



# township of terrace bay

housing requirements study

**FINAL REPORT**

January 2014

The Planning Partnership  
TCI Management Consultants



*Pumphouse Beach*



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*Aerial photograph of Terrace Bay Beach*



# executive summary

This analysis was undertaken in order to determine housing needs of Terrace Bay over the coming decade. It was triggered by on-going planning work currently being undertaken for the Township by The Planning Partnership, where residential development is being considered as one key component of future development. This work is part of an overall review being undertaken by the municipality, including an update of the Official Plan, which will be the main planning document for all future development. The Official Plan is being done in cooperation with the provincial government and regional stakeholders.

The work involved a review of background materials, interviews with key employers (such as the Mill, CPR, the hospital, etc.), a community survey, the development of a housing requirements and forecasting model, and the formulation of recommendations for the Township. A ten-year period of analysis was forecast.

The fundamental dynamic at play over the coming decade is that the major employers are anticipating a 'steady state' in terms of their employee requirements. While no major prospects for additional growth are anticipated, no significant shrinkage or contraction of the existing workforce is anticipated either. At the same time, though, major employers anticipate large proportions of their workforce (many of whom are currently of the 'baby boom' generation) to retire over the decade, and thus will need to actively replace these workers, given their continuing requirement for employees. (Our community survey found the same 'retirement phenomenon', albeit to a somewhat smaller extent, among employees in the community at large.) Finally, most retirees do not anticipate moving out of the Terrace Bay region, either because of family connections, their love of the area, or the reality that they could not easily 'cash out' of the community and move elsewhere.

The analysis examined two scenarios:

**Scenario A** assumes a constant employment base, with simply replacement of retirees as the mechanism driving the increase in housing requirements.

**Scenario B** assumes some small amount of economic growth (one half of one percent per year) recognizing the stability of the economic base plus allowing for some measure of increase as the service and retail sectors respond to economic stability (as well as the various community improvement initiatives already underway).

Key findings from the work were:

- the Terrace Bay region will experience a demand for between 244 (Scenario A) and 314 (Scenario B) additional housing units over the decade;
- demand in Terrace Bay itself will be for 80% of this demand – or between 195 and 251 units over the decade (20 to 25 units per year);
- the suggested allocation of these units by type would be:

Type of New Housing	Rationale	Suggested Range of Units Over Decade by type (rounded)	Suggested Range Per Year (rounded)
Senior's Housing	20% - 25% of all new units developed should be affordable senior's housing – ideally in one complex with assisting living options – this will free up some existing housing for incoming families	39 - 63	4 - 6
Rental & Affordable Housing	20% - 25% of new units should be aimed at rental and affordable housing for individuals and new families	39 - 63	4 - 6
Moderate-price detached homes	40% - 50% of new homes demanded should be regular single detached accommodation	78 - 125	7 - 12
Higher end 'executive' homes	10% to 15% of new homes developed over the next decade should be of this type	20 - 38	2 - 4
Total Units Demanded in Terrace Bay		195 - 251	20 - 25

In working with Township staff, nine locations were identified where the demand for additional housing over the coming decade might be located. The accompanying maps show these areas: the first shows areas A and B, which are outside of the immediate built-up area of the town, the second map shows the remaining seven 'in-town' locations. (see map on page 4)

The matrix below shows which of these nine areas might be most suitable for the types of housing identified in the Report. It also indicates, at a first level of approximation, the numbers of units that could be accommodated in each parcel. The judgments as to what locations might be most suitable to each type of housing are based upon proximity to, and fit with, adjacent housing stock; size of lots; views afforded by the location; proximity to shops and services; and transportation access. This is intended as a guide only for the types of housing that would be encouraged and supported by the municipality.

Map Designation	Location Description	Capacity (Units)	Type of Housing Suitable for Location			
			Senior's Housing	Rental and Affordable Housing	Moderate-Price Detached Homes	Higher-End 'Executive' Homes
A	Hydro Bay	20				✓
B	East of East Grove Cr. South of CPR line	40 - 50			✓	✓
C	North-West corner of Hwy 17 and Fort Garry Ave	30 - 40	✓	✓		
D	Beach Road, by Golf Course (in the Waterfront Plan Study Area)	30 - 40				✓
E	North side of Ridgewood Dr., just before southward turn (up from Pumphouse Beach)	5 - 6				✓
F	Waterfront location, east of Golf Course Bay	30 - 40		✓	✓	
G	Green Space on Terrace Heights Drive	30 - 40	✓	✓		
H	North side of Terrace Heights Drive, south of CPR and Hwy. 17 crossing	20 - 30	✓	✓		
I	South side of Ridgewood Road, near Hwy. 17	20	✓	✓		





In total, there is capacity for between 225 and 286 units (plus, of course, the 15 individual and isolated lots previously identified that are in the Township's inventory). This is more than enough (although, not by a huge margin) to accommodate the Township's needs over the coming decade as previously calculated).

**In light of the foregoing, recommendations for Terrace Bay are:**

1. Provide supportive housing in the community: The analysis presented here suggests that there is some demand for this type of housing. The Township should continue to monitor the demand for seniors' housing and respond as appropriate.
2. Consider Housing Corporation to Provide Rental and Affordable Housing: The surveys and interviews revealed a need for affordable housing in Terrace Bay, on the order of 39 to 63 units over the decade. One option for the municipality to consider would be to create a Housing Corporation to buy detached homes as they become available, ensure that they meet minimal modern standards (upgrading them where necessary), and then re-sell or lease them to incoming residents. This model should be further explored within the coming year, looking at potential funding from the Canada-Ontario Affordable Housing Program.
3. Provide Housing Market Information to Developers: The type of market intelligence contained within this Report could be very valuable to potential developers who may be interested in providing individual homes or small residential developments. This report and any required ancillary information should be made available to the development community.
4. Residential Development as Part of Waterfront Strategy: This analysis shows that there is a market for the kind of upscale residential market development proposed for the Waterfront Development Strategy currently being developed for the Township, over likely the next 10

to 20 year period. Given that this is within the time frame anticipated for the roll-out of the development plan, residential development should be considered to be an integral part of the plan.





Hydro Bay



Terrace Bay



Pumphouse Beach



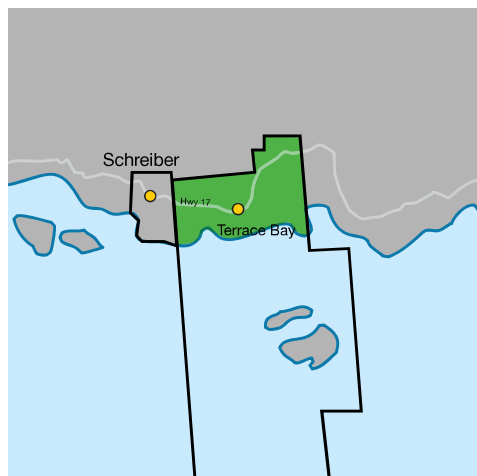
Terrace Bay Golf Course

# 1 purpose + methodology

## 1.1 Purpose of this Project

In 2012 The Planning Partnership (TPP) team was retained to undertake planning and design work for the Township of Terrace Bay, Ontario. Early in the study, it was determined that the development of relatively upscale housing could represent a potentially viable element of development for Terrace Bay. It was realized by the Township that any demand for housing close to the waterfront was one component of overall demand for housing throughout the municipality, fuelled by the conversion and revitalization of the mill, plus other promising developments. A municipal-wide assessment of housing demand, which would provide additional strategic information for the Township's on-going planning was to be undertaken. It was recognized that a thorough assessment of housing could be used to interest potential developers in supplying the needed housing. Accordingly, TPP was asked to augment their work and undertake this separate housing requirements report.

The two adjacent municipalities of Terrace Bay and Schreiber act in many respects as one economic unit for housing, employment and other regional services, and therefore, the market area for this assessment has been considered as the two communities combined (henceforth known as the 'Terrace Bay region'). The map below shows the geographical extent of this area. (Note that the southernmost boundary of Terrace Bay extends all the way to the international boundary with the United



## 1.2 Study Methodology

States.)

The study involved the following key activities:

- review of information from CMHC and others regarding housing and accommodation trends in the region;
- interviews with key employers in the Terrace Bay region;
- undertaking of a community survey to probe into housing demand and preferences;
- development of a forecasting model for housing requirements over a ten year period; and,
- development of report and recommendations.



## 1.3 Caveats

The study forecasts demand for housing over a 10-year period, from 2014 to 2023. Specific cautions and caveats in interpreting the data should be understood:

- the projections contained in this report are based upon information supplied by key employers in the area as well as a survey of households in the region, and its conclusions are thus based on the veracity and reliability of the information supplied;
- the projections assume no major disruption in economic conditions,

nor any precipitous changes to the current economic base of the area (e.g. the closure of the mill or hospital, for example) – note that there was no evidence uncovered in any of the interviews to suggest that any developments like this might be forthcoming;

- the current land sales underway (4,500 acres of land in 10 parcels along 26 km. of shoreline are currently listed for sale by Ernst and Young acting as the agent for the former owner of the mill) will likewise not result in any significant

change to the economic base of the region – or, if they do, it will result in additional economic activity that will render the estimates presented in this assessment likely conservative in nature.

The next section of this report outlines general housing trends in the region, as well as the current specific housing situation in Terrace Bay.



*Mill in Terrace Bay*

This section provides an overview of some of the key market parameters that will influence housing and accommodation in Terrace Bay. The topic areas addressed are:

- A) Demographic transition of the resident population
- B) Seasonal population trends
- A) Demographic Transition of the Resident Population

# 2 context

## A) Demographic Transition of the Residential Population

Demographic Segment	Terrace Bay Census Division	Thunder Bay District
Total Population in 2011	1,471	146,057
Total Population in 2006	1,695	149,063
<b>Total Population Change</b>	<b>-9.5%</b>	<b>-2.0%</b>
Population Under Age 20, 2011	285	31,655
Population Under Age 20, 2006	380	35,325
<b>Change in Population Under Age 20</b>	<b>-25.0%</b>	<b>-10.4%</b>
Population Age 65 and Over, 2011	245	24,370
Population Age 65 and Over, 2006	220	22,615
<b>Change in Population Age 65 and Over 65</b>	<b>+11.4%</b>	<b>+7.8%</b>

Terrace Bay has experienced a drop of almost 10% in its overall population base over the 2006 – 2011 period – somewhat greater than the larger Thunder Bay District of which it is a part (which has essentially remained static with only a slight decline) – locally, this is in large part due to the downsizing and eventual closure of the mill by Terrace Bay Pulp Inc. in 2009, although as the comparison to the District overall indicates, this is part of a larger district-wide demographic and population transition.

This overall population decline masks some sub-group demographic instabil-

ity occurring in the region – with a large decrease in the under 20 age segment (25% drop locally compared to a 10% decline in the District overall) but a large percentage increase in the 65 and over group (11% locally and nearly 8% in the entire District).

This may imply some additional demand for housing even despite the overall population drop, as often those in the 65 and older group are seeking retirement homes and smaller residences – to the extent that Terrace Bay can draw upon the larger regional marketplace this may represent a significant opportunity.

However, anecdotal evidence since 2011 suggests that there is some growth in the number of families with younger children in the community. As reported by municipal staff, the numbers of children in primary schools and day care have increased markedly since just before the 2011 Census was taken. Moreover, there is a very low vacancy rate in the community and a widespread perception of a housing shortage. This would suggest some influx in the numbers of new families moving into the Terrace Bay region. Also, anecdotal evidence from a local real estate agent has suggested that house prices may have risen by as much as 30% in the last two years (although clearly based upon a small sample). In any event, there is ample evidence to suggest that Terrace Bay is undergoing something of a 'turnaround'.

Incidentally, this relates to an issue that the Township has with the overall Census figures, which are widely believed at the municipal level to be misrepresentative (as a result of the change in survey methodology, a higher rate of non-compliance than in larger urban areas, and a high level of community stress as a result of the mill closure, which happened at the time of the Census). It is believed that as a result of this the seeming decline in the Terrace Bay region as evidenced by the 2006 – 2011 population figures is overstated.



## B) Seasonal Household Trends

Demographic Segment	Terrace Bay Census Division	Thunder Bay District
Total Households in 2011	822	71,235
Permanent Resident Households in 2011	675	62,318
<b>Seasonal Households in 2011</b>	<b>147</b>	<b>8,917</b>
% Seasonal Households, 2011	17.8%	12.5%
Total Households in 2006	838	71,635
<b>Permanent Resident Households in 2006</b>	<b>691</b>	<b>61,836</b>
Seasonal Households in 2006	147	9,799
% Seasonal Households, 2006	17.5%	13.7%

*Nearly 18% of Terrace Bay's total number of households are seasonal residences: this would have the effect of increasing the population by approximately 360 in the summer season.*

*Terrace Bay's seasonal population has remained essentially static over the last 5 years (at 147 households) – compared to a decline in the District overall of nearly 900 households.*

Here as well, anecdotal evidence would suggest that since the 2011 Census, there may have been some influx in the number of seasonal residents moving into Terrace Bay. Seasonal residents are not directly captured in the Census data, so they would not figure into the population statistics of the Terrace Bay region (unless their permanent residence was also located in the region – and we do know that there are some permanent residents who also maintain seasonal 'camps' nearby.) However,

there are other seasonal residents who live outside the region (e.g. in Thunder Bay) who would thus not be counted in the population figures. Insofar as they may be future residents of the region (by virtue of moving into their seasonal residence full-time, or purchasing another residence in town when they retire) the household demand numbers presented in this analysis may well be on the conservative side.

## 2.1 Regional Housing Trends + Patterns

The Canada Mortgage and Housing Corporation Thunder Bay office issues quarterly bulletins that discuss housing trends and issues throughout the region. These are relevant insofar as they provide the context to the assessment of accommodation requirements for Terrace Bay. Some of the most interesting and useful findings from a review of these bulletins over the past 2 years are outlined in the adjacent table. As well, some interesting regional findings from the recent Housing Analysis Report commissioned by the District of Thunder Bay Social Services Administration Board (which covers the Terrace Bay region) are profiled.

Regional Trend	Relevance to Terrace Bay
<ul style="list-style-type: none"> <li>apartment condominium sales are increasing as a result of growth in the empty nester and retiree markets (4th quarter sales in 2012 highest in over 20 years )</li> </ul>	<ul style="list-style-type: none"> <li>the growing retiree and empty nester market may fuel additional housing sales in Terrace Bay, for those who may be looking to 'cash out' of the City and move into more rural communities closer to nature</li> <li>the analysis of accommodation requirements presented here does not take this factor into account; any demand from this source would be thus be 'over and above' the assessment presented here</li> </ul>
<ul style="list-style-type: none"> <li>net in-migration to Thunder Bay is fueling new housing sales and re-sales</li> </ul>	<ul style="list-style-type: none"> <li>some of this additional demand in Thunder Bay may spill over into rural areas (although unlikely as far afield as Terrace Bay)</li> <li>however, relatively higher prices (than historical norms) might trigger desire on part of boomers and retirees to 'cash out' and relocate outside of Thunder Bay proper</li> </ul>
<ul style="list-style-type: none"> <li>average new detached house price in Thunder Bay in 2012 was \$355,000, up nearly 8% from a the previous year</li> </ul>	<ul style="list-style-type: none"> <li>higher residential prices throughout the region might improve the overall economic climate for new residential development</li> </ul>
<ul style="list-style-type: none"> <li>first time homebuyers are trending towards multiple unit situations</li> </ul>	<ul style="list-style-type: none"> <li>for a community in the region that is looking to attract younger workers and new families, many of whom will be first time homebuyers, it will be important to ensure that some available units will be affordable and oriented towards this market</li> </ul>
<ul style="list-style-type: none"> <li>average household sizes in Terrace Bay are shrinking – in 2001, average household size was 2.54; in 2006: 2.35 and in 2011: 2.21 – this trend is true of the region overall</li> </ul>	<ul style="list-style-type: none"> <li>a trend towards smaller household sizes implies more housing units being required to house a given population size – thus even if Terrace Bay's population were expected to remain static, some growth in the numbers of households would be required to accommodate the expected growth in the number of households</li> </ul>

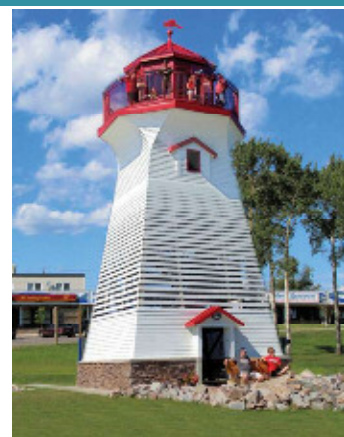
Generally, these factors are positive in terms of influencing demand for new housing accommodation in Terrace Bay. The next section of this report presents the accommodation requirements model developed to estimate the specific numbers of new units demanded over the coming decade.

*CMHC Housing Now Thunder Bay CMA, Housing Market Information Report, First Quarter, 2013, Canada Mortgage and Housing Corporation.*

## 2.2 Current Situation in Terrace Bay

The table below shows key data from the 2011 Census of Canada relating to the market area under consideration in this assessment:

	Terrace Bay Town-ship	Terrace Bay Region
<b>Demographic Dimension</b>		
Population, 2011	1,471	2,597
Population, 2006	1,695	2,596
Population Change, 2006 - 2011	-9.5%	0.0%
Permanent Households	675	1,177
Seasonal Households	147	288
Total Households	822	1,465
% Seasonal Households, 2006	17.5%	0
<b>Dwelling Stock</b>		
Single Detached	600	1,035
Apartment, 5 or fewer stories	55	95
Semi-detached	15	40
Row house	5	5
Total Dwellings	675	1,175
<b>Household Size</b>		
1 person	225	390
2 persons	265	450
3 persons	95	155
4 persons	55	115
5 or more persons	35	65
Average Household Size	2.1	2.1
<b>Household Type</b>		
Single-person households	425	755
Couple-family, without children	235	385
Couple family, with children	145	285
Single-parent households	5	5



Terrace Bay Lighthouse

CMHC Housing Now  
Thunder Bay CMA, Housing  
Market Information Report,  
Fourth Quarter, 2012, Canada  
Mortgage and Housing  
Corporation.

CMHC Housing Now Thunder  
Bay CMA, Housing Market  
Information Report, Third  
Quarter, 2012, Canada  
Mortgage and Housing  
Corporation.

CMHC Housing Now  
Thunder Bay CMA, Housing  
Market Information Report,  
First Quarter, 2012, Canada  
Mortgage and Housing  
Corporation.

Toni Farley and Associates,  
Final Report, Housing Analysis  
Report - Setting the Scene, The  
District of Thunder Bay Social  
Services Administration Boards,  
June 2011.

# 3 data collection

## 3.1 Interviews with Key Employers



*Terrace Bay Cultural Centre*



*Terrace Bay Public Library*



*McCausland Hospital in Terrace Bay*

Several interviews with major local employers were undertaken in order to determine their views regarding their labour force and the housing requirements that would follow from this.

### Interviews were held with:

- AV Terrace Bay Inc. ('the Mill' - major employer in Terrace Bay, employing 350)
- CPR (major employer in Schreiber, employing 190)
- McCausland Hospital (major employer in Terrace Bay, employing 80+)
- key representatives of the Municipality of Terrace Bay, employing 45
- a local real estate agent (Gordon Moorey) who specializes in the local residential market

Also, some background materials prepared by the Stillwater Mine (out of Marathon, who may have some employees resident in Terrace Bay) were reviewed.

Collectively these major employers are responsible for over half of the employed labour force complement in Terrace Bay.

Without revealing any specifics pertaining to individual business operations, the major general findings from these interviews were as follows:

- within the vagaries of the business cycle, and as far as employers can see over the next decade, the major employers in the region anticipate a stable employment situation over the coming decade;
- within their existing employment base, major employers are anticipating that a large proportion of their existing base (between 20% and one-third) will be retiring over the coming decade, as baby boomers retire;





- employers report that they will need to hire new employees to replace these retirees, and thus will need to encourage new residents to come into the community;
- the recent community improvements undertaken by the Township, as well as new initiatives are seen as positive inducements to encourage new residents into the community, especially those with families and young children;
- there was some acknowledgement on the part of these major employers that Terrace Bay likely had a greater range of community amenities available and this would be a preferred location from the perspective of these new families;
- employers also expressed some concern regarding a perceived lack of available and affordable housing to accommodate newcomers to the community – ideally they would like to see some mix of rental and affordable ownership-oriented housing; and
- employers suspected that many

of their workforce that would be retiring would end up staying in the region – either through a love of the area, family connections, or because they could not afford to move elsewhere.

These findings have been reflected in the housing model developed, and the scenarios being examined.



## 3.2 Community Survey

An on-line community survey was undertaken and promoted through local advertisements as well as through word of mouth and on the Township's website. In total, some 98 responses were obtained, yielding valuable insights into current and future housing needs.

Appendix A contains the detailed survey results. This section summarizes some of the key findings that are most useful as inputs into the accommodation requirements model. They are:

- 95% of respondents live in Terrace Bay; 5% live in Schreiber;
- 86% of respondents own their home; 14% rent;
- 96% of respondents live in a single family detached home; 4% live in apartments
- 66% of respondents describe themselves as having a job; most of these (77%) are full-time;
- 32% of respondents describe themselves as 'retired';
- for those respondents having jobs, most (81%) are located in Terrace Bay;
- expectations for the next five years:
  - 51% expect to still be living and working where they are at present (i.e. no change in their current situation)
  - 7% expect to still be living where they are in the market area but working at another job
  - 35% expect to be retired and still living in the market area (most in their current residence)
  - only 7% expect to retire and move outside the market area
- 41% of respondents are 'very satisfied' with their existing housing situation; 39% are 'somewhat satisfied' and 20% are 'somewhat dissatisfied' or 'very dissatisfied' with their current housing situation;
- 28% of the respondents indicated that, if significantly better quality housing was available in Terrace Bay in the cost range of \$150,000 to \$250,000 they would 'definitely' or 'possibly' consider moving; 46% reported that they would 'definitely not' consider moving;
- 11% of the respondents indicated that, if significantly better quality housing was available in Terrace Bay in the cost range of \$250,000 to \$400,000 they would 'definitely' or 'possibly' consider moving; 76% reported that they would 'definitely not' consider moving;
- factors considered 'very important' in considering a new home were:
  - modern energy-efficient home (54%)
  - large lot size (28%)
  - having a good view of the lake (25%)
  - having a direct waterfront location (18%)

Attitudes towards the existing housing stock in Terrace Bay (as measured by the extent or agreement or disagreement with various statements), are summarized in the following matrix:

Statement	% of respondents indicating 'agree somewhat or totally'	% of respondents indicating 'disagree somewhat or totally'
There is ample range and variety of housing stock available in Terrace Bay	24%	63%
Housing is too expensive in Terrace Bay	15%	64%
There is ample rental accommodation available in Terrace Bay	15%	69%
There is a shortage of upscale, 'executive' housing in Terrace Bay	55%	23%
Terrace Bay needs to have more housing stock developed	61%	13%
It is too expensive to build new housing stock in Terrace Bay	38%	23%





*Caribou at Slate Island*



*World Water Day, Terrace Bay*

# 4 housing requirements model

## 4.1 Two Scenarios

Two scenarios are contemplated in the Housing Requirements Model:

- 1) **Economic Stability** with Retiree Replacement: This scenario envisages that the overall economy of Terrace Bay will be essentially stable over the next 10 years. The current employment complements at major employers will remain essentially as they are at present, and the service sector (accommodating residents and visitors) will similarly remain at approximately the same size reflecting the stability of the major employers. In this scenario, housing demand is fuelled essentially by workforce replacement - driven by the fact that most retirees are not planning to leave the community, and there will be some housing demand in order to accommodate their replacements.
- 2) **Economic Growth** with Retiree Replacement: This scenario envisages that the overall economy of Terrace Bay will grow slightly over the next 10 years, reflecting the overall economic growth prospects for northern Ontario, as well as a more pro-active stance to economic development taken by the Township. (As well the recent track record of success shown on recent projects such as the cultural centre would support some modest growth.) In this scenario, a relatively modest growth rate of one half of one percent per year is assumed.

Below we describe the accommodation requirements model that has been developed for Terrace Bay. There are three components to the model and approach. First is the forecast of housing requirements for the Terrace Bay region overall. Next, the allocation of a reasonable share of this total market demand to Terrace Bay must be considered. Finally, the broad type and location of housing demanded in the Township of Terrace Bay must be allocated. Each of these three steps is considered below.

## 4.2 Structure and Operation

### 1) Demand for Additional Housing in the Market Area

As earlier mentioned, a fundamental dynamic affecting housing demand in the Terrace Bay region over the next decade will be the replacement of retirees by new in-migrants to Terrace Bay. Given that many retirees report that they will not be moving out of the community, this will create a demand for new housing in the regional marketplace. (This also assumes that the mill and other major employers will maintain employment at or about current levels, which we have been told in interviews.) The table below shows the key variables and parameters of the model to forecast aggregate housing requirements; the table is followed by a detailed explanation of the operation of each element of the model. Both Scenarios A and B are examined.





Parameter of the Forecast Model	Scenario A: Economic Stability with Retiree Replacement Scenario	Scenario B: Economic Growth with Retiree Replacement Scenario
A) Current Population (2011)	2,596	2,596
B) Current Households (2011)	1,177	1,177
C) Average Household Size (2011)	2.21	2.21
D) Current Working Population (2012)	1,148	1,148
E) Anticipated Retirees over Decade	230	230
F) Retiree Households Leaving Market Area	46	46
G) New Job Positions Required	230	230
H) Expected Population, 2023	2,980	3,126
I) Average Household Size, 2023	2.10	2.10
J) Expected Households, 2023	1,419	1,523
K) Required Housing Units, 2023	1,419	1,523
L) Current Housing Stock	1,175	1,175
<b>M) Accommodation Supply Gap</b>	<b>244</b>	<b>314</b>
<b>N) Average Demand Per Year, Terrace Bay region</b>	<b>24</b>	<b>31</b>

*The difference seen in the estimates from major employers and those from individuals may reflect the fact that major employers (often with a unionized labour force) are more likely to provide good pensions and retirement packages, whereas smaller businesses and self-employed individuals may not have access to such situations and be less likely to see themselves as being retired over the coming decade.*



Simcoe Plaza



Dragfest, Terrace Bay

**The operation of the model follows the steps outlined below:**

- A) Current Population (2011):** The model starts with the current population of the Terrace Bay region as of the 2011 Census. It is assumed that the level of population has been stable since then.
- B) Current Households (2011):** Similarly, this figure comes from the 2011 Census and is assumed to have been stable since then.
- C) Average Household Size (2011):** This is simply the result of dividing the population (A) by the number of households (B).
- D) Current Working Population (2013):** The major public and private employers as listed on the communities' web site (for the Terrace Bay region) in total employ 957 (all positions). To account for other businesses (home-based, self-employed, sole proprietorships, etc.) this figure is increased by 20% to arrive at an estimate of 1,148 current job positions in the area.
- E) Anticipated Retirees Over Decade:** The next element of the model estimates the number of retirees over the coming decade. Based upon the results from surveys of the major employers (where estimates of retirees were relatively high, on

the order of 30% of the existing workforce) to surveys of the existing community (where employed individuals indicated that they felt they were somewhat less likely to retire over this period – on the order of 15%) we have modeled a retirement rate of 20% over the decade as being conservative and reasonable.

- F) Retirees Leaving Market Area:** The next factor to consider is how many of those retirees will leave the market area (thus 'freeing up' accommodation). Some will leave intentionally (as learned from the survey, about 8% of those currently working in the Terrace Bay region intend to move away from the area after retiring; others will leave through illness or death, or whatever unexpected factors may come into play). We estimate this attrition rate to be on the order of 25% of those retiring over the decade.
- G) New Job Positions Required:** For Scenario A, given the anticipated stability of the economy over the coming decade (with major employers anticipating essentially a stable situation in terms of workforce requirements, replacing only those who have left through retirement or for other reasons) the new job positions required in the market area will essentially be equal to the number

*As retirees who leave Terrace Bay are those with existing families, the population associated with the retiree is assumed to be the current average household size times the number of retirees. In future, the incoming population associated with future job opportunities is calculated using anticipated future average household size. This is a more correct estimating procedure even though the difference between this methodology and using current or future household size for both situations is quite small.*

*This is a result of population growing at 0.05% per annum, which is the economic growth assumption underlying Scenario B.*



Fire Department



Pano of freighter, Terrace Bay

of retirees anticipated. In Scenario B, with very modest economic growth there will also be some net new growth in the economy in addition to retiree replacement.

**H) Expected Population, 2023:** In both scenarios, the population will be expected to grow somewhat, as a result of an influx of new residents, to replace the retirees in the case of Scenario A (while accounting for those retirees who stay and those who leave), and also to accommodate modest economic growth in the case of Scenario B. At the end of the decade, the population in the market area is expected to be 5% higher than in Scenario A.

**I) Average Household Size, 2023:** The next factor to be accounted for in the model is average household size, which has been decreasing in northern Ontario over the past several decades (as it has been all across the province), and is expected to decrease further over the coming decade. We anticipate that the average household size may be 10% smaller than at present, shrinking to 2.10 from the current 2.21 persons per household in the market area.

**J) Anticipated Households, 2023 / Required Housing 2023:** Dividing the anticipated population in 2023 by the anticipated average house-

hold size provides an estimate of the number of households that will exist in the community by the end of the decade ahead. At present, the number of households in Terrace Bay just about exactly equals the number of accommodation units in the housing stock (implying a very low vacancy rate); assuming a continuation of this trend, the number of households will equal the housing stock required.

**K) Accommodation Supply Gap:** The difference between the current housing stock (2013) and the future demand for housing stock (2023) is the supply gap: the number of new housing units that would need to be brought on-stream over the next decade within the market area in order to accommodate demand.

**L) Average Demand per Year:** The supply gap is then divided by 10 (the number of years in the decade) in order to determine the average demand for additional accommodation in the market area per year.

## 2) Allocation of Demand to Terrace Bay

The foregoing section has estimated the total number of housing units demanded in the Terrace Bay region over the next decade. The next step in the housing requirements model is to estimate the amount of this expected demand that

would be realized in Terrace Bay itself.

A first-order approximation would be to assume that new households would be distributed on the basis of the current distribution of households. As of the 2011 Census, Terrace Bay had 675 of the 1,177 households in the total market area (57%). On this basis, it might appear that Terrace Bay would reasonably expect this share of the new household demand expected in the region.

However, there are three factors that argue for a larger share of new units being developed in Terrace Bay. These are:

1. community amenities and services: Given that much of the demand for new housing will be for retiree replacements, which implies new or younger families, access to community amenities will be a key factor driving location choice. Terrace Bay has worked hard in recent years to develop its amenity infrastructure in this regard (e.g. the new library and cultural centre, the arena, the lighthouse, current plans for the waterfront, etc.) and can offer more to a new family in this regard.
2. proximity to major employers: Terrace Bay is closer to the mill, the major employer in the region, as well as the hospital and other service businesses in the region. Travel / commute times on average will be



less for employees located in Terrace Bay.

3. greater developer interest: Terrace Bay has more area available for housing development than does Schreiber. For example, there are some 15 vacant lots listed on Terrace Bay's web site suitable for development, plus other areas services and available for residential construction. This study, which will be made available to the development community, should also trigger greater developer interest.

For these reasons, we believe that Terrace Bay will get a much greater share of new housing development than Schreiber. Based on discussions with municipal staff, and their impressions of recent newcomers in the community and the housing options they chose, it is assumed that 80% of the total demand as estimated in the previous section will accrue to Terrace Bay. Given the two scenarios as described above, this demand will range from between 195 and 251 units over the coming decade – or between 20 and 25 units per year, on average, over the coming decade.

### 3) Nature and Type of Housing Demanded

The final step in the demand allocation model approach is to determine the nature and type of housing that could be demanded and developed in Terrace Bay. Here the responses to the community survey undertaken are useful.

The responses to the questionnaire indicated that many respondents would like to see some sort of **senior's facility** developed (many of these, not unexpectedly, were those expecting to retire over the next decade). Of all comments on the community survey, 11 of 37 (30% of all comments, and 10% of the total sample) reflected a need for senior's housing that was affordable and assisted (when necessary) with support services. If such housing were available, those moving into such accommodation would free up existing detached housing units that could then be utilized by newcomers to the community (possibly after upgrading and/or expanding).

Another common theme from the surveys and the interviews was the need for **affordable apartments or houses** for new residents in the community. Some of the employers mentioned that new employees were staying in commercial accommodation at long-term rates because they were unable to locate rental housing of this type, and that they expected more of this kind of demand in future. The survey also revealed several comments to this effect.

The largest single component of housing demand anticipated will be for additional **single family detached type units**. The survey revealed that the largest single factor in demand for new homes was for a 'modern energy-efficient home' (53%). Some of this demand can be accommodated through the renovation and upgrading of existing houses by those relocating, but some as well will be supplied through new development.

As well, there were several comments relating to the desire for existing residents to trade up to **larger and more prestigious housing** within Terrace Bay. Of 37 comments, 4 (10%) related to this factor. There was also some anecdotal evidence from the surveys of major employers and others that indicated some demand of this type. As this housing would be at a higher end than the majority of new housing developed in Terrace Bay, some would likely be developed on a case-by-case basis. However, if half of the likely demand for this sort of higher-end housing were to be accommodated through a housing development as part of the waterfront development plan, there could be on the order of 15 units absorbed over the 10-year period. (Of course, if a concerted marketing pitch were to be made for a development of this type, the demand could be greater than this – if all of the anticipated demand for higher end homes were to be accommodated by waterfront development, for example, demand could be as high as 30 units over the 10-year period.)

## 4.3 Model Results + Conclusions

The table below summarizes the target allocations for new housing by type over the 10-year period. Note that the lower figure of the range represents the smaller percentage applied to Scenario A; the upper end of the range applies to the higher end of the range applied to Scenario B. Obviously, these suggested ranges should be considered as rough general guides rather than hard-and-fast targets to be met.

Type of New Housing	Rationale	Suggested Range of Units Over Decade by type (rounded)	Suggested Range Per Year (rounded)
Senior's housing	20% - 25% of all new units developed should be affordable senior's housing – ideally in one complex with assisting living options – this will free up some existing housing for incoming families	39 - 63	4 - 6
Rental & Affordable housing	20% - 25% of new units should be aimed at rental and affordable housing for individuals and new families	39 - 63	4 - 6
Moderate-price detached homes	40% - 50% of new homes demanded should be regular single detached accommodation	78 - 125	7 - 12
Higher end 'executive' homes	10% to 15% of new homes developed over the next decade should be of this type	20 - 38	2 - 4
<b>Total Units Demanded</b>		<b>195 - 225</b>	<b>20 - 25</b>

Of the types of housing indicated above, a priority for the municipality should be the seniors' and affordable housing. These traditionally are housing types that the private sector is less interested in developing on their own: they typically require some incentive, grant or subsidy to be developed, which can be contributed by the municipality. The private sector on its own will supply the other types of housing (assuming market demand, which has been demonstrated here). For these types of housing, the municipal role should be simply to ensure that the development and real estate communities are aware of the market potential, and of the town's support for development (demonstrated by planning for certain types of housing development on certain parcels of land; streamlining applications and approvals; promoting the community; etc.).

## 4.4 A Note on Executive Housing

Executive housing' is basically a marketing term, used to refer to the largest and most prestigious portion of the housing stock in a community. There is no hard-and-fast definition as to what constitutes 'executive' housing – it is a concept promoted by developers and real estate agents to sell higher-end housing. Nevertheless, it is conceptually the kind of development that we would like to see in Terrace Bay, and our interviews and surveys have suggested that there would be a small, but real, demand for such residential accommodation. Relative to cities and major urban areas, in smaller communities, the concept of 'Executive Housing' may be smaller-scale in nature and less rigorous. Thus what might pass for 'Executive Housing' in Terrace Bay, might be considered merely 'upscale' in Thunder Bay.

For Terrace Bay, we adopt the following defining characteristics as to what constitutes 'executive' housing:

- single family detached houses that are 1,800+ sq. ft.

- lot sizes that are 1/4 acre or more, serviced
- 3+ bedrooms
- spacious well-appointed layout
- enclosed garage with inside access to the house
- energy efficient
- built in the year 2000 or later
- prices would be in the \$250,000+ range
- waterfront views or forest setting

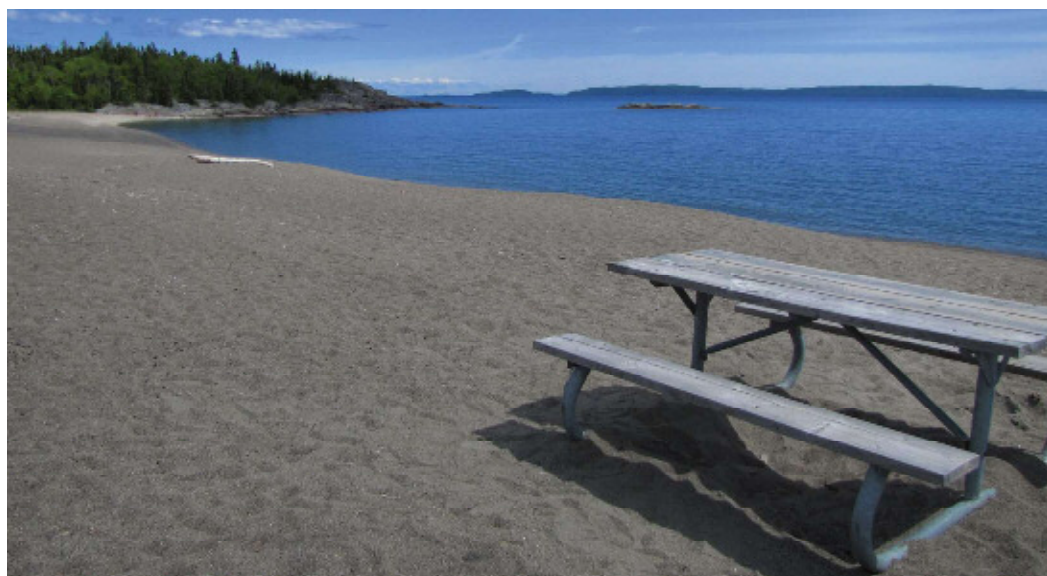
To be considered 'Executive' in Terrace Bay, most of these characteristics should be met.

At present there are very few, if any, houses that meet these criteria in Terrace Bay, so this would represent the development of a new form of housing in the municipality, extending the range and variety of what is available in the community. As shown in the previous section, the analysis shows that the market for this type of housing is on the order to 2-3 units per year. It is conceivable that a developer might build an initial subdivision of such units (say

## 4.5 Locations for Housing Development

With the assistance of municipal staff, nine areas in the Township were identified as being suitable for the various types of housing as earlier discussed. The accompanying maps show these areas: the first shows areas A and B, which are somewhat outside of the immediate built-up area of the town, the second map shows the remaining seven 'in-town' locations.

The matrix on pg. 23 shows which of these nine areas might be most suitable for the types of housing identified in the Report. It also indicates, at a first level of approximation, the numbers of units that could be accommodated in each parcel. The judgments as to what locations might be most suitable to each type of housing are based upon proximity to, and fit with, adjacent housing stock; size of lots; views afforded by the location; proximity to shops and services; and transportation access. This is intended as a guide only for the types of housing that would be encouraged and supported by the municipality.



*Terrace Bay Beach*



Map Designation	Location Description	Capacity (Units)	Type of Housing Suitable for Location			
			Senior's Housing	Rental and Affordable Housing	Moderate-Price Detached Homes	Higher-End 'Executive' Homes
A	Hydro Bay	20				✓
B	East of East Grove Cr. South of CPR line	40 - 50			✓	✓
C	North-West corner of Hwy 17 and Fort Garry Ave	30 - 40	✓	✓		
D	Beach Road, by Golf Course (in the Waterfront Plan Study Area)	30 - 40				✓
E	North side of Ridgewood Dr., just before southward turn (up from Pumphouse Beach)	5 - 6				✓
F	Waterfront location, east of Golf Course Bay	30 - 40		✓	✓	
G	Green space on Terrace Heights Drive	30 - 40	✓	✓		
H	North side of Terrace Heights Drive, south of CPR and Hwy. 17 crossing	20 - 30	✓	✓		
I	South side of Ridgewood Road, near Hwy. 17	20	✓	✓		



*In total, there is capacity for between 225 and 286 units (plus, of course, the 15 individual and isolated lots previously identified that are in the Township's inventory). This is more than enough (although, not by a huge margin) to accommodate the Township's needs over the coming decade as previously calculated).*



# 5 recommendations

In light of the foregoing, recommendations for Terrace Bay are:

- 1. Provide supportive housing in the community:**  
The analysis presented here suggests that there is some demand for this type of housing. The Township should continue to monitor the demand for seniors' housing and respond as appropriate.
- 2. Consider Housing Corporation to Provide Rental & Affordable Housing:** The surveys and interviews revealed a need for affordable housing in Terrace Bay, on the order of 39 to 63 units over the decade. One option for the municipality to consider would be to create a Housing Corporation to buy detached homes as they become available, ensure that they meet minimal modern standards (upgrading them where necessary), and then re-sell or lease them to incoming residents. This model should be further explored within the coming year, looking at potential funding from the Canada-Ontario Affordable Housing Program.



### 3. Provide Housing Market Information to

**Developers:** The type of market intelligence as contained within this Report could be very valuable to potential developers who may be interested in providing individual homes or small residential developments. This report and any required ancillary information should be made available to the development community.

### 4. Residential Development as Part of Waterfront Development Strategy:

This analysis shows that there is a market for the kind of upscale residential market development proposed for the Waterfront Development Strategy currently being developed for the Township, over likely the next 10 to 20 year period. Given that this is within the time frame anticipated for the roll-out of the development plan, residential development should be considered to be an integral part of the plan.

*In this context it is worth noting that the North West LHIN (Local Health Integration Network), which strongly supports the need for affordable and assisted housing projects throughout the region, has forecast an increase of 82% of the 65 to 74 age population by 2030, and 62% in the 75 and older bracket over the same time period (Source: NWLHIN Environmental Scan, 2010).*



