

DATE: July 17, 2001

TO: Chairman and Members of the Planning and Development Committee

FROM: Thomas S. Mokrzycki, Commissioner of Planning and Building

SUBJECT: **Labour Force Needs Study: Housing and Other Issues**
MEETING DATE: August 7, 2001

ORIGIN: Planning and Building Department

BACKGROUND: Attached under separate cover is a study titled *"Labour Force Needs Study: Housing and Other Issues"* prepared by The Planning Partnership in conjunction with Royal LePage Advisors. These consultants were retained by the City to provide an understanding of the employee profile in the City to identify the current and future employer/employee needs in order to respond to land use planning and services issues. It is important that the needs of employers are understood. Housing was identified as a key issue. As such, the latter portion of the study focuses on the housing needs and affordability levels of people that work in Mississauga.

COMMENTS: The official plan for the City of Mississauga, referred to as City Plan, contains the following goal:

"Mississauga will encourage a range of employment opportunities reflective of the skills of the resident labour force."

One of the objectives of this goal is:

“To encourage the provision of appropriate services, facilities, and land uses, such as, housing accommodation, and transportation facilities, that supports the population living and working in Mississauga.”

The City of Mississauga has been highly successful in attracting businesses. These come from all sectors of the economy and many are prestigious additions to the City’s economic base. In addition, several major employers within Mississauga are from the public sector providing health, education and government services. As such, Mississauga residents have the opportunity to work in a variety of employment sectors.

Employers are attracted to Mississauga for many reasons. One of these reasons is its labour pool. Although Mississauga is a net importer of employment, slightly more than one half of the jobs in Mississauga are filled by Mississauga residents.

The City of Mississauga undertakes an annual survey of all employers. This provides useful information regarding the number of businesses in Mississauga, industrial sectors active in Mississauga, and the number of employees in these sectors. It provides a general overview of employment opportunities within Mississauga, however, it does not provide insight into how employment opportunities within a company or institution may vary. For example, while a business may be identified as being in the pharmaceutical sector, this does not reflect the range of employment opportunities within that firm and the corresponding range of employee skills and salaries.

While the City Plan goal is written from the perspective of the needs of the resident, it is also important that the needs of employers are considered. If Mississauga is to continue to be attractive to businesses and institutions, Mississauga must be able to attract residents that make up the needed labour pool. While some employees may be willing to commute, others will not because of quality of life considerations and/or because their

salaries cannot justify the transportation expenses.

The consultants surveyed 37 employers in Mississauga. The survey focussed on employers with over 300 employees and, for this group, the survey represented approximately 34% of establishments and 61% of employees. Of the City's total labour force, 10.5% were represented in the survey. While the survey did not include employees of retail establishments and businesses with less than 300 employees, income data for all employees in Mississauga was obtained from Census Canada and used in the housing analysis.

Highlights of the study's findings are as follows:

- # The survey included employers in the following sectors: aerospace; airport; businesses services; business/finance; government/institutional; health services; high-technology; manufacturing; and other;
- # 20% of the employees in the establishments surveyed had annual incomes of less than \$20,000; 24% earned between \$30,000 and \$39,999; 23% earned between \$40,000 and \$49,999; 24% earned between \$50,000 and \$69,999; 8% earned between \$70,000 and \$99,999; and 2% earned more than \$100,000;
- # High technology firms surveyed were well represented in the highest income category with almost one quarter of its employees earning more than \$100,000. (The sector with the next highest percentage of employees in the over \$100,000 income category was business services with 5%.) However, 20% of employees in high technology firms also had incomes under \$30,000. Employees at the airport were heavily concentrated in the \$50,000 to \$99,999 income category with 82%; the airport had 0% in the under \$30,000 and over \$100,000 income categories;
- # Viewing income by occupation, the survey found that management and sales and service occupations had the most employees in the over \$100,000 income group, with 15%

and 11%, respectively. Well represented in other high income categories (i.e. \$50,000 to \$99,999) were persons in health - excluding doctors and other specialists (70%), management (69%) and professional occupations in natural and applied science (51%). Occupations concentrated in the under \$30,000 categories were labourers in processing, manufacturing and utilities (60%) and clerical occupations (44%);

- # The establishments surveyed had an income distribution that was significantly higher than the incomes of Mississauga residents as reported in the 1996 Census of Canada. The Census reports 64% of incomes in Mississauga as being under \$30,000, compared to 20% reported in the survey. In the over \$70,000 income category, the Census reported 3% compared to 10% in the survey. This gap was expected because retail and small firms, which generally have fewer high-paying positions, were not included in the survey;
- # The predominant mode of transportation for Mississauga workers was a private vehicle as either the driver or as a passenger (86%). Of the 13% that took public transit, the majority lived in the City. Only 1% used another form of transportation to get to work, such as walking or taking a bicycle;
- # For employees in the City Centre inadequate parking was identified as a concern. For employees using public transit, the bus schedule was a problem with the last bus running before evening shifts were over and limited weekend service which does not coincide with shift schedules. Employees living in other municipalities had difficulty using public transit because of inadequate connections and the expense of crossing fare zones. Providing the Greater Toronto Services Board with enhanced powers and funding would be a significant step towards improving inter-regional transit services;

- # When asked why employees did not live in Mississauga, almost 70% cited the relative cost of housing as the reason. It was noted that "you can get more house for your money" outside Mississauga and that nearby municipalities, such as Brampton and Burlington, had lower house prices. The next most commonly cited reason for not living in Mississauga, was family ties to another community. Transportation/accessibility and ties to the community were the main reasons people choose to both live and work in Mississauga;
- # New immigrants often look for rental apartments as their first form of housing. In this regard, Mississauga was seen as an alternative to Toronto. Ethnic enclaves also attract new immigrants looking for a support network to adjust to life in Mississauga;
- # In general, Mississauga is meeting the housing needs of employees in the firms surveyed. Mississauga has a full range of housing types, including detached, townhouse and low and high rise apartments, in both the rental and ownership market. However, higher housing costs could cause employees to move to locations outside the City and trade commuting time with lower house prices;
- # Limited rental housing choices were of most concern to lower income households. These employees were also more heavily reliant on public transit. To meet the needs of these employees, rental housing on major transit lines is important; and
- # When employers were asked to identify the major challenges they faced in attracting and retaining employees, they indicated that market forces and competition was their principal labour force supply issue. They also listed housing affordability and transportation, especially the bus service schedule, as concerns.

Because housing was identified as a major concern, the study contains an affordability analysis of housing in Mississauga for employees. This is unique in that most affordability analyses are based on the residential population rather than the employment population. Based on the analysis, the study then identifies various policy options. These options will be considered during the review of City Plan and the Affordable Housing Strategy which are currently underway. The findings of the analysis and policy options are as follows:

- # Mississauga has the largest stock of housing of the Greater Toronto Area (GTA) municipalities outside of the City of Toronto. Further, of these municipalities, Mississauga has the most diversified housing stock with 44% apartments and townhouses and 56% detached and semi-detached. The depth and breadth of Mississauga's housing stock, allows the City to attract a large and economically diverse population which, in turn, provides a valuable source of labour to Mississauga's employers;
- # At full development, apartments will constitute 37% of the housing stock, detached 37%, townhouses 15% and semi-detached 12%. This planned mix of housing will assist the City in maintaining its strong employment base by providing opportunities for all types of workers to live near their place of work in the City;
- # In terms of how affordability affects housing choice in Mississauga, there were two groups of responses. For some employees, value for money was the primary concern. While they could afford to live in Mississauga, they perceived that their money would buy them a bigger house or a house on a bigger lot outside of Mississauga and they were willing to trade travel time for this housing. However, for the second group, which was composed of lower waged employees, the affordability of any house in Mississauga, both owned and rented, was an issue;

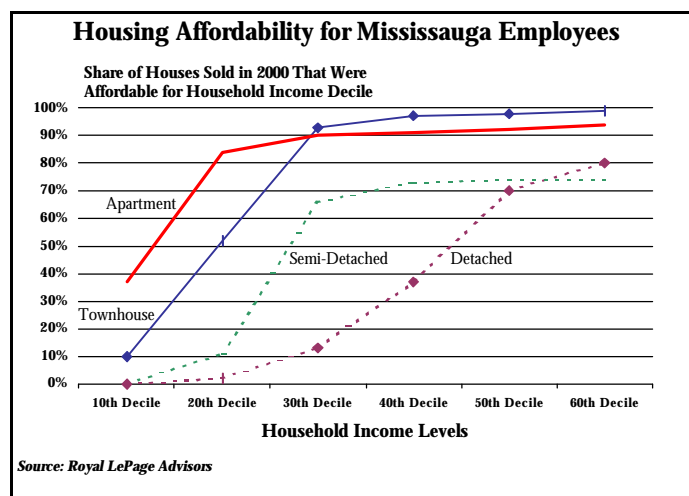
- # To supplement the income data collected as part of the survey, a special tabulation of 1996 Census of Canada data was prepared. This was necessary because the survey did not include all employment sectors in the City, with retail being the most significant omission. Also, for the housing analysis, household income, not individual income, was needed;
- # Based on the Census tabulation, the median household income for employees in Mississauga was approximately \$70,000. This includes the total annual income of all earners in the household where at least one person worked in Mississauga. Approximately 5% of households had incomes less than \$20,000; 11% had incomes less than \$30,000 and 17% had incomes less than \$40,000. Households with incomes of \$40,000 to \$49,000, \$50,000 to \$59,000, \$60,000 to \$69,000, \$70,000 to \$79,000 each account for approximately 10% of the total households. Households with incomes over \$100,000 accounted for almost one-quarter. Since 1996 average incomes in Ontario have increased by approximately 17%;
- # About 45% of all Mississauga workers live in Mississauga, however, closer to 50% of households with lower incomes (less than \$40,000) live in Mississauga. For lower income households, it may be more important to live closer to their place of work due to a greater reliance in public transit;
- # In 2000, the overall average price for a resale house in Mississauga, which include 47% townhouse and apartment sales, was \$225,000. This compares to an overall average of \$197,000 in Brampton and an overall GTA average of \$252,000;
- # At \$220,000, the average new home price for Mississauga in 2000 was similar to the average resale house price. In Brampton the average new home price was \$215,000 and for the GTA as a whole it was \$248,000;

- # The price of resale and new homes varies significantly with density, with higher density forms being a more affordable option. This is shown on the following table:

Dwelling Type/ Municipality	2000 Average House Sale Prices	
	Resale (\$)	New (\$)
Detached		
Mississauga	309,000	278,000
Brampton	231,000	248,000
GTA overall	318,000	248,000
Semi-detached		
Mississauga	206,000	211,000
Brampton	188,000	184,000
GTA overall	229,000	209,000
Townhouses		
Mississauga	172,000	205,000
Brampton	158,000	220,000
GTA overall	185,000	203,000
Apartments		
Mississauga	143,000	178,000
Brampton	134,000	140,000
GTA overall	174,000	260,000

- # In addition to reviewing average prices, it is also important to consider the distribution of house prices. In 2000, the vast majority of detached homes sold for more than \$250,000 and the vast majority of apartments sold for less than \$150,000;

- # Using standard affordability assumptions¹ and the 1996 Census household income figures adjusted to 2000, Mississauga employee incomes were distributed into "deciles" where, for example, the 30th decile represents the lower 30% of households ranked in terms of income. The graph illustrates that below the 50th decile, and particularly below the 30th decile, housing type choices are limited;



- # Based on the employer survey, it is evident that housing affordability is an important issue for Mississauga and that in order to attract the employees needed to maintain the City's employment and economic base, a supply of affordable housing needs to be maintained. As such, preserving and growing the supply of housing in the higher density ranges is appropriate;
- # City Plan was reviewed for opportunities to strengthen the policies regarding the provision of housing. The review indicated that the policies in place are sound with the City Plan containing a housing "vision" that addressed the need for housing affordability and a variety of housing types. Some minor adjustments to City Plan were suggested to

¹ 30% of gross household income dedicated towards payment of mortgage principal and interest; mortgage rate of 7.750% amortized over 25 years; 10% down payment

ensure that this vision is achieved. The comments and suggestions for City Plan included:

- The planned urban structure contained in City Plan should be supported. The structure includes a series of urban centres in accessible locations and linked by corridors that are conducive to providing a diversity of housing forms and costs that better meets the needs of a diverse population. The structure provides for the efficient use of services and infrastructure and development with improved environmental sensitivity. Although general intensification does support the more efficient provision of transit services, a focus on key centres and primary linking corridors provides the greatest impact and long term benefit for transit development;
- Policies within City Plan that discourage the down designation of medium and high density sites could be strengthened and a new policy developed that directly deals with the conversion of higher density lands to lower densities;
- The promotion of intensification was suggested. In appropriate locations, as-of-right permissions for higher densities could be allowed without the need for an official plan amendment. One approach would be to incorporate minimum density targets into district policies and zoning by-laws and to relax density maximums, subject to adequate infrastructure;
- Within residential neighbourhoods intensification could be promoted by allowing garden suites and apartments in houses as-of-right. This would expand the supply of housing within the existing building stock. While City Plan already has policies supporting intensification, they are subject to performance criteria that are prohibitive;

- Designations could avoid including lower density forms of housing as-of-right within higher density categories and permitted density ranges could be increased;
- While it is recognized that the City cannot directly control house price, the City could make use of planning tools, such as density provisions, that promote "intrinsic" affordability. To do this the City could develop a definition of modest market housing and based on income and its relationship to an affordable house price and the costs of developing land and building a dwelling unit, develop an understanding of what a modest market dwelling unit is in Mississauga.

CONCLUSION:

The Planning Partnership in conjunction with Royal LePage Advisors was retained by the City to provide an understanding of how the employment opportunities within companies and institutions vary and the implications this has for land use planning and the services provided by the municipality and other agencies. It is important to understand the needs of employers. Housing was a key issue identified. As such, the consultants focussed on the housing needs and affordability levels of people that work in Mississauga

The consultant study, titled *"Labour Force Needs Study: Housing and Other Issues"*, found that the depth and breadth of Mississauga's housing stock allows the City to attract a large and economically diverse population which, in turn, provides a valuable source of labour to Mississauga's employers. While some employees in Mississauga will choose to live in other municipalities with lower housing costs or because of ties to other communities, Mississauga has largely met the housing needs of its labour force. This has been achieved through the provision of a large supply of diverse housing types at various price points. The planned urban structure has a mix of housing types and will assist the City in maintaining its strong employment base by providing opportunities for all types of workers to live

near their place of work in the City. Some suggestions for policy options that would further strengthen the provision of a variety of housing types and affordable units were made. These will provide input to the review of City Plan and the Affordable Housing Strategy which are currently underway.

The study also found that public transit is an important service to employees with lower incomes. Some issues pertaining to transit included schedules, particularly for shift workers, and inadequate connections and the expense of crossing fare zones for employees in other municipalities. For many employees, it is also important that affordable rental housing be located on transit lines.

RECOMMENDATION:

That the report titled "*Labour Force Needs Study: Housing and Other Issues*", dated July 17, 2001, from the Commissioner of Planning and Building be received for information.

Original Signed By: _____

Thomas S. Mokrzycki

Commissioner of Planning and Building