

# Workforce Housing & Labor Market Opportunities in 2023



Today, attracting new workers to our community and housing these essential workers is a significant challenge for the commercial industrial sector. Eastern Ontario's economy is strong and growing. Employment trends, wage growth and productivity all signal that Eastern Ontario is moving in the right direction. Manufacturing is the backbone of this economy and is an important contributor to the regional commercial industrial tax base that supports the social welfare net and our general prosperity.

In the first quarter of 2022, the St Lawrence Corridor Economic Development Commission took on the emerging labour force and housing challenge as a key priority. Why? Since the pandemic, housing has had a direct negative effect on the workforce. Housing is unfortunately generally unaffordable, unsuitable and often unavailable to essential workers. Not enough homes are currently being built and this is most true for low and moderate - income people; making it increasingly difficult for employers to recruit and retain employees.

As a result of the situation, the Corridor created an Industrial Leadership Task Force made up of 12 major employers. The Task force has completed a number of strategic steps forward including:



**Developing regional labour force, housing & economic intelligence**



**Created a labour force survey designed for major manufacturing employers**



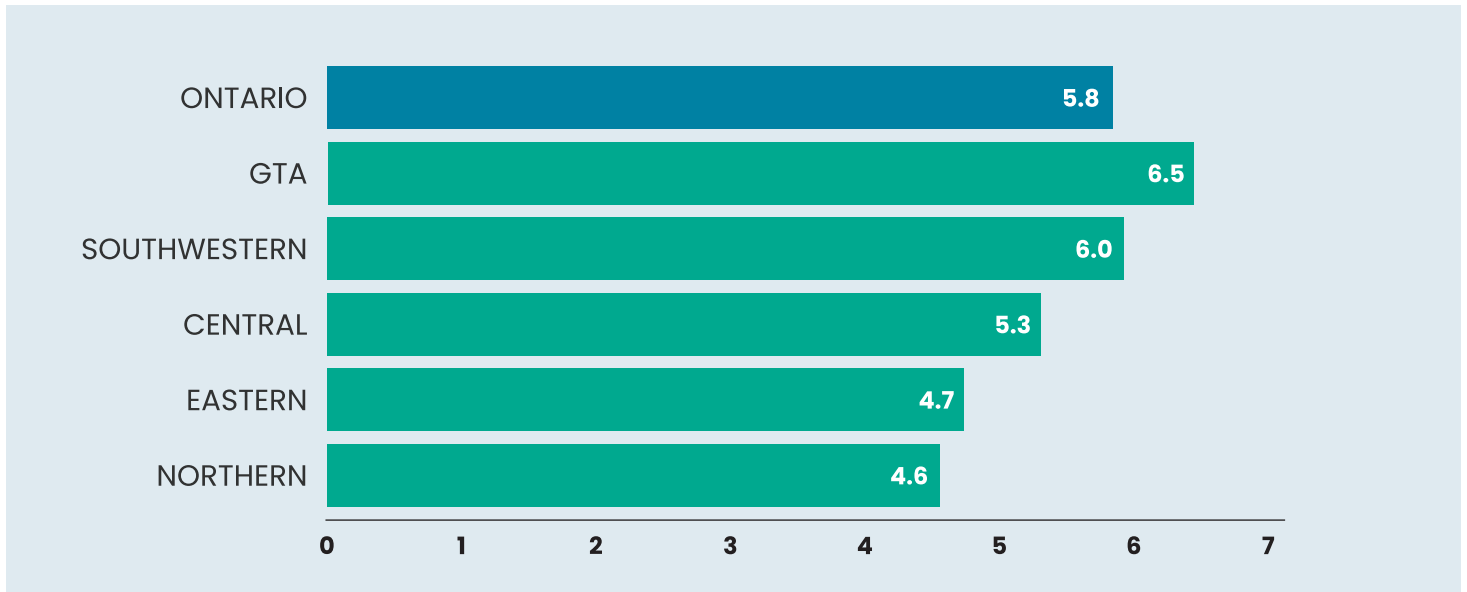
**Identifying inter-provincial migration patterns**



**Situational analysis of regional current state home building & multi-residential development**

## UNEMPLOYMENT RATES IN ONTARIO

2022 Q4



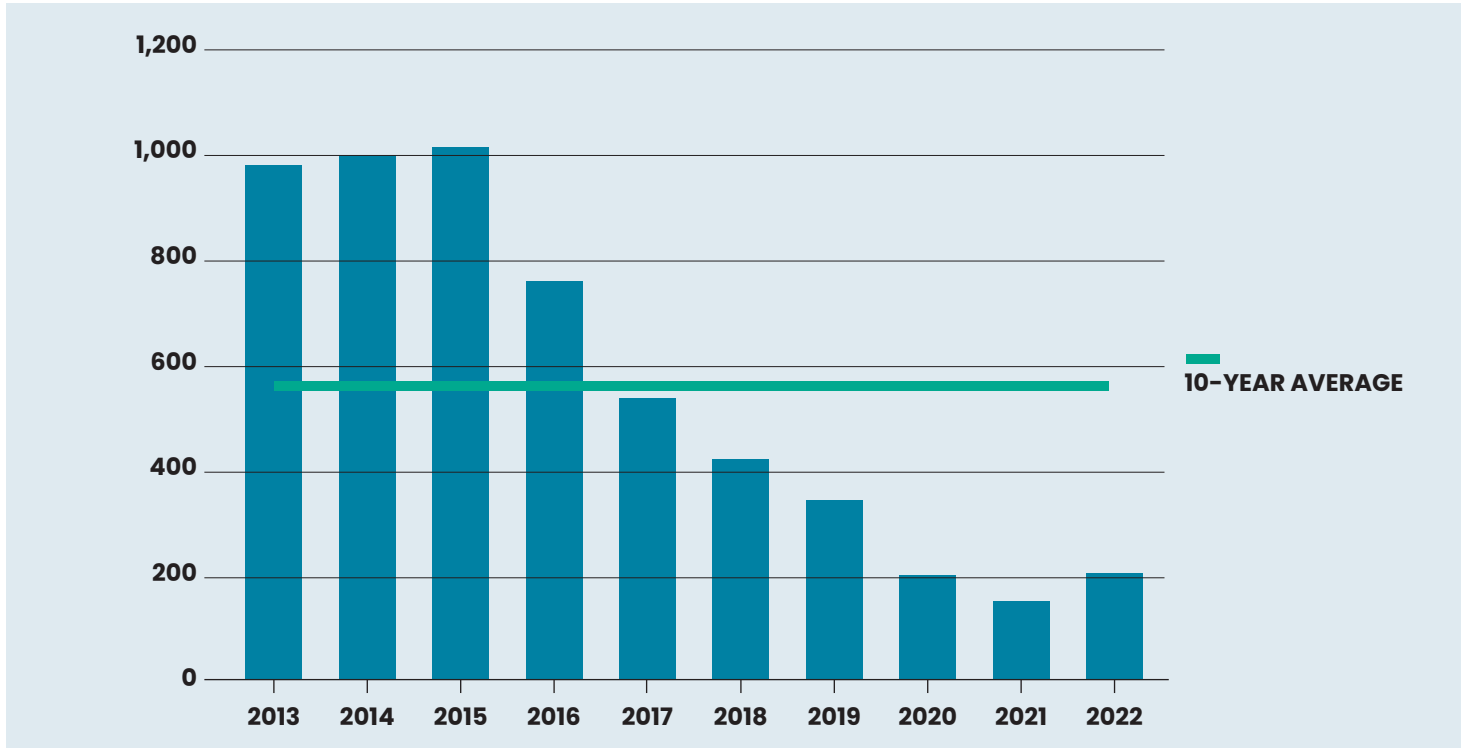
Our labour force analysis highlights a full-employment economy. Typically, this would be a good news story – but has a negative double edge. Why is this a negative? Our major manufacturing employers are scaling up and growing fast. These firms are key for our collective prosperity as they represent many “homegrown” companies that have head offices here in Brockville and environs. These companies hire production workers, tradespeople and professional services employees and contract to other professional services firms locally. For years they have not been able to reach capacity simply because they can’t find workers.

Both our survey and our Task Force identified labour pool tightening and lack of housing as their largest collective constraint to growth and largest single business threat. Moreover, the survey revealed over 500 open manufacturing jobs locally. This complicated with large new manufacturing firms entering the market creates an immediate need for over 700 workers across our region.

Today, employers “steal” workers from each other in this shallow labour pool. This situation renders firms less competitive and down regulates productivity as they expend resources hiring and training rather than investing in enhancing productivity and expanding facilities.

Other jurisdictions in Ontario are experiencing more severe constraints. The County of Perth –Wellington in southwestern Ontario is bussing in full-time workers from Toronto on a daily basis – simply to keep manufacturing businesses open. Supporting new housing development is an essential ingredient in solving the labour force challenge. Our industrial leaders understand that building community, and improving lives requires affordable housing for the middle class.

## RESIDENTIAL INVENTORY REMAINS AT HISTORIC LOWS



SOURCE: THE CANADIAN REAL ESTATE ASSOCIATION

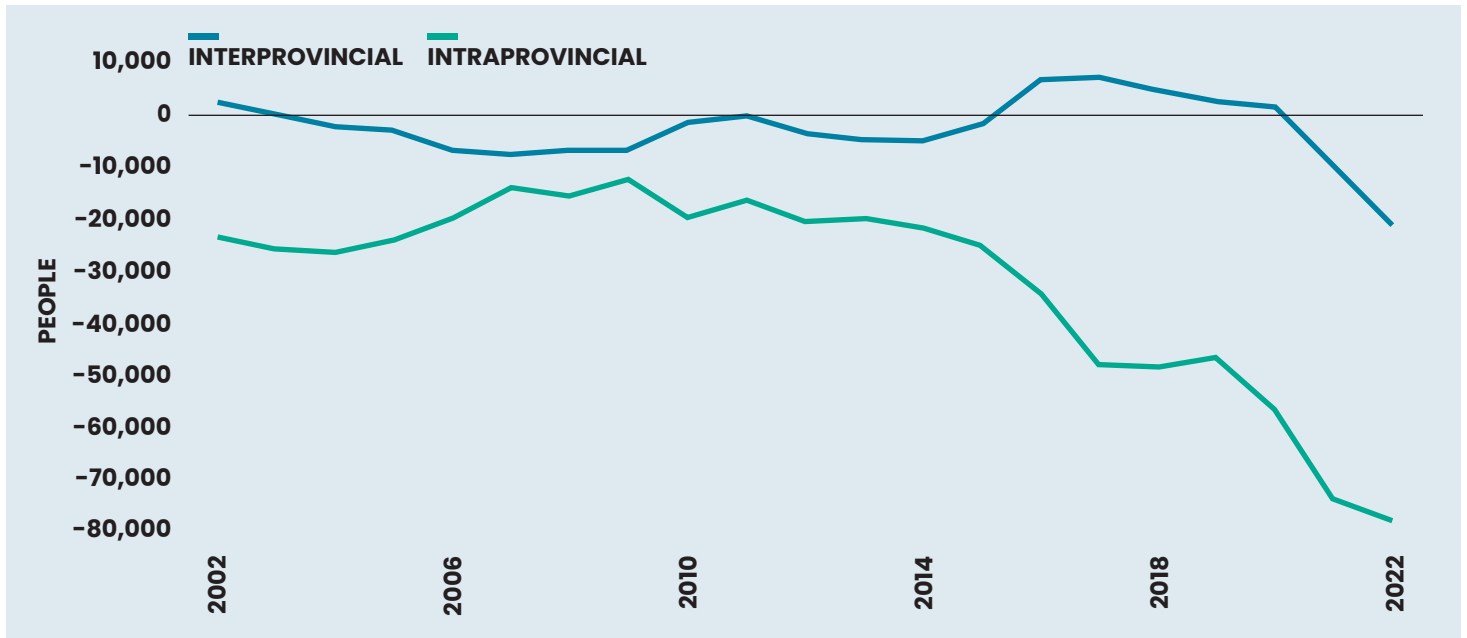
Post pandemic migration patterns are aligned with our regional needs. Families are leaving the GTA and represent a potential expansion of our labour market. They are looking east and driving until they qualify (for a mortgage). Likewise, our own recent graduates are looking to start a new life, get a job and find a place to call home.

Unfortunately, there is a historic low in residential home inventory. This reality is even more acute in terms of “workforce housing”. Workforce housing typically refers to households that fall within a specific income range, and is meant to capture the needs of households who earn above thresholds for traditional social housing programs, yet still struggle to find suitable accommodation within their budget.

Housing that is dedicated for certain groups of workers is often a subset of workforce housing. The Urban Land Institute defines Workforce Housing as a unit that is affordable for households earning between 60% to 120% of area median income (AMI). Our manufacturing sector employer’s family incomes are on average between \$70,000-\$95,000. To meet their needs housing costs must remain below \$1800 a month.

We have opportunities for people to find good jobs—with security and benefits— marketing these opportunities with the promise of a nice place to live is a winning value proposition and a competitive advantage.

## GTA RESIDENTS ARE LEAVING IN RECORD VOLUMES & HEADING EAST



The St. Lawrence Corridor Economic Development Commission Task Force on Labour Market and Residential Housing Development has been collaborating with home builders, investors and sector leaders developing a horizontal analysis and a solution matrix. In the first 2 quarters of 2023, we will be communicating our findings and collaborating with our municipal partners and leaders to highlight strategic options and potential action plans.

In order to continue to grow and prosper, we need to attract new employees to supply our manufacturing sector with skilled essential workers – for this to be realized we need more housing quickly. Competing in a global environment requires, we as a community, to adjust to new conditions and challenges quicker than other communities. We are fortunate to have a group of industry leaders that have grown world-class business that are engaged in and committed to this community. Interested in collaborating with one another to take on this common challenge, they are also willing to invest in new housing solutions individually and collectively-while cooperating with developers, home builders, investors and municipal leaders. No doubt cooperation will underwrite our success.

Given the interconnected nature of the housing market, adding a new supply of housing will relieve pressure across the entire spectrum of home seekers. To be sure, new models and new approaches always create new challenges. We need to prioritize the end user, with designs that make sense economically and socially. Each individual development scenario will inform whether time-constrained rental, long-term rental or affordable ownership options best meet their needs. Prioritizing workers' voices will help produce better housing options. Housing development is the top priority of the industrial commercial sector, lost opportunities to build will cost jobs and mitigate local business expansion.

Decades of under-building housing have created a vicious cycle – homeowners don't want to see new development, investors benefit more from hoarding limited supply than creating new supply, and large metropolitan areas watch housing costs increase until it's too late and their economies start bleeding residents. The new normal, a world in which affordable housing is scarce and where people look to small towns and rural areas for a better life coupled with the flexibility of emerging remote work, is one in which we can use affordable housing as a primary economic development tool.

This is a period of unprecedented moment of promise. For all the mindshare that has been spent trying to attract the biggest and best corporations, we can leverage another much more straightforward economic development unlock: providing workers across the economic spectrum with places they can afford to live.

**Charlie Mignault**

Commissioner

St. Lawrence Corridor Economic Development Commission

**Shelley Bacon**

Board Chair

St. Lawrence Corridor Economic Development Commission