

Up or out: Population growth, housing supply, and land use on PEI

Presentation by Matt Pelletier to FPEIM's Semi-Annual Meeting

October 14, 2023

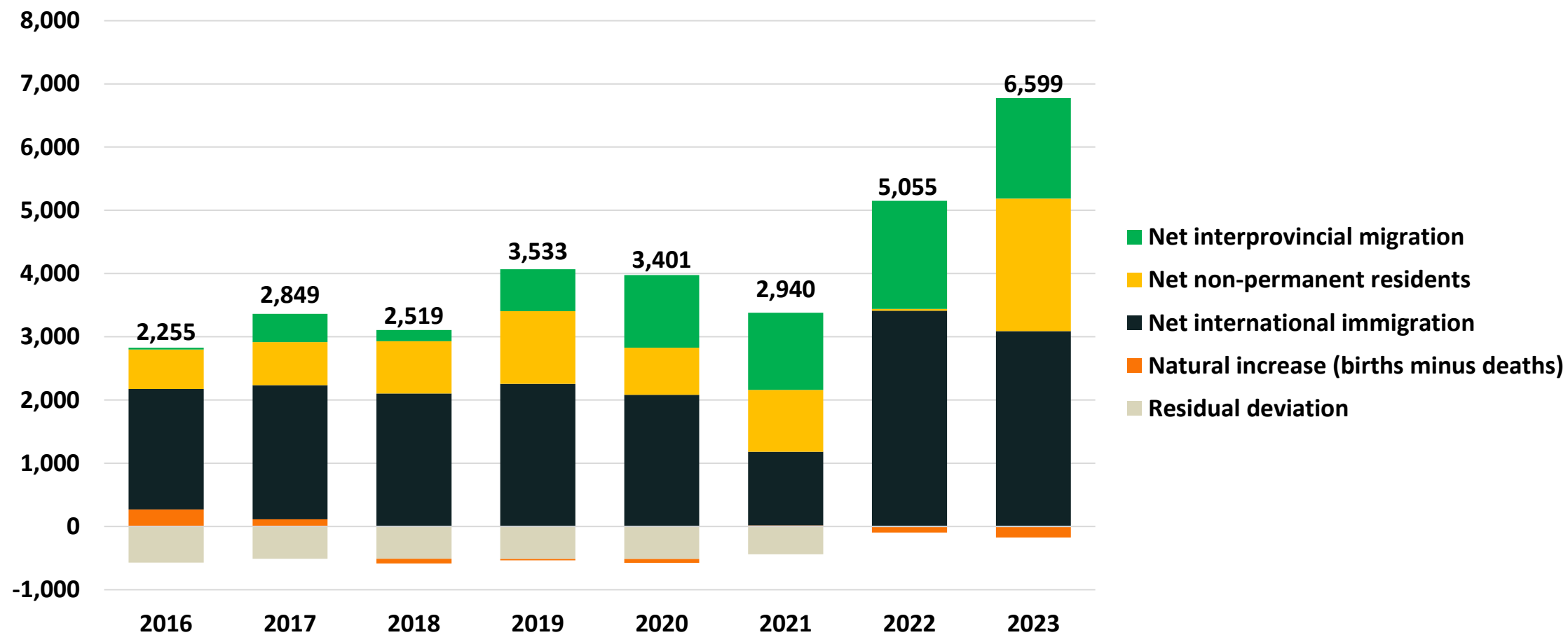
Outline

1. Opportunities and challenges of a rapidly growing province
2. Link to housing supply
3. Land use implications

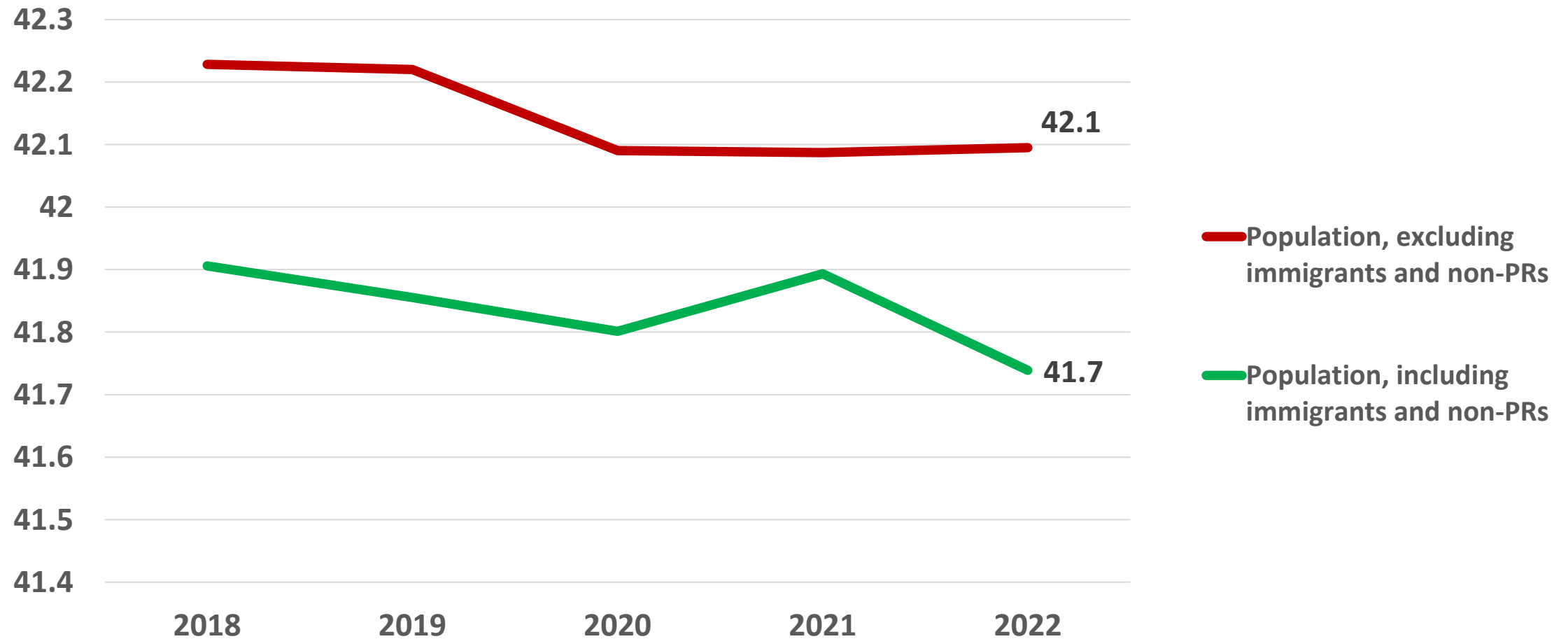
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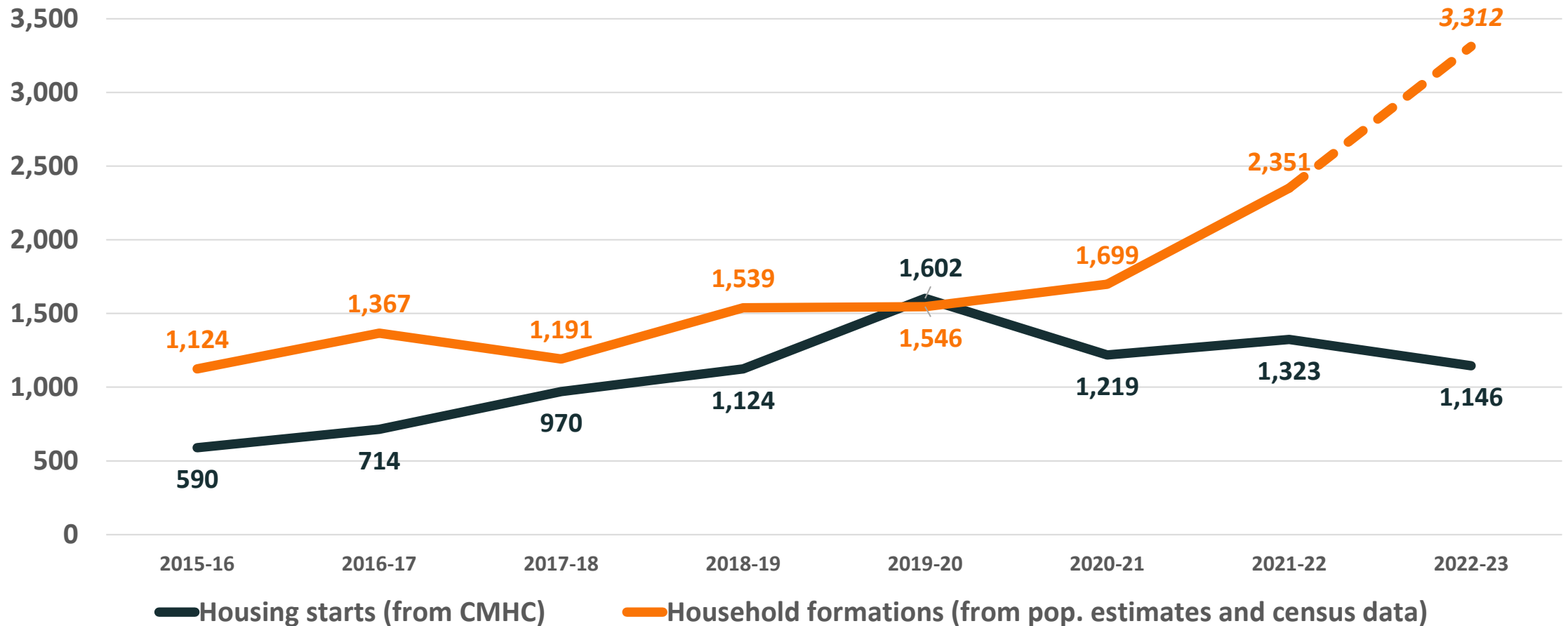
Components of population growth, 2016 to 2023



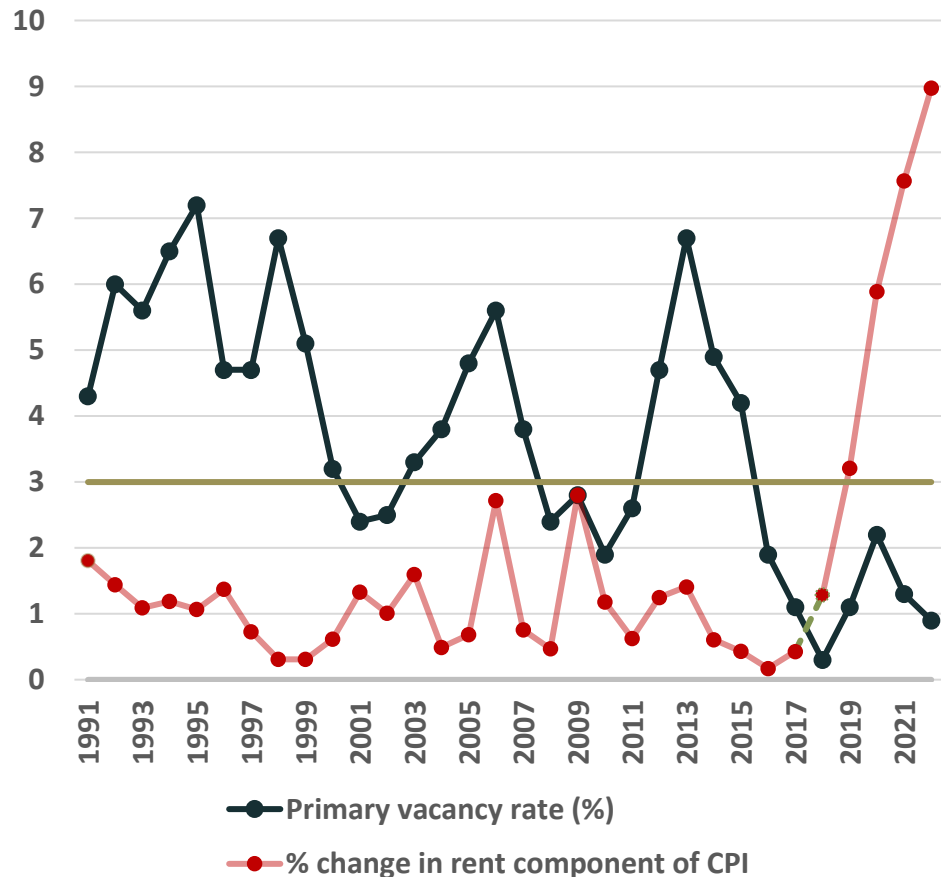
Weighted average age of PEI (with vs. without newcomers), 2018 to 2022



Housing starts and household formations by year (as of July 1st)



PEI's rental market: Vacancy rate vs. yearly growth in rent, 1991-2022



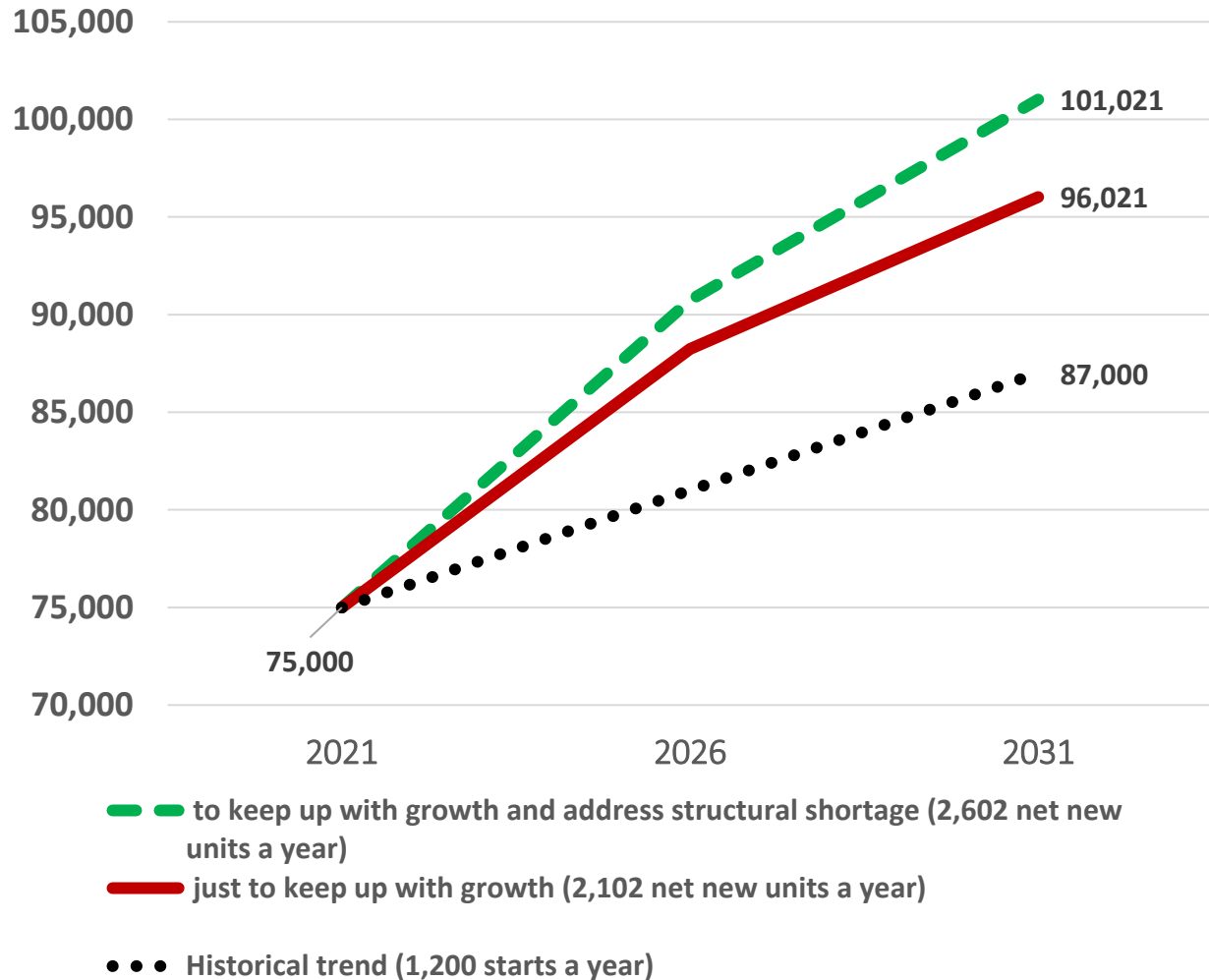
In October 2022, PEI's primary rental vacancy rate fell to 0.9% while rental costs grew by 9%*

A rental market generally requires a **vacancy rate of at least 3%** to stabilize rents as it indicates an acceptable supply of rental units.

PEI's vacancy rate has not exceeded 3% since 2015.

* The rent CPI methodology changed from January 2019 onward, making it difficult to compare historical rent growth (1991 – 2018) to the current trajectory (2019 – onward)

By 2031, how much does PEI's housing stock need to grow by...

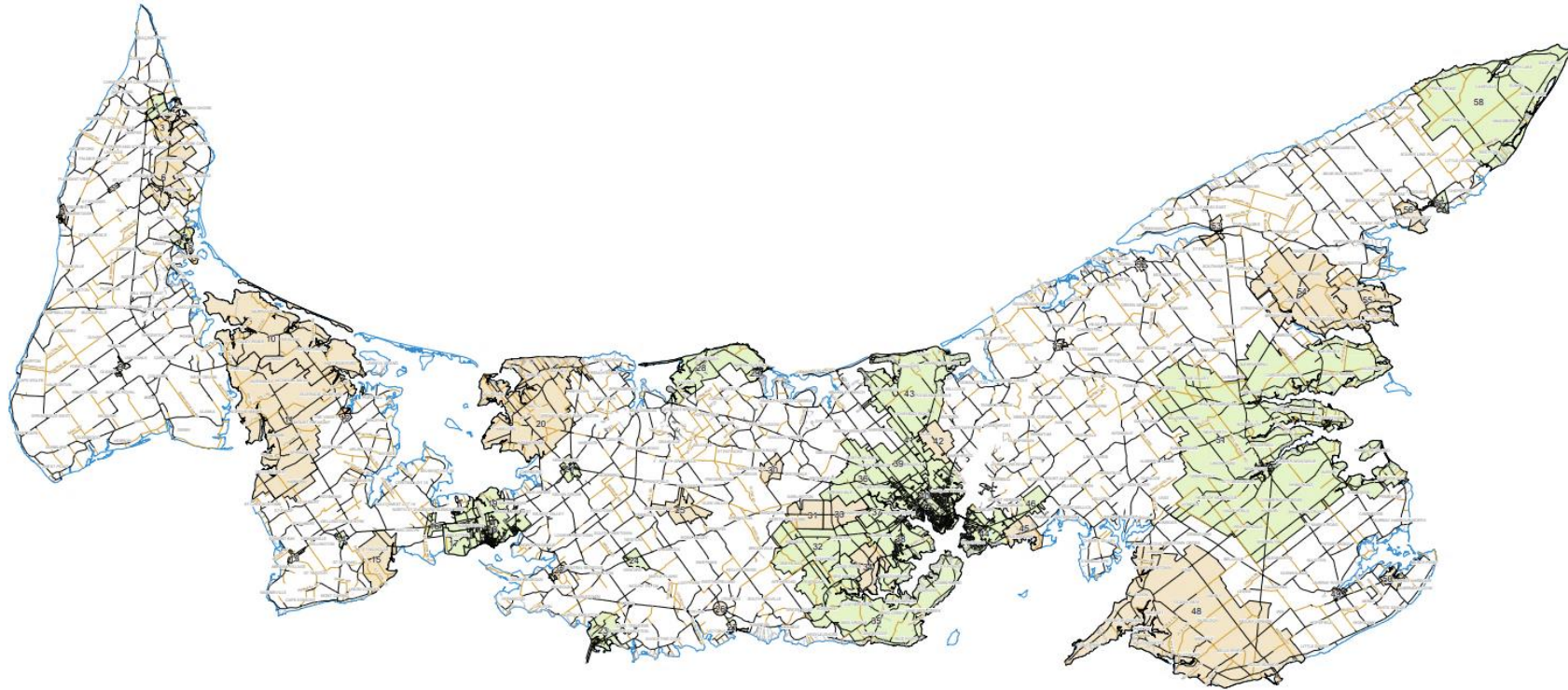


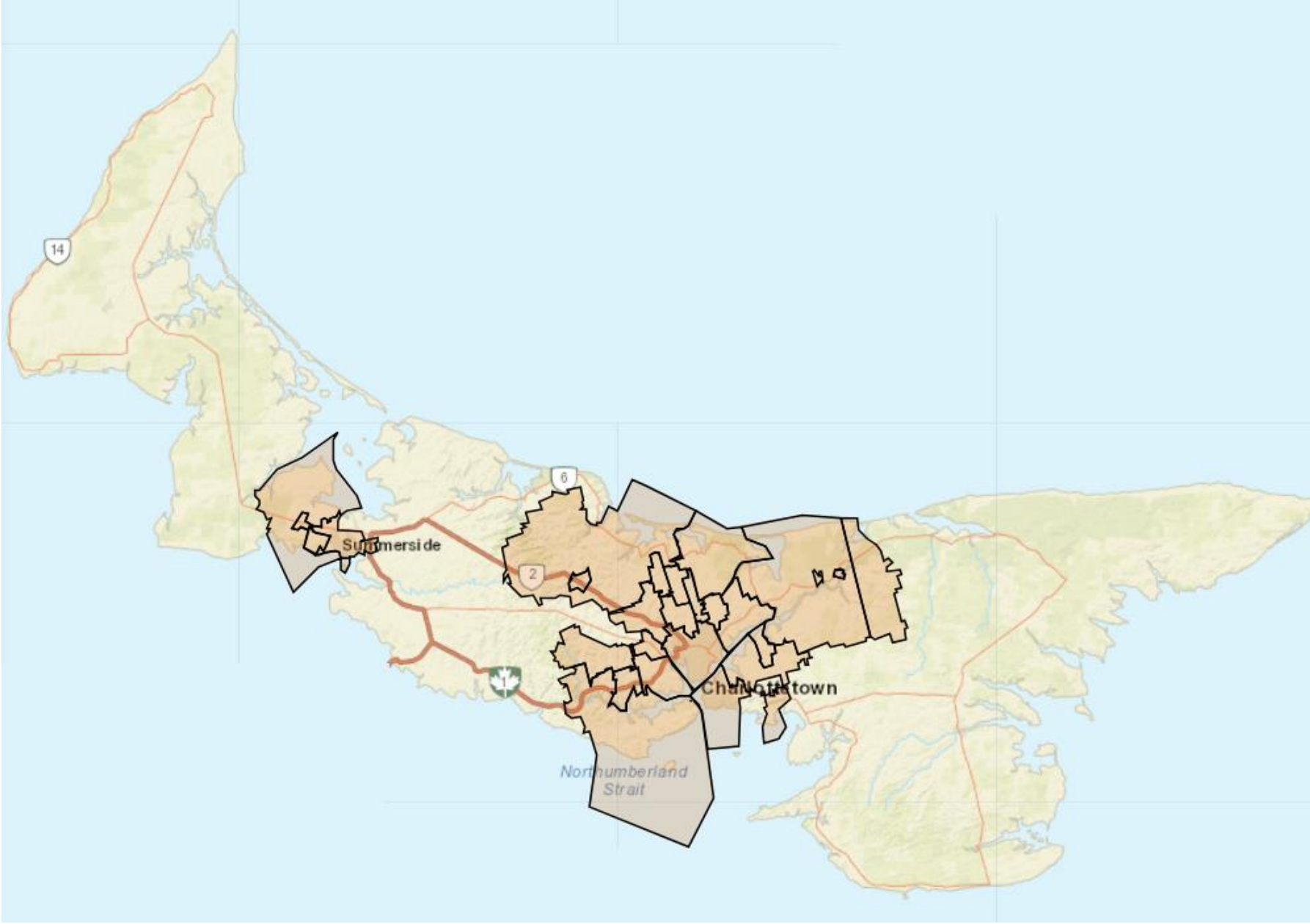
The Island's population will surpass 200,000 before 2031. Based on current household formation rates, this will result in **over 21,000 new households**.

To address to keep up with growth and address the entirety of PEI's housing shortage, the Island must see **up to 2,600 housing starts a year** by 2031.

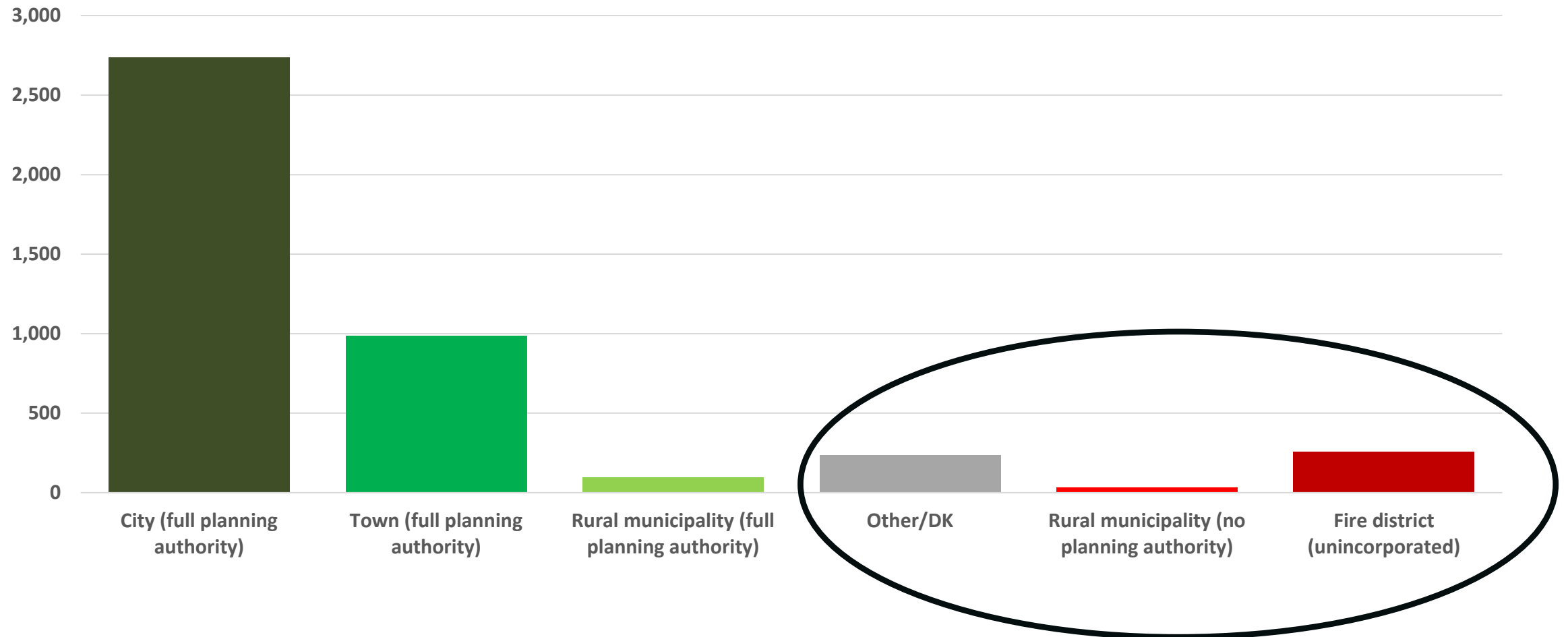
Based on the trend from last year's output (1,200 housing starts), **PEI's housing shortage will continue to widen** by 2031.

Build more – but where?

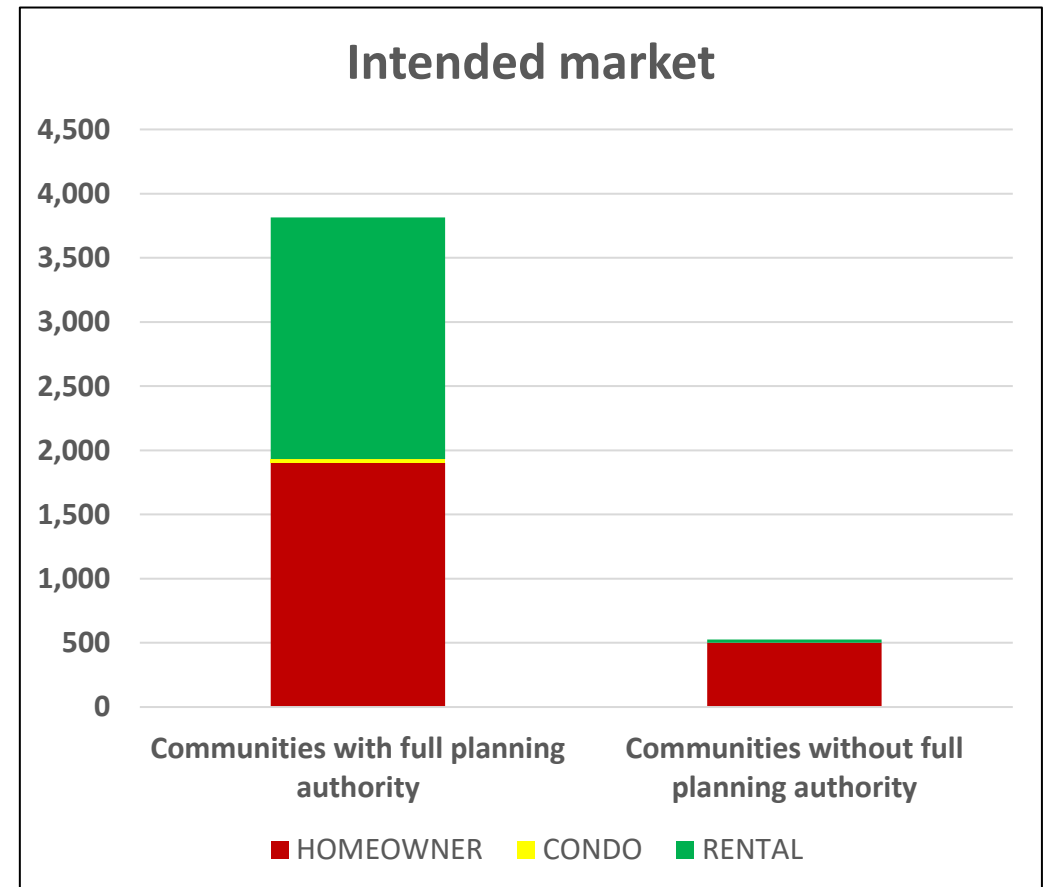
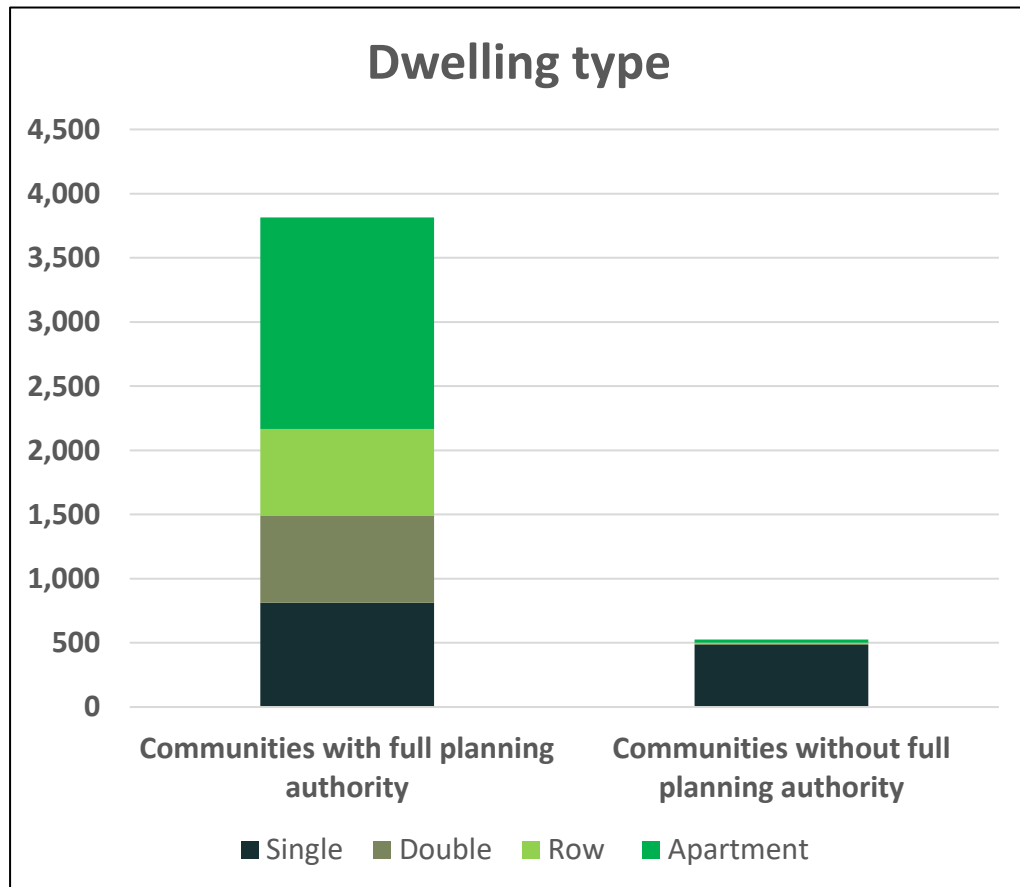




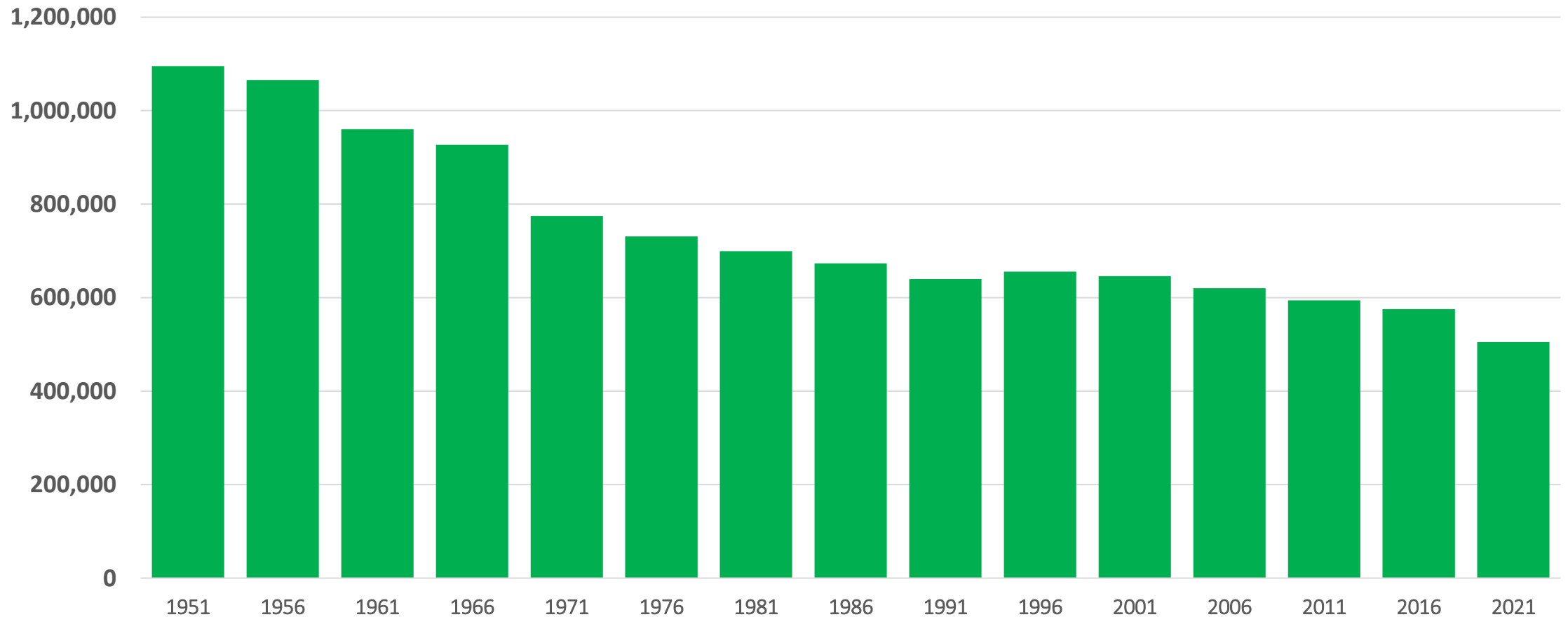
Housing starts in the Charlottetown and Summerside areas, by community type, Q1 2019 to Q2 2023



Housing starts in the Charlottetown and Summerside areas by dwelling type, market type, and planning area, 2019-2023



Total farm area (acres), PEI, 1951-2021



What can the federal government do?

- ✓ Eliminate GST on purpose-built rental construction
- ✓ Foster cooperation between Ottawa and planning-area municipalities through the Housing Accelerator Fund
- **Improve programs and incentives** for market and non-market developers (low-cost financing, acquisition funds, etc.)
- **Expand CMHC funding eligibility** to university and college dorms
- Create pathways for **construction trade skills migration** to PEI and the rest of Canada

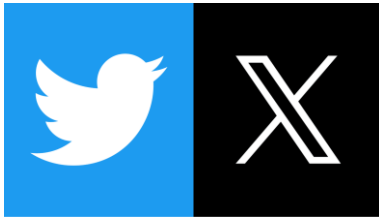
What can the province do?

- ✓ Matching the federal elimination of GST on purpose-built rentals
- ✓ Housing Challenge Fund/Housing Development Challenge
- **Island-wide land use strategy (ASAP!)** and elimination of unincorporated areas
- **Moratoriums on greenfield development** in areas without official plans.
- **Targeted infrastructure funding to support up-zoning** in PEI's current and future population centres
- Linking land use policy with transportation policy (and vice versa!)
- **Limitations on nuisance appeals** against new housing in urban centres
- And much more...

What can individual municipalities do?

- ✓ **Plan proactively for growth and density** (Charlottetown's draft official plan, Summerside's housing task force, Shape Stratford)
- **Allow more dwelling types as-of-right**, especially at the centre of the community.
- **Go above and beyond** provincial land use requirements to promote sustainability (extended buffers, reduced parking requirements in corridors, etc.)
- **Success stories:** Showcase partnerships and projects to MLAs and MPs!

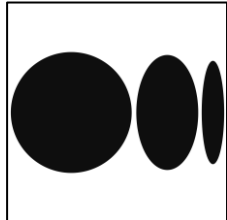
Thank you!



@MattJPelletier



www.linkedin.com/in/matthewjpelletier/



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