

REPORT TO: Mayor James M. Diodati
and Members of Municipal Council

SUBMITTED BY: Planning, Building & Development

SUBJECT: **PBD-2021-30**
City of Niagara Falls Housing Directions Study
Housing Needs and Supply Report

RECOMMENDATIONS

1. That Council receive the presentation regarding the City of Niagara Falls Housing Needs and Supply Report attached as Appendix I.
2. That Council direct staff to proceed to Phase 2, the development of a Housing Strategy including consultation with the community.

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with the results of the Housing Needs and Supply Report, which is the first phase of the Niagara Falls Housing Directions Study. A Housing Directions Study is needed as the recent dramatic rise in home ownership prices, combined with increasing rents has put affordable housing increasingly beyond the reach of Niagara Falls' large service and hospitality sector workforce.

The Housing Needs and Supply Report recommends that the City set a 40% affordability target for all new housing. The adoption of such a target will place a greater emphasis of the City's future housing growth through development in the Built-Up area.

The second phase of the Housing Directions Study will be the development of a Housing Strategy that will offer short, medium and long term policy directions to help achieve the 40% affordable housing target recommended by the Housing Needs and Supply Report. This phase will also provide policies, programs and tools to encourage, support and permit the development of a more broad mix and range of housing options to meet current and future demand.

BACKGROUND

The City of Niagara Falls is undertaking a Housing Directions Study that provides a comprehensive understanding of the housing market and key housing issues which in turn will provide policy and strategic guidance to future ownership, rental and affordable housing initiatives in the City. More specifically, the Study will assess the City's present and future unmet housing demand, with an emphasis regarding the housing continuum, and then to deliver a housing strategy that provides a broad range of affordable housing options to meet the full spectrum of community needs.

As part of the two-tier governance structure, Niagara Region is the Service Manager when it comes to the provision of social and affordable housing. Niagara Region through the Regional Official Plan provides housing policies that encourage diversity in housing type, size and tenure to meet projected demographic and market requirements of current and future residents. The Region is undertaking a Regional housing strategy as part of a new Official Plan and this strategy must align with the Region's 10 year Housing and Homelessness Action Plan (HHAP) which came into effect on January 1, 2014.

Though the City does not provide community services, administer shelter services or act as a housing provider, it is the City's responsibility to ensure that official plan policies and appropriate planning tools are in place to support ownership, rental and affordable housing opportunities. As the private sector provides the majority of housing in the municipality, the City can regulate the type and location of housing that is built through its Official Plan and the provision of financial incentives for the development of priority housing types.

ANALYSIS/RATIONALE

Policy Context

The provision of housing is a Provincial interest and the Province provides strategic policy direction on housing to municipalities through both the 2020 Provincial Policy Statement and the 2019 Provincial Growth Plan. Both policy documents require that municipalities provide for an appropriate range and mix of housing options and densities to meet projected requirements of current and future residents.

The provision of safe, affordable and adequate housing is a key component to ensuring the safety and quality of life for Niagara residents and the creation of complete communities. Draft policies of the new Niagara Region Official Plan support the provision of a diverse range and mix of housing types, in alignment with the Region's Housing and Homelessness Action Plan as well as the growth management objectives, targets and policies of the proposed new Regional Official Plan. The results of the City's Housing Directions Study will need to align with Provincial and Regional priorities.

Demographic Context

Understanding the current and future demographic context of the City, assessing and quantifying the current and future housing need and comprehending how these two factors may evolve over time is critical to understanding how the City's housing stock will need to change to meet the needs of current and future residents.

Based on a review of Statics Canada data and a number of other data sources the following observations have been made:

The City is and will continue to grow:

- As of July 1, 2020 the population of Niagara Falls is estimated to be 96,888 people. A draft 2051 population forecast of 141,650 people has been allocated to the City which will require 20,220 new units of housing to be built.

The City's population is aging and changing:

- With a median age of 45 years, the population of Niagara Falls is comparable to that of Niagara Region's median age of 45.7 years but older than Ontario's median age of 41.3 years.
- 35% of the City's population is over the age of 55 compared to 30.3% for Ontario.
- One parent households account for 25.9% of the Niagara Falls' household population.
- One and two person households account for 63% of all households in Niagara Falls.
- Household size has slowly but steadily decreased to 2.4 persons per household in 2016.

Housing is becoming less affordable in the City:

- Of the 32,063 full time and 9,657 part time jobs recorded in Niagara Falls in 2019, the accommodation and food services and retail trade sectors represented 40% of those jobs.
- At \$75,678, average household income (before tax) for the City is lower than regional and provincial averages and almost half of all households in the City report a before tax income of less than \$60,000 a year.
- Resale homes have a 9% average annual growth rate in sales price.
- New build homes have a 13% average annual growth rate in sales price.
- Average rents are increasing more than the rate of inflation.
- In 2020, the rental vacancy rate was 2.3% which is below a healthy 3% vacancy rate. In 2019 the rental vacancy rate was 0.7%.
- The subsidized housing waitlist has grown by 69% between 2016 and 2021.

Housing Forecast & Residential Land Supply

As part of the background work to support the new Regional Official Plan, the Region on May 17, 2021 released draft growth forecasts to the year 2051 and a draft land needs assessment. The draft land needs assessment estimates housing growth from 2021 to 2051 in the City to be broken down as 11,980 single and semi-detached (59%), 5,090 townhouse (25%) and 3,150 apartment units (16%) for a total of 20,220 new housing units. Compared to all of the other local municipalities, Niagara Falls has the largest housing growth forecast and this will require an average of 674 housing units to be constructed annually from 2021 to 2051.

At the present time, the Region is anticipating that the 50% of this future housing growth will occur within the City's Built-Up area, 49.5% in the Greenfield area and 0.5% in the Rural Area. In the City's Built-Up area, the dominant form of new housing is anticipated to be townhouse and apartment units whereas the Greenfield area will be dominated by the construction of single and semi-detached dwellings.

To better understand the potential for future growth within the City's Built-Up and Greenfield areas, a residential land supply analysis was undertaken. For the City's Greenfield areas, it is estimated that there are 1,618 units (draft approved or unbuilt units on registered plans) and the potential to accommodate an additional 1,694 housing units on Greenfield vacant land for a total of 3,312 units.

With respect to the City's Built-Up area, an intensification capacity assessment was conducted by the Housing Needs and Supply report. That assessment concludes that within the City's Built-Up area there is the physical potential for a considerable amount of new development and redevelopment. More specifically, 19,853 housing units could be constructed based on an examination of recent development approvals, on available vacant land and an assessment of the development potential of the City's nodes and corridors. Further, the capacity assessment examined the impact of second suites which are considered to be an efficient opportunity to provide affordable housing. The capacity assessment estimates that the City's Built-Up area alone could accommodate between 476 to 4,764 new second suite units just within existing single detached dwellings alone. In summary, the City is well positioned to accommodate more housing growth within the Built-Up area than currently allocated by the Region in their draft housing forecasts.

Housing Affordability and Core Housing Need

Niagara Region through its new draft Official Plan is requiring that a minimum of 25% of all housing built annually within the Region be considered affordable. Affordable is defined as shelter costs such as mortgage, rent payments, property taxes and utility costs that amount to less than 30% of the annual household income for low (i.e. households with total annual earnings of less than \$39,800) and moderate income households (i.e. households with total annual earnings of \$39,800 to \$84,300). A household is considered to be in core housing need if the dwelling is too expensive given the household budget (more than 30% of total household income), if the dwelling does not meet the household's need or is in a major state of disrepair and there is no alternative housing that could be found within its budget.

Analysis performed in the Housing Needs and Supply Report indicates that there are 5,770 rental households (57% of all rental households) and 5,935 owned households (23% of all owned households) in core housing need. Of the three housing need indicators, for both owned and rented dwellings, the "affordability" indicator is the one that is more prevalent (47.4% of all rented households and 23.1% of all owned households.).

40% Affordable Housing Target

Taking into consideration the large percentage of households in core housing need along with the City's large service and hospitality sector workforce whose incomes are modest, it is recommended that the City set a 40% affordability target for all new housing. A 40% affordability target would mean that 40% of all new built housing would be affordable to households annually earning \$84,300 or less and would translate into the construction of approximately 270 affordable housing units per year.

Unfortunately, the adoption of a 40% target of new housing as affordable will be unobtainable if the majority of new homes that come to the market within the 2021 to 2051 time period are single detached and semi-detached units. A focus on single and semi-detached housing in Greenfield locations will make it very difficult to provide an appropriate mix of housing across the housing continuum. Accordingly, the Region's draft housing growth forecasts will need to be amended to focus future housing growth towards the City's Built-Up area where a wider range of housing options such as townhouse and apartment units can be provided. A more diversified housing stock that is more affordable can begin to help mitigate some of the earlier identified demographic trends.

Public and Stakeholder Engagement

To date, consultation has followed three different avenues. Sixteen interviews with a variety of key stakeholders were conducted to better understand the current state of housing in the City. Key stakeholders interviewed included Region and City staff, nonprofit housing providers, local developers and members of the Niagara Falls Chamber of Commerce and Niagara Association of Realtors.

Second, a community survey was conducted to obtain a broad community perspective on housing issues in Niagara Falls and to supplement key stakeholder interviews. The survey was available to the public between April 6 to April 27, 2021 on the City's Let's Talk Platform and a total of 385 complete responses were received. Finally, the Housing Directions Study has been guided by a Technical Advisory Committee composed of Councilors, City and Regional staff, other technical experts, and key community representatives who have reviewed all research material and have provided guidance and feedback on results to date.

In Phase 2, broad consultation will need to occur with the public through open houses and a statutory public meeting.

Next Steps

Upon Council's endorsement of this report, the Housing Directions Study will enter Phase 2. Phase 2 will entail the preparation of the Housing Strategy which will be tailored to achieve the 40% affordability target through proposed policy directions, programs and tools to encourage, support and permit the development of affordable housing. As well, Official Plan and Zoning by-law amendments to implement recommendations will need to be prepared.

The Housing Strategy will necessitate broad consultation with the public and stakeholders through open houses and a statutory public meeting.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS

The Housing Directions Study is being funded through the 2021 Council approved Planning operating budget. There are no direct financial implications arising from this report.

CITY'S STRATEGIC COMMITMENT

A Housing Directions Study is consistent with the City's strategic priority of Diverse and Affordable Housing.

LIST OF ATTACHMENTS

Appendix 1 – Housing Needs and Supply Report, June 2021

Recommended by:

Alex Herlovitch, Director of Planning, Building & Development

Respectfully submitted:

Ken Todd, Chief Administrative Officer