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GTA AND HAMILTON POPULATION AND EMPLOYMENT FORECAST UPDATE

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, December 10, 2003, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council receive this report for information.
2. Staff be directed to report back to Council once the GTA – Hamilton population and employment forecast update is complete.
3. This report be circulated to the local municipalities and regional agencies for their information and review.

2. PURPOSE

This report provides an update of the GTA and Hamilton forecast exercise being undertaken by the Regions of Durham, Halton, Peel and York, and the Cities of Toronto and Hamilton. The forecast exercise involves a review and update of the 2031 population, household and employment forecasts for the GTA that were last updated in May 2000. This is the fourth time that a co-ordinated GTA forecast has been undertaken.

3. BACKGROUND

A common set of population and employment forecasts including revisions and updates has been produced for the GTA since 1989. A series of forecasts were prepared and updated upon release of Census material in 1989, 1993 and 2000. The Province, the City of Toronto and the four regions in the GTA accepted these forecasts as the basis for long-term land use and infrastructure planning and investment decisions.

The City of Hamilton did not previously participate in these forecast analysis exercises but was recently included in the Regional Planning Commissioners of Ontario (RPCO) GTA Caucus. The housing and employment market of Hamilton is increasingly an integrated part of the GTA and this relationship will continue to strengthen over time. For this reason, it was decided to include Hamilton in future forecast and update work.

With the release of the 2001 Census data, the planning commissioners from the GTA regions and the Cities of Toronto and Hamilton confirmed their commitment to continue to review the population and employment forecasts as part of an overall growth management concept for the GTA. A Terms of Reference for this growth management concept entitled “Refocusing on Growth Management and Beyond” was developed under the commissioners’ direction in the spring of 2002. York Region Council endorsed the

Terms of Reference in June 2002. The Provincial Smart Growth Panel also supported the Terms of Reference and, in keeping with this support, has taken a partnership and cost-sharing role in the forecast exercise.

In April 2003, Hemson consulting was retained to determine whether the most recent forecasts for the GTA (March 2000) remain suited for long term planning purposes and if warranted to prepare an update of the population, household and employment forecasts for the GTA-Hamilton area and its constituent upper tier municipalities.

The exercise is being overseen by a population and employment forecast steering committee that includes staff representation from the GTA regions, the Cities of Hamilton and Toronto and the Province.

The most recent forecasts for the GTA, which were completed in March 2000, anticipate 7.45 million people and 4.14 million jobs by 2031.

Hemson Consulting has also been retained to develop forecasts for the GTA Hinterland, which includes the geographic area in southern Ontario that surrounds the GTA and Hamilton, as part of separate exercise.

3.1 Purpose of Forecasts

Forecasts of population, households and employment serve a number of purposes and play a vital role in the planning of future regional services. They are a fundamental building block to virtually every major regional study including the designation of settlement and land use boundaries, and the planning for infrastructure projects, housing needs, and various health and social programs.

Forecasts are particularly critical in determining requirements for transportation, sewer and water facilities, new schools, hospitals and medical services as well as for social and community services such as the police department and day care facilities. They also form the basis of regional development charges and are used by industry and business for investment decisions.

4. ANALYSIS AND OPTIONS

The work program for the forecast exercise consists of three phases. Phase 1, which is now complete, involved a review of the short-term outlook to 2011 to determine if updating the long-term forecast was necessary. Phases two and three include developing a range of reasonable 2031 forecast scenarios and distributing the updated forecasts among the GTA regions and the Cities of Toronto and Hamilton.

4.1 Phase 1 Observations and Conclusions

Based on Hemson Consulting's review of the March 2000 forecasts, 2001 Census data and recent building activity and development patterns the following observations and conclusions were made from the phase 1 work:

- Current forecasts from leading economists call for slower growth in 2003/2004 from 2002 levels with strong growth in 2005.
- Beyond 2005 the outlook for the economy is tied to economic fundamentals and competitiveness. Factors such as an available labour force, quality infrastructure and investment in technology are among the key factors. In these regards, the GTA remains well positioned for continued economic health, though infrastructure investment lags recent levels of growth.
- At the GTA level the existing population and employment forecasts for 2011 remain realistic. The forecast anticipates 3.4 million jobs and 6.26 million people by 2011 up from 2.73 million jobs and 5.3 million people as of 2001.
- The shares of growth by GTA municipality for the 1996 to 2001 period were within the range forecast. Peel exceeded its forecast share of GTA growth, while Durham and York's growth shares were consistent with those forecast and Halton and Toronto's growth shares were slightly less than forecast.
- A number of factors influencing the distribution of population and employment within the GTA bring into question the short and longer term distributions of growth contained in the March 2000 forecasts. These factors arise from an analysis of the 2001 Census data releases as well as current development patterns.

4.2 Issues for further Review

Hemson Consulting recommended that phases 2 and 3 be undertaken to address issues related to the long term distribution of growth in the GTA – Hamilton area including: building space and employment land need; the performance of the office market; and trends in household formation and housing mix.

The forecast steering committee concurred with Hemson's recommendation that phases 2 and 3 proceed. Key issues to be addressed include:

Who gets what?

- The continued suburbanization of employment growth and concentration of employment growth in York, Peel and Halton has implications for Toronto and Durham to reach forecasted levels of employment growth.
- There is a growing western concentration of population and housing growth among the municipalities of the GTA. As this trend continues Durham may find it challenging to achieve forecasted levels of growth.

Land needs for employment growth

- Additional analysis is required to gain a better understanding of employment growth and the type of building space and land required to accommodate employment growth. Employment land employment (i.e. industrial/ business parks) needs versus

office market needs have implications on the distribution of employment growth in the GTA – Hamilton area and on centre and corridor development outside of Toronto.

Housing mix and residential land needs

- There continues to be a high demand for ground related housing. Questions remain as to whether stronger shifts will occur in more intensive forms of housing, on whether the strength of the apartment market will continue, and whether Toronto will continue to accommodate a large proportion of the apartment market. These issues have implications for centre and corridor development outside of Toronto and for population growth within Toronto itself.
- More rapid growth in households than population will result in a greater decline in average household size. This has significant implications for all of the GTA as more housing would be required to house the same forecasted level of population. Growth in households is of central influence in the matter of the distribution of population in the GTA.

The continued effect of under investment in infrastructure that has occurred over the past two decades, particularly transportation infrastructure, may also affect the future distribution of employment in the GTA - Hamilton. Investment in physical and social infrastructure is critical to support levels of forecasted growth.

4.3 York Region Forecast Review

York Region is the fastest growing municipality in the Greater Toronto - Hamilton Area. In addition to the GTA - Hamilton forecast review, York Region is planning to undertake a review of its own population and employment forecasts in 2004. York Region's exercise will be based on the GTA - Hamilton forecast exercise and will include forecasts for each of the nine local municipalities.

Policies in the Regional Official Plan require that the forecasts be monitored and updated on an ongoing basis in order to ensure that the underlying assumptions remain valid. These assumptions include fertility and mortality rates, levels of net migration, housing occupancy patterns, the strength of the economy, federal immigration policy as well as regional and local policy.

4.4 Relationship to Vision 2026

Vision 2026 is York Region's strategic plan for the future that establishes the overall vision and direction for Regional Council and the region's employees. Examining growth trends on population, economic and employment growth in the GTA are essential elements for monitoring progress on Vision 2026's eight goal areas and for ensuring the programs and policies designed to achieve these goals are effectively implemented. Population, household and employment forecasts are the basis for many corporate strategic planning initiatives including transportation planning, sewer and water infrastructure, growth management, human services, housing needs and development charges.

5. FINANCIAL IMPLICATIONS

The budget for the GTA – Hamilton forecast review is being shared amongst the four GTA regions and the Cities of Toronto and Hamilton and the Province of Ontario. The Provincial Smart Growth Secretariat has committed \$60,000 to the \$100,000 budget. York Region's share is expected to be \$10,000, which is provided for in the approved 2003 budget.

6. LOCAL MUNICIPAL IMPACT

It is recommended that this report be circulated to the local municipalities for review and comment. Regional staff will continue to keep staff from the local municipalities informed on updates of the GTA- Hamilton forecast review.

A formal consultation and review process will be conducted with local municipal staff for York Region's planned 2004 forecast review. Regional staff will work with the local municipalities to ensure they are provided with the most up-to-date population and employment growth forecasts that are specific to their needs. This will enable local municipal staff to make informed decisions in planning for communities, infrastructure and services.

7. CONCLUSION

In April 2003, Hemson Consulting was retained to determine whether the most recent forecasts for the GTA remain suited for long term planning purposes and if warranted to prepare an update of the population, household and employment forecasts for the GTA-Hamilton area and its constituent upper tier municipalities.

The most recent forecasts for the GTA, which were completed in March 2000, anticipate 7.45 million people and 4.14 million jobs in the GTA by 2031.

Hemson consulting concluded that at the GTA level to 2011 the March 2000 population and employment forecasts remain realistic. However, a number of factors that influence the distribution of population and employment within the GTA upper tier municipalities bring into question the short and long term distribution of growth contained in the 2000 forecasts.

These factors are now being explored further in phases 2 and 3. The forecast review will include developing a range of reasonable 2031 forecast scenarios and distributing the updated forecasts among the GTA regions and the Cities of Toronto and Hamilton.

York Region is planning to undertake a review of its own population and employment forecasts during 2004 that will be based on the GTA - Hamilton forecast exercise. York Region's exercise will include forecasts for each of the nine local municipalities.

The Senior Management Group has reviewed this report.