

## Petramala Research Inc.

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343 Shaw Street · Toronto, Ontario M6J 2X1 · [diana@dpeconomics.ca](mailto:diana@dpeconomics.ca) · 416.562.7823  
Date: May 30, 2025

Christina Thomas  
Manager  
Growth Planning Unit  
Ministry of Municipal Affairs and Housing  
777 Bay St, 13<sup>th</sup> Floor  
Toronto, ON M7A 2J83  
[christina.thomas@ontario.ca](mailto:christina.thomas@ontario.ca)

**Subject - Comments on the Proposed Updates to the Projection Methodology Guideline to Support Implementation of PPS, 2024**  
**ERO Number: 025-0844**

**Date:** October 10, 2025

**Dear Ms. Thomas**

I appreciate the opportunity to comment on the Proposed Updates to the Projection Methodology Guideline, ERO #025-0844, intended to support implementation of the PPS, 2024. As a Professional Land Economist and economic consultant, I have supported numerous development applications and appeals across Ontario using land needs assessments. My comments are intended to strengthen the technical basis for the methodology and ensure that it better reflects real demand, improves accuracy, and supports provincial goals for housing, affordability, and efficient land use.

I intend to comment on the following aspects of the proposed methodology:

- The way in which the population by age are being calculated;
- The way in which household demand is being calculated; and
- The timing of updates.

***Comment 1: The population by age cohort methodology may underestimate young households***

An aspect of municipal land needs methodologies and growth management studies that is often overlooked is how population is translated into housing need. Municipalities will use the annual population estimates to forecast population. However, the housing units needed are often reflective of the latest census of population data. The math usually assumes that any undercount in the population does not result in an undercount in housing units. Rather, household size is expected to be higher than that realized in the census.

Statistics Canada has begun releasing annual household estimates, and we now know that there is also an undercount in the number of households in the census data.

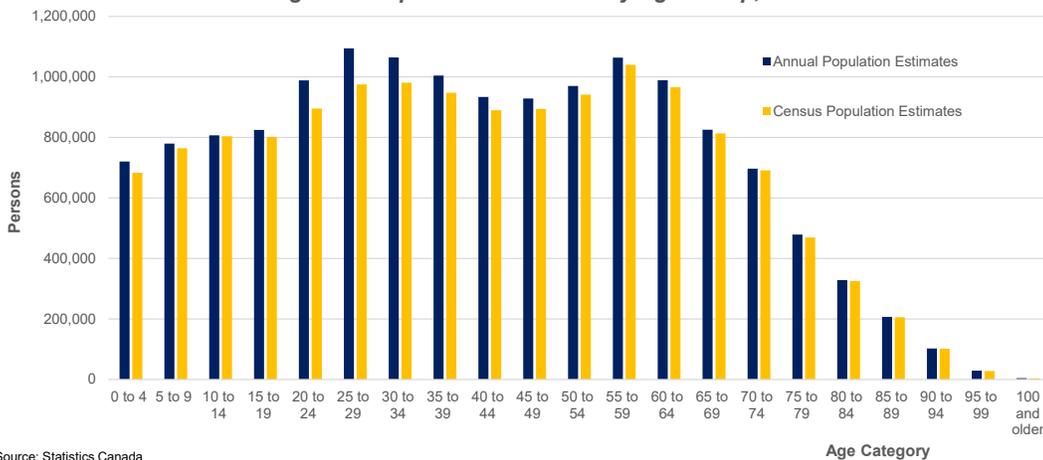
I do believe that your new proposed methodology supports a shift to account for undercounts in households and I applaud this. However, your methodology to forecast population by age, may result in an undercount in the number of young households.

The proposed methodology requires first the overall (all ages) population to be forecast using the Ministry of Finance projections; then second to apply the share or growth factor from the Census to the overall population projection.

Figure 1 shows population estimates, both from the annual population estimates and the census, for the year 2021 by age group. Figure 2 further shows the differences in population estimates by age group for the two data sets. You can see the 2021 census undercounted the population in the 20-39 age groups by the most. The overall undercount was 4.1% in 2021 for Ontario, but 10% for those 20-29 and almost 7% for those 30-39%.

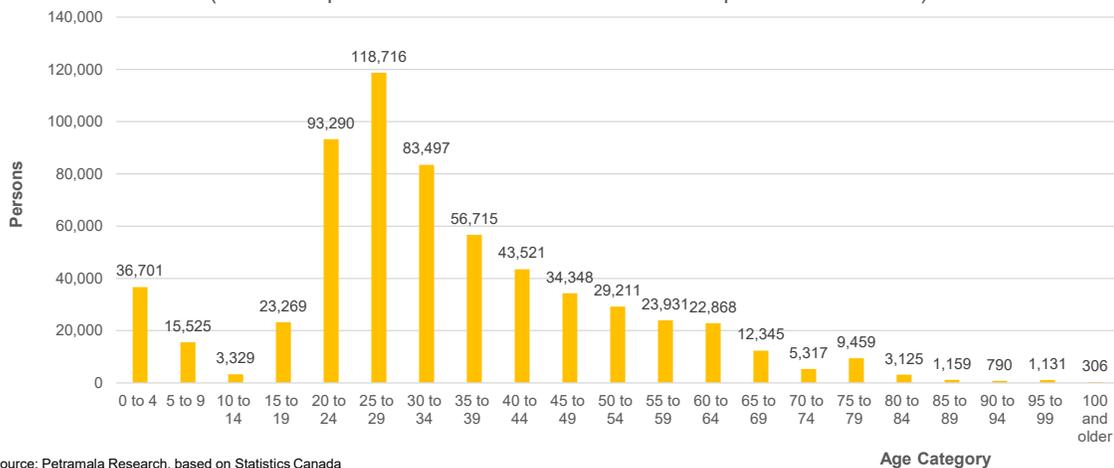
When you compare shares of the population by age group, you might be inclined to argue that the shares don't differ that much. However, these figures show that it is enough to undercount households at the start of their housing lifecycle by a significant amount.

Figure 1: Population Estimates by Age Group, 2021



Source: Statistics Canada

Figure 2: Difference in Population Estimates by Age Group, 2021 (Annual Population Estimates less Census of Population Estimates)



Source: Petramala Research, based on Statistics Canada

The Ministry of Finance produces population projections by age by census division. To better translate their forecast into housing demand and to improve the accuracy of young household forecasts, I recommend the following alternative methodology:

**Step 1:** Extract the age cohort distribution (by 5-year groups) for the lower-tier municipality from the latest census, establishing its share of the census division population by age.

**Step 2:** Apply those shares to the Ministry of Finance's population by age forecasts for the census division to allocate growth to the municipality.

**Step 3 (optional):** Adjust those shares over time to reflect historical trends in internal and external migration.

This approach helps to correct for census undercounts among younger adults and captures local demographic shifts, resulting in more robust estimates of future household formation and housing demand.

## ***Comment 2: The Methodology should allow for changes in headship rates***

Once the population forecast by age is complete, the methodology would require translating this into households by applying headship rates (percent of population that would be a household maintainer) by age cohort calculated from the census data.

Page 17 of the methodology states that “in general, municipalities should assume that household formation rates by age will not vary significantly from those in the latest census.”

However, page 18 further states that “municipalities should consider suppressed households”, without providing any guidance on how to do this. Suppressed households are those that would like to have their own household, but are held back from doing so due to lack of supply, affordability and other external constraints.

If there are suppressed households, this would show up as a headship rate that is lower than would have been the case. In essence, using headship rates from the latest census would ensure you are reinforcing “suppressed households” in your land needs methodology.

For example, consider the 2021 Census data. The Census was taken during the pandemic, which had caused lots of temporary demographic shifts. More young people stayed at home, than would have been the case had the pandemic not happened. Holding headship rates constant at 2021 would not account for this temporary shift in headship rates caused by an extraordinary event. Nor, would it allow for the calculation that some of that pent-up demand would be released.

A recent Parliamentary Budget Officer report titled “Household Formation and the Housing Stock” identified that suppressed households from 2021 were unleashing demand in 2023, but housing stock was not keeping pace. The report highlights the importance of the use of headship rates in determining and measuring suppressed households<sup>1</sup>.

I recommend adjusting the methodology to allow or require municipalities to:

- Analyze historical trends in headship rates to determine a plausible future rate;
- Develop alternative scenarios (e.g. “recovery to 2001 or 2016 levels”) for younger age cohorts, should it be appropriate;
- Include a sensitivity analysis that quantifies the impact of different headship rate trajectories on land need; and
- Justify any adjustments based on local housing market conditions, affordability, migration, and demographic trends.

This will help ensure that the methodology does not perpetuate under-accounting of housing needs.

## **Comment 3: Producing updated forecasts along with Official Plan Updates makes sense, however, more frequent monitoring should be required**

I agree that the population and housing needs forecasts are better done along with the official plan forecasts. However, I do think that municipalities should be required to monitor how they are doing relative to their forecasts on an annual. Population forecasts are just forecasts, and have been revised quite frequently in the last few years. A system for monitoring progress and housing outcomes may provide some flexibility when changes to the plan are needed.

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<sup>1</sup>[Caroline Nicol; Zachary Vrhovsek](https://www.pbo-dpb.ca/en/publications/RP-2425-001-S--household-formation-housing-stock--formation-menages-stock-logements), “Household Formation and the Housing Stock” April 2024, Special Report written for the Parliamentary Budget Officer. Accessed: <https://www.pbo-dpb.ca/en/publications/RP-2425-001-S--household-formation-housing-stock--formation-menages-stock-logements>

## **Conclusion**

Thank you for taking the time to read this submission. Undercounting housing need will lead to a lack of available supply of housing, worsening housing affordability. I do believe this methodology is a step in the right direction. However, I do believe that the minor tweaks recommended in this submission will improve the methodology greatly.

A handwritten signature in black ink, reading "D Petramala". The signature is written in a cursive style with a large, stylized initial "D".

Diana Petramala, MABE, PLE  
President, Petramala Research Inc.