



REGIONAL INTEGRATION

Methodology

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1 OVERVIEW

Regional integration accounts for latent housing demand from surrounding communities that may not be accommodated locally and could therefore seek to be met within the subject municipality. It reflects the role of the subject CSD within a broader functional housing market area.

The calculation can be briefly summarized as follows: if Place A has lower unaffordability than Place B, but 35% or more of its outflow of workers are traveling to Place B, it is determined that there is a demand for Place A residents to live in Place B, should market dynamics permit it.

2 POTENTIAL INWARD INFLUENCE

Commuter flow relationships between communities are derived from Statistics Canada's 2021 Census commuting tables (Tables 98-10-0459 and 98-10-0462), which record the number of workers by residence and place of work at the census subdivision level. These flows are used to identify communities that have a functional economic relationship with the subject CSD; specifically, communities whose residents commute to the subject area for employment.

Commuting data used

Statistics Canada data table	Description
98-10-0462	Commuting destination by main mode of commuting, age and gender: Canada, provinces and territories, census divisions and census subdivisions
98-10-0459	Commuting flow from geography of residence to geography of work by gender: Census subdivisions
98-10-0624	Population groups by shelter-cost-to-income ratio groups and core housing need: Canada, provinces and territories, census divisions and census subdivisions
98-10-0002	Population and dwelling counts: Canada and census subdivisions (municipalities)

Housing affordability pressure in each community is measured using the Shelter-Cost-to-Income Ratio (STIR) derived from Statistics Canada Table 98-10-0624. For each CSD, the proportion of households spending 30% or more of gross income on shelter costs is calculated for owner-occupiers (with and without mortgage), with Census Division (CD)-level averages used as a fallback where local estimates are unavailable or suppressed. Owners are solely considered to simulate the cost of housing and in understanding that renter data is subject to considerable suppression in many rural areas.

Latent housing demand from a surrounding community is estimated as follows:

- 1) For each commuter flow pair (a residence CSD and a work CSD), the outflow proportion is calculated as the share of all outbound commuters from the residence CSD travelling to each specific destination. Outflow proportions of at least 35% represent a notable economic relationship.
- 2) Where the destination CSD has a higher unaffordability rate than the origin CSD (i.e., workers are commuting toward a less affordable housing market), a latent demand factor is derived as the ratio of the affordability differential to the destination's unaffordability rate.

This factor captures the degree to which housing cost barriers in the destination may be suppressing residential relocation. Latent household demand from each origin CSD directed toward each destination is then:

$$\text{Latent HH} = \text{Total HH (origin)} \times \text{Latent demand factor} \times \text{Outflow proportion}$$

Age disaggregation of latent demand is performed by applying the age distribution of outbound commuters from each origin CSD (drawn from Table 98-10-0462 across six working-age cohorts – 15–24 through 65+) to the total latent household estimate for that community. Flows are then aggregated across all origin CSDs to produce a total latent inward demand profile by maintainer age group for the subject CSD.

While latent demand is calculated for all CSDs, only those where there is a notable economic relationship are considered for aggregation in determining inward demand.

3 POTENTIAL OUTWARD INFLUENCE

Where the subject CSD is likely to shed demand to neighbouring communities with more available or affordable housing, an outward influence estimate is calculated and deducted. This may reflect geographic, economic, or infrastructure factors that would direct some growth toward adjacent municipalities.

The process for outflows is the same as described in Section 2, with the perspective being instead about how many households living locally may wish to move elsewhere based on affordability and employment metrics.

4 HOUSEHOLD PROJECTIONS

Net regional influence is the difference between inward and outward flows. This net figure can be added to the baseline housing shortage.

To project future influence from regional integration, the model aggregates:

- 1) the projections of all inflowing CSDs, disaggregated by 5-year age group
- 2) the latent demand of each notable inflowing CSD by age group.

A headship rate can be then calculated between (1) and (2) to project what volume of the aggregated CSDs could potentially demand housing in the study area, based on anticipated shifts in age composition. A similar headship can be calculated for the study area, used to calculate the net difference between in and outflows.

Note that for every increase in local demand there must be a decrease (or vice versa), meaning that many communities may have negative net demand from regional integration. This does not mean said communities should expect everyone to move away. Instead, it signals that the community should be aware of what is occurring adjacent to them: if an adjacent urban centre is becoming increasingly expensive and its supply cannot match demand, it is very possible increases could occur locally.