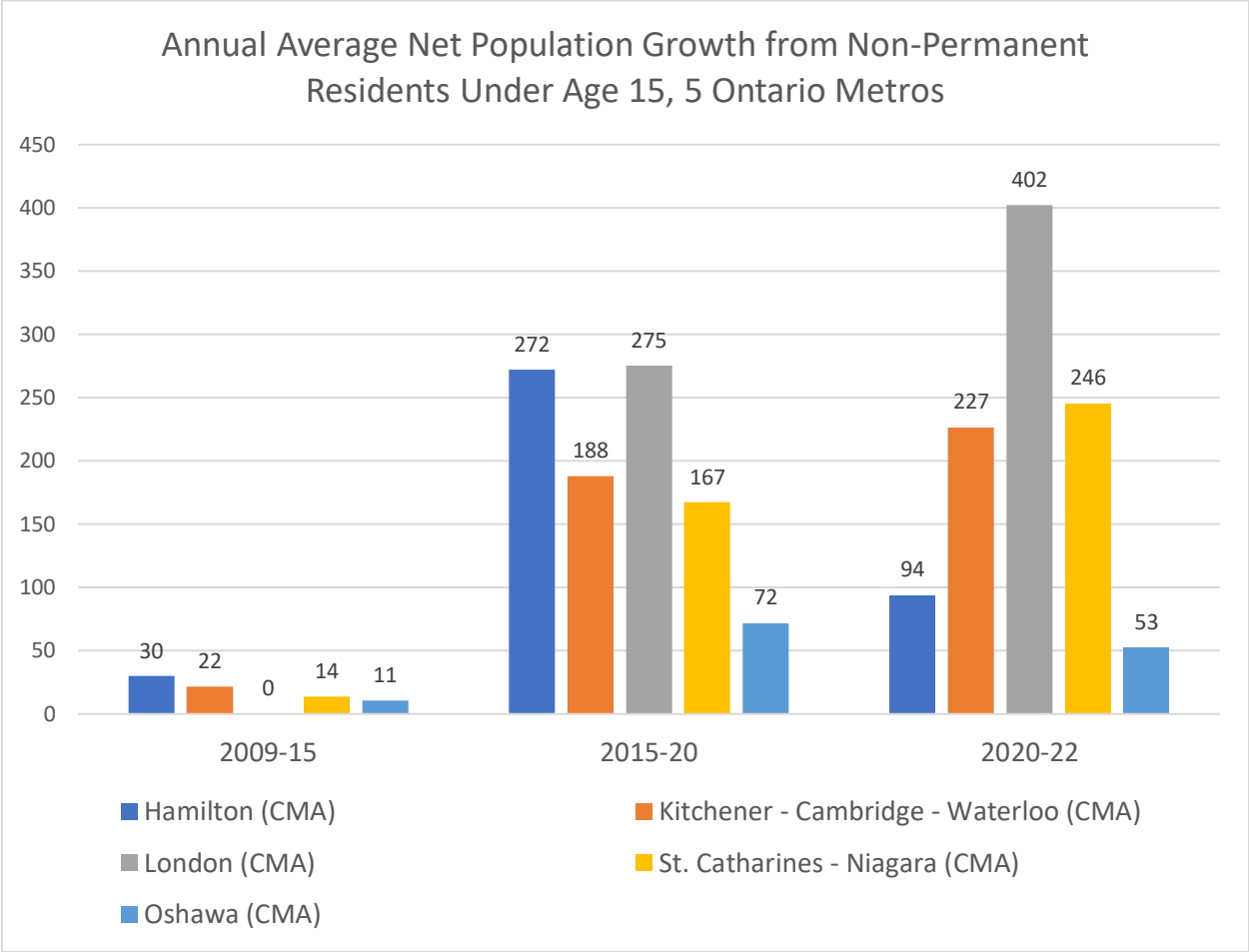
Figure 8: Annual Average Net Population Growth from Non-Permanent Residents, 5 Ontario Metros⁷



Postsecondary age (ages 17 to 24) non-permanent residents account for most of this growth component. However, there are other age groups within this cohort, including children. These could be the children of those enrolled in school or the post-graduate work permit program. They also include refugees, such as those from Syria and Ukraine. Regarding the growth of non-permanent residents under age 15, Hamilton, in the pandemic era, is fourth of our five communities, ahead of only Oshawa, as shown by Figure 9.

⁷ Source: Statistics Canada (2023b).

Figure 9: Annual Average Net Population Growth from Non-Permanent Residents Under Age 15, 5 Ontario Metros⁸



It is essential to recognize that non-permanent resident is a category that applies when the person first enters Canada. Still, there are pathways from non-permanent resident to permanent resident. In 2021, for example, 191,383 people transitioned from non-permanent to permanent residency. Since this component of population change is a net contribution (the difference between entries and exits of temporary residents), the effect of these status changes would be a shift between components of population change (from non-permanent to immigrant) as the temporary residents are not leaving but becoming permanent residents instead. In other words, non-permanent residents often become permanent residents, staying in the community to work and raise a family.

Regarding the international pathways of population growth, immigration and non-permanent residency, Hamilton lags behind other communities. Regarding domestic pathways of population growth, we will see that Hamilton has trouble retaining their existing population, and it attracts fewer families with children from the Greater Toronto Area than Oshawa.

⁸ Source: Statistics Canada (2023b).

Part III: Hamilton is also struggling to retain young families

While Hamilton is still attracting more young families than it is losing, recent trends are not encouraging, and Hamilton is attracting fewer than other midsized Canadian metros. The metro is losing more families to other parts of Canada and Ontario while gaining fewer from the Greater Toronto Area than Oshawa does.

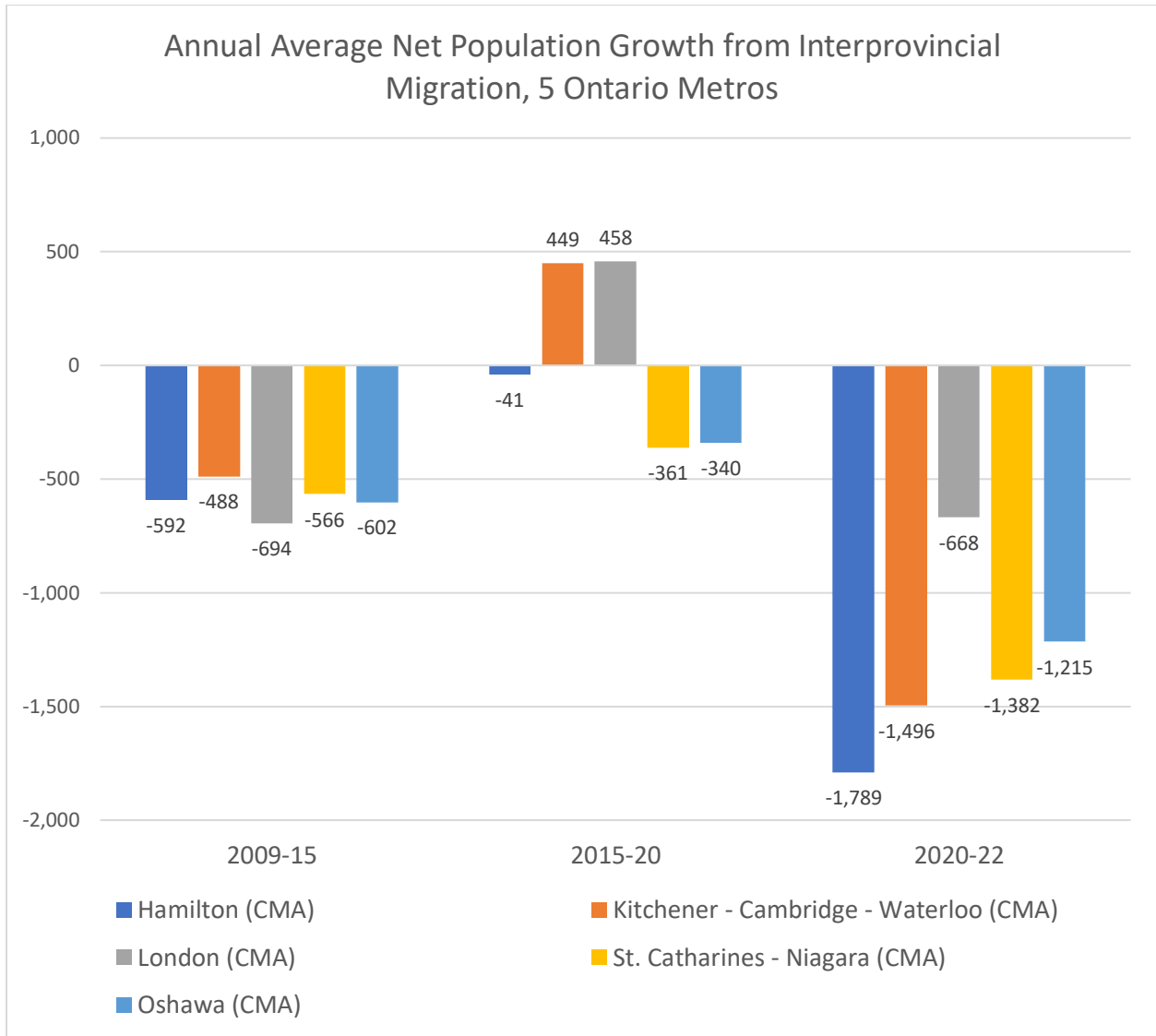
Population growth from interprovincial (between provinces) migration

Population migration between Ontario and other provinces is somewhat cyclical and is often driven by the relative performance of each province's economy. When Ontario's economy is doing well, it attracts families from other provinces, particularly those in Atlantic Canada. When oil prices surge and there is a boom in the sector, many Ontarians leave to work in Alberta and often return when oil prices crash.

In absolute terms, the net number of persons Ontario gains or loses from interprovincial migration is less than 20,000. This phenomenon changed last year when the province lost 47,000 persons to other provinces. This loss was primarily due to the rise of working from home coupled with Ontario's higher home prices. Young workers, in particular, found that they could often keep working for their Ontario-based employer but work remotely from places such as Edmonton or Moncton, where home prices are often less than half of what they are in southern Ontario.

Hamilton was not immune to this trend of workers leaving the province. In Figure 10, we see that metro Hamilton has lost, on net, an average of almost 1,800 persons to other provinces. This figure is higher than our comparator metros and nearly double the loss of metro London.

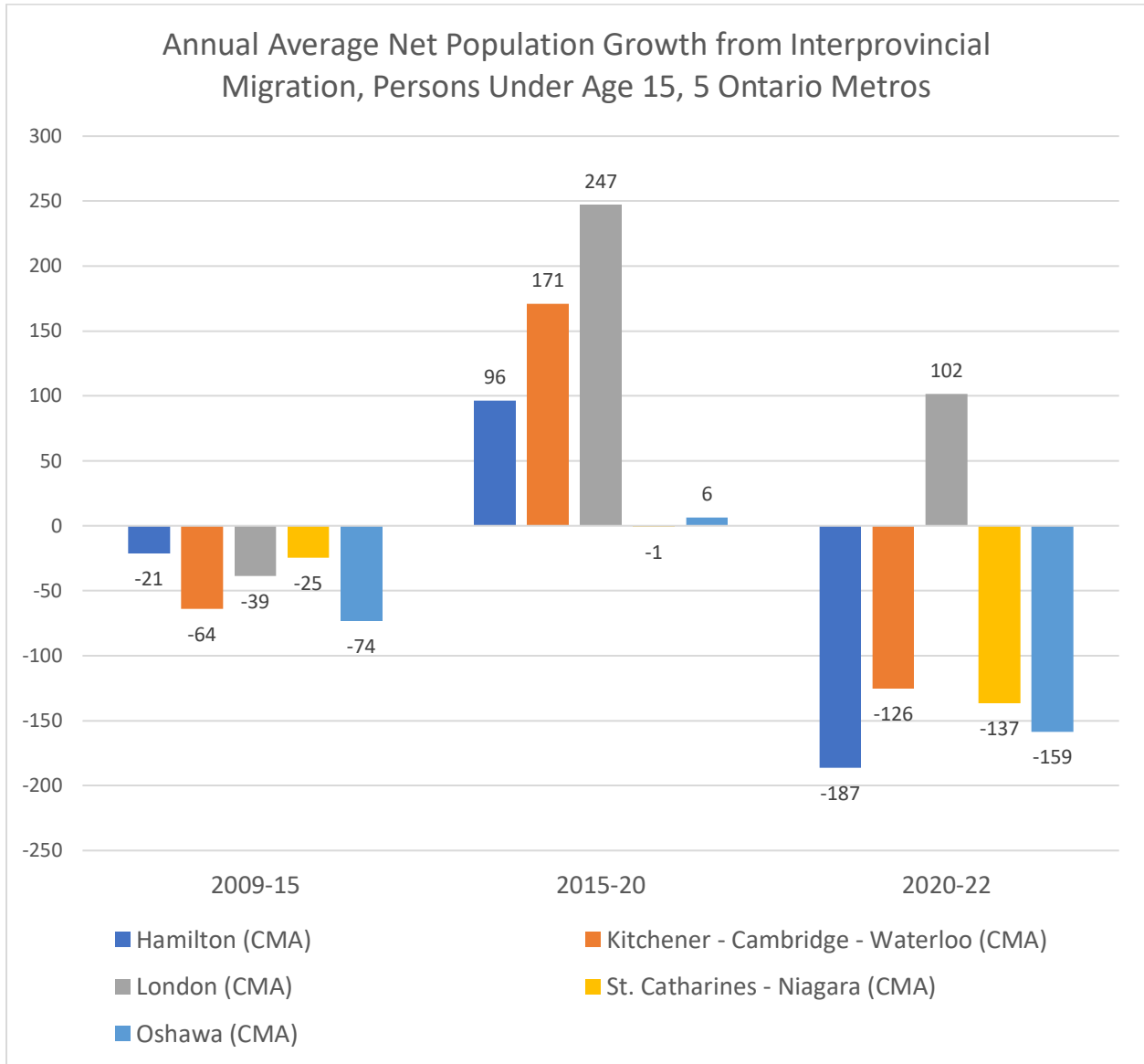
Figure 10: Annual Average Net Population Growth from Interprovincial Migration, 5 Ontario Metros⁹



Some leaving workers have families with children, though the losses are relatively modest. On average, metro Hamilton has lost nearly 200 children per year to provinces outside Ontario, as Figure 11 shows. Once again, this is above the levels experienced in other provinces.

⁹ Source: Statistics Canada (2023b).

Figure 11: Annual Average Net Population Growth from Interprovincial Migration, Persons Under Age 15, 5 Ontario Metros¹⁰

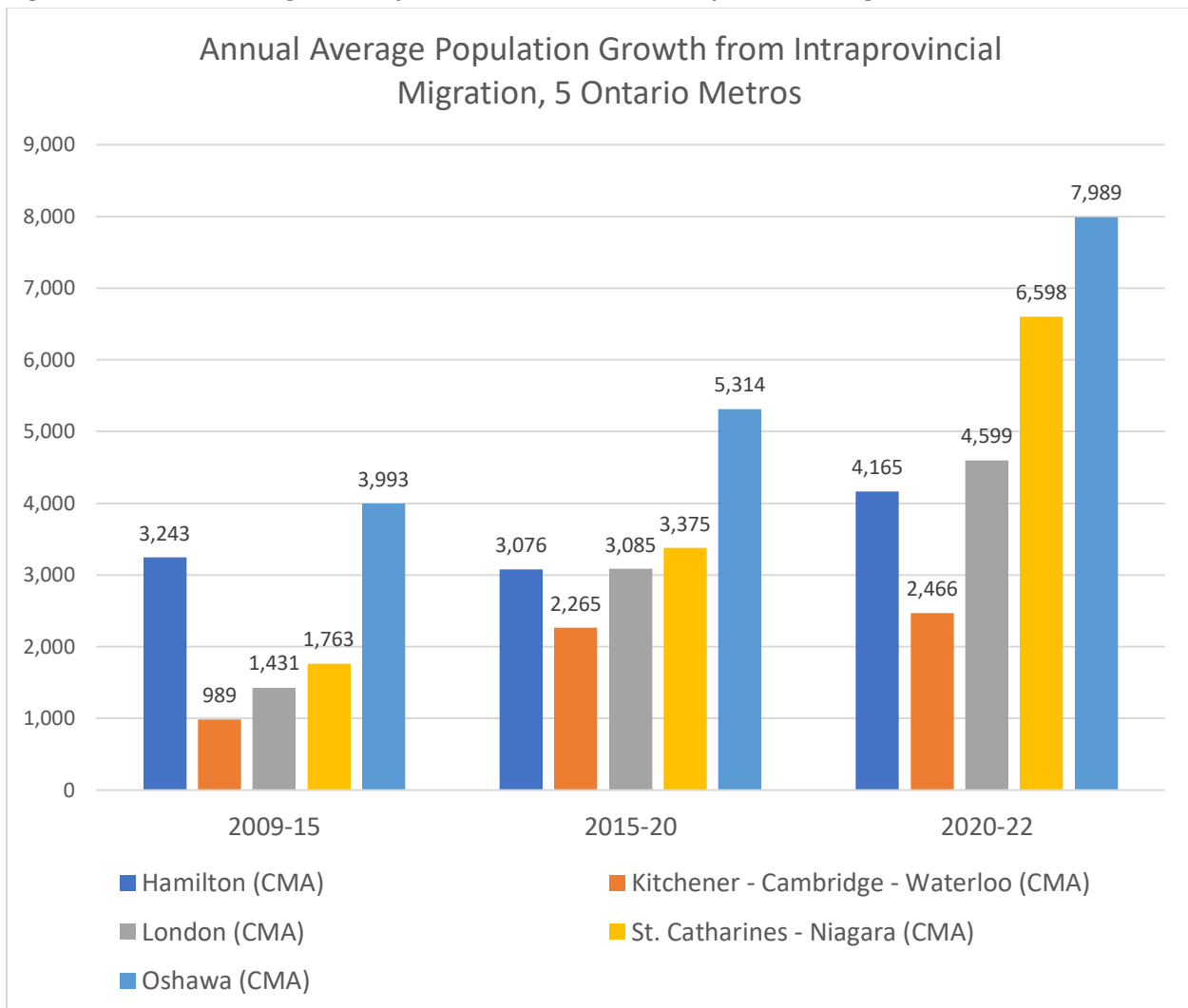


¹⁰ Source: Statistics Canada (2023b).

Population growth from intraprovincial (within Ontario) migration

Hamilton continues to attract many residents from the rest of the province. In the post-recession era of 2009-15, metro Hamilton attracted, on net, an average of 3,243 residents per year from other parts of the province, as shown in Figure 12. This level of migration was the second highest of all our comparator metros, only behind Oshawa. In the pandemic era, metro Hamilton's intraprovincial migration average has increased to 4,165 persons per year. However, it has increased slower than most of our comparator metros, so Hamilton is now behind Oshawa, St. Catharines-Niagara, and London when attracting residents from other parts of Ontario.

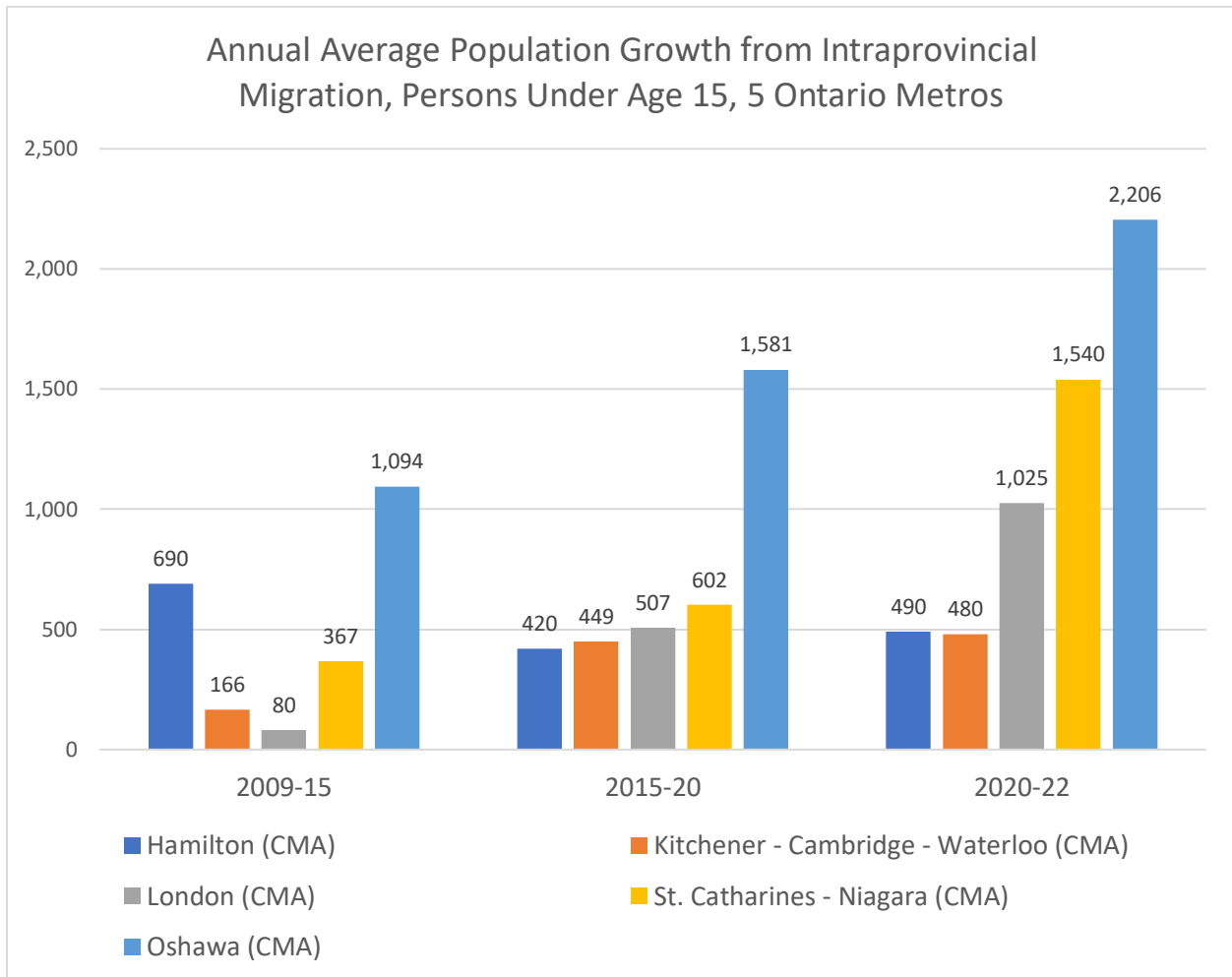
Figure 12: Annual Average Net Population Growth from Intraprovincial Migration, 5 Ontario Metros¹¹



¹¹ Source: Statistics Canada (2023b).

In particular, Hamilton is falling behind in attracting families with children. In the post-recession era, an average of 690 children under 15, on net, moved to metro Hamilton each year. This figure has fallen to 490 in the pandemic era, which is less than half the level of London, less than a third of St. Catharines-Niagara, and less than a quarter of Oshawa's levels.

Figure 13: Annual Average Net Population Growth from Intraprovincial Migration, Persons Under Age 15, 5 Ontario Metros¹²

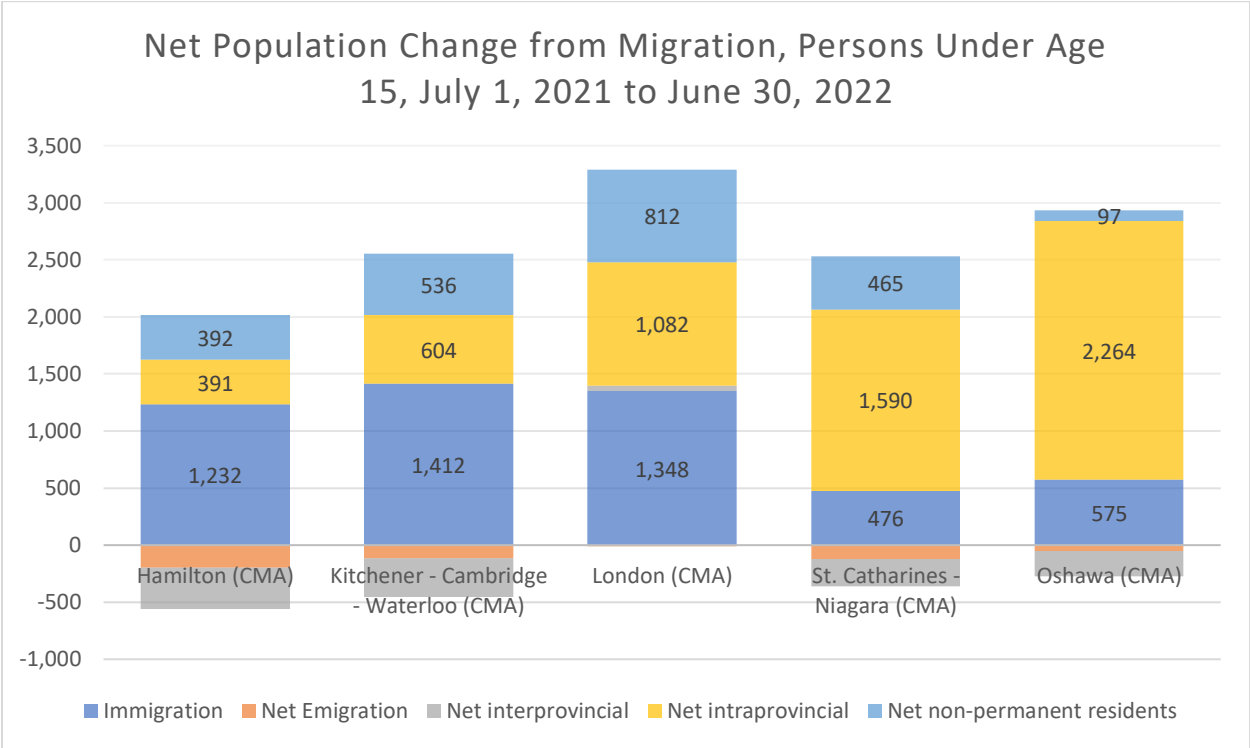


¹² Source: Statistics Canada (2023b).

Hamilton lags behind similar communities when it comes to attracting families with children, particularly from other parts of Ontario

We should not overstate the issue. Hamilton does still, on net, attract families with children. While it does lose some families to interprovincial migration, it continues to add families from immigration, non-permanent residency, and intraprovincial migration. However, as shown by Figure 14, on net last year, it gained fewer children under the age of 15 through migration than any of our comparator metros, all of which have smaller populations than metro Hamilton.

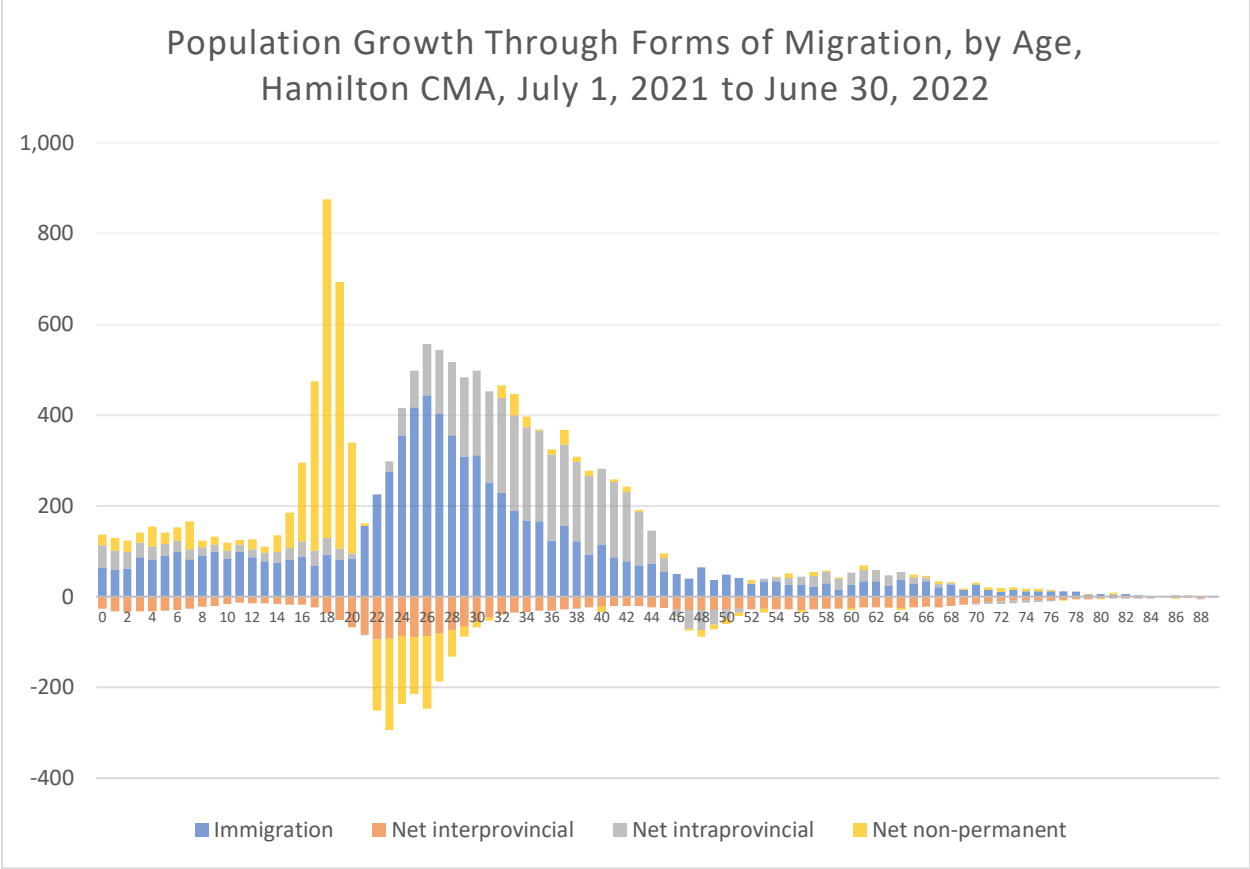
Figure 14: Net Population Change from Migration, Persons Under Age 15, July 1, 2021, to June 30, 2022¹³



We can break this down further by looking at net migration by age. Figure 15 shows that metro Hamilton gains high numbers of non-permanent residents in their late teens and early 20s; these are primarily international students. The metro also gains many persons in their late 20s and early 30s through intraprovincial migration and immigration. It does lose quite a few non-permanent residents in their 20s, but they may not be leaving at all; instead, they may be simply gaining permanent residency, then placing them in the 'immigration' category. Unfortunately, we lack data on the rate at which former international students obtain permanent residency in metro Hamilton.

¹³ Source: Statistics Canada (2023b).

Figure 15: Population Growth Through Four Forms of Migration, by Age, Hamilton CMA, July 1, 2021, to June 30, 2022¹⁴



The relatively modest growth from intraprovincial migration is perhaps the most surprising portion of the data. Hamilton is less expensive than the Greater Toronto Area, has a booming economy, and gains fewer people on net, moving from other parts of the province than Oshawa or London. Being closer to Toronto yet gaining fewer people than farther-away London would seem to be a puzzle.

As it turns out, Hamilton gains fewer intraprovincial migrants than London, not because London attracts more families from the GTA, but because Hamilton loses high numbers of families to St. Catharines-Niagara and Brantford, as we will see in the next section.

¹⁴ Source: Statistics Canada (2023b).

Part IV: Hamilton is losing families to communities with lower housing costs, like Brantford and St. Catharines

Hamilton's population growth has lagged that of other mid-sized Ontario metros. Although Hamilton attracts a fair number of immigrants to Canada, it lags in attracting non-permanent residents and families from other parts of Ontario. It is also losing its population to communities in other provinces.

This outmigration naturally raises the question, "Where are families from Hamilton moving to?" The Statistics Canada table 17-10-0141-01 contains origin and destination data by CMA and CA, which allows us to understand where people moving to Hamilton are coming from and where those leaving Hamilton are moving to. Unfortunately, the data only covers the five years between July 1, 2016, and June 30, 2020, and does not have a breakdown by age, but that provides more than enough information to let us know that Hamilton is gaining population from metro Toronto, and losing it to the rest of Canada.

We can start by examining our five midsized Ontario metros, the population flows between them, and the population flows from Toronto. Figure 16 shows that metro Toronto lost, on net, nearly 11,000 people to Hamilton CMA in 2020-21 and over 13,000 people to Oshawa CMA. Hamilton's gain from Toronto was offset by losing over 200 people, on net, to London CMA and Kitchener-Cambridge-Waterloo, and nearly 2,000 in a single year to St. Catharines-Niagara.

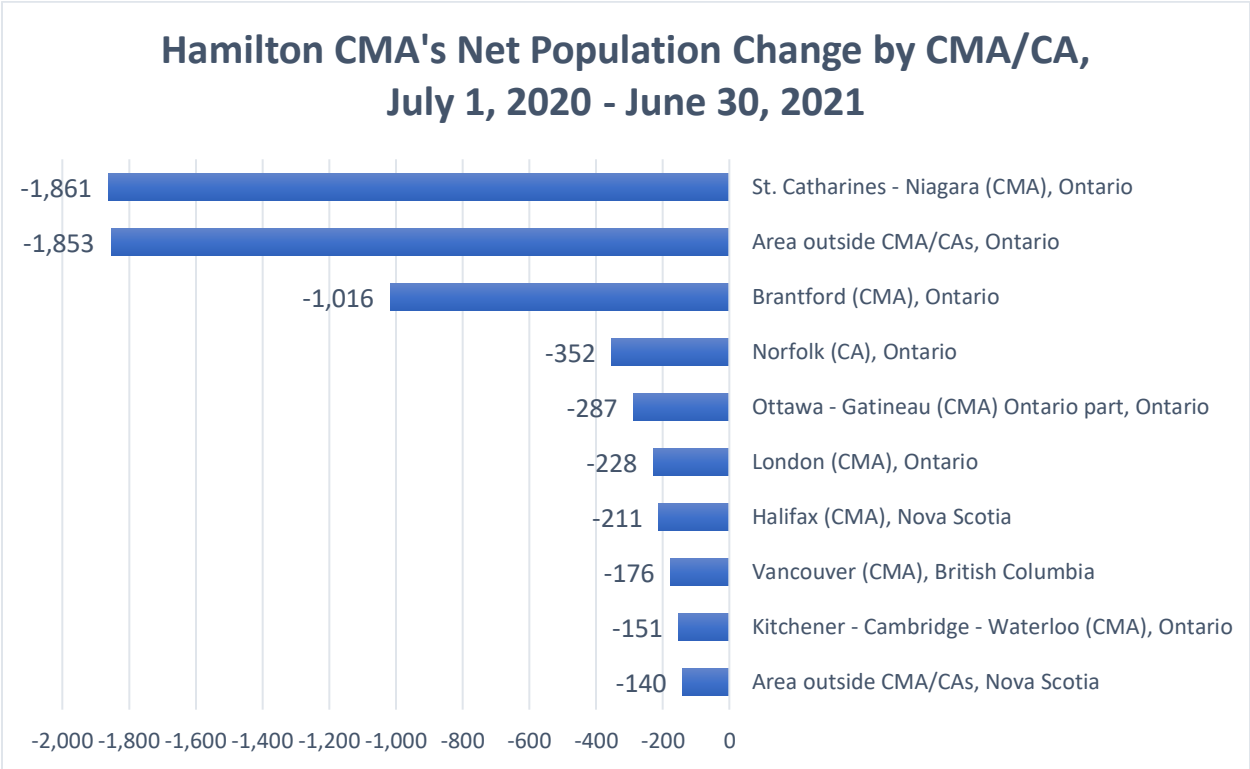
Figure 16: Net Population Change from Migration by Destination/Source, July 1, 2020, to June 30, 2021, 5 Ontario Metros¹⁵

Net Population Change	From Oshawa (CMA)	From Toronto (CMA)	From Hamilton (CMA)	From St. Catharines - Niagara (CMA)	From Kitchener - C - W (CMA)	From London (CMA)
To Oshawa (CMA)		13,228	-23	-112	-92	-83
To Toronto (CMA)	-13,228		-10,913	-4,551	-6,160	-3,522
To Hamilton (CMA)	23	10,913		-1,861	-151	-228
To St. Catharines - Niagara (CMA)	112	4,551	1,861		97	-32
To Kitchener - C - W (CMA)	92	6,160	151	-97		-362
To London (CMA)	83	3,522	228	32	362	

¹⁵ Source: Statistics Canada (2023c).

St. Catharines-Niagara is not the only community that Hamilton families are moving to. In Figure 17, we see that over 1,000 persons, on net, moved to Brantford CMA from Hamilton, and nearly 2,000, on net, moved to rural parts of Ontario, noted here as "Area outside CMA/CAs, Ontario."

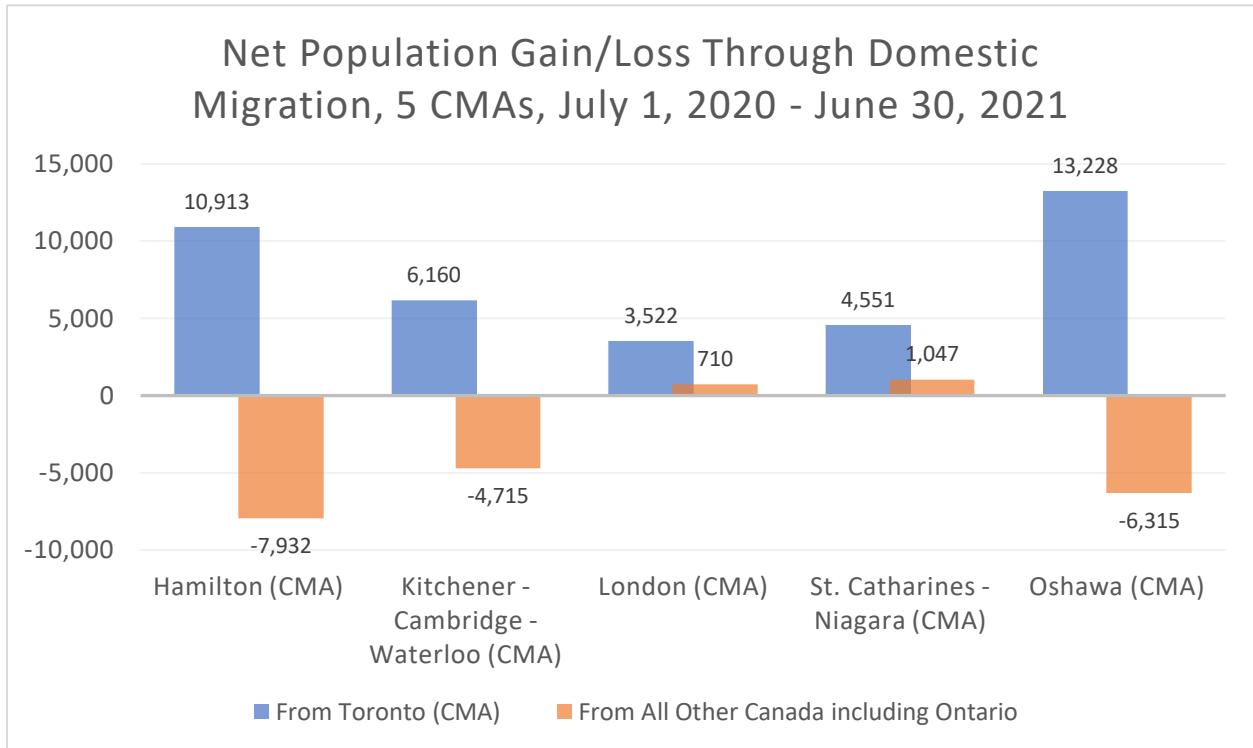
Figure 17: Net Population Change from Migration by Destination/Source, July 1, 2020, to June 30, 2021, 5 Ontario Metros¹⁶



This phenomenon of gaining families from metro Toronto but losing them to other parts of the province (and county) is not unique to Hamilton. However, Hamilton tends to lose more population than other mid-sized Ontario metros. Figure 18 shows that while Oshawa gained more people from metro Toronto in 2020-21, it lost fewer residents to other parts of the country.

¹⁶ Source: Statistics Canada (2023c).

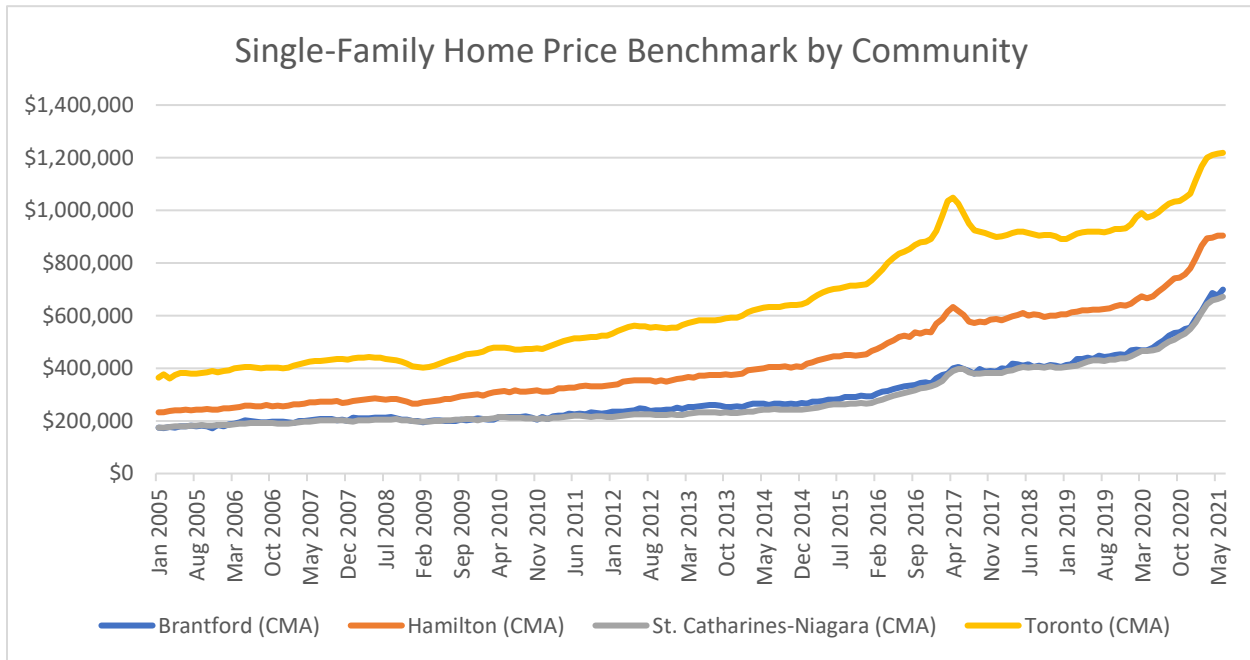
Figure 18: Net Population Change from Migration from Toronto CMA and all other domestic sources, July 1, 2020, to June 30, 2021, 5 Ontario Metros¹⁷



This phenomenon may be due to what's known as the **musical chairs effect**: Torontonians priced out of Toronto moving to Hamilton and Hamiltonians priced out of Hamilton moving to smaller municipalities. Given the cost of housing, it would not be surprising to learn that families were moving due to cost-of-living concerns in 2020-21. Using the Canadian Real Estate Association's single-family benchmark home price, Figure 19 shows that home prices were substantially higher in metro Toronto than metro Hamilton and higher in metro Hamilton than in metro Brantford and St. Catharines-Niagara, the two communities that have received the most families from Hamilton.

¹⁷ Source: Statistics Canada (2023c).

Figure 19: Single-Family Home Price Benchmark to June 2021, Four Ontario Metros¹⁸



However, we do not need to speculate that high housing costs are an essential driver of migration patterns to and from Hamilton, as survey data is available from the federal government, which asks those who moved why they moved. Unsurprisingly, it is to obtain a more suitable home or become a homeowner.

Part V: The primary driver of migration in the Hamilton area is the availability of housing

Let's dig into the responses for people who moved to (or within) Hamilton CMA, drawn from the Canadian Housing Survey in 2018 and 2021. This survey covers many topics and samples owners, first-time homebuyers and renters. There are 13 different reasons for moving, plus a catch-all for "another reason." More than 95% of respondents who are homeowners give one of the top nine reasons. In the 2018 pre-pandemic survey, for homeowners, the most cited reason for moving is to upgrade to a larger or better-quality dwelling (22.7%). In combination with "to become a homeowner" and "change in household or family size," the desire for more or better living space accounts for 54% of reasons for moving given by homeowners in Hamilton CMA.

In contrast, reducing costs (either direct housing costs or time costs of commuting) accounts for a combined 9.7% (6.3% and 3.4%) of the reasons given by homeowners. For renters, who give a more comprehensive range of reasons for moving, the top three reasons are to reduce housing costs (13.8%), to upgrade to a larger or better dwelling (13.8%) and to live in a more desirable neighbourhood (11.7%).

¹⁸ Source: Canadian Real Estate Association (2022).

Being forced to move by a landlord, bank, financial institution or government, a reason that is rarely given by homeowners (0.8%), accounts for 7.5% of reasons given by renters (included in the table under "all other reasons"). Responses for 2021 are presented alongside 2018 in Figure 20.

Figure 20: Reasons for Moving, Hamilton CMA, Canadian Housing Survey, 2018 and 2021¹⁹

Reason	Housing tenure	% of the total (2018)	% of the total (2021)
Moved to upgrade to a larger dwelling or better-quality dwelling	Owner	22.7%	22.0%
	First-time owner	14.8%	17.1%
	Renter	13.8%	18.6%
Moved to become a homeowner	Owner	19.0%	21.7%
	First-time owner	34.6%	36.0%
	Renter	0.8%	1.0%
Moved to be in a more desirable neighbourhood	Owner	13.4%	11.6%
	First-time owner	5.4%	5.5%
	Renter	11.7%	9.5%
Moved because of a change in household or family size	Owner	12.4%	12.2%
	First-time owner	1.4%	6.5%
	Renter	5.2%	15.4%
Moved to form own household	Owner	10.0%	7.9%
	First-time owner	19.4%	17.8%
	Renter	8.4%	8.1%
Moved to reduce housing costs	Owner	6.3%	4.4%
	First-time owner	3.9%	0.0%
	Renter	13.8%	10.0%
Moved to be closer to family	Owner	4.7%	4.9%
	First-time owner	4.3%	3.4%
	Renter	7.5%	9.5%
Moved for a new job or job transfer	Owner	3.8%	4.3%
	First-time owner	3.7%	2.6%
	Renter	6.1%	8.0%
Moved to reduce commuting time	Owner	3.4%	4.6%
	First-time owner	1.2%	5.1%
	Renter	3.9%	3.6%
All other reasons	Owner	4.3%	6.4%
	First-time owner	3.7%	6.0%
	Renter	10.1%	14.8%

In short, families are moving not because they are getting new jobs but because they are moving to obtain housing that better suits their needs. And too often, they cannot find that housing at a price they can afford, in metro Hamilton, so they are moving to lower-priced markets like Brantford.

¹⁹ Source: Statistics Canada (2022).

Part VI: Hamilton has a housing shortage, which helps explain both high home prices and outmigration

Ontario suffers from a housing shortage, which has helped contribute to high-and-rising prices since the end of the Great Financial Crisis of 2008-09. Estimating the size of the shortage is somewhat challenging. In the report *Ontario's Need for 1.5 Million Homes*, we develop a methodology to estimate housing shortages.²⁰ The methodology, known as the Rest of Canada Average Benchmark, or RoCA Benchmark, estimates the number of homes needed to bring a community up to the average housing levels in the "Rest of Canada" (which is defined as all of Canada except Ontario and British Columbia), taking into account the ages of the residents of the community.

Using the RoCA Benchmark, we have that Ontario had a roughly 471,500 housing unit shortage in 2021, as shown in Figure 21. Over half, or 264,000, of these units were found in the Peel Region, York Region, and the City of Toronto, which helps explain the high levels of outmigration to places like Oshawa and Hamilton. This outmigration and the subsequent musical chairs effect has led to a shortage of 14,500 units in Hamilton, as well as 31,100 in Halton and 11,000 in Niagara, the Census Divisions that contain Burlington and Grimsby, respectively. These are likely underestimates, as they only consider the housing shortage for existing residents, not the number of people who would have moved there had housing been more available.

In Figure 21, we estimate the number of homes each Ontario Census Division will need to build to accommodate projected population growth and the pre-existing shortage. Ontario will need to build just over 1.5 million homes, which is likely underestimated as it was calculated before the federal government increased immigration targets. We estimate that the City of Hamilton will need to build 52,400 homes over the next ten years, a figure slightly higher than the 47,000-unit target set by the provincial government and endorsed by Hamilton City Council.

While estimating the number of units needed is a valuable exercise, it is not without its limitations. One of the primary difficulties is treating a "unit as a unit as a unit," not considering each unit's characteristics, including size and cost. However, a small studio condo unit can not house as many people as a 3-bedroom apartment. It fails to capture that the most pressing needs are for family-sized units.

²⁰ Moffatt, Dudu, Hosseini (2022).

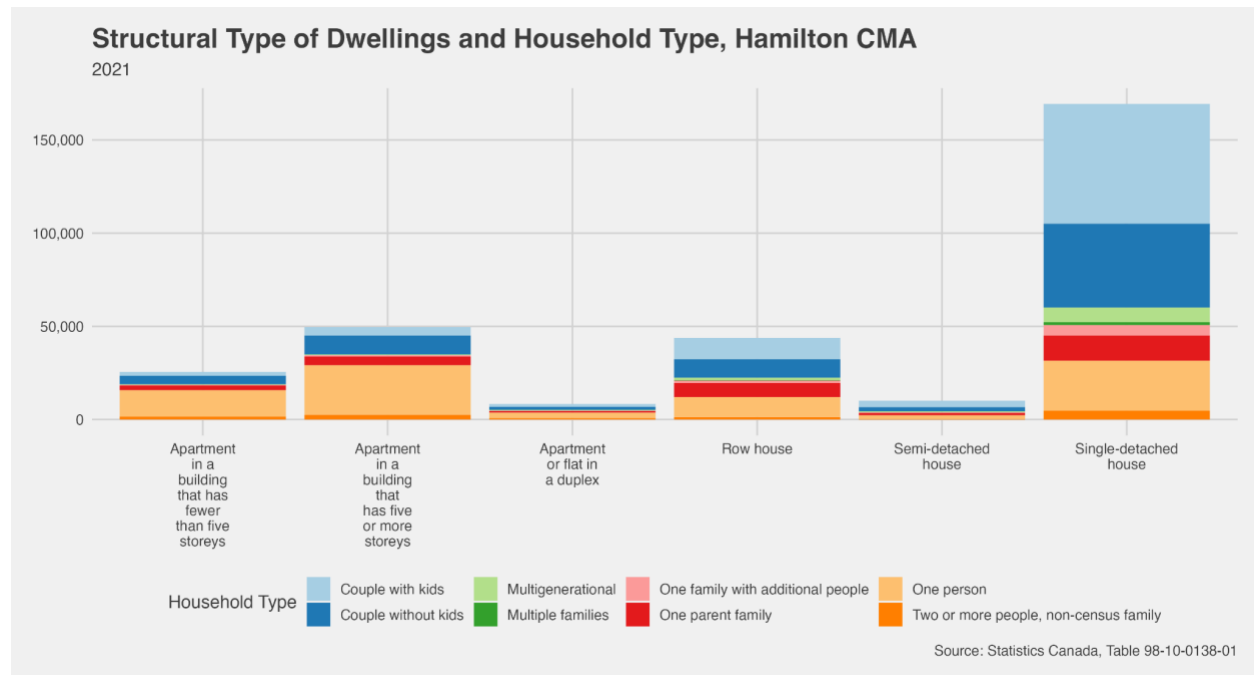
Figure 21: Housing Needs by Ontario Census Division, 2021-31

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	143,500	133,500	277,000	Muskoka	4,400	2,300	6,700
Toronto	224,700	34,300	259,000	Perth	5,500	1,000	6,500
York	83,900	96,200	180,100	Leeds and Grenville	4,000	2,400	6,400
Ottawa	89,700	10,400	100,100	Frontenac	6,900	-600	6,300
Halton	59,300	31,100	90,400	Bruce	4,200	1,000	5,200
Durham	50,000	39,900	89,900	Renfrew	3,300	1,000	4,300
Waterloo	57,400	13,400	70,800	Stormont, Dundas and Glengarry	3,000	1,200	4,200
Simcoe	47,000	22,900	69,900	Huron	3,400	800	4,200
Hamilton	37,900	14,500	52,400	Lennox and Addington	1,800	2,200	4,000
Middlesex	38,300	1,200	39,500	Parry Sound	1,900	1,300	3,200
Niagara	28,000	11,100	39,100	Greater Sudbury / Grand Sudbury	3,800	-1,000	2,800
Essex	20,500	9,900	30,400	Lambton	2,300	400	2,700
Wellington	22,800	6,800	29,600	Chatham-Kent	1,800	600	2,400
Brant	9,400	3,900	13,300	Haliburton	1,200	500	1,700
Oxford	9,700	2,400	12,100	Kenora	900	700	1,600
Haldimand-Norfolk	7,000	4,000	11,000	Prince Edward	600	900	1,500
Dufferin	6,300	3,600	9,900	Nipissing	1,100	-100	1,000
Hastings	7,000	2,800	9,800	Manitoulin	400	100	500
Peterborough	6,500	2,800	9,300	Sudbury	100	300	400
Prescott and Russell	6,400	2,600	9,000	Algoma	1,000	-900	100
Northumberland	4,700	3,700	8,400	Rainy River	200	-200	0
Kawartha Lakes	4,900	3,400	8,300	Timiskaming	100	-500	-400
Grey	6,100	2,100	8,200	Thunder Bay	500	-1,200	-700
Elgin	6,000	2,000	8,000	Cochrane	-100	-900	-1,000
Lanark	5,600	1,700	7,300	Total	1,034,900	471,500	1,506,400

Part VII: In particular, Hamilton has a shortage of family-friendly housing

In focusing on the general demand for more homes, the simple fact that not all housing units are the same is sometimes overlooked. Each housing unit can be classified by structural type of dwelling (apartments, single detached, semi-detached and row house) and its intended market (homeowner, rental, condo and co-op, other). Figure 22 shows the breakdown of the type of units in Hamilton CMA and who is likely to inhabit them.

Figure 22: Structural Type of Dwellings and Household Type, Hamilton CMA, 2021²¹



As of 2021, 55.2% of all dwellings in Hamilton CMA — 169,925 homes out of 306,695 — were single-detached. Just over one-quarter are apartments of one kind or another, with buildings with five or more storeys (49,655 total units) being the dominant kind, ahead of buildings with fewer than five storeys (25,565 units) and duplexes (8,310 units). Just under one-fifth of the housing stock is either row house (43,795 units) or semi-detached (10,105 units).

The overall mix of dwelling types is essential when considering housing affordability, as these different types of homes vary considerably in price. In the Hamilton and Burlington market, the Canadian Real Estate Association reports benchmark prices as of Dec 2022 of \$909,600 (single-detached), \$715,600 (townhouse) and \$559,300 (apartment).²² The ratio between the benchmark price for row houses and apartments (compared to single-detached) in 2022, 1.27 and 1.63, respectively, is similar to what it was at the start of 2009 (1.30 and 1.48).

²¹ Source: Statistics Canada (2022).

²² Source: Canadian Real Estate Association (2022).

Different households and families tend to live in different kinds of dwellings. The four most numerous types of households in Hamilton CMA are couples with kids (87,190 families), one person (83,050 families) and couples without kids (73,425 families). The remaining types of households include one-parent families (30,465 families), multigenerational (10,440 families), multiple families (1,990 families), one family with additional people (8,735 families) and two or more people who are not in a family (11,400 families).

Families have different needs and occupy different housing types in different proportions. Families with children occupy high-rise apartments at relatively low rates, and one-person households occupy a more diverse range of housing options.

Couples with children

Almost three-quarters of all couples with children in Hamilton CMA live in single-detached homes (73.6%). Half of the remaining one-quarter of couples with children live in row houses (13.1%), and the rest live in 5+ storey apartments (5.2%), semi-detached homes (4.0%), less than five storey apartments (2.4%) and duplex apartments (1.7%).

One-person households

Perhaps counter-intuitively, one-person households in Hamilton CMA are just as likely to be in single-detached homes (32.3%) as in taller apartment buildings (32.0%). However, many of these one-person households are widows or widowers. Shorter apartments (17%) and row houses (12.9%) are the next most common types of dwellings, followed by duplexes (3.5%) and semi-detached homes (2.3%).

Couples without children

Roughly six in ten couples without children live in single-detached homes (61.3%). Compared to couples with children, it is much more common for these households to live in apartments, whether taller (13.8%), shorter (6.2%) or duplexes (2.2%). The proportion of these households living in row houses (13.5%) and semi-detached homes (3.0%) is close to couples with children.

Single parents

Single-detached homes account for the most significant proportion of single-parent households (44.3%). However, row houses are much more common for single-parent households than they are for any other kind of household (25% of single-parent households compared to a range of 10%-15% for other types of households). A relatively high proportion of single parents live in taller apartments (15.4%) and smaller apartments (8.4%), with the remaining living in semi-detached (4.2%) or duplex apartments (2.8%).

Roommates

More than 4 in 10 roommate households (two or more people not in a census family) live in apartments (43.1%): taller apartments (22.1%), shorter apartments (14%) and duplexes (7%). Interestingly, roommate and one-person households account for just over half of all households in taller apartments (54.1%) and just under one-third of households in shorter apartments (31%).

Multigenerational families

Accounting for a similar proportion of the population as roommate households, multigenerational families live predominantly in single-detached homes (75.5%). Generally, and consistent with

expectations given the greater average size of the families, the distribution of these families is very similar to couples with children.

Other types of households

The remaining types of households include one family with additional people and multiple families. Together, they account for roughly 3.4% of all households in Hamilton CMA. For both types of families, single-detached homes are the most common (64.1% for one family plus additional and 76.4% for multiple families).

What this means for families with children

Roughly three-quarters of the larger family types — couples with kids, multigenerational and multiple families — live in single-detached homes. Household types that tend to be smaller — couples without kids, one family with additional people — are more likely to live in various types of apartments. Single-parent and single-person households, which collectively account for almost 4 in 10 households in Hamilton CMA, and likely have only one source of income, are the most likely to live in apartments. Row houses are the second or third most common dwelling type for all households except roommates and single-person households.

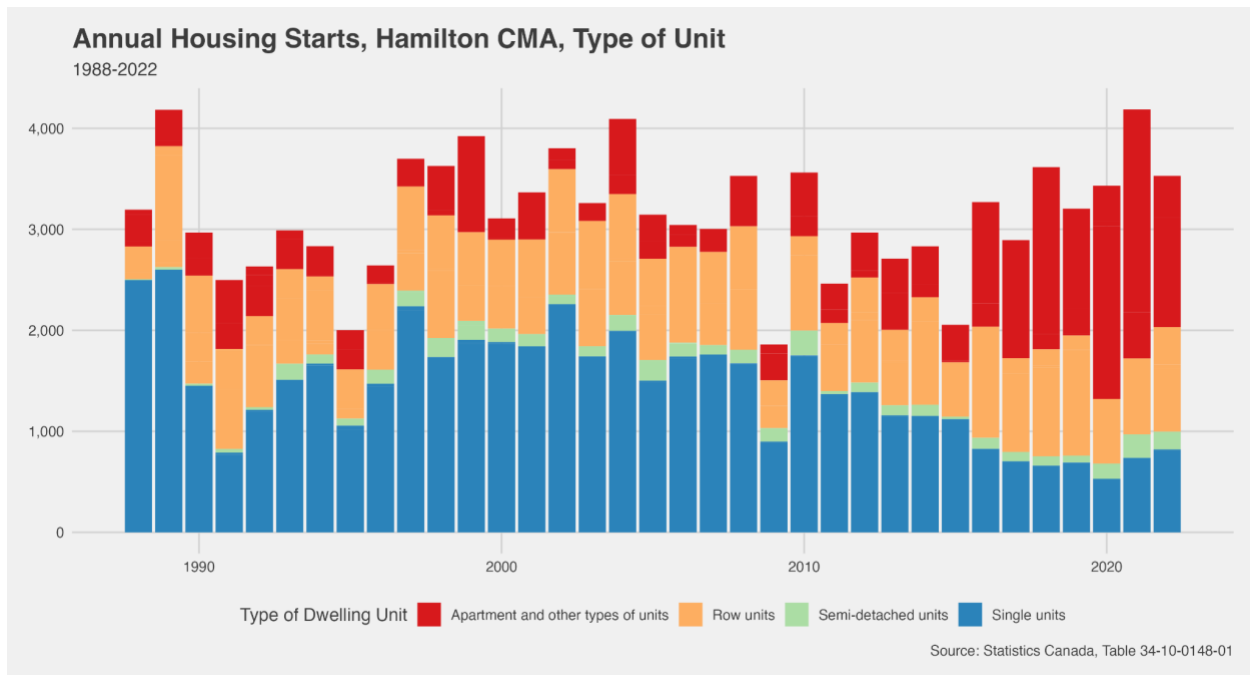
The need for more family-friendly housing presents a challenge for metro Hamilton, as the types of units that families tend to occupy tend to be the most land-intensive. The metro needs to find ways to allow more of these homes to be built, or make larger apartment units more attractive to families, to increase the proportion of families living in that housing type. The high number of one-person families living in single-detached homes also provides an opportunity; if housing options can be created that are attractive to this population, it may encourage them to sell their existing homes, which would free them up for the next generation of families with children.

However, in recent years what has been built in Hamilton has been disproportionately smaller apartment units than homes suitable for families. These smaller units are needed, but as Hamilton scales up its homebuilding, larger units suitable for families should be a bigger part of the mix.

Hamilton's housing construction shifted to apartments in recent years

Anyone who has seen Hamilton's skyline in recent years knows there has been an apartment-building boom. The data bears this out, as Figure 23 shows a dramatic and sustained jump in apartment unit starts since the middle of the last decade. This increase has been offset somewhat by a reduction in semi-detached and single units.

Figure 23: Annual Housing Starts by Year and Type of Unit, Hamilton CMA



Single-detached homes

In the post-recession period, roughly 1,300 single-detached homes were started in Hamilton CMA annually (1,287). The peak was in 2010 when 1,753 single-detached homes were started. During the international student boom, the new single-detached home construction rate declined to roughly 800 per year. During the pandemic, an average of 700 single-detached homes per year have been started.

Apartments and other kinds of units

Apartment construction in Hamilton CMA has gone in the opposite direction. New builds went from an average of 500 units per year in the post-recession period to almost 1,200 per year during the international student boom and, more recently, to over 2,000 units per year during the pandemic. The peak year for apartment starts in Hamilton CMA was in 2021, when 2,465 units were started, accounting for 6 in 10 new home starts.

Row houses

The annual average for row house starts has stayed reasonably consistent. In the post-recession period, an average of 822 row houses were started. Construction increased to nearly 1,000 per year during the international student boom (963) — peaking in 2019 at 1,191 row houses started — before declining to an average of 809 per year during the pandemic. As a proportion of all housing starts, row houses have declined from almost one-third to just over one-fifth.

Semi-detached

The change in the rate of semi-detached starts has been relatively volatile. Post-recession, an average of 118 semi-detached homes were started, with a peak of 246 started in 2010. This rate plummeted during the international student boom to an average of 77 units per year. But it has increased significantly during the pandemic to an average of 186 units annually.

The housing unit shift summarized

Overall, single-detached homes have gone from 47% of all homes started during the post-recession period to 19% of all homes started in the pandemic period. In absolute terms, half as many single-detached homes are being started during the pandemic compared to the post-recession period. Apartment construction has headed in the opposite direction, with four times as many apartment units being started during the pandemic compared to the post-recession period. Apartments now account for over half of all new housing starts, up from just 19% during the post-recession period. Row houses have stayed steady, declining as a proportion of new housing units built, and semi-detached homes have been volatile.

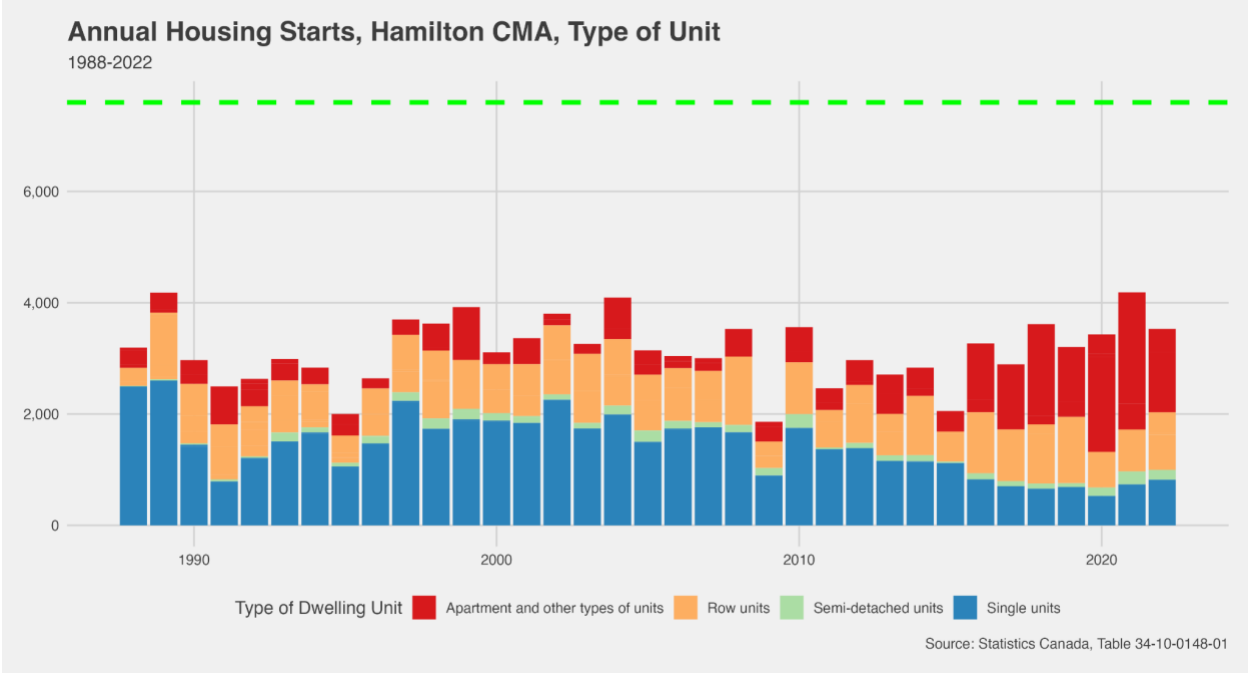
Despite this boom in apartment housing starts, Hamilton and Burlington, the two largest municipalities in Hamilton CMA, have a long way to go to meet the homebuilding target provided to them by the provincial government.

Part VIII: Hamilton and Burlington need to double-home building over the next decade

The provincial government has set housing targets for 29 municipalities in Ontario, including Burlington and Hamilton, which both reside in Hamilton CMA. Burlington's target of 29,000 and Hamilton's target of 47,000 give an overall target for Hamilton CMA of 76,000 over ten years for an average of 7,600 per year. Grimsby, the fastest-growing municipality in the CMA in percentage terms, does not have a provincial housing target.

We can see in Figure 24 how the combined Burlington and Hamilton targets, collectively the CMA target, compared to the historical housing level starting in 1988. The **dashed green line** is the provincial target for the CMA, annualized.

Figure 24: Annual Housing Starts by Year and Type of Unit Relative to Hamilton/Burlington Housing Target, Hamilton CMA



The scale of the change needed to reach that provincial target is significant. Only in a handful of years out of more than three decades has new housing construction reached *half* of the provincial target for the CMA, and the actual housing start numbers include Grimsby, which is not included in the target.

It is one thing to set a target; it is another to meet it. Failure to construct enough housing, mainly attainable family-friendly housing, will make it challenging for Hamilton employers to attract and retain talent, whether in the private or public sectors. As we will see, Hamilton already lacks affordability for families; the region cannot allow the problem to worsen.

Part IX: Hamilton and Burlington will have increased difficulty competing with cities such as Calgary for talent due to a lack of attainable housing

Imagine a young person graduating from university or a family deciding to have children. They have a tough decision to make on where to live. They will want a community where they can earn a good income, but they also want to stretch that dollar as far as possible.

We can answer this question by examining income and housing costs across several cities. We have chosen 11, in total, to examine. These include:

- Two cities within Hamilton CMA (the cities of Hamilton and Burlington)
- Three cities in the region that provide more attainable options than Hamilton CMA (Brantford, St. Catharines, and Niagara Falls)
- Seven cities within Canada across Canada that Hamilton is competing for talent with (Montréal, Toronto, Calgary, London, Halifax, and Ottawa)

The relative median housing costs and household incomes for each community are shown in Figure 25.

Figure 25: Median housing costs and income for 11 selected Canadian cities²³

City	Population	Population Density	Median monthly shelter costs (owned)	Median monthly rent	Median total household income (2020)	The ratio of monthly shelter costs (owned) to median household income
Montréal	1,762,949	4,833	\$1,360	\$870	\$63,600	25.7%
Toronto	2,794,356	4,428	\$1,740	\$1,500	\$84,000	24.9%
Calgary	1,306,784	1,592	\$1,720	\$1,350	\$98,000	21.1%
Hamilton	569,353	509	\$1,440	\$1,120	\$86,000	20.1%
Brantford	104,688	1061	\$1,330	\$1,130	\$79,500	20.1%
London	422,324	1,004	\$1,250	\$1,130	\$76,500	19.6%
Halifax	439,819	80	\$1,290	\$1,170	\$81,000	19.1%
St. Catharines	136,803	1,422	\$1,140	\$1,100	\$72,500	18.9%
Burlington	186,948	1,004	\$1,720	\$1,660	\$110,000	18.8%
Niagara Falls	94,415	449	\$1,150	\$1,110	\$74,500	18.5%
Ottawa	1,017,449	365	\$1,560	\$1,380	\$102,000	18.4%

²³ Source: 2021 Census of Population.

Medians and average incomes and costs are helpful; however, they do not tell the whole story. To understand how incomes and housing costs influence location decisions, we need to bring our analysis down to the family level. We can do that using case studies.

Case Studies: Four families considering where to live

Thinking only about averages and medians can make it easy to miss some of the challenges different households face in the housing market. To get a clearer sense of how the relative cost of housing, relative to income, differs from place to place, we have developed four households of seven adults with different jobs and types of housing. We have focused on younger working-age people (25-44 years old) with and without kids. Incomes for each occupation are the average hourly salary for the Hamilton—Niagara economic region in 2022, annualized to a standard number of full-time working hours.²⁴ To highlight the specific differences in the cost of buying a home in these different communities, owned housing costs are calculated using the Canadian Real Estate Association Home Price Index single-family benchmark (for Oct 2022), the Bank of Canada's published rate for a five-year conventional mortgage rate at a chartered financial institution (the week of 26 Oct 2022) and a 20% down payment.²⁵ Average rental costs are from the Canadian Mortgage and Housing Corporation's Rental Market Survey for Oct 2022.²⁶

- **Sabrina** is a 27-year-old software engineer. She is looking for a one-bedroom apartment in downtown Hamilton.
- **Tony** and **Gabrielle** work as a pipefitter and bus driver, respectively, and are in their mid-40s and have two kids aged 16 and 13. They would like to live in an average single-detached house.
- **Laura** and **Matthew** are in their early 30s, have a 2-year-old child, and work as an early-childhood educator (ECE) and a nurse, respectively. They are looking to buy a townhouse.
- **Sunny** and **Ali** are roommates renting a two-bedroom apartment. Sunny works as a retail supervisor, and Ali works as a carpenter.

Figure 26 summarizes their employment, individual income, and desired housing type.

Figure 26: Details on four case study families

People in Household	Work	Income	Desired Housing
Sabrina (27 years old)	Software engineer	\$100,343	One-bedroom apartment
Tony (44 years old)	Pipefitter	\$78,325	Single-detached
Gabrielle (43 years old)	Bus driver	\$51,820	
Laura (33 years old)	Early childhood educator	\$44,661	Townhouse
Matthew (32 years old)	Nurse	\$81,893	
Sunny (22 years old)	Retail sales supervisor	\$45,955	Two-bedroom apartment
Ali (24 years old)	Carpenter	\$63,653	

²⁴ Source: Employment and Social Development Canada (2022).

²⁵ Source: Canadian Real Estate Association (2022). These monthly shelter costs include only the cost of carrying a mortgage for an average property; other shelter costs such as utilities, property taxes, etc are not included.

²⁶ Source: Canadian Mortgage and Housing Corporation (2022).

Hamilton and Burlington are relatively attractive choices for young, single tech workers wanting smaller housing options

Using a shelter-cost-to-income ratio, we can compare the relative cost of housing, given the differences in housing costs and incomes for these four households. As a software engineer, Sabrina's options for where she could live and work as a software engineer were already fairly open — companies in virtually every major city hire people with her skill set. With the shift to hybrid and remote working arrangements, some of these companies are maintaining a hybrid or remote-first workplace, making Sabrina's options for employers and places to live broader than they were pre-pandemic. She could work for a company in Austin, Texas and live in Hamilton or other cities in our comparator group.

Figure 27: Income and Monthly Shelter Costs for Sabrina

City	Income	Monthly Shelter Cost	Shelter-to-income cost ratio
Toronto	\$104,350	\$2,082	23.9%
Halifax	\$85,296	\$1,631	23.0%
Calgary	\$96,315	\$1,585	19.8%
Montreal	\$99,529	\$1,566	18.9%
Burlington	\$100,343	\$1,574	18.8%
Hamilton	\$100,343	\$1,470	17.6%
Niagara Falls	\$100,343	\$1,470	17.6%
Brantford	\$100,343	\$1,425	17.0%
Ottawa	\$104,893	\$1,348	15.4%
St. Catharines	\$100,343	\$1,101	13.2%
London	N/A	\$1,205	N/A

Because of her higher-than-average income and housing choice of a one-bedroom apartment downtown, Sabrina's shelter-cost-to-income ratios are all well below the 30% threshold to be considered in *core housing need*, as shown in Figure T7. But the difference between communities is still significant, with a low of 13.2% in St. Catharines and a high of 24.9% in Toronto — a difference of almost 12 percent of her gross income. Hamilton is in the middle of the pack for a household like Sabrina's. Still, Hamilton does provide substantially higher levels of affordability than Toronto, which would be an obvious competitor for Sabrina's talents.

Hamilton and Burlington would struggle to retain our 44-year-old tradesperson and 43-year-old bus driver

Unlike Sabrina, our couple in their 40s will likely find themselves in core housing need unless they choose to live in Calgary, Montreal, or Halifax, as shown by Figure 28.

Figure 28: Income and Monthly Shelter Costs for Tony and Gabrielle

City	Income	Monthly Shelter Cost	Shelter-to-income cost ratio
Toronto	\$145,151	\$7,065	58.4%
Hamilton	\$130,688	\$4,870	44.7%
Burlington	\$130,688	\$4,870	44.7%
Ottawa	\$132,358	\$3,918	35.5%
Brantford	\$130,688	\$3,834	35.2%
Niagara Falls	\$130,688	\$3,624	33.3%
St. Catharines	\$130,688	\$3,624	33.3%
London	\$129,394	\$3,409	31.6%
Calgary	\$141,916	\$3,142	26.6%
Montreal	\$146,090	\$3,197	26.3%
Halifax	\$127,370	\$2,646	24.9%

Tony and Gabrielle each have jobs that pay above Hamilton's median total income. They would like to live in an average single-detached home with two kids. If they bought in Hamilton in October 2022, their shelter-cost-to-income ratio would be 44.8%, meaning they are in core housing need. If they lived in Halifax, they would be ahead 19.8% of their gross household income. The difference is almost as significant in two other cities outside Ontario — Montreal (18.5% better) and Calgary (18.2%) better. Toronto is much worse — Tony and Gabrielle would be spending almost 60 percent of their gross income on housing to live in an average single-detached home in Toronto. Tony and Gabrielle's situation is stark; they are a family earning well above the average wage in the community that cannot comfortably afford to live in an average single-detached home. This situation would be even worse for families earning a median or below the median wage.

Hamilton and Burlington will particularly struggle to retain healthcare and education workers

Laura and Matthew, our younger couple looking for a townhouse, would also find themselves in core housing need to live in Hamilton or Burlington, as shown by Figure 29.

Figure 29: Income and Monthly Shelter Costs for Laura and Matthew

City	Income	Monthly Shelter Cost	Shelter-to-income cost ratio
Toronto	\$116,997	\$4,416	45.3%
Hamilton	\$127,307	\$3,831	36.1%
Burlington	\$127,307	\$3,831	36.1%
Niagara Falls	\$127,307	\$3,344	31.5%
St. Catharines	\$127,307	\$3,344	31.5%
Montreal	\$114,743	\$2,935	30.7%
Brantford	\$127,307	\$3,172	29.9%
London	\$112,907	\$2,762	29.4%
Halifax	\$117,060	\$2,498	25.6%
Ottawa	\$134,403	\$2,786	24.9%
Calgary	\$130,834	\$2,112	19.4%

Laura and Matthew are a bit earlier in their careers and family. They live in an average townhouse and have one child. In almost half of these communities, they could live in an average townhouse and not be in core housing need. But in Hamilton, they spend over 36% of their gross income on housing. Living and working in Toronto would cost them an additional 9% of their gross income. Living in Calgary, through a combination of higher income and much lower housing costs, would save them 16.7% of their gross income — a massive difference. Moving to Halifax or Ottawa would put them ahead by 10% of their gross income. Given the absolute need for healthcare and education workers, cities like Hamilton and Burlington can ill-afford to price a couple like Laura and Matthew out of the community.

Hamilton is still attractive for younger middle-income workers, but will they stay when they want to have children?

The situation is somewhat brighter for Sunny and Ali, our roommates looking for a two-bedroom apartment. Figure 30 shows they would not be in core-housing need in Burlington, and Hamilton is a desirable choice compared to many other large cities.

Figure 30: Income and Monthly Shelter Costs for Sunny and Ali

City	Income	Monthly Shelter Cost	Shelter-to-income cost ratio
Halifax	\$84,482	\$2,470	35.1%
Toronto	\$103,661	\$2,983	34.5%
Burlington	\$100,823	\$2,395	28.5%
London	\$94,959	\$2,076	26.2%
Ottawa	\$91,118	\$1,862	24.5%
Calgary	\$103,035	\$2,082	24.3%
Montreal	\$111,926	\$2,200	23.6%
Hamilton	\$100,823	\$1,833	21.8%
Niagara Falls	\$100,823	\$1,749	20.8%
St. Catharines	\$100,823	\$1,605	19.1%
Brantford	\$100,823	\$1,444	17.2%

Hopefully, Sunny and Ali get along well in their two-bedroom downtown apartment because although they are well below the 30% threshold for core housing need living together as roommates, they would have a hard time renting a one-bedroom apartment on their own. Again, the differences between cities are significant, with Halifax and Toronto on the high end, above 34%, and smaller places close to Hamilton outperforming most other cities. Looking ahead a few years, when they may want to form their own household — will they choose to do so in Hamilton or in another community?

Part X: Hamilton's economic prosperity and ability to ensure enough social services for an aging population requires a substantial increase in family-friendly housing

Our four case studies, mostly of above-average income households, show that they face different relative housing costs. Fortunately, metro Hamilton remains an attainable and attractive location for younger workers without children. However, the same cannot be said for households with kids. Given the cost differences between Toronto and Hamilton, it is perhaps not surprising that so many people moving for "more or better living space" are choosing to move from Toronto CMA to Hamilton CMA. But the same musical chairs effect may push above-average-income households like Tony and Gabrielle's to look outside Hamilton CMA to neighbouring cities or further afield to cities in other provinces like Halifax or Calgary. The situation of a household like Laura and Matthew's, where both are working in jobs (early childhood educator and nurse) that are in very high demand in virtually every mid-size and larger city in Canada, should be very concerning for everyone involved in housing policy (and negotiating wage rates). With a 45% and 36% shelter-cost-to-income ratio, this household is priced out of Toronto CMA and Hamilton CMA.

Things do not have to be this way. Increasing the supply of family-friendly housing can help attract the Tonys, Gabrielles, Lauras, and Matthews that Hamilton needs to retain economically and socially vibrant and care for an aging population. At a minimum, this will require the cities of Hamilton and Burlington to do three things:

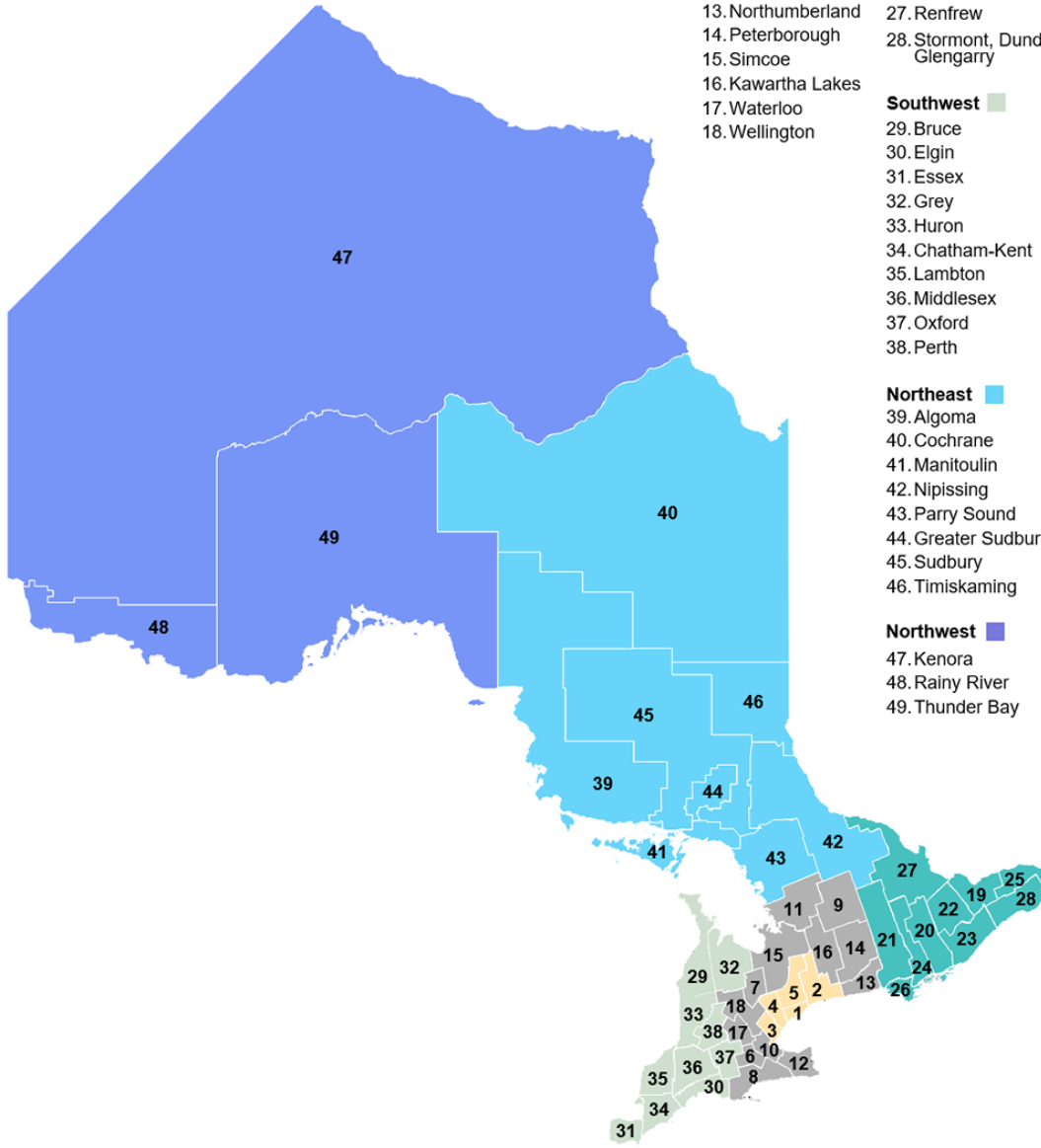
1. Meet or exceed the provincial housing unit targets. These should be seen as a **minimum**; the SPI demand projections somewhat exceed the targets set by the province, and those were calculated *before* the federal government increased immigration targets.
2. Ensure that what is built includes a high proportion of attainable, family-friendly and climate-friendly units, including housing of all built forms, including apartments. While additional smaller units are also needed, the most substantial needs are homes large enough to raise a family with children.
3. Create more senior-friendly housing. Hamilton's population is aging, creating a need for different housing types, particularly for Super Seniors, who often can no longer drive. Creating more senior-friendly housing would have the dual benefit of freeing up more family-friendly housing for the next generation of workers.

The future is what we make of it, and Hamilton's municipal leaders are responsible for ensuring that Hamilton is making data-driven decisions about the community's current and future housing needs. Hamilton has the opportunity to ensure that the community is open to all, including for families across the income spectrum. And by building more family-friendly housing, Hamilton can shape the community's long-term labour supply and bolster its local economic viability. Moreover, in making data-driven decisions about Hamilton's future housing needs, the city can answer the question, *but who will swing the hammer?*"

Appendix A: Ontario's 6 Regions and 49 Census Divisions²⁷

Legend

- | | | |
|---|---|---|
| GTA ■ | Central ■ | East ■ |
| 1. Toronto | 6. Brant | 19. Ottawa |
| 2. Durham | 7. Dufferin | 20. Frontenac |
| 3. Halton | 8. Haldimand-Norfolk | 21. Hastings |
| 4. Peel | 9. Haliburton | 22. Lanark |
| 5. York | 10. Hamilton | 23. Leeds & Grenville |
| | 11. Muskoka | 24. Lennox & Addington |
| | 12. Niagara | 25. Prescott & Russell |
| | 13. Northumberland | 26. Prince Edward |
| | 14. Peterborough | 27. Renfrew |
| | 15. Simcoe | 28. Stormont, Dundas & Glengarry |
| | 16. Kawartha Lakes | |
| | 17. Waterloo | Southwest ■ |
| | 18. Wellington | 29. Bruce |
| | | 30. Elgin |
| | | 31. Essex |
| | | 32. Grey |
| | | 33. Huron |
| | | 34. Chatham-Kent |
| | | 35. Lambton |
| | | 36. Middlesex |
| | | 37. Oxford |
| | | 38. Perth |
| | | Northeast ■ |
| | | 39. Algoma |
| | | 40. Cochrane |
| | | 41. Manitoulin |
| | | 42. Nipissing |
| | | 43. Parry Sound |
| | | 44. Greater Sudbury |
| | | 45. Sudbury |
| | | 46. Timiskaming |
| | | Northwest ■ |
| | | 47. Kenora |
| | | 48. Rainy River |
| | | 49. Thunder Bay |



²⁷ Ontario Ministry of Finance Population Projections, July 2022 release.

Appendix B: Competing Population Estimates and the Census Undercount

Material reprinted, with permission, from the report Ontario's Need for 1.5 Million More Homes

Suppose you wanted to know how many people lived in Peel Region in 2021. There are three different data sources you could go to for an answer to that question:

- Statistics Canada's Population Estimates Table 17-10-0139-01
- The Ontario Ministry of Finance's Population Projections
- Census 2021

You might be surprised to learn that the three give different answers. You may even be more surprised to learn that Census 2021 gives a dramatically lower figure, as shown in Figure 33:

Figure 33: Peel Region Population, 2021, Three Estimates

Data Source	2021 Peel Population Estimate
Statistics Canada 2021 Population Estimate, Table 17-10-0139-01, Released on Jan. 13, 2022	1,571,322
Ontario Ministry of Finance Population Projection, Released on July 28, 2022	1,568,099
Census 2021	1,451,022

This phenomenon is not unique to the Peel Region. As shown in Figure 34, Census 2021 provides an Ontario population estimate of 600,000 persons lower than the Statistics Canada or Ontario Ministry of Finance estimates. We should note that while we use the Statistics Canada estimate as the baseline in Figure 34, it is an estimate like the two others and is not necessarily more accurate. Each of these estimates will be revised over time, so the Census 2021 'undercount' is relative to other population estimates, not an undercount to a known 'correct' value.

Figure 34: Ontario Population, 2021, Three Estimates

Data Source	2021 Ontario Population Estimate	Relative to Statistics Canada's Estimate
Statistics Canada 2021 Population Estimate, Table 17-10-0139-01, Released on Jan. 13, 2022	14,826,276	-
Ontario Ministry of Finance Population Projection, Released on July 28, 2022	14,822,201	-4,075
Census 2021	14,223,942	-602,334

This undercount in the Census, relative to other methods, is a known issue, with Statistics Canada issuing the following note after the first release of Census 2021 data²⁸:

²⁸ Source: Statistics Canada Table: 17-10-0139-01.

The 2021 Census counted 36,991,981 people in Canada during the national enumeration with reference date May 11, 2021. This count is lower than the preliminary postcensal population estimate of 38,201,103 people calculated for the same reference date. The difference between the two figures is not unexpected and is similar to that which was experienced for previous censuses. This note outlines why there are differences between census counts and population estimates.

The objective of a census is to provide detailed information on the population at a single point in time. In this respect, one of its goals is to enumerate the entire population. Inevitably, however, some people are not counted, either because their household did not receive a census questionnaire (for example, if a structurally separated dwelling is not easily identifiable) or because they were not included in the questionnaire completed for the household (for example, the omission of a boarder or a lodger). Some people may also be missed because they have no usual residence and did not spend census night in any dwelling. In contrast, a small number of people may also be counted more than once (for example, students living away from home may have been enumerated by their parents and by themselves at their student address).

To determine how many individuals were missed or counted more than once, Statistics Canada conducts postcensal coverage studies of a representative sample of individuals. Results of these studies in combination with the census counts are used to produce population estimates which take into account net undercoverage.

Although this undercount is a common phenomenon, the undercount is not equally distributed across the province. Figure 35 contains the three population estimates for each of Ontario's 49 Census Divisions, sorted by population size. Figure 36 compares the Ministry of Finance and Census estimates to those prepared by Statistics Canada for each of Ontario's 49 Census Division. Figure 37 does the same, though it calculates the differences in percentage terms rather than absolute numbers.

Figure 35: Population by Ontario Census Division, 2021, Three Estimates

Census Division	Statistics Canada	Ministry of Finance	Census	Census Division	Statistics Canada	Ministry of Finance	Census
Toronto	2,974,293	2,991,445	2,794,356	Chatham-Kent	107,923	106,632	104,316
Peel	1,571,322	1,568,099	1,451,022	Leeds and Grenville	105,924	106,248	104,070
York	1,209,914	1,207,032	1,173,334	Grey	103,209	103,215	100,905
Ottawa	1,054,800	1,053,266	1,017,449	Prescott and Russell	98,570	98,021	95,639
Durham	727,328	719,014	696,992	Elgin	97,968	97,508	94,752
Halton	619,075	618,464	596,637	Northumberland and	91,027	91,092	89,365
Waterloo	611,493	610,594	587,165	Nipissing	87,652	86,700	84,716
Hamilton	587,192	584,755	569,353	Perth	84,062	84,210	81,565
Simcoe	548,703	546,514	533,169	Kawartha Lakes	82,401	82,133	79,247
Middlesex	515,114	514,191	500,563	Cochrane	79,632	80,014	77,963
Niagara	484,840	483,932	477,941	Lanark	75,625	75,673	75,760
Essex	426,246	432,206	422,860	Bruce	75,409	75,173	73,396
Wellington	247,285	247,432	241,026	Kenora	70,981	70,611	66,000
Greater Sudbury / Grand Sudbury	169,199	168,824	166,128	Dufferin	69,391	69,552	66,257
Frontenac	164,005	164,242	161,780	Muskoka	67,771	67,174	66,674
Brant	155,348	153,903	144,771	Huron	63,912	63,680	61,366
Thunder Bay	149,645	150,709	146,862	Lennox and Addington	45,729	45,764	45,182
Hastings	147,751	148,289	145,746	Parry Sound	45,358	45,199	46,909
Peterborough	147,731	148,898	147,681	Timiskaming	33,328	33,064	31,424
Lambton	132,611	133,135	128,154	Prince Edward	26,196	25,916	25,704
Oxford	124,936	124,449	121,781	Sudbury	22,288	22,314	22,368
Haldimand-Norfolk	123,256	122,576	116,872	Rainy River	20,502	20,451	19,437
Stormont, Dundas and Glengarry	119,413	119,639	114,637	Haliburton	19,719	19,675	20,571
Algoma	118,103	118,805	113,777	Manitoulin	13,994	14,022	13,935
Renfrew	108,102	107,747	106,365	TOTAL	14,826,276	14,822,201	14,223,942

**Figure 36: Population Under/Overcount, Relative to Statistics Canada, by Census Division, 2021,
Sorted by Largest Census Undercount**

	Ministry of Finance	Census		Ministry of Finance	Census
Toronto	17,152	-179,937	Nipissing	-952	-2,936
Peel	-3,223	-120,300	Prescott and Russell	-549	-2,931
Ottawa	-1,534	-37,351	Thunder Bay	1,064	-2,783
York	-2,882	-36,580	Huron	-232	-2,546
Durham	-8,314	-30,336	Perth	148	-2,497
Waterloo	-899	-24,328	Grey	6	-2,304
Halton	-611	-22,438	Frontenac	237	-2,225
Hamilton	-2,437	-17,839	Bruce	-236	-2,013
Simcoe	-2,189	-15,534	Hastings	538	-2,005
Middlesex	-923	-14,551	Timiskaming	-264	-1,904
Brant	-1,445	-10,577	Leeds and Grenville	324	-1,854
Niagara	-908	-6,899	Renfrew	-355	-1,737
Haldimand-Norfolk	-680	-6,384	Cochrane	382	-1,669
Wellington	147	-6,259	Northumberland	65	-1,662
Kenora	-370	-4,981	Muskoka	-597	-1,097
Stormont, Dundas and Glengarry	226	-4,776	Rainy River	-51	-1,065
Lambton	524	-4,457	Lennox and Addington	35	-547
Algoma	702	-4,326	Prince Edward	-280	-492
Chatham-Kent	-1,291	-3,607	Manitoulin	28	-59
Essex	5,960	-3,386	Peterborough	1,167	-50
Elgin	-460	-3,216	Sudbury	26	80
Oxford	-487	-3,155	Lanark	48	135
Kawartha Lakes	-268	-3,154	Haliburton	-44	852
Dufferin	161	-3,134	Parry Sound	-159	1,551
Greater Sudbury / Grand Sudbury	-375	-3,071	TOTAL	-4,075	-602,334

Figure 37: Population Under/Overcount in Percentage Terms, Relative to Statistics Canada, by Census Division, 2021, Sorted by Largest Percentage Census Undercount

	Ministry of Finance	Census		Ministry of Finance	Census
Peel	-0.2%	-7.7%	Middlesex	-0.2%	-2.8%
Kenora	-0.5%	-7.0%	Bruce	-0.3%	-2.7%
Brant	-0.9%	-6.8%	Wellington	0.1%	-2.5%
Toronto	0.6%	-6.0%	Oxford	-0.4%	-2.5%
Timiskaming	-0.8%	-5.7%	Grey	0.0%	-2.2%
Rainy River	-0.2%	-5.2%	Cochrane	0.5%	-2.1%
Haldimand-Norfolk	-0.6%	-5.2%	Prince Edward	-1.1%	-1.9%
Dufferin	0.2%	-4.5%	Thunder Bay	0.7%	-1.9%
Durham	-1.1%	-4.2%	Northumberland	0.1%	-1.8%
Stormont, Dundas and Glengarry	0.2%	-4.0%	Greater Sudbury / Grand Sudbury	-0.2%	-1.8%
Huron	-0.4%	-4.0%	Leeds and Grenville	0.3%	-1.8%
Waterloo	-0.1%	-4.0%	Muskoka	-0.9%	-1.6%
Kawartha Lakes	-0.3%	-3.8%	Renfrew	-0.3%	-1.6%
Algoma	0.6%	-3.7%	Niagara	-0.2%	-1.4%
Halton	-0.1%	-3.6%	Hastings	0.4%	-1.4%
Ottawa	-0.1%	-3.5%	Frontenac	0.1%	-1.4%
Lambton	0.4%	-3.4%	Lennox and Addington	0.1%	-1.2%
Nipissing	-1.1%	-3.3%	Essex	1.4%	-0.8%
Chatham-Kent	-1.2%	-3.3%	Manitoulin	0.2%	-0.4%
Elgin	-0.5%	-3.3%	Peterborough	0.8%	0.0%
Hamilton	-0.4%	-3.0%	Lanark	0.1%	0.2%
York	-0.2%	-3.0%	Sudbury	0.1%	0.4%
Prescott and Russell	-0.6%	-3.0%	Parry Sound	-0.4%	3.4%
Perth	0.2%	-3.0%	Haliburton	-0.2%	4.3%
Simcoe	-0.4%	-2.8%	TOTAL	0.0%	-4.1%

Why is the Census missing so many people, and who are they? Several factors determine how likely a person is to be counted in the Census. A January 2021 research report by Statistics Canada²⁹ finds that the following groups have higher Census undercoverage rates:

- Men have higher undercoverage rates than women;
- Individuals between the ages of 20 and 34 are more likely to be undercounted than other age groups;

²⁹ Julien Bérard-Chagnon and Marie-Noëlle Parent, "Coverage of the 2016 Census: Level and Trends," Coverage of the 2016 Census: level and trends § (2021), https://publications.gc.ca/collections/collection_2021/statcan/91f0015m/91f0015m2020003-eng.pdf.

- Single or separated adults are more likely to be undercounted;
- Individuals whose mother tongue is neither English nor French;
- Recent immigrants and non-permanent residents, such as international students;
- Persons living in large cities; and,
- Persons living on reserves.

Not surprisingly, the Census Divisions with the highest percentage population undercounts are those with large numbers of non-permanent residents, individuals whose mother tongue is neither English nor French or living on sizeable reserves.

Awareness of the limitations of Census data and how Census data can undercount specific groups in society is vitally important. It is also vital not to mix and match datasets when calculating how much a place grew between two years. Finally, when municipal Official Plans provide population forecasts, they should indicate if their population figures for future years incorporate Census undercounts.

Appendix C: The RoCA Benchmark – Estimating the Number of Suppressed Households and Projected Number of Family Formations

Material adapted, with permission, from the report Ontario's Need for 1.5 Million More Homes

To estimate the number of suppressed households, we use data from Census 2021. For our example, we will use Ottawa to calculate pre-existing housing shortages. First, we calculate the RoCA Benchmark expected number of households, as shown in Figure 38.

Figure 38: RoCA Benchmark Number of Households for Ottawa Census Division, 2021³⁰

Age Group	2021 Census Population	RoCA Benchmark Headship Rates	2021 RoCA Benchmark Number of Households
15 to 24 years	131,170	12.0%	15,794.4
25 to 34 years	143,020	46.7%	66,845.4
35 to 44 years	135,410	54.9%	74,379.3
45 to 54 years	133,505	57.9%	77,279.8
55 to 64 years	135,260	59.3%	80,264.9
65 to 74 years	97,730	61.5%	60,129.4
75 to 84 years	52,020	61.9%	32,218.1
85 years and over	22,395	48.0%	10,757.7
TOTAL	850,510		417,669.0

We then compare this expected number of households to the number of "private dwellings occupied by usual residents" figure from Census 2021 for that Census Division. As shown in Figure 39, Ottawa had an expected number of households of 417,669, compared to 407,252 private dwellings occupied by usual residents, for an estimated housing shortage of 10,417 units.

Figure 39: Estimated Housing Shortage for Ottawa Census Division, 2021³¹

	Number of Households
2021 RoCA Benchmark Number of Households	417,669
2021 Census - Private dwellings occupied by usual residents	407,252
Difference (Suppressed Household Formation)	10,417

We use this difference as our estimate for the number of suppressed household formations caused by pre-existing housing shortages.

We will also use Ottawa Census Division as our example for calculating the number of net new households. We use the Ontario Ministry of Finance's 2022 population estimates for the year 2031,

³⁰ Authors' calculation from Census 2021 data.

³¹ Authors' calculation from Census 2021 data.

which were released on June 28th, 2022. To ensure an apples-to-apples comparison and the issue of the Census undercount (see Appendix B), we compare the 2031 population projection to the 2021 population numbers from the same Ministry of Finance release. Figure 40 shows that the estimated number of net new households between 2021 and 2031 is 86,970 for Ottawa Census Division.

Figure 40: Projected Number of Net New Households for Ottawa Census Division, 2021-31³²

Age Group	2021 Population	2031 Population Projection	Change 2021-2031	RoCA Benchmark	Net New Households
15 to 24	136,424	158,350	21,926	12.0%	2,640
25 to 34	163,456	192,280	28,824	46.7%	13,472
35 to 44	143,831	194,403	50,572	54.9%	27,779
45 to 54	134,358	149,572	15,214	57.9%	8,807
55 to 64	139,648	128,921	-10,727	59.3%	-6,366
65 to 74	99,688	130,331	30,643	61.5%	18,853
75 to 84	52,317	83,274	30,957	61.9%	19,173
85+	21,522	32,620	11,098	48.0%	5,331
Total	891,244	1,069,751	178,507		89,689

The number of pre-existing suppressed household formations are added to the projected number of net new households to obtain an overall housing demand estimate, as shown in Figure 41.

Figure 41: Estimated Housing Shortage for Ottawa Census Division, 2021³³

	Number of Households
Difference (Suppressed Household Formation)	10,417
Net New Households 2021-31	89,689
Estimated Housing Needs for the City of Ottawa 2021-31	100,106

³² Authors' calculation from Ontario Ministry of Finance Population Projections, July 2022 release.

³³ Authors' calculation from Census 2021 data.

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