Right-Sizing Housing and Generational Turnover

Planning and Housing Committee

11 June 2021

TORONTO

Context - Housing Demography & Trend Analysis

- The new bulletin is part of ongoing research to create household projections to support the Municipal Comprehensive Review of the Official Plan with respect to the Provincial Growth Plan for the Greater Golden Horseshoe.
- Past household projections we have built show a mismatch between future demand and anticipated supply. This research measures the size of the mismatch by type, tenure and size.
- The Baby Boom generation is aging out of the existing stock. This research estimates how much of the future demand for ground-related housing could be met by the housing already built.
- This bulletin considers only demographic factors – not market factors.

1. Objectives

TORONTO City Planning

This bulletin estimates how much new housing stock may be needed to accommodate households suitably in the future if recent trends continue. This constitutes one of several analyses to inform the Municipal Comprehensive Review of the Official Plan with respect to the Provincial Growth Plan for the Greater Golden Horseshoe. Available from https://www.toronto.ca/city-government/data-research-maps/research-reports/planning-development/.

profile TO

Right-Sizing Housing and Generational Turnover

Highlights

In 2016, almost 135,000 Toronto households were underhoused while 488,025 households were overhoused.

The rate of overhousing increases with the age of the household, from 24.3% for households aged 15-34 to 66.0% for households aged 70 and over.

Two in ten couple family with children households and three in ten lone-parent households were underhoused.

65,310 households or 65.4% of all underhoused households with children resided in mid/high-rise dwellings.

49,655 households experienced both underhousing and affordability issues.

About 60% of the overall estimated increase in demand for housing between 2016 and 2051 could be fulfilled by turnover.

Future demand would not be fulfilled for houses, units with three+ bedrooms, or purpose-built rental units, without changes in supply or demand.

Older generations' housing stock could accommodate an additional 207,240 persons or 16.1% by 2051 due to turnover to younger, larger households.

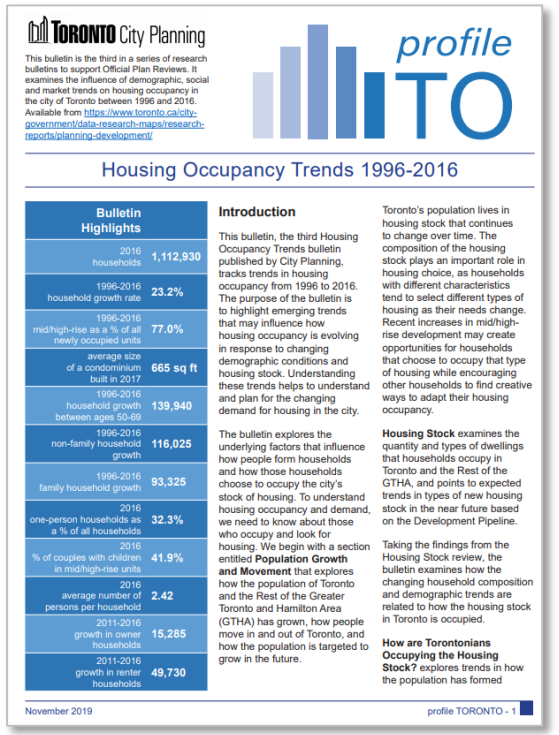
One quarter of Toronto's forecasted population growth to 2051 could be accommodated in the existing housing stock due to turnover.

May 2021

profile TORONTO - 1

Housing Occupancy & Suitability

- Previous Housing Occupancy Trends bulletin identified:
  - Evolving occupancy trends (more mid/high-rise households).
  - Rising occupancy rates of **older** households, at the same time that Toronto has a growing **younger** population.
- Using the Census definition of 'suitability', this new bulletin **measures** how well various households fit in their dwellings.
- New bulletin answers from a demographic perspective, what these age trends mean for future housing demand.



TORONTO City Planning

This bulletin is the third in a series of research bulletins to support Official Plan Reviews. It examines the influence of demographic, social and market trends on housing occupancy in the city of Toronto between 1996 and 2016. Available from https://www.toronto.ca/city-government/data-research-maps/research-reports/planning-development/

profile TO

Housing Occupancy Trends 1996-2016

Bulletin Highlights	
2016 households	1,112,930
1996-2016 household growth rate	23.2%
1996-2016 mid/high-rise as a % of all newly occupied units	77.0%
average size of a condominium built in 2017	665 sq ft
1996-2016 household growth between ages 50-69	139,940
1996-2016 non-family household growth	116,025
1996-2016 family household growth	93,325
2016 one-person households as a % of all households	32.3%
2016 % of couples with children in mid/high-rise units	41.9%
2016 average number of persons per household	2.42
2011-2016 growth in owner households	15,285
2011-2016 growth in renter households	49,730

Introduction

This bulletin, the third Housing Occupancy Trends bulletin published by City Planning, tracks trends in housing occupancy from 1996 to 2016. The purpose of the bulletin is to highlight emerging trends that may influence how housing occupancy is evolving in response to changing demographic conditions and housing stock. Understanding these trends helps to understand and plan for the changing demand for housing in the city.

The bulletin explores the underlying factors that influence how people form households and how those households choose to occupy the city's stock of housing. To understand housing occupancy and demand, we need to know about those who occupy and look for housing. We begin with a section entitled **Population Growth and Movement** that explores how the population of Toronto and the Rest of the Greater Toronto and Hamilton Area (GTHA) has grown, how people move in and out of Toronto, and how the population is targeted to grow in the future.

Toronto's population lives in housing stock that continues to change over time. The composition of the housing stock plays an important role in housing choice, as households with different characteristics tend to select different types of housing as their needs change. Recent increases in mid/high-rise development may create opportunities for households that choose to occupy that type of housing while encouraging other households to find creative ways to adapt their housing occupancy.

Housing Stock examines the quantity and types of dwellings that households occupy in Toronto and the Rest of the GTHA, and points to expected trends in types of new housing stock in the near future based on the Development Pipeline.

Taking the findings from the Housing Stock review, the bulletin examines how the changing household composition and demographic trends are related to how the housing stock in Toronto is occupied.

How are Torontonians Occupying the Housing Stock? explores trends in how the population has formed

November 2019

profile TORONTO - 1

Housing Turnover – Key Questions

1. **Fulfilling Demand** – by 2051, after accounting for supply of available units from turnover and new completions, is demand fulfilled? What types of units and how many might be in surplus or shortfall?
    - Dwelling Types
    - Bedrooms
    - Tenure
2. **Unused Population Capacity** – As turnover occurs, how many more people could be accommodated in the existing housing stock and where?

2.
Understanding Suitability

What is Right-Sizing and Housing Suitability?

- Derived from the National Occupancy Standard (NOS) of Canada Mortgage and Housing Corporation.
- How households “fit” based on the number of bedrooms they occupy compared to the number of bedrooms they require (based on age, sex and relationships within the household).

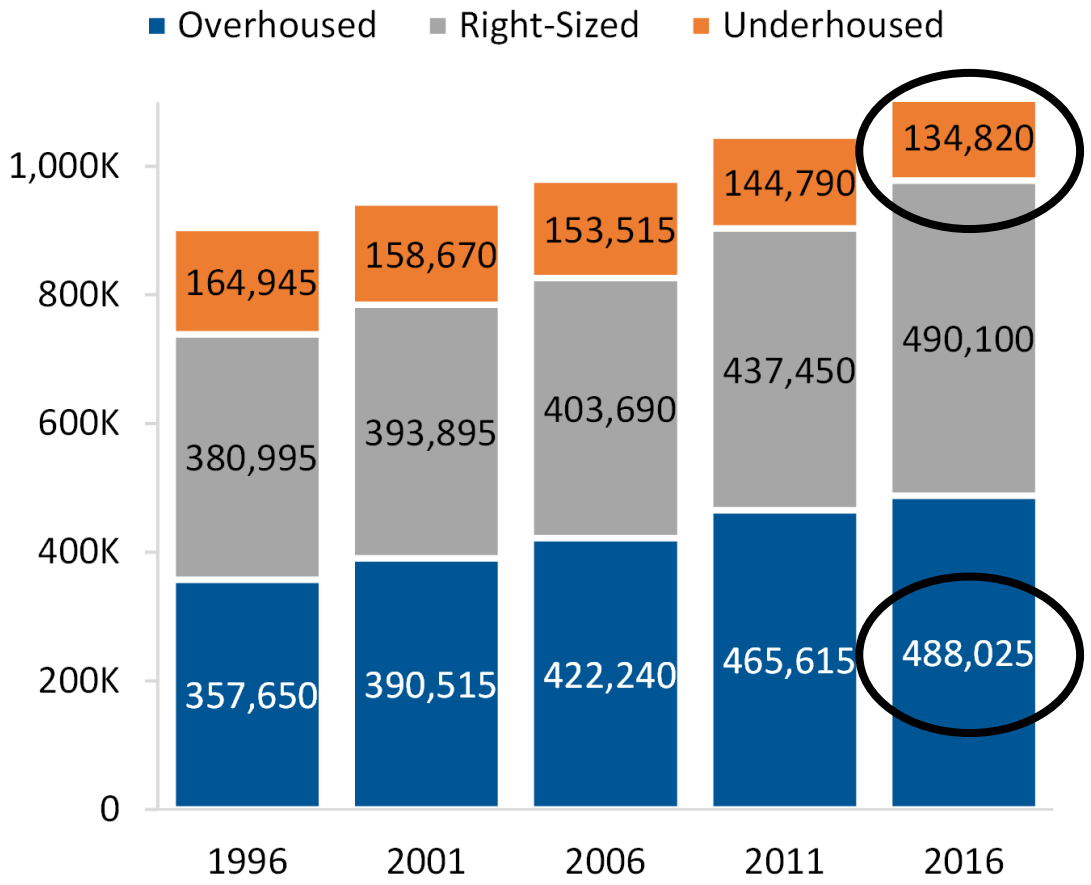
Right-sizing is a household occupying a dwelling having exactly the number of bedrooms required to suitably house that household.

A household that is **underhoused has fewer bedrooms** than required**.**

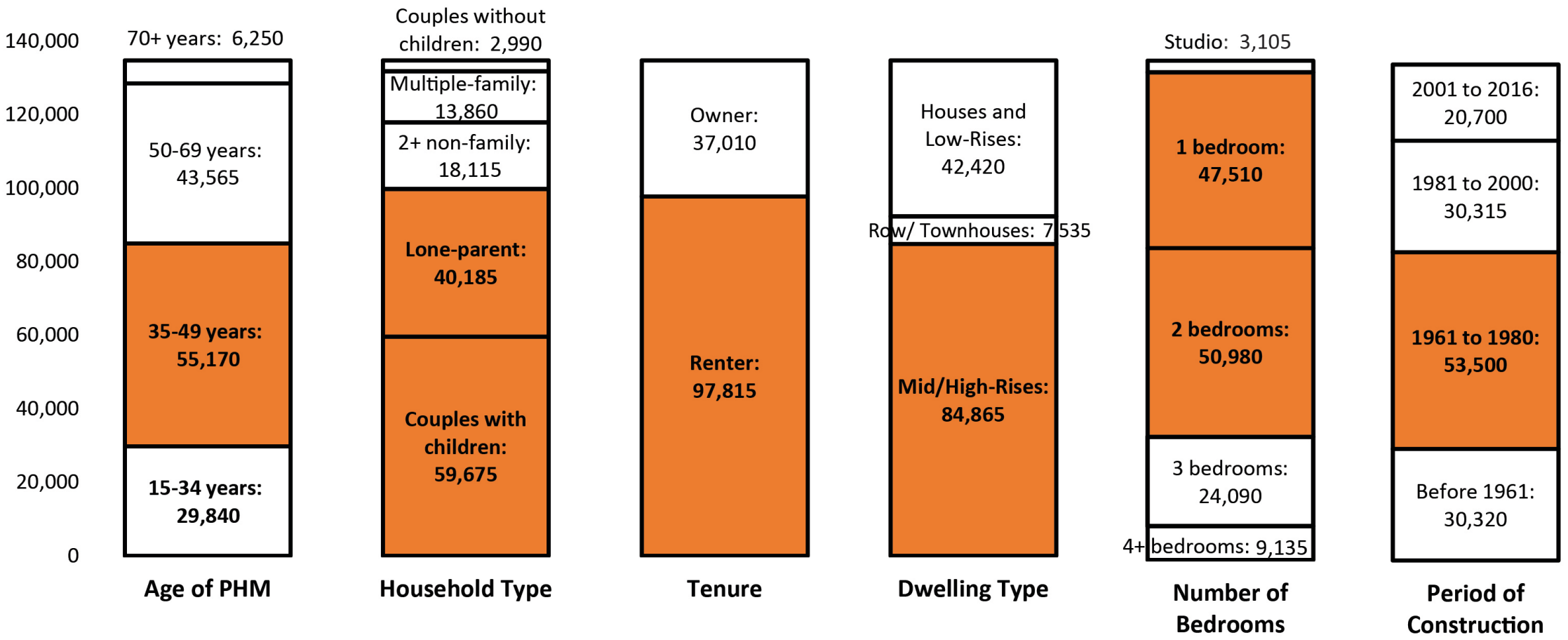
A household that is **overhoused has more bedrooms** than required.

Toronto has over 134,800 underhoused households

- In 2016, close to one in every eight Toronto households was underhoused.
- More than **three times** as many households were overhoused, about 488,000 households.
- Over **200,000** of the right-sized household are persons living alone in one-bedroom units.

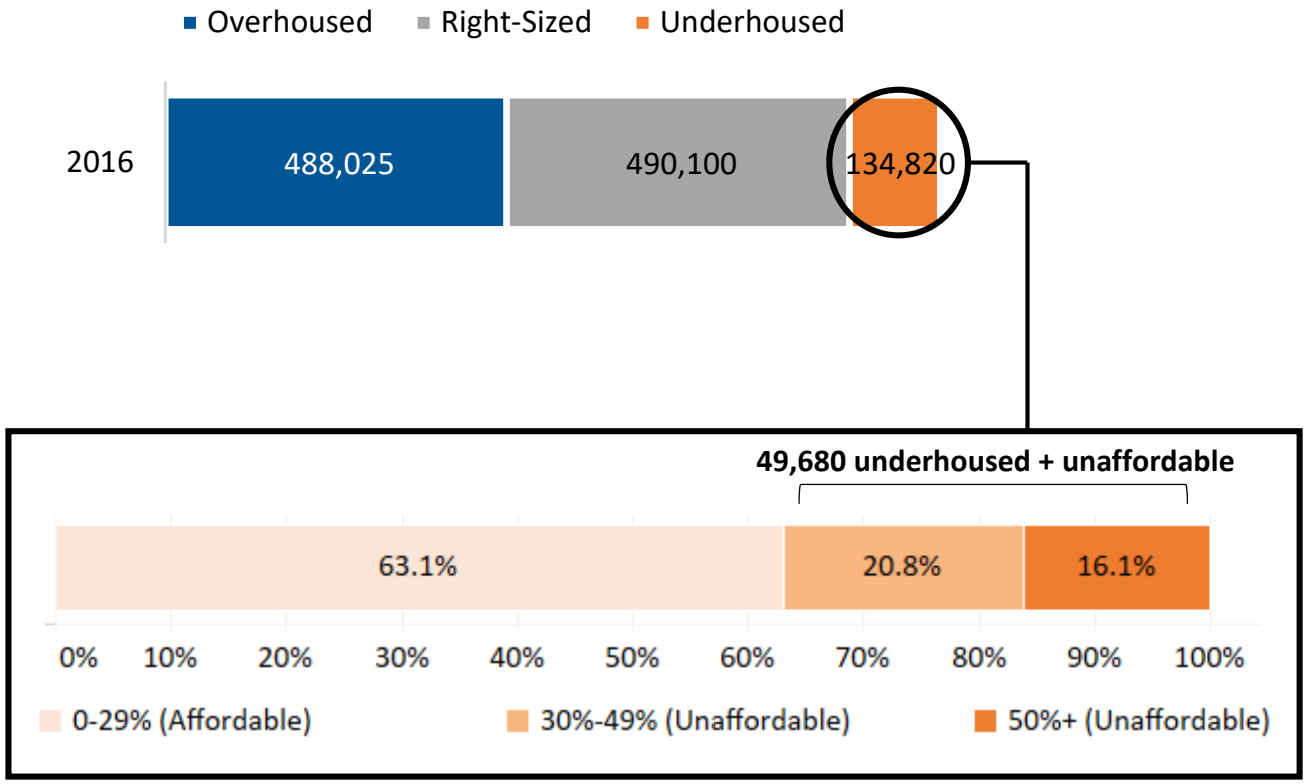


134,800+ underhoused households by type



When underhousing is not a choice

- Affordability challenges may account for at least some of the 134,800+ underhousing among these groups, referred to as **“involuntarily underhousing”.**
- About a third (almost 50,000) of all underhoused households are experiencing affordability issues as well as underhousing.
- Affordability-related underhousing is more prevalent among younger households.

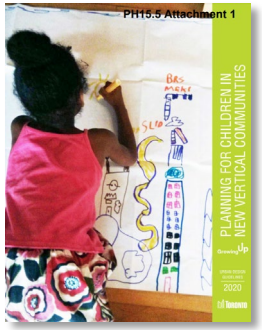


Overhousing Findings

- Overhousing occurs at a higher rate among:
  - **older** households
  - **non-family** households
  - **owner** households
  - in **houses and low-rises**
- The number and location of **older** households has implications for how much housing may be required in the future.
- While eventually all of the housing occupied by older generations will **turn over**, the timing of the availability becomes a critical factor.

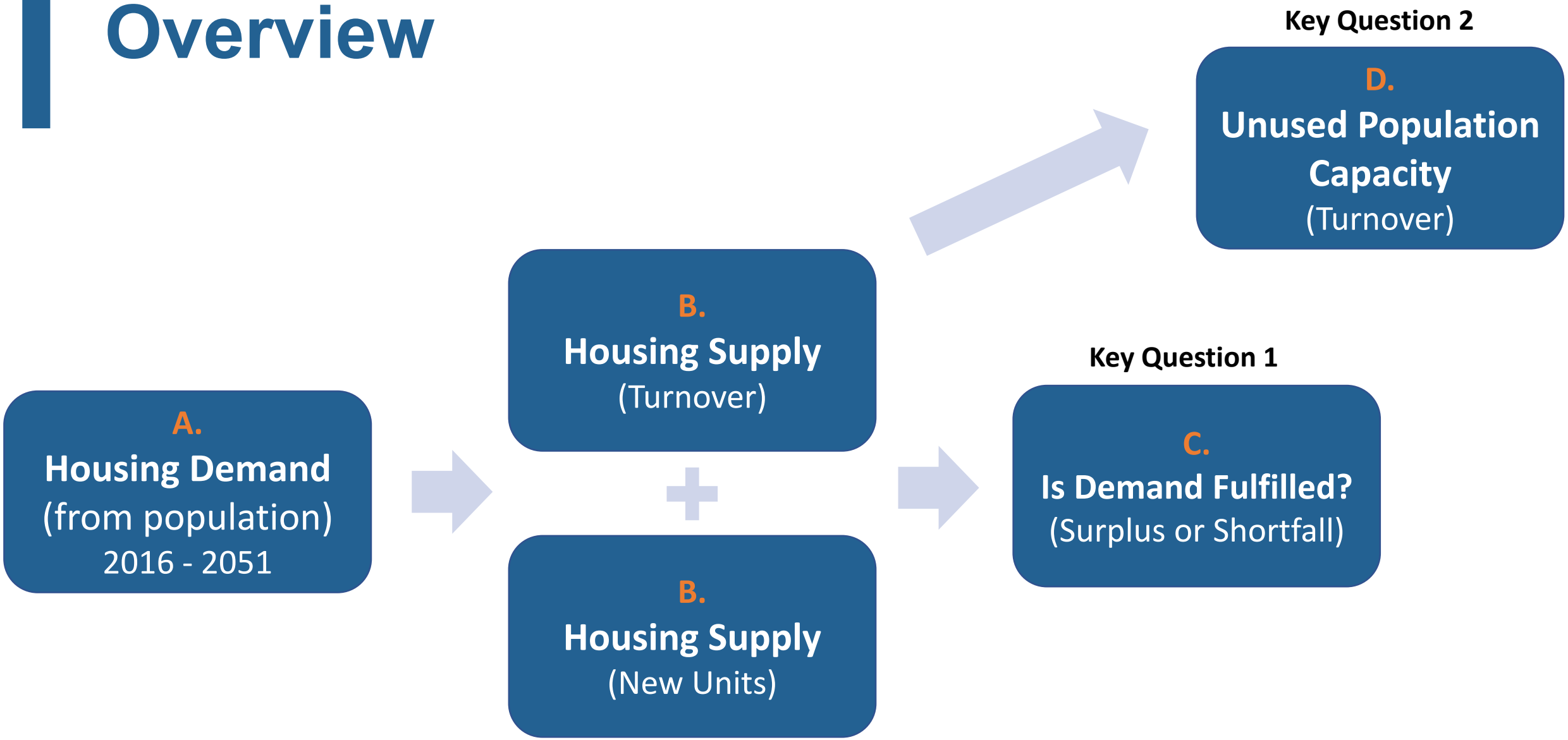
Addressing mismatch: City Initiatives

- HousingTO 2020-2030 Action Plan
- Several new Secondary Plans that require two-or-more-bedroom units in new developments
- Growing Up: Planning for Children in New Vertical Communities Urban Design Guidelines
- Expanding Housing Options in Neighbourhoods project
- Housing Now initiative
- Proposed Inclusionary Zoning policy
- Permission to build secondary suites and laneway suites
- Regulation of short-term rentals
- Establishment a new Vacant Home Tax
- Modular Housing



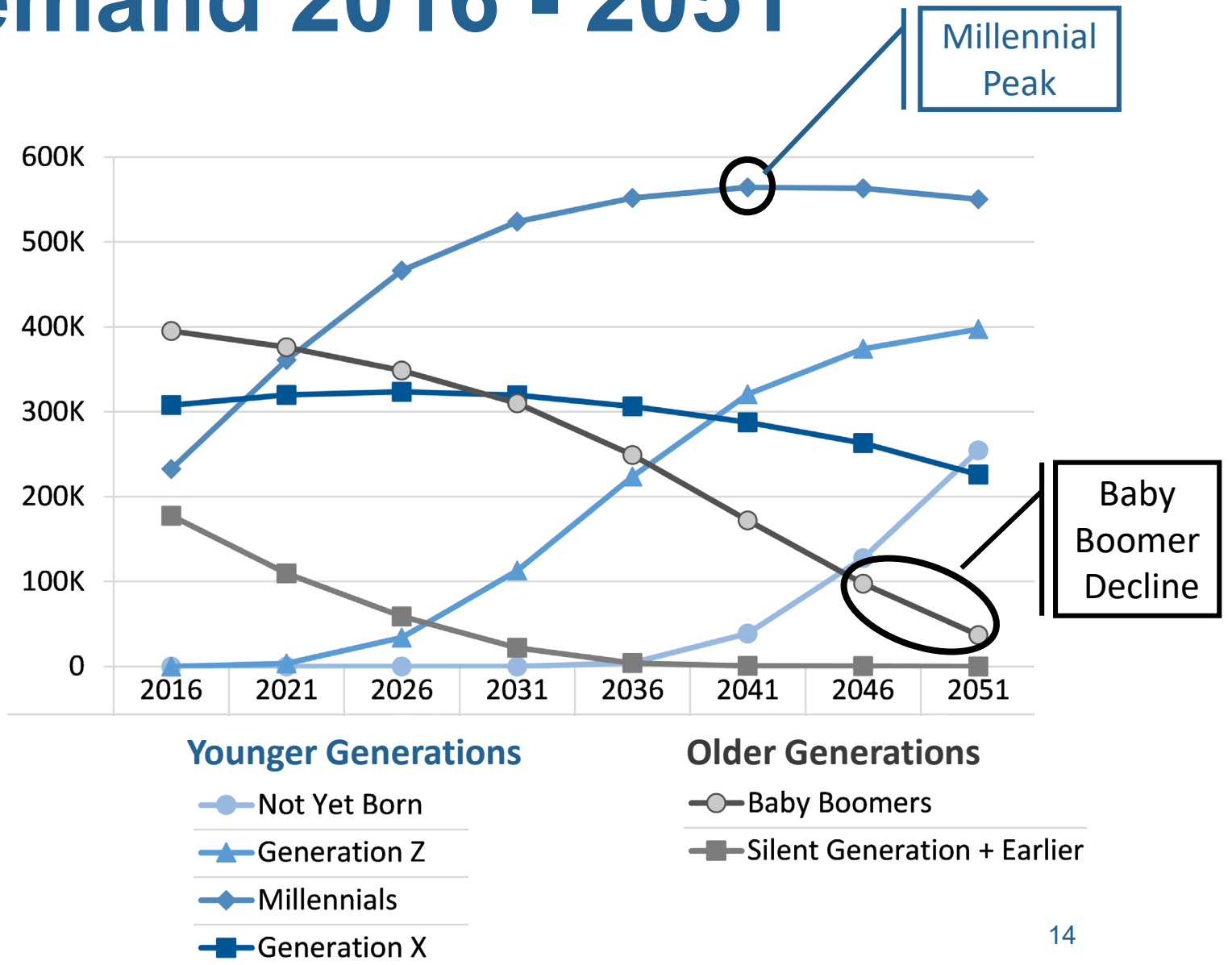
3.
Housing Turnover

Overview


Key Question 2
D.
Unused Population Capacity
(Turnover)
B.
Housing Supply
(Turnover)
Key Question 1
A.
Housing Demand
(from population)
2016 - 2051
C.
Is Demand Fulfilled?
(Surplus or Shortfall)
B.
Housing Supply
(New Units)

(A) Housing Demand 2016 - 2051

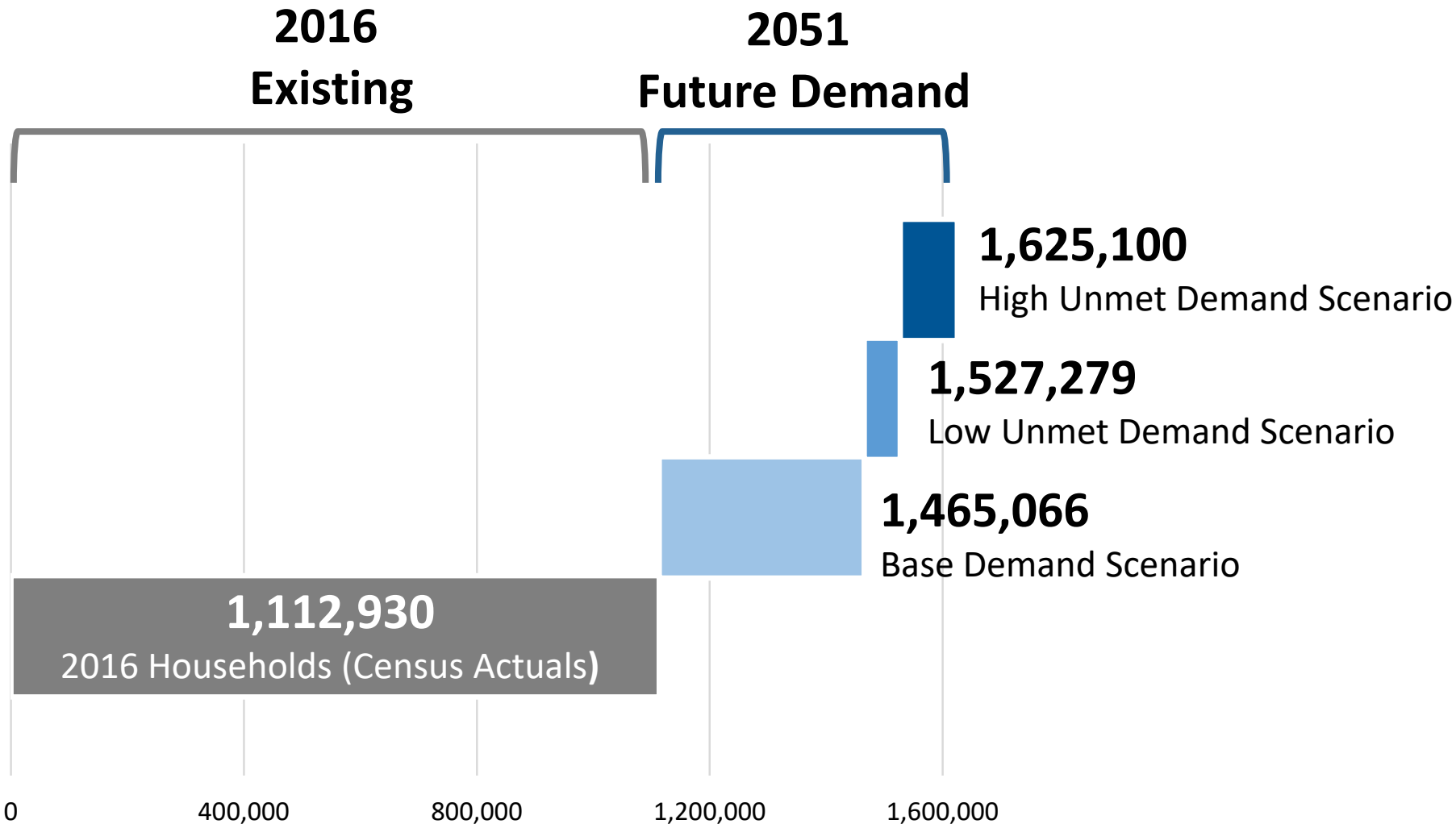
- Shows households by generation to 2051.
- As Baby Boomer households decline, the younger generations peak.



(A) Household Demand x 3 Scenarios

- **Base Scenario** – number of future households assuming future populations will form households at the same rates as in 2016 (status quo)
- **Low Unmet Demand** – accounts for households that are involuntarily underhoused.
- **High Unmet Demand** – accounts for all households living in unsuitable housing.

(A) Household Demand in 2051

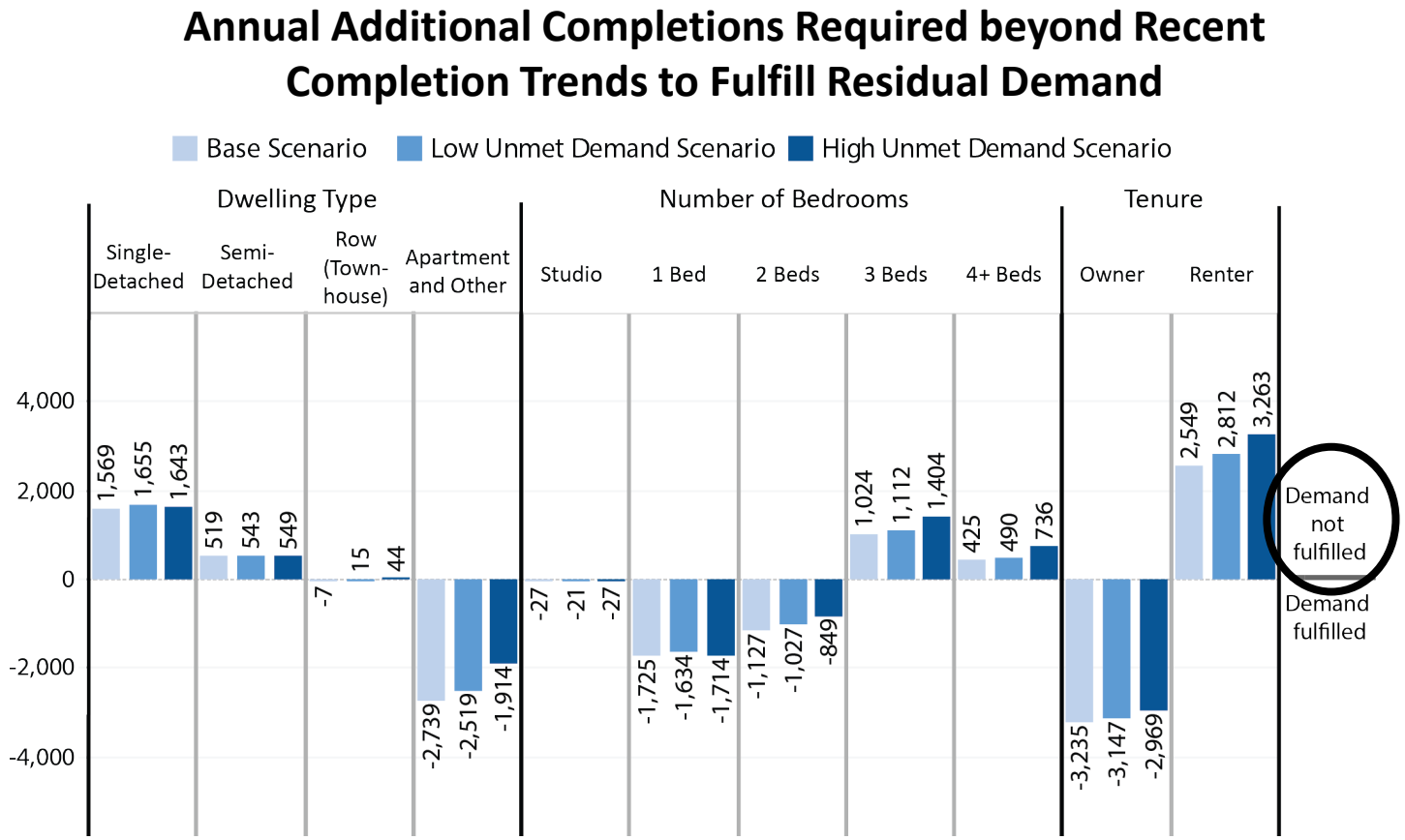


(B) Housing Supply

- **Turnover -** About **60%** of the future increase in demand for total housing could be fulfilled by older generations' housing stock turning over across all scenarios.
- **New Units –** In total, the remaining 40% of demand not fulfilled by turnover could be accommodated by the continued supply of new units. However, the results vary significantly by dwelling type, number of bedrooms and tenure.
- **Housing Mismatch** - While the overall volume of new units may satisfy total demand – **the supply by type does not match the demand for all types of housing.**

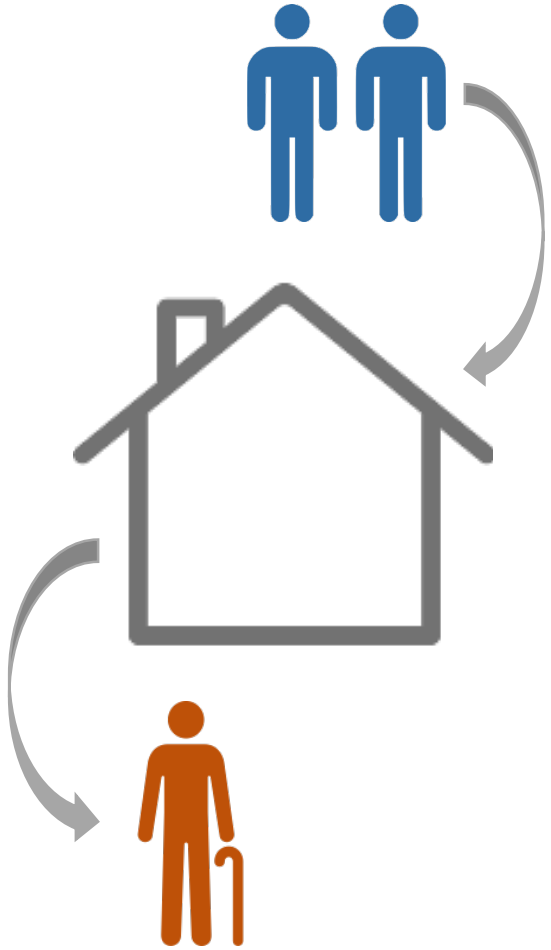
(C) Types of Housing in Surplus or Shortfall

- The housing characteristics with **positive numbers (demand not fulfilled)** are what is most important to future planning.
- They represent the **minimum additional number by which annual completions** would need to increase in order to reduce housing mismatch and to better meet the needs of households.



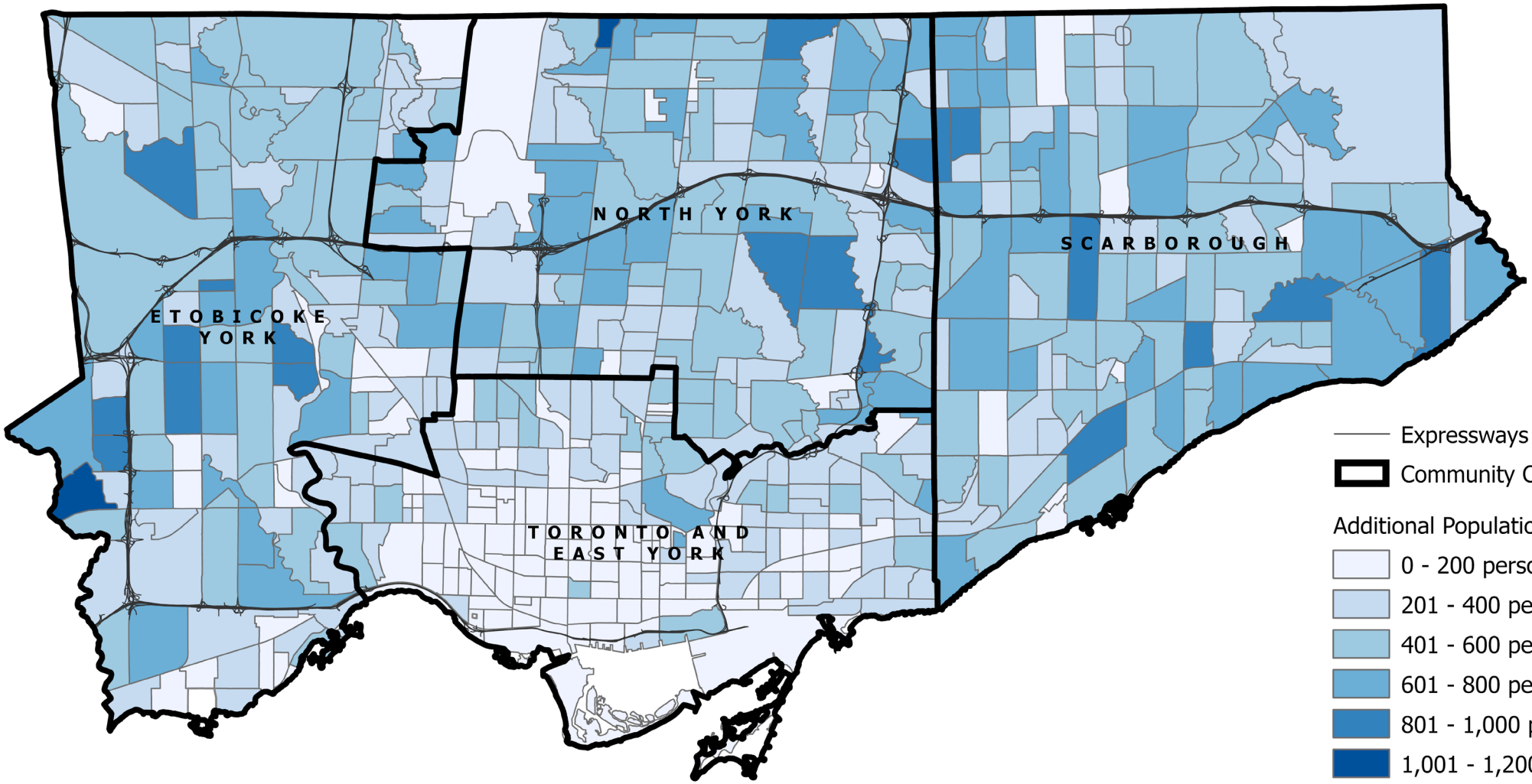
(D) Unused Population Capacity

- An additional **213,312 persons** could reside in existing older households' dwellings, if turned over to larger and younger households (+16% increase versus 2016 pop).
- Such turnover could accommodate approximately **25% of Toronto's forecasted population growth** to 2051.
- This turnover will occur naturally over time as older generations age out of the private housing stock.



(D) Unused Population Capacity

Additional Population by Census Tract from Turnover of Older Households to Younger Households



Conclusion and Next Steps

Key Take-Aways

- **These estimates** use the age structure of the city's population as a whole to describe how much housing and the types of housing that future households might demand based on current demographic conditions and housing trends continued into the future.

- **Housing Suitability** analysis highlights the numbers of households by type that do not live in dwellings that suit their household needs.
- This analysis provides a baseline to monitor:
  - Occupancy **trends** as they evolve over time, and
  - City-led **initiatives** as they are implemented.

Key Take-Aways

- The **turnover of dwellings occupied by older households**, coupled with the continued pace, volume and types of new units is unlikely to fulfill the future demand for certain housing types and the analysis shows by how much.
  - These estimates show that the size of the supply is **not** the sole issue, that the composition of the supply is also important.
  - The estimates indicate the minimum shift in supply required to satisfy the anticipated unmet demand.

- The **unused population capacity** in the existing housing stock has potential to accommodate a portion of Toronto's growing population when turned over. Not all future population growth needs to be accommodated in new housing (based on these demographic factors).

Next Steps

- **Municipal Comprehensive Review of the Official Plan**
  - Incorporate the analysis into the Household Projections
  - Plan for the household growth anticipated by 2051
- **Expanding Housing Options in Neighbourhoods (EHON)**
  - Neighbourhood Change and Intensification research
- **2021 Census** and COVID-19: occupancy trends will be closely monitored.
  - Evidence of more **young adults living with parents** and more **seniors aging in place**?
  - With increased **working from home**, will households choose to live in different types of housing (if they can) or choose different locations?

Right-Sizing Housing and Generational Turnover

Planning and Housing Committee

11 June 2021

TORONTO