

MARCH 2024

Housing Supply Mix Strategy 7: Recycling Housing

Canada needs to build fewer new detached houses than we think



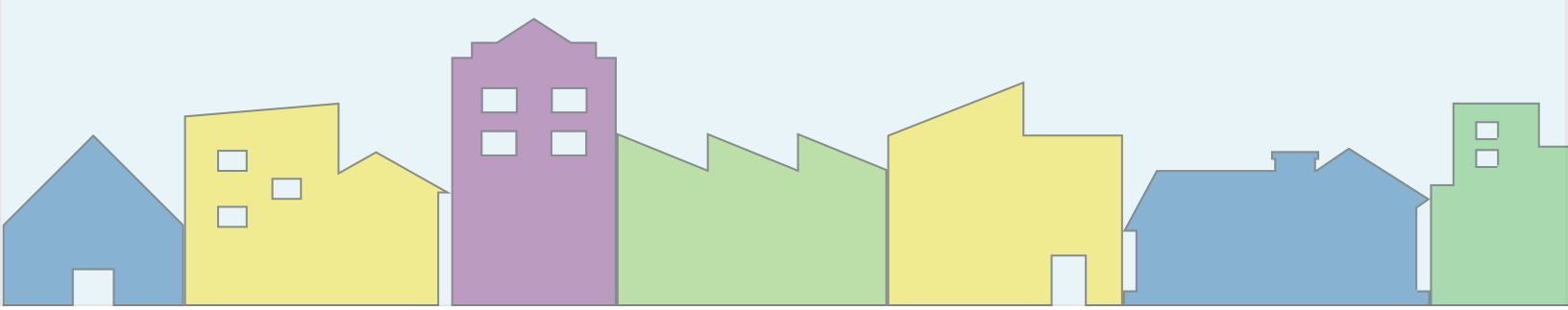
City
Building



UNIVERSITY OF
TORONTO



SUPPLY MIX RESEARCH
SUBMITTED TO THE TASK FORCE
FOR HOUSING & CLIMATE



The Issue

Canada has over 8 million single-detached houses, representing well over half of the housing stock in Canada. Most of these houses are owned and occupied by older generations, three-quarters of whom have already retired as of 2024. An overlooked strategy to provide single-detached houses for younger and newcomer families is in “recycling” and “repurposing” the existing stock, rather than developing new car-dependent subdivisions further afield to build this typology.

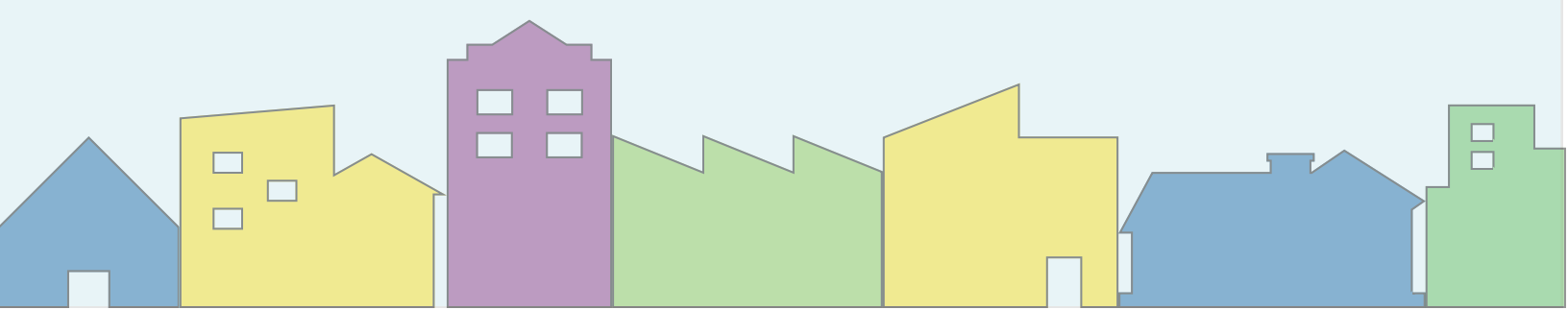
Better housing for seniors can free up detached houses to meet present demand

The key to this strategy is redirecting efforts and resources towards developing housing options for seniors that are desirable, affordable and within communities where they feel a social or physical connection. Desirable options could help motivate seniors to downsize sooner – and by choice – freeing up many thousands of detached houses sooner than when this cohort would be forced to leave their homes due to failing health.

Research and Findings - Lessons from Waterloo

Several reports focusing on the Region of Waterloo, Ontario, provide a unique analysis that does not exist Canada-wide. For instance, Waterloo planners have compared historic and current composition of housing typologies with the age demographics of those who own and live in them. This type of cross-analysis offers valuable information when considering both supply and demand factors associated with single family houses, in particular how Canada’s older demographic plays a role in supply issues.

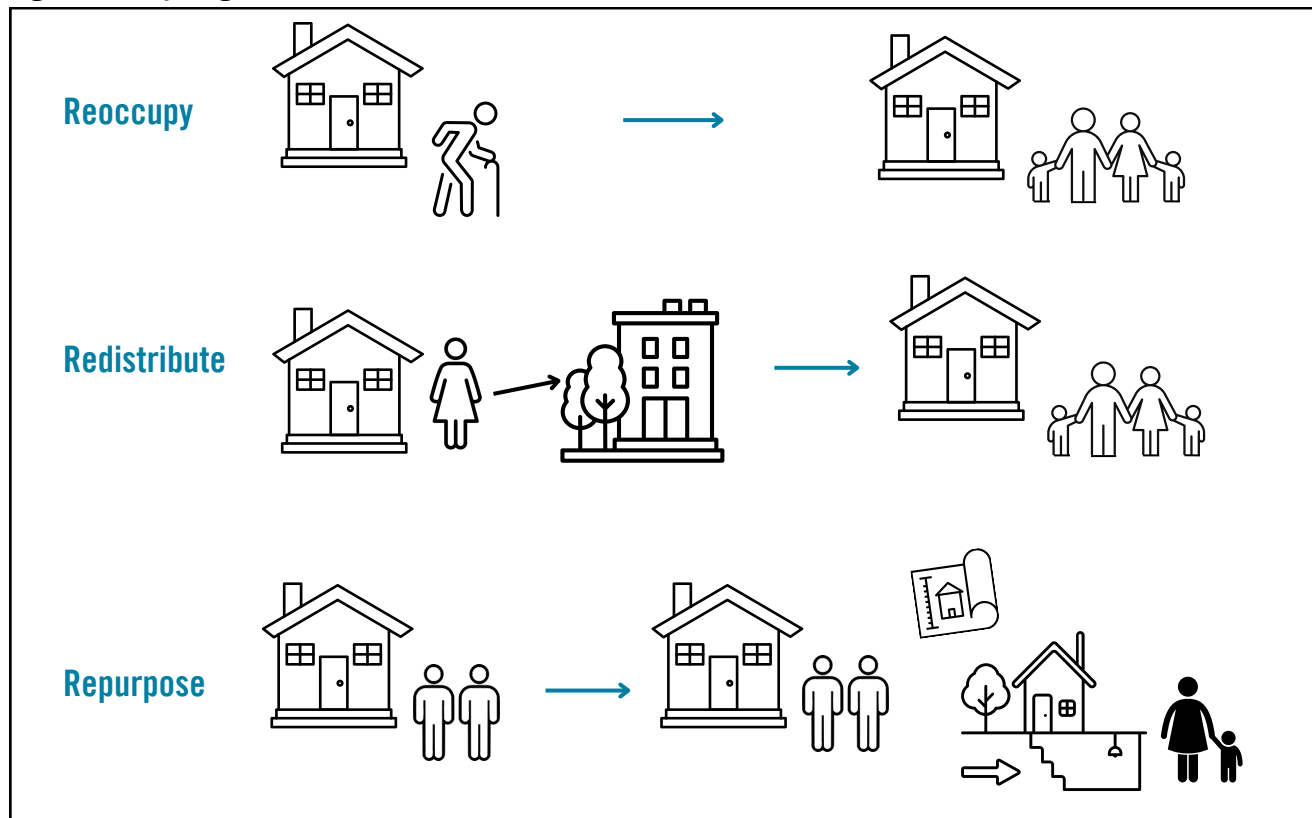


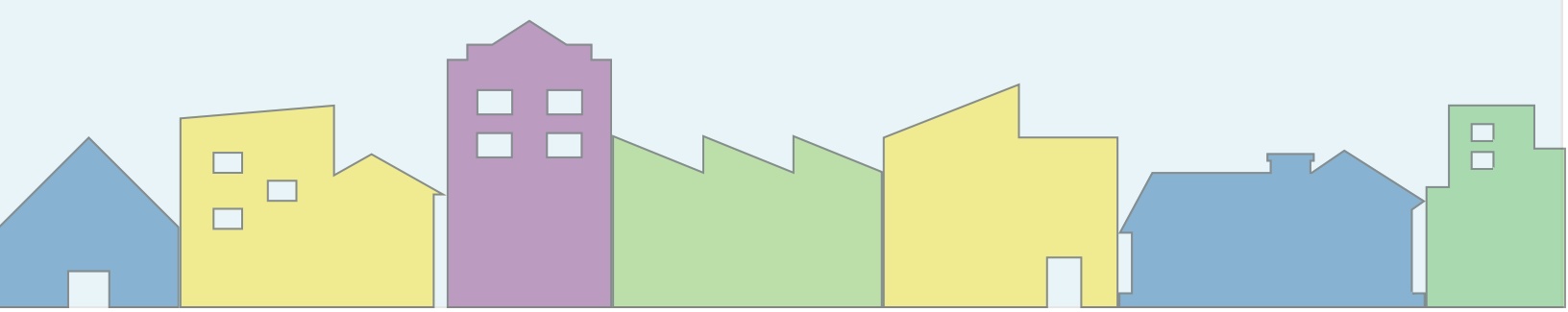


Many existing detached houses will be “recycled” – it’s a question of when

- Sixty-eight percent of the detached houses that existed in the Region of Waterloo in 2016 are owned by people who will be over 80 years of age (or who will have passed on) in 2051. An additional 20% of homes are owned by individuals who will be between 70 and 80 years of age in 2051. It is not unreasonable to assume that most of these houses will change ownership within this timespan, whether they’re being sold to access equity in retirement, to downsize to accommodate changing lifestyle and physical needs, to move into long-term care or after death.
- There are upwards of 75,000 single detached houses in the Region of Waterloo that will become available from 2016 to 2051. As of 2021, this represented nearly two thirds of all the detached houses in the region, or one third of all private dwellings. However, demand exists today. Nearer-term access to desirable housing options for seniors could motivate owners to free up their houses sooner.

Figure 1. Recycling Houses





Sellers of detached houses are outpacing buyers in the Region of Waterloo

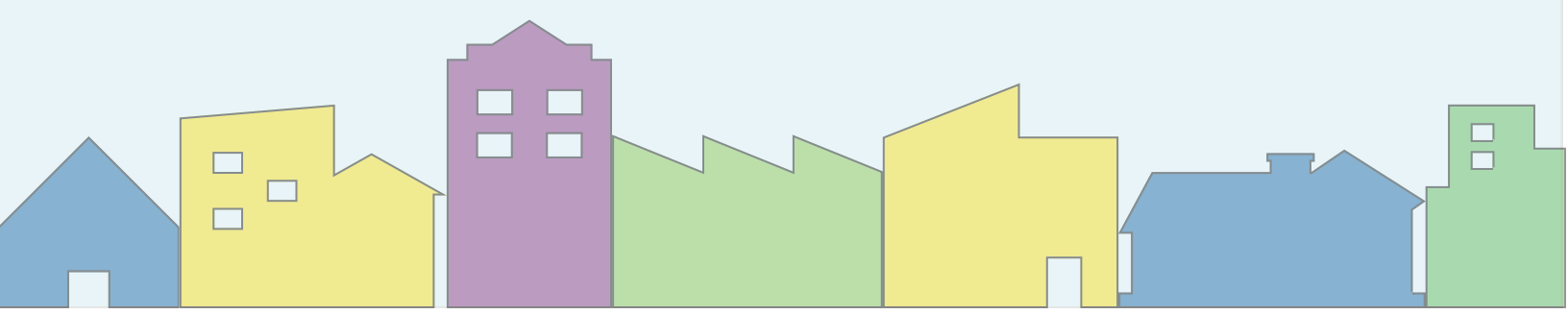
According to another study looking at the Region of Waterloo, the typical first-time buyer of a detached house falls in the 20 to 39 age range, while the typical seller of their last single-family house is in the 55+ age group.¹ Using these age groupings to define “buyers” versus “sellers,” analysis based on forecasts of population growth by age cohort projects that there will be 1.08 sellers for every buyer by 2031, and 1.23 sellers for every buyer by 2051 in Waterloo region.²



This is not a short-term reaction to the current interest-rate impact on real estate prices, but rather a decades-long shift in the ratio between buyers and sellers of detached homes. In 1971, there was a ratio of 1.80 buyers for every seller in the region, and a peak of 1.97 buyers for every seller in 1991. By 2011 it was down to 1.17 buyers for every seller and on a steady path to the reversal (there becoming more sellers than buyers) projected into the future.

Scarcity of housing options in rural areas; opportunity for intensification

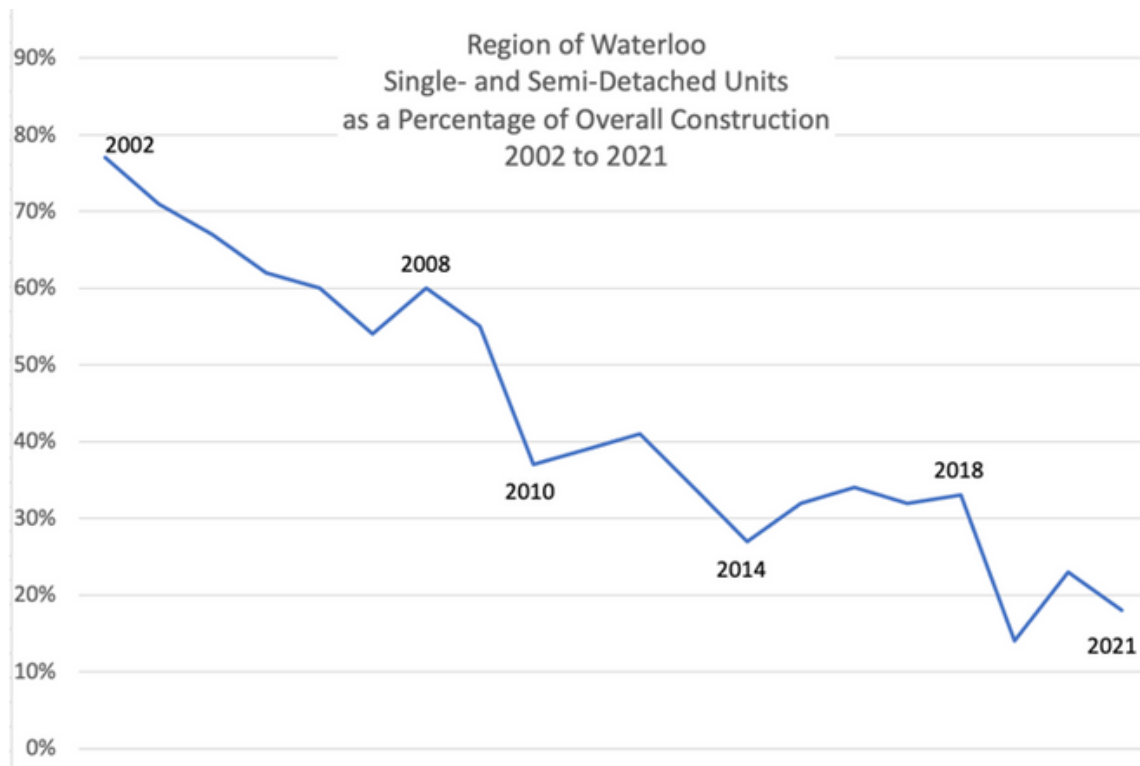
Another study looking at the Region of Waterloo identified a scarcity of housing options to meet the increasing number of existing residents who in the future will require housing conducive to senior living, particularly in townships outside of larger municipalities. The study spotlights the surge in population that will be greater than 80 years old over the next thirty years and the corresponding lack of suitable housing options in rural communities. While detached houses may be suitable for early retirees, many older residents may require different options that are currently not available in smaller communities. Gentle intensification of centres within rural townships to increase housing diversity to accommodate seniors and other demographics is required to accommodate this aging population, rather than continued urban expansion.³



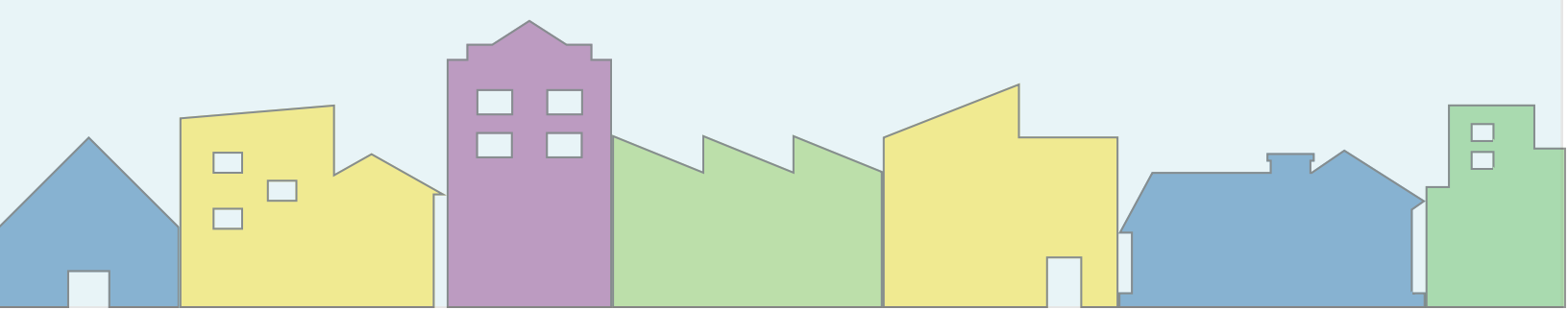
The housing mix in Waterloo region is already behaving differently than market-based forecasts predicted

A 2012 Market Forecast (2006 to 2031) looking at land inventories in the Region of Waterloo prepared for landowners as part of an Ontario Municipal Board Hearing challenging the quantum of lands needed to accommodate forecasted growth projected a market demand forecast of 64% single- and semi-detached units, yet construction on the ground differed significantly. As of the end of 2021, building permits had been issued for only 31% of the market demand forecast of single- and semi-detached units. Correspondingly, building permits had been issued for 129% of the apartment units predicted to be required.

Figure 2. Waterloo detached housing over 20 years



Source: Region of Waterloo, “2019 Region of Waterloo Building Permit Activity and Growth Monitoring Report (PDL-CPL-20-09),” 2019.



Transit investment and zoning yields change in demand and supply

While the market shifts being experienced by Waterloo region might not immediately apply to other municipalities that focus on greenfield lands for housing growth, Waterloo attributes their intensification trend in part to having invested in a rapid transit system, zoning for higher densities along transit corridors and planning for complete communities – all of which have contributed to a shift towards multi-unit new construction within urban boundaries. The stated primary purpose for development of the ION light-rail transit system was not only about moving people, but also to reshape how the community was developing, with the focus being to grow inward rather than outward. It has been very successful in achieving that objective.

Applying Lessons Canada-Wide

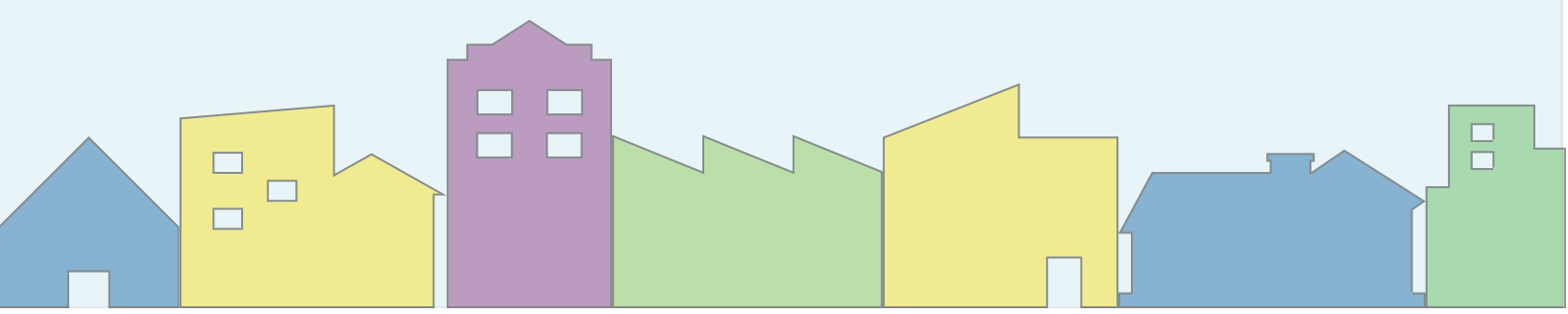
Older generations are aging out of their houses

Not only is the Baby Boomer generation large, but it has an outsized propensity to own and live in detached houses compared to subsequent generations, representing a significant supply of houses occupied by Boomers (as well as pre-Boomers and Generation Xers) that will become available over the next decade and beyond. The Waterloo study looking at the first tranche of retiring Baby Boomers found they are already selling their houses at a greater rate (65% increase) than the Interwar Generation demographic that preceded them.⁴ See table 1 below. Over the next 15 years (three more tranches) of retiring Baby Boomers, we may see the same rate of sales, especially considering that as this generation becomes more elderly (80+), an even greater number will be moving from their houses.

Table 1. Change in Occupancy of Single-Detached Units by Household Maintainers aged 55-59 during the Subsequent 10 year period, Waterloo Region⁵

Households Maintainer Cohorts Entering Retirement	Pre-Boomers			Baby Boom
	Change in Units Occupied 1991-2001	Change in Units Occupied 1996-2006	Change in Units Occupied 2001-2011	Change in Units Occupied 2006-2016
55-59 Years old, aging 65-69	-11.8%	-11.7%	-11.0%	-18.2%

Source: Statistics Canada Custom Census Data

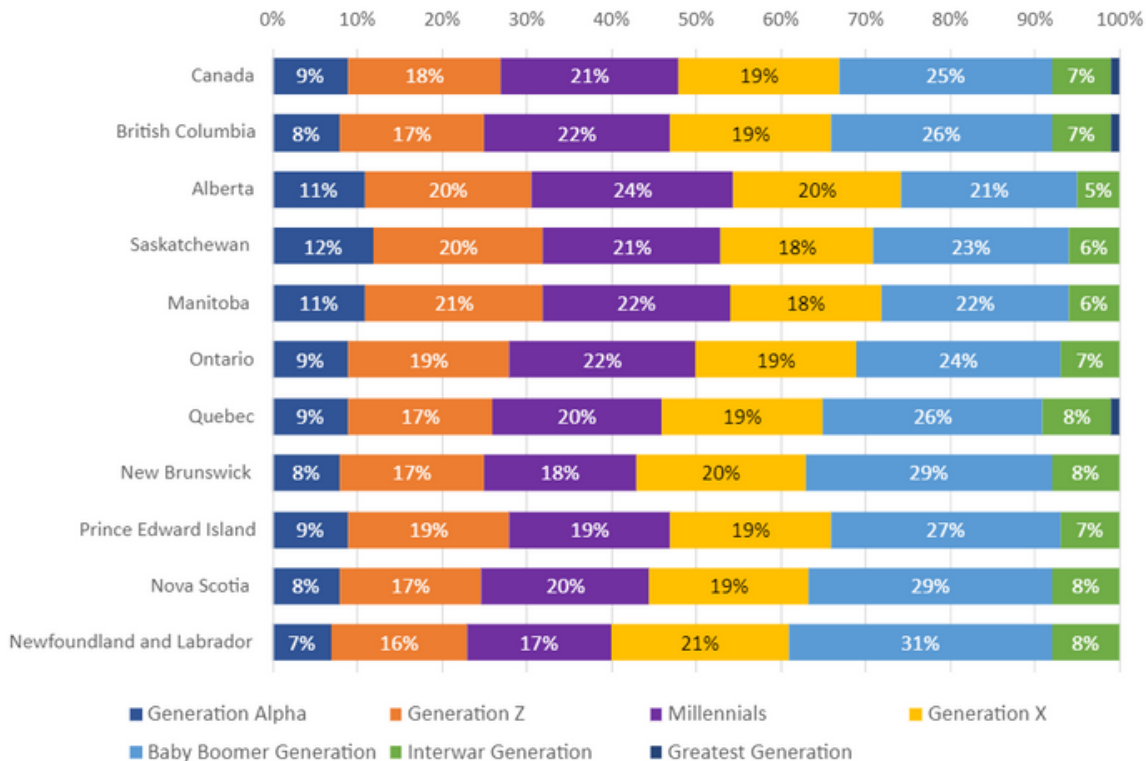


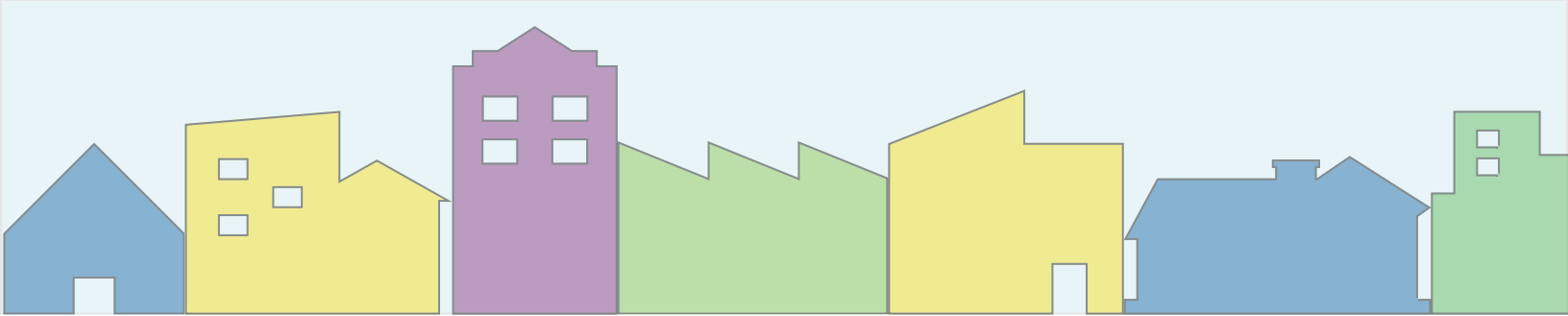
We can refocus supply on new and better options for seniors rather than new detached homes

The post-war economic and baby booms resulted in millions of suburban houses built in communities across Canada that represent most of our existing detached housing stock. While over time, younger and new Canadians will absorb the detached houses vacated by older generations, we can help meet the needs of both these generations sooner by prioritizing construction of more attainable and suitable housing options for seniors. Not only will this help seniors find and ultimately choose to relocate to desirable housing forms more suitable to their changing needs, but it also facilitates the recycling of under-utilized detached housing they currently occupy for use by younger generations.

A comprehensive seniors strategy should work with seniors to understand what they want and bring their interests to the table with housing developers, architects and other experts working on seniors solutions such as co-living, co-housing and house conversions. A comprehensive strategy also involves creating complete communities, accessibility and retail options in residential neighbourhoods to support intensification of urban, suburban and rural communities.

Figure 3. Canadian Population, Generational Composition, 2021, Statistics Canada





Seniors housing options include unlocking their own homes

Housing that is attractive and suitable for seniors might look like multi-unit housing, co-housing or other alternative tenure options. Additional options involve unlocking “space equity” in large, detached homes to create secondary suites, triplexes or even home sharing schemes. Not only has the Region of Waterloo focused on building transit, complete communities and multi-unit housing, but it also is experiencing a high rate of secondary suite construction. In 2022, 14% of Waterloo’s total new housing supply for the entire region was secondary suites, laneway houses or tiny homes added to existing properties by homeowners.⁶ Thus, more comprehensive programs to encourage Accessory Dwelling Units (or ADUs) can allow seniors to remain at home, unlock equity and provide new ground-oriented rental housing supply.

Key Recommendations for Recycling Houses and Better Options for Seniors by the Task Force for Housing and Climate

Top recommendations in the National Task Force on Housing and Climate’s *Blueprint for More and Better Homes* include:

- Develop a national strategy for seniors housing, aging in place and rural intensification to build desirable housing options and diverse typologies for aging seniors to remain in their communities and unlock housing supply for the next generation of families with children. (Federal)
- Revise and update zoning laws to allow the establishment of small-scale retail spaces in residential areas, prioritizing locations that are highly accessible by public transit and conveniently walkable for residents.
- Prioritize the transformation of existing streets and roadways for active transportation by adding additional space that meets the needs of pedestrians, cyclists and individuals with mobility challenges, such as older adults and persons with disabilities.

Endnotes

1. Dillon Consulting Ltd. & Watson & Associates Economists Ltd., “Region of Waterloo Regional Official Plan Review Long-Term Population and Housing Growth Analysis,” December 2020, <https://www.engagewr.ca/8710/widgets/42728/documents/46361>
2. Dillon Consulting Ltd. & Watson & Associates Economists Ltd., “Region of Waterloo Regional Official Plan”....
3. Ministry of Municipal Affairs and Housing, “Regional of Waterloo: Approval to amend a municipality’s official plan”, Amendment No. 6, ERO No. 019-5952, <https://ero.ontario.ca/notice/019-5952>
4. Kevin Eby, Kevin Thomason, and Mark Reusser, “Submission in response to Minister of Municipal Affairs and Housing’s Request for Local Mayoral Comments Relating to the Approval of Regional Official Plan Amendment No. 6," (2022, December 15), Unpublished document.
5. Full table with additional information can be found here: Cherise Burda and Karen Chapple, “Targeting the Right Housing Supply in Canada: A SUPPLY MIX ANALYSIS FOR THE HOUSING AND CLIMATE TASK FORCE OF THE CLEAN ECONOMY FUND,” City Building TMU and University of Toronto, School of Cities, 2023
6. Ministry of Municipal Affairs and Housing, “Regional of Waterloo: Approval to amend a municipality’s official plan”...

Authors:

Written by Cherise Burda and Karen Chapple

The authors would like to thank the following individuals for their contribution to and/or review of this publication:

Ahmad Al-Musa, Sami Ferwati, Claire Pfeiffer, and Sarah A. Smith

Design by:

Tony Chang

These Housing Supply Mix Strategy briefs are derived from research commissioned by the Task Force for Housing and Climate www.housingandclimate.ca

General inquiries:

Contact us at schoolofcities@utoronto.ca or 1-416-946-7534

Learn more about us at schoolofcities.utoronto.ca

**Toronto
Metropolitan
University**

**City
Building**



UNIVERSITY OF
TORONTO

**SCHOOL
OF CITIES** 