

USE IT: OPTIMIZING MUNICIPAL DEVELOPMENT PIPELINES

A Review of the Need for and Implications of Prospective New “Use
It or Lose It” Policies in Ontario

February 2024



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or Lose It” Policies in Ontario

Prepared for:

BILD / OHBA



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ABOUT

Keleher Planning & Economic Consulting Inc. (KPEC)

Keleher Planning & Economic Consulting Inc. (KPEC) is operated by Daryl Keleher, MCIP, RPP, PLE, who is a Registered Professional Planner (RPP) and land economist with 20+ years of experience in the fields of urban planning, demographic research and economic consulting. KPEC's focus is areas where the fields of land use planning, urban economics and municipal finance overlap with City building. More information can be found at www.kpec.ca

Ontario Home Builders' Association (OHBA)

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 27 local associations across the province. The residential construction industry employs over 550,000 workers, paying \$38.8 billion in wages and contributing over \$80 billion in investment value to Ontario's economy (2022). Our members have the vital responsibility to build the housing supply that current Ontario residents are counting on at all stages of their lives and be the voice of future home buyers who want to call our province home. More Information can be found at www.ohba.ca

Building Industry and Land Development Association (BILD)

With more than 1,300 member companies, BILD is the voice of the home building, land development and professional renovation industry in the Greater Toronto Area. The building and renovation industry provides more than 230,000 jobs in the region and \$26.9 billion in investment value. BILD is proudly affiliated with the Ontario and Canadian Home Builders' Associations. More information can be found at www.bildgta.ca.

EXECUTIVE SUMMARY

Background

Keleher Planning & Economic Consulting Inc. (KPEC) was retained by BILD and OHBA to review the potential implications of prospective policy changes that may involve lands with full development approvals and servicing allocation losing planning approvals, building permits, and/or servicing allocation.

The Housing Affordability Task Force commissioned by the Province of Ontario produced a report dated February 2022 – the report contained numerous recommendations to accelerate progress in ‘closing the housing supply gap’ in Ontario. Recommendation #43 of the Housing Affordability Task Force is to:

Enable municipalities, subject to adverse external economic events, to withdraw infrastructure allocations from any permitted projects where construction has not been initiated within three years of building permits being issued.

The range of options or methods in which approvals or permissions (of various kinds) could be revoked, suspended, delayed, taxed, etc., are generally referred to as “use it or lose it” policies, referred to as “UIOLI” policies throughout this report.

UIOLI Shouldn’t Impact Municipal Consistency with PPS Requirements for Minimum Amounts of Supply

Within past and current Provincially-endorsed approaches to estimating land needs, numerous important concepts are incorporated to ensure that there is sufficient housing supply to meet demand for housing in Ontario, including:

- Minimum amounts of residential designated land at all times, including throughout periods of time between reviews of land needs and planning policies;
- That minimum amounts of supply are necessary to avoid shortages which increase land and housing costs;
- Need to account for anticipated unused housing through incorporating adjustments for demolition and vacancy in estimating housing needs or the amount of available supply;
- Need for incorporation of a market contingency factor to offset risk of shortages developing from unanticipated events such as changes in the economy, changes in the housing market, landowners unwilling or unable to proceed with development;

- Housing demand should be disaggregated by dwelling unit type and compared with available housing supply by dwelling unit type.

By requiring at least 3 years of zoned land with servicing capacity, the ability to accommodate a minimum of 15 years of projected residential growth through intensification and designated land, and sufficient land more generally for up to 25 years (or longer) of projected needs, the Provincial Policy Statement ‘bakes-in’ the need for an ample supply of land and potential housing that will not be developed in the short-term.

The imposition of an enhanced system of UIOLI, even if applied to older, stagnant approved developments, may in many municipalities, bring the available housing supply below (or further below for those already below) minimum PPS requirements for designated and available residential supply and land with serviced capacity.

UIOLI Exists Throughout Ontario’s Municipal Planning Process Providing Checks and Balances from Land Use Designation to Building Permit

There are numerous existing methods within Ontario’s planning system that prevent stagnant development projects with approvals and/or permits from occupying servicing allocation, with numerous checks and balances throughout the planning and development process, including:

- Expiration of building permits;
- Registered plans deemed to be not registered after eight (8) years;
- Lapsing draft plan approvals after no less than three (3) years;
- Expiration of servicing allocation; and
- Excess land provisions in the Growth Plan where there is a surplus of designated land relative to projected need.

Should the Province choose to bolster some of the existing methods in which supply is rationalized and confirmed as being active and optimizing the use of public infrastructure, a first principle should be to ensure that elimination of approved supply does not violate PPS requirements for minimum supply, that any loss of servicing allocation is redistributed to other potential residential supply, and that any redistribution of servicing allocation or approvals is redirected in a transparent, clear and objective process.

Existing Municipal Supply Estimates Overstate Shovel-Ready Supply – Getting Additional Data is Crucial to Avoid Unintended Consequences

Aggregated region-wide or Province-wide surpluses of potential housing supply need to be used with caution, as each municipality in Ontario will have planning forecasts and separate requirements under Provincial Policy to have sufficient supply of their own. A surplus in one municipality is unlikely to address shortfalls in another. Provincial policy requires each municipality to have minimum amounts of designated, zoned and/or serviced supply.

The majority of estimated housing supply in municipal inventories are from applications that have not yet received a decision, or have been refused and remain under appeal, or have been approved and are under appeal from third-party appellants. There are numerous prospective developments in Ontario with servicing allocation, but without hard infrastructure available to enable development.

Beyond a few exceptions, it is found that there is a significant lack of data available to properly assess whether there are issues with dormant approved supply, particularly those with servicing allocation. Data required to be supplied by municipalities should include enough detail that analysis can be undertaken to understand the scale, scope and orientation of any existing or emerging problems with unused servicing capacity in Ontario and each of its municipalities.

Findings

There are Numerous “Use it or Lose It” Checks and Balances Already Embedded in Ontario’s Planning System

The current system rationalizes, at various points in the planning process, the quantum of designated lands, the utilization of servicing allocation, the age of planning approvals, and the age of building permits. The production of housing in Ontario (as evident from data presented in Appendix A) is at 33-year highs, suggesting that any presumptions that landowners are unnecessarily holding back supply is inaccurate and not borne out by on-the-ground data.

More Data is Needed to Better Understand the Problem, but Issues Appear Oriented to Large-Lot Rural Supply and High-Density Urban Infill

There is a serious lack of data available from municipalities or the Province to adequately assess the scale and orientation of any issues related to stagnant approvals

or unused servicing capacity. More robust, mandatory data requirements would help researchers, planners, and policy makers understand the scale, scope and orientation of problems that may exist, or may emerge in the future.

Data made available from municipalities generally shows low proportions of estimated 'development pipelines' are in registered or draft approved developments with servicing allocation. The largest source of units in municipal pipeline estimates are in applications still requiring additional approvals, or municipal/OLT decisions.

Enhanced UIOLI Powers Need to Consider External Factors that May Hinder the Feasibility of Housing Development

A more strict time-based approval/permit/allocation expiry system ignores the evolving nature of markets that can make a once-feasible development type or form (residential or non-residential) significantly less marketable or feasible than when initially proposed.

The Housing Affordability Task Force recommended enabling municipalities to have the ability to withdraw servicing allocation from permitted projects included a caveat that the recommendation should be 'subject to adverse external economic events'. Given the effect that external factors can have on the ability to feasibly construct new housing, such as high interest rates, inflated construction costs and impaired availability of borrowing for builders and homebuyers, the Province should consider whether the timing of imposing more strict UIOLI policies may only serve to further impair the ability of prospective housing supply to be delivered.

Rather than punitively reducing the number of approved or permitted developments, or imposing fees and charges, the Province should be seeking to first understand 'why' approved supply may not be getting built on the same timelines or pace that municipalities expect. As noted by many municipalities, financial feasibility of construction is paramount to enable approved supply turning into built supply, but little analysis has been done to assess what municipal policies, processes, fees, charges or other requirements may do to the financial feasibility of projects.

Claims of Supply Being Withheld Ignores Amount of Development Activity Currently In-Progress

The notion that enhanced UIOLI powers are necessary on the presumption that home builders are withholding supply ignores that residential construction in Ontario is at a 33-year high, with housing completions reaching a 33-year high in 2023, and the over 164,000 units currently under construction also being a 33-year high.

Figure ES- 1

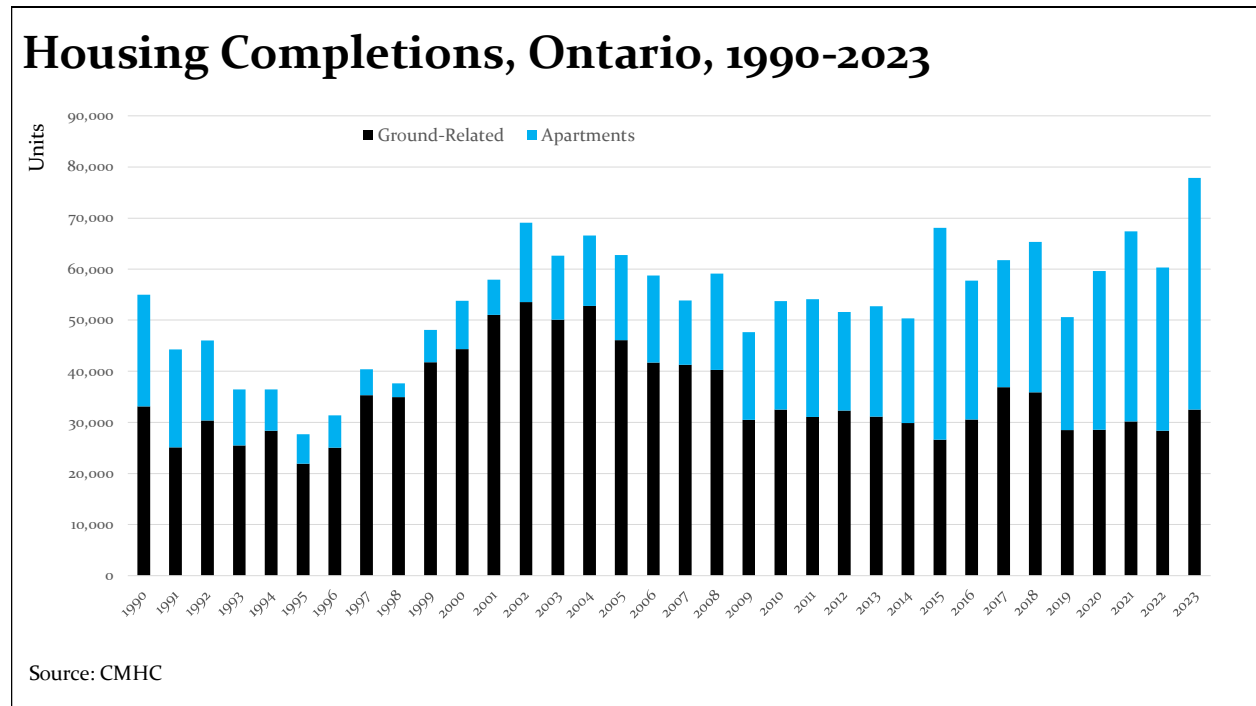


Figure ES- 2

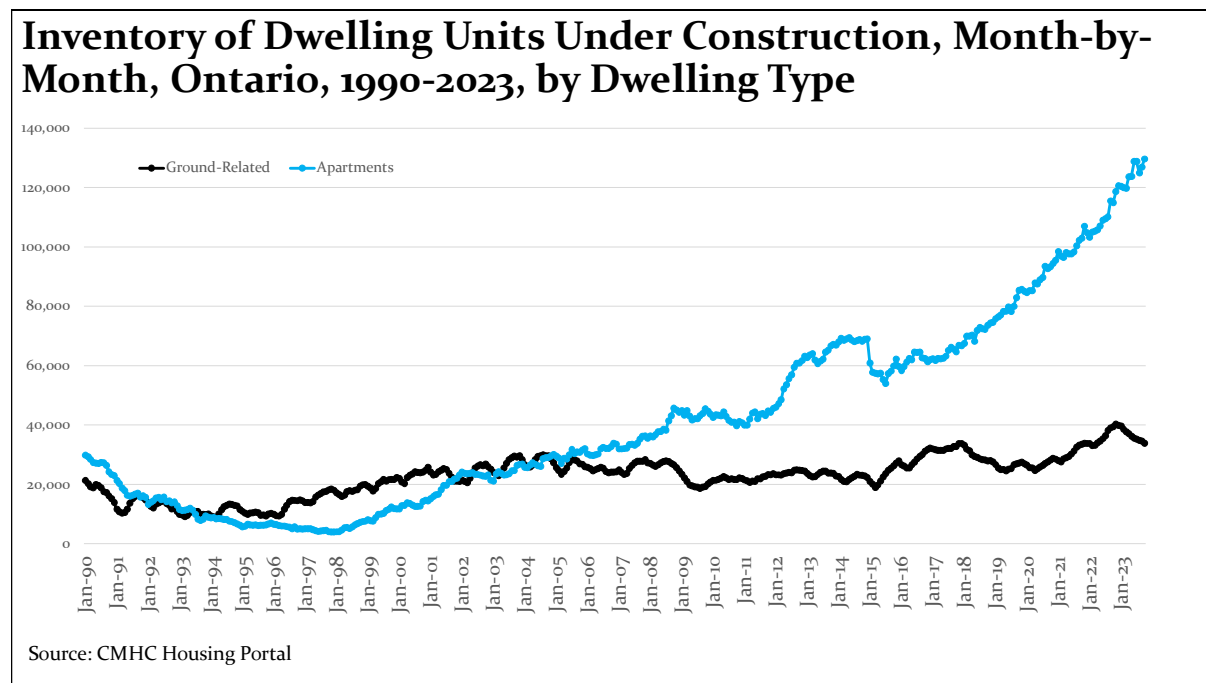
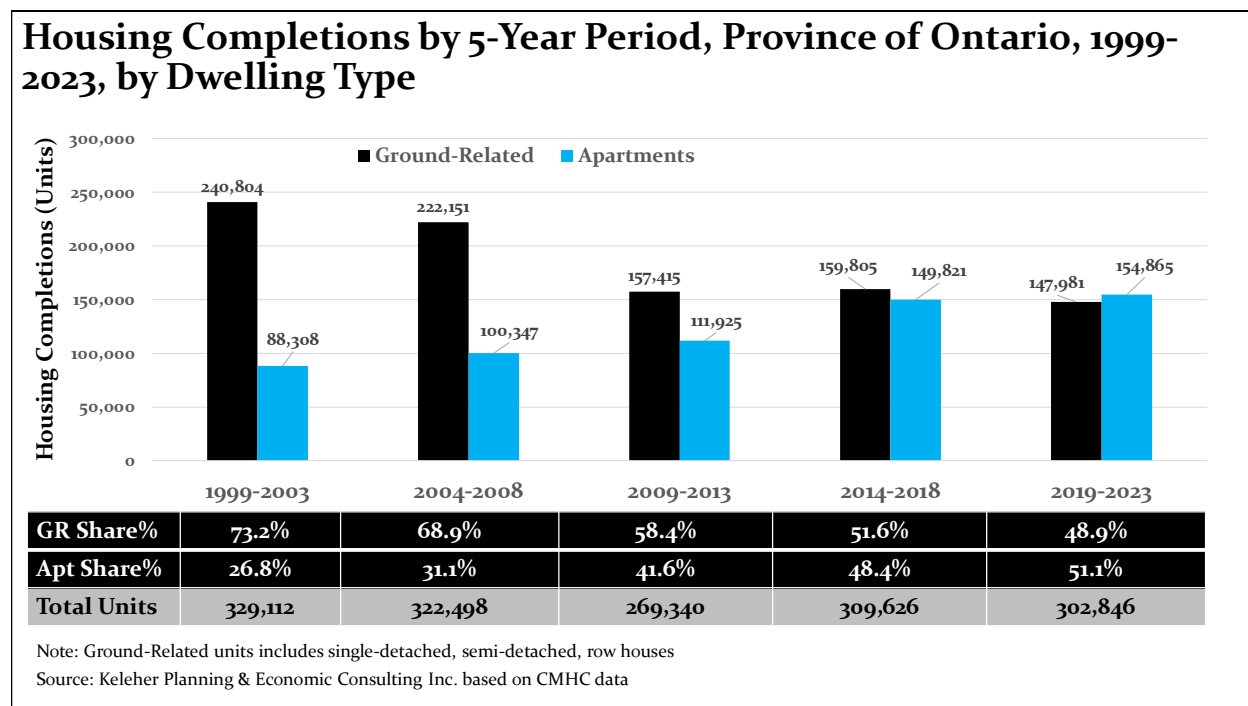


Figure ES- 3



Key Recommendations

- **Data is Needed to Understand Scale of Issue and Avoid Unintended Consequences** - before an enhanced UIOLI policy is adopted, study should be undertaken to quantify the scale and potential source of problems that may exist. Currently, the relative lack of available data does not allow for proper analysis to understand the true size and scale of the problem.
- **Placing Onerous Conditions or Costs on Developments Already in Jeopardy May Exacerbate Existing Issues** – a requirement to re-apply once an approval or servicing allocation is revoked or lapsed may result in onerous conditions or costs being imposed. The time-cost of delay caused by expiry may impact smaller builders more than larger builders and exacerbate issues with feasibility that may already be present.
- **Lapsing or Revoked Planning Approvals May be Inconsistent with Municipal Planning Policy and Zoning By-laws** - If an application is approved because it conforms to the Official Plan, Zoning By-law, or the Official Plan or Zoning By-law was amended to designate or permit the land use and proposed development, it is unclear how removing its approval would conform to municipal policy. Official Plan designations and zoning permissions should not be at risk.



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APPENDIX B – IMPLICATIONS OF INSUFFICIENT HOUSING SUPPLY



1. INTRODUCTION

Keleher Planning & Economic Consulting Inc. (KPEC) was retained by BILD and OHBA to review the potential implications from a policy that may involve lands with full development approvals and servicing allocation to lose planning approvals, building permits, and/or servicing allocation.

The range of options or methods in which approvals or permissions (of various kinds) could be revoked, suspended, delayed, taxed, etc., are generally referred to as “use it or lose it” policies, referred to as “UIOLI” policies throughout this report.

1.1. Importance of Boosting Housing Supply in Ontario

The Housing Affordability Task Force commissioned by the Province of Ontario produced a report dated February 2022 – the report contained numerous recommendations to accelerate progress in ‘closing the housing supply gap’ in Ontario. The report noted the impact that a supply shortage is having in Ontario:

Shortages of supply in any market have a direct impact on affordability. Scarcity breeds price increases. ...

Businesses of all sizes are facing problems finding and retaining workers. Even high-paying jobs in technology and manufacturing are hard to fill because there’s not enough housing nearby. This doesn’t just dampen the economic growth of cities, it makes them less vibrant, diverse, and creative, and strains their ability to provide essential services.

The HATF also noted the influence all levels of government have in enabling builders to deliver more homes:

The efficiency with which home builders can build, whether for-profit or non-profit, is influenced by policies and decisions at every level of government. In turn, how many homes developers can deliver, and at what cost, translates directly into the availability of homes that Ontarians can afford.

1.2. What Could Use It or Lose It Policy in Ontario Entail?

Recommendation #43 of the Housing Affordability Task Force is to:

Enable municipalities, subject to adverse external economic events, to withdraw infrastructure allocations from any permitted projects where construction has not been initiated within three years of building permits being issued.

A Use it or Lose It (UIOLI) policy could involve lapsing provisions of certain planning approvals (plan of subdivision, site plan), the reallocation of servicing allocation,



imposition of fees/charges to developments not proceeding, among other possibilities. However, details on the exact nature of the policy have not yet been determined.

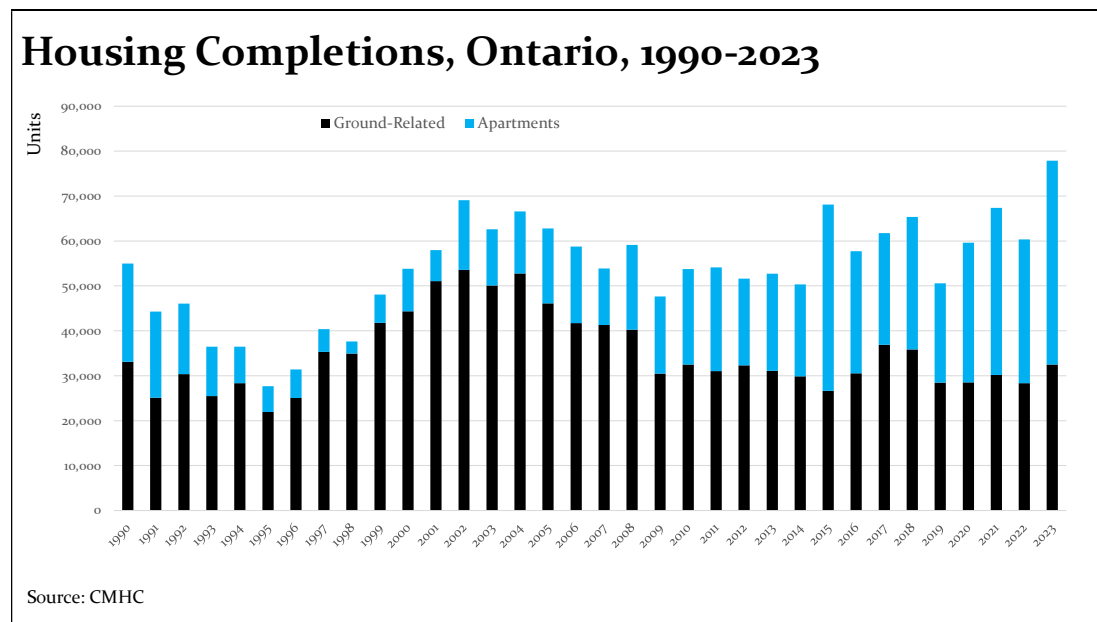
Recommendation #43 includes a crucial qualifier noting that withdrawing infrastructure allocations should be ‘subject to adverse external economic events’. Among other things, ‘events’ that may affect the ability of housing construction may include the impact of higher interest rates and the associated reduced availability of lending, which can affect the ability of otherwise approved and permitted projects to proceed with construction.

For the purposes of this study, it is assumed that any and all fully approved developments, including those with planning permission without building permits, or those with both planning and building permission could be at-risk.

1.3. Trends in New Housing Construction in Ontario

The notion of the need for new or enhanced UIOLI policies is predicated on the presumption that approved homes aren’t getting built fast enough or that housing supply is being held back. However, the data shows otherwise – in 2023, the amount of housing units completed, and inventory of units currently under construction each reached highs not seen since 1990, each being 34-year highs.

Figure 1



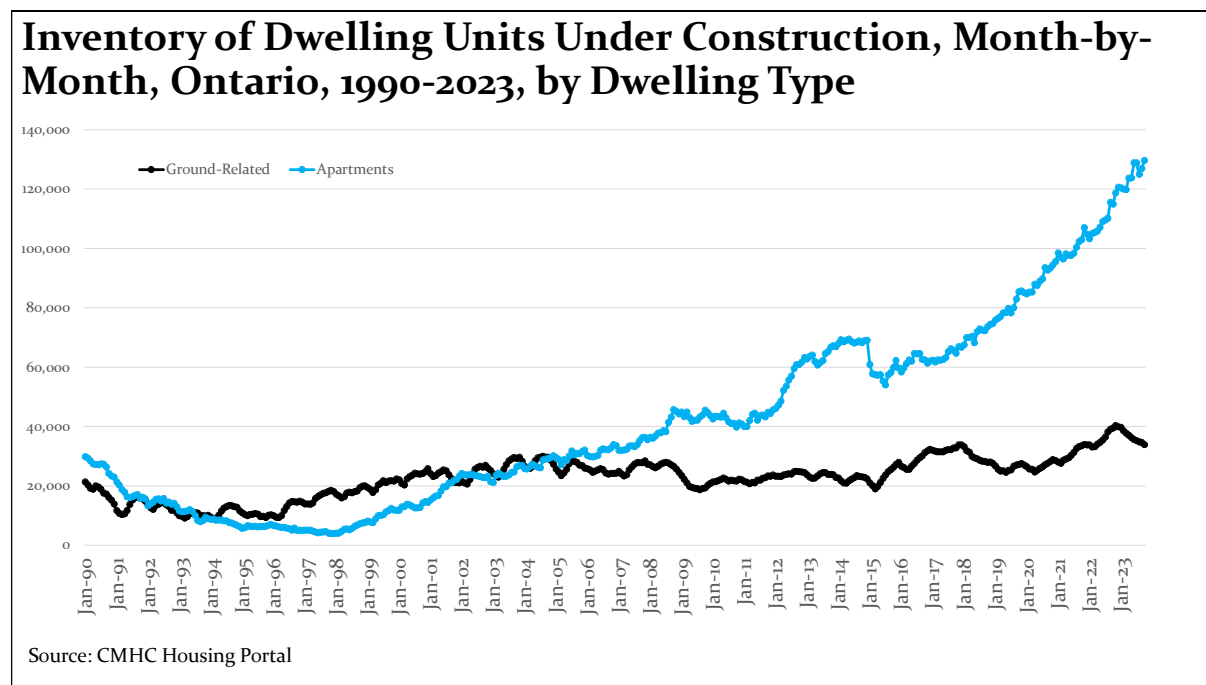
In 2023, housing completions in Ontario reached a 34-year high at nearly 77,900 units, the first year since 1990 in which completions have exceeded 70,000 units. Of the 10



years since 1990 in which completions have exceeded 60,000 units, six of them have occurred since 2015. As of October 2023, there were 163,407 dwelling units under construction in Ontario, including 33,796 ground-related units, and 129,611 apartment units.

The number of dwelling units under construction has grown primarily due to a significant increase in the number of apartment projects under construction, with approximately 130,000 apartment units currently under construction. Prior to 2020, at no point since 1990 had more than 100,000 apartment units been under construction at any given time.

Figure 2





2. PROVINCIAL DIRECTION ON MINIMUM AMOUNTS OF APPROVED SUPPLY

2.1. 1995 Projection Methodology Guideline

2.1.1. Requirements for Minimum Supply 'At All Times'

The Province of Ontario issued a Projection Methodology Guideline (the “Guideline”) document in 1995, which had a stated purpose to provide municipalities with a co-ordinated set of methods for making projections of population, housing need, employment and related land requirements. The Guidelines stressed the importance of having a minimum amount of land supply that is to be maintained at all times, to avoid shortages:

The maximum time frame for municipal projections of population, housing need and employment for official plan purposes will normally be twenty years. ... A longer time frame may only be used where it has been established for a specific regional municipality through a comprehensive provincial planning exercise...

*The Housing Policies do not mention a maximum time frame, but stipulate that **a minimum of ten years' supply of land for residential development be maintained at all times. The objective is to avoid shortages that would drive up land and housing costs.***

The need for a ‘ten-year supply at all times’ is interpreted in the Guidelines to “effectively mean that at least fifteen years should be provided for at each update of the official plan assuming an update every five years.”

A review of land needs assessment studies in Ontario finds that the ‘cushion’ to ensure minimum amounts are available ‘at all times’, including between Official Plan reviews, tends to not be used in estimating housing supply needs in Official Plan reviews in Ontario.

2.1.2. Contingencies and Upward Adjustments to Baseline Housing Need

The Guideline discusses the need to account for demolitions, vacancy and other similarly nuanced considerations, but also discusses the need for a ‘market contingency factor’ in estimating the projection of housing need:

Finally, events not captured by a household projection can affect the supply of and demand for additional housing. Examples include:



- *Swings in the housing market could cause temporary decreases (or increases) in the supply of new housing outside the average trend reflected in the projections.*
- *Changes in the economy and lifestyles could produce a greater (or lesser) demand for housing than projected using constant household headship rates*
- *Landowners might be unwilling or unable to develop their lands in accordance with the schedule assumed for purposes of the official plan.*

It may be prudent in certain circumstances to include a cushion in the projection of housing need to offset the risk of shortages developing from unanticipated events. This can be referred to as a ‘market contingency factor’. One way to provide for this is to simply increase the projected units required by some percentage. Where a market contingency factor is included, the municipality should be able to show that this is based on an understanding of the potential volatility of its housing market. A market contingency factor may be used for the short- and medium-term projections, but is not necessary for the long-term projections because municipalities should be monitoring their housing supply situation and can take corrective action on a timely basis.

Most municipal land needs analysis make little to no adjustment to baseline housing needs to account for market contingency factors/under-delivery of existing available supply in assessing land needs. By often ignoring this and other steps set out as necessary steps in the 1995 Projection Methodology Guideline, baseline housing forecasts in municipal Official Plans have been structurally understating the necessary housing needs.

2.2. 2020 Land Needs Assessment Methodology

The 2019 Growth Plan for the Greater Golden Horseshoe (“Growth Plan”) states that the Minister of Municipal Affairs and Housing will establish a standard methodology that upper-tier and single-tier municipalities in the Greater Golden Horseshoe (“GGH”) are required to use in order to assess the quantity of land needed to accommodate projected growth to the horizon of the Growth Plan.

In 2020, a Land Needs Assessment Methodology (“LNAM”) was released, which has a stated purpose to provide municipalities with the requirements that must be completed to accommodate forecasted growth:

... the Methodology provides the key components to be completed as municipalities plan to ensure that sufficient land is available to: accommodate all housing market segments; avoid housing shortages; consider market demand; accommodate all employment types including those that are evolving; and plan for all infrastructure that is needed to meet the complete communities objective to the horizon of the Plan.



Figure 3

Components of Community Area Land Needs Assessment

Step	Considerations
1. Population Forecasts	<ul style="list-style-type: none"> Forecasts broken down by age group, based on forecasts contained in Growth Plan
2. Housing Need	<ul style="list-style-type: none"> Convert population forecast into forecast of housing need by dwelling type, through use of household formation rates and propensities to occupy particular dwelling types Dwelling types should be grouped into four categories: <ul style="list-style-type: none"> Single/semi-detached houses; Row houses Apartments Other dwellings;
3. Housing Needs Allocation	<ul style="list-style-type: none"> Upper-tier to allocate projected housing need among lower-tier municipalities based on consultation with municipalities and public Allocation based on factors such as planned urban structure, housing affordability, housing mix, servicing capacity and intensification potential
4. Housing Supply Potential by Policy Area	<ul style="list-style-type: none"> Determine housing supply in built-up area Determine housing supply in designated greenfield area, including lands: <ul style="list-style-type: none"> Subject to development applications or approvals – requires inventory of proposed units by type based on municipal tracking; Vacant, designated and available to receive development applications – estimating units by type premised on the density permissions of the OP; Vacant, not designated, and available to receive development applications – appropriate to assume a density similar to comparable areas “as long as this results in an estimate of dwellings by type”; Determine housing supply on rural lands, including rural settlement areas
5. Community Area Jobs	<ul style="list-style-type: none"> Prepare an inventory of employment lands for population-related jobs and most of the major office in meeting applicable density targets
6. Need for Additional Land	<ul style="list-style-type: none"> Housing supply (step 4) is deducted from forecast housing need (step 2/3) Additional housing by type required beyond existing supply is converted to a land requirement Housing mix may be adjusted to conform to intensification and designated greenfield area density targets, while ensuring provision of market-based supply of housing to extent possible. Determine if excess lands are present



The Provincial LNAM is focused on estimating available housing supply by type, including within the existing pipeline of approved developments, as well as the potential for residential development on vacant designated or undesignated lands. The LNAM then requires the calculations to compare the housing supply with estimated housing demand, each broken down by dwelling unit type.

2.3. 2020 Provincial Policy Statement

2.3.1. Requirement to Make 25-Year Supply of Land Available

The Provincial Policy Statement, 2020, policy 1.1.2 requires municipalities to make sufficient land available to meet projected needs for up to 25 years, or longer where the Province has introduced an alternate time period under a provincial plan (such as the Growth Plan).

Sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of up to 25 years, informed by provincial guidelines. However, where an alternate time period has been established for specific areas of the Province as a result of a provincial planning exercise or a provincial plan, that time frame may be used for municipalities within the area.

Within settlement areas, sufficient land shall be made available through intensification and redevelopment and, if necessary, designated growth areas.

2.3.2. Requirement to Maintain the Ability to Accommodate 15 Years of Residential Growth

Policy 1.4.1a) of the PPS requires planning authorities to maintain **at all times**, the ability to accommodate residential growth for a **minimum of 15 years** through intensification and redevelopment, as well as designated lands if necessary to meet projected requirements.

To provide for an appropriate range and mix of housing options and densities required to meet projected requirements of current and future residents of the regional market area, planning authorities shall:

*a) maintain at all times the ability to accommodate residential growth for **a minimum of 15 years** through residential intensification and redevelopment and, if necessary, lands which are designated and available for residential development; and*



2.3.3. Requirements to Maintain At Least 3 Years of Lands with Servicing Capacity

Policy 1.4.1b) requires that planning authorities maintain **at least** three years supply of land with servicing capacity

To provide for an appropriate range and mix of housing options and densities required to meet projected requirements of current and future residents of the regional market area, planning authorities shall: ...

*b) maintain at all times where new development is to occur, land with servicing capacity sufficient to provide **at least** a three-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.*

Upper-tier and single-tier municipalities may choose to maintain land with servicing capacity sufficient to provide at least a five-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.

2.3.4. Optimization of Municipal Services and Infrastructure

There are numerous policies in the 2020 Provincial Policy Statement that municipal planning policy must be consistent with, including the following policies setting out the Provincial priority to optimize the use of existing infrastructure.

1.6.3 Before consideration is given to developing new infrastructure and public service facilities:

a) the use of existing infrastructure and public service facilities should be optimized; and

1.6.6.1 Planning for sewage and water services shall:

a) accommodate forecasted growth in a manner that promotes the efficient use and optimization of existing:

1. municipal sewage services and municipal water services; and

2. private communal sewage services and private communal water services, where municipal sewage services and municipal water services are not available or feasible;

b) ensure that these systems are provided in a manner that:

1. can be sustained by the water resources upon which such services rely;



- 2. prepares for the impacts of a changing climate;*
 - 3. is feasible and financially viable over their lifecycle; and*
 - 4. protects human health and safety, and the natural environment;*
- c) promote water conservation and water use efficiency;*
- d) integrate servicing and land use considerations at all stages of the planning process; and ...*

2.4. Conclusions

Within past and current Provincially endorsed approaches to estimating land needs, numerous important concepts are incorporated to ensure that there is sufficient housing supply to meet demand for housing in Ontario, including:

- Minimum amounts of residential designated land at all times, including throughout periods of time between reviews of land needs and planning policies;
- That minimum amounts of supply are necessary to avoid shortages which increase land and housing costs;
- Need to account for anticipated unused housing through incorporating adjustments for demolition and vacancy in estimating housing needs or the amount of available supply;
- Need for incorporation of a market contingency factor to offset risk of shortages developing from unanticipated events such as changes in the economy, changes in the housing market, landowners unwilling or unable to proceed with development;
- Housing demand should be disaggregated by dwelling unit type and compared with available housing supply by dwelling unit type.

By requiring at least 3 years of zoned land with servicing capacity, the ability to accommodate a minimum of 15 years of projected residential growth through intensification and designated land, and sufficient land more generally for up to 25 years (or longer) of projected needs, the Provincial Policy Statement ‘bakes-in’ the need for an ample supply of land and potential housing that will not be developed in the short-term.

The imposition of an enhanced system of UIOLI, even if applied to older, stagnant approved developments, may in many municipalities, bring the available housing supply below (or further below for those already below) minimum PPS requirements for designated and available residential supply and land with serviced capacity.



3. EXISTING METHODS AND BEST PRACTICES

3.1. UIOLI for Land Use Designations - Excess Lands

The Growth Plan for the Greater Golden Horseshoe has a concept known as “excess lands” that rationalizes instances where there is a surplus of designated residential land.¹

Based on a land needs assessment undertaken in accordance with policy 2.2.1.5, some upper-and single-tier municipalities in the outer ring will determine that they have excess lands. These municipalities will:

- a) determine which lands will be identified as excess lands based on the hierarchy of settlement areas established in accordance with policy 2.2.1.3;*
- b) prohibit development on all excess lands to the horizon of this Plan; and*
- c) where appropriate, use additional tools to reduce the land that is available for development, such as those set out in policies 5.2.8.3 and 5.2.8.4*

In 2021, Simcoe County considered whether to apply the Excess Lands provisions of the Growth Plan, but noted the difficulties that identifying certain designated lands as excess lands:

*It is recognized that there are more lands designated for residential development within settlement areas in the northern regional market area than needed. There are no plans as part of the MCR to identify any lands as excess lands. Such a process would be very complicated, potentially divisive and would very much detract from the overall goal of the MCR, which is to move forward and plan for expected growth. **Also – eliminating excess lands will only serve to further limit choice in the market place and in settlement areas where the Growth Plan says growth should be directed.** Notwithstanding the above, local municipalities are encouraged to develop phasing policies to ensure growth occurs in a logical manner.²*

¹ Environmental Registry of Ontario posted 019-6813 would combine elements of the Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe into a Provincial Planning Statement. The proposed Provincial Planning Statement would maintain minimum land area requirements, but the Excess Land provisions of the Growth Plan are not included in the Provincial proposal.

² Memorandum from Simcoe County Planning Department, (December 21, 2021), <https://www.simcoe.ca/Planning/Documents/Supplemental%20Memo%20from%20Council%20Workshop%20-%20December%2021%2C%202>



3.2. UIOLI for Projects Approved to Construct - Expiration of Building Permits

The Building Code Act sets out the framework for regulation of building and construction in Ontario, with a permit required to undertake construction. Once a permit is issued, there is no expiry date, but Chief Building Officials (CBOs) can revoke a permit when construction has not commenced within six (6) months of issuance, or where construction has been suspended, or discontinued for more than a year. The Building Code Act, however, does not allow CBOs to impose conditions on existing issued permits to compel holders to carry out construction within a specific timeframe.

Section 8(10) of the Building Code Act states the following:

(10) Subject to section 25, the chief building official may revoke a permit issued under this Act,

(a) if it was issued on mistaken, false or incorrect information;

(b) if, after six months after its issuance, the construction or demolition in respect of which it was issued has not, in the opinion of the chief building official, been seriously commenced;

(c) if the construction or demolition of the building is, in the opinion of the chief building official, substantially suspended or discontinued for a period of more than one year;

(d) if it was issued in error;

(e) if the holder requests in writing that it be revoked; or

(f) if a term of the agreement under clause (3) (c) has not been complied with. 1992, c. 23, s. 8 (10).

Section 25 of the Building Code Act sets out an appeals process for persons who “considers themselves aggrieved by an order or decision” made by a CBO.

The City of Toronto Municipal Code Chapter 363 sets out a process for permits to be revoked in situations where construction has not started or has stopped, and the City has also added two additional inspections to actively monitor construction progress.

A City of Toronto Staff Report³ discussing the City’s approach to revoking building permits noted that revoking a permit may not eliminate the issues present causing construction to stall, and also noted the City’s inability to force construction to continue,

³ City of Toronto, <https://www.toronto.ca/legdocs/mmis/2021/ph/bgrd/backgroundfile-168152.pdf>



with the City identifying the root problem with dormant files typically being “lack of finances to continue the project”.

Revoking a building permit, or having an expiry date on a permit may not eliminate underlying issues of dormant, or stalled construction. Upon revocation, there is no standing and corresponding authority for the City or the Chief Building Official to remove or finish any construction that took place while the permit was in force and effect.

When Toronto Building and other divisions are faced with a stalled construction site, the focus is on prioritizing and responding to the issues. For example, the first priority is site safety, then maintenance (tidiness/litter), followed by actions to encourage the permit holder to complete the building's exterior, thereby mitigating potential impacts on neighbours. Building inspectors work to keep builders engaged with the City. Even if the City were granted a new authority to set an expiry date on the permit, the City could not force construction to continue, as the root problem is typically the lack of finances, to continue the project.

3.3. UIOLI for Unused Servicing Allocation - Lapse and/or Redistribution of Servicing Allocation

Policies 5.2.8.3 and 5.2.8.4 of the Growth Plan allow draft plans of subdivision to lapse, and for registered plans of subdivision to be deemed not registered:

3. Draft plans of subdivision will include a lapsing date under subsection 51(32) of the Planning Act. When determining whether draft approval should be extended for lapsing draft plans of subdivision, the policies of this Plan must be considered in the development review process.

4. If a plan of subdivision or part thereof has been registered for eight years or more and does not meet the growth management objectives of this Plan, municipalities are encouraged to use their authority under subsection 50(4) of the Planning Act to deem it not to be a registered plan of subdivision and, where appropriate, amend site-specific designations and zoning accordingly.

There are numerous instances of Ontario municipalities assigning limits to how long allocated servicing capacity can be held for registered or permitted developments:

- **Town of East Gwillimbury** – the Town has timelines in which servicing allocation is retained, but after is rescinded and may be re-allocated to other development. A summary of the Town’s timelines and triggers are provided in the table below.



Figure 4

Application Type	Council Allocation Trigger	Assignment Period	Deadline for Use
Plan of Subdivision	Draft Approval	24 months	Registration
Plan of Condominium	Draft Approval	12 months	Building Permit
Site Plan	Registration of Site Plan Agreement	18 months	Building Permit
Consent	Committee of Adjustment Decision	24 months	Building Permit

- City of Brantford** – the City’s Wastewater Allocation Policy seeks to ensure that servicing capacity is allocated in a ‘sustainable and logical manner’ and to ‘implement Provincial policy to manage development in an orderly manner which efficiently uses land, existing resources, infrastructure and public service facilities.’. A summary of the City’s allocation expiration timelines is provided in the table below.⁴

Figure 5

Wastewater Allocation Expiration Timeline, City of Brantford	
Development / Application Type	Expiry Date and Potential Extension
Building Permit	<ul style="list-style-type: none"> If building permit is cancelled by CBO, allocation is automatically revoked
Draft Plan Approval of a Subdivision	<ul style="list-style-type: none"> 1 year maximum or until Council approves the application for Draft Plan Approval (whichever is less) If Council approved, the allocation will expire in accordance with the conditions of Draft Plan Approval If subdivision agreement and plan are not registered and draft plan approval lapses, allocation expires as well
Amendments to Official Plan / ZBL	<ul style="list-style-type: none"> Exempt
Site Plan Applications	<ul style="list-style-type: none"> 1 year from time conditional site plan approval was issued If final site plan approval is registered, allocation is tied to registered site plan agreement If it is determined that the registered site plan agreement is not being fulfilled and is voided, all allocation will revert back to pre-application allocation

⁴ City of Brantford, Wastewater Allocation Policy, Policy Number: Public Works-020



- **City of Vaughan** – servicing capacity may be redistributed if a development application does not proceed to registration or have a building permit issued within 36 months;⁵
- **Town of Newmarket** – servicing allocation is to be rescinded where development has not taken place within one year from the date servicing capacity was allocated;
- **Town of Aurora** – servicing allocation is done at time of draft approval, and if not registered within 36 months, when extension of draft approval is being considered, the Town may revoke some or all of the servicing allocation;

Many municipalities with similar policies allow for requests to extend servicing allocation, and other municipalities (such as the Township of Wellington North⁶) allow for the transferring of servicing allocation capacity with the written permission of the municipality.

3.4. UIOLI for Unused Permit-Ready Supply - Lapsing of Registered Plans and Draft Plan Approvals

Section 50(4) of the Planning Act allows municipal councils to designate any plan of subdivision that has been registered for eight (8) years or more to be deemed not registered.

Designation of plans of subdivision not deemed registered

(4) The council of a local municipality may by by-law designate any plan of subdivision, or part thereof, that has been registered for eight years or more, which shall be deemed not to be a registered plan of subdivision for the purposes of subsection (3). R.S.O. 1990, c. P.13, s. 50 (4).

Section 51(32) of the Planning Act allows municipalities to provide for draft plan approval to lapse at the expiration of a specified time period, no less than three (3) years, except in cases where there is an appeal, in which case the time period for lapsing of approval does not begin until the date the Tribunal's decision is issued. Section 51(33) of the Planning Act allows for approval authorities to extend approval for a period of time

Lapse of approval

⁵ Town of Whitchurch-Stouffville Council Report, DS-064-23, Subject: Proposed Redistribution Policy for Servicing Allocation, (December 6, 2023)

⁶ Township of Wellington North, Sewage Allocation Policy, (April 12, 2021)
<https://www.wellington-north.com/sites/default/files/2021-12/sewage-allocation-policy-2021.pdf>



(32) In giving approval to a draft plan of subdivision, the approval authority may provide that the approval lapses at the expiration of the time period specified by the approval authority, being not less than three years, and the approval shall lapse at the expiration of the time period, but if there is an appeal under subsection (39) the time period specified for the lapsing of approval does not begin until the date the Tribunal's decision is issued in respect of the appeal or from the date of a notice issued by the Tribunal under subsection (51). 2017, c. 23, Sched. 5, s. 99 (1).

Extension

(33) The approval authority may extend the approval for a time period specified by the approval authority, but no extension under this subsection is permissible if the approval lapses before the extension is given, even if the approval has been deemed not to have lapsed under subsection (33.1). 2022, c. 12, Sched. 5, s. 9 (2).

Many municipalities have Official Plan policies requiring approved draft plans of subdivision to have a lapsing date, as well as policies for registered plans to be deemed un-registered if construction or installation of services has not commenced. As one example of lapsing draft plan provisions being set out in municipal planning policy, the Region of Halton's Official Plan policy 184 is as follows:

The Region has delegated the approval of plans of subdivision, plans of condominium, and part-lot control by-laws to the Local Municipalities. The Region will continue to comment on the conformity of these applications to The Regional Plan. In the case of Local Official Plans and amendments thereto, the Region has exempted them from its approval subject to conformity with the exemption criteria and matters of provincial interest.

(1) All approvals of draft plans of subdivision shall include a lapsing date as per Section 51 of the Planning Act.

(2) If an approval of a draft plan of subdivision lapses, or when a secondary plan is updated, the implementation of the Growth Plan principles and objectives shall be considered; and

(3) If a plan of subdivision or part thereof has been registered for 8 years or more and does not conform to the Growth Plan principles and objectives, the Region may request the Local Municipality to use its authority under section 50(4) of the Planning Act to deem it not to be a registered plan of subdivision, where construction or installation of Regional or Local services has not commenced.



3.5. Optimization of Urban Boundary Requests - Prioritization of Potential Supply

The City of Ottawa in deciding upon recommendations regarding urban expansion requests, evaluates lands on a set of detailed evaluation criteria and prioritizes urban expansion areas on the scoring against these weighted criteria.⁷ The criteria are listed and summarized below:

Figure 6

Criteria	Summary Description
Water	Based on estimated scope of servicing requirements for each candidate area
Wastewater	Based on estimated scope of servicing requirements for each candidate area
Stormwater	Expected topographic constraints to drainage, capacity and condition of surface water outlets
Servicing Integration Factor	Represents the favourability for the site for delivery of infrastructure (favourable conditions, ability to deliver on-budget and on-time)
Servicing Risk Factors	Site-specific constraints that may affect development/timing (differential settlement risk, shallow depth to bedrock, parcel includes large depression, risk to private wells, etc.)
Availability of Rapid Transit	Availability of existing or planned transit within 2.5km, with grades for availability of existing or timing of delivery of new transit.
Proximity to Nearest Rapid Transit Station	Distance to nearest rapid transit station (existing or planned)
Proximity to Jobs	Rating system adds score for urban expansion areas with greatest number of opportunities for local employment (existing or planned).
Proximity to Convenience Retail	Proximity to convenience retail / major grocery store
Distance to Major City Facilities	Distance to one or more Major Recreation Facilities
Distance to Emergency Services – Fire	Estimated response within 5 minutes
Potential Arterial Road Upgrades	Relative cost of possible arterial road construction or upgrades required by future development.
Connectivity	Can the lands be developed with an urban road network, or are there barriers, physical obstructions, that limit connectivity.
Conflict with Agricultural Uses	Agricultural uses within 250 metres of the proposal
Natural Heritage Linkages	Assessment of whether a natural heritage linkage impact the development parcel

⁷ City of Ottawa, Urban Expansion Detailed Evaluation Criteria, Document 6



3.6. Best Practices

The following presents a consolidated list of best practices from Ontario's existing usage of UIOLI tools, and other jurisdictions that incorporate checks and balances in the planning system. Striking a balance between goals of discouraging stagnant housing approvals and optimizing use of infrastructure servicing capacity, and ensuring sufficient timely delivery of housing supply relative to market demand will be crucial:

- **Incorporating “Under Delivery” Assumptions into Land Budgeting:** The Inspector's Report⁸ of South Worcestershire and its development plan found that in determining the quantity of designated land and additional housing supply necessary to achieve forecast housing demand, it accounted for a 'non-delivery' discount of 4% of available supply, by basing it on the 'lapse' rate for each of the prior 18 years. The report recommends a 20% non-delivery 'buffer' in calculating housing land supply, in areas where there has been a persistent under-delivery of housing in a particular area.⁹
- **Appeal Rights:** The right to appeal the expiry or decision to revoke permissions on a site-specific basis should be available to ensure fairness of application, and provide for a third-party dispute resolution process. Otherwise, criteria or timelines for determining approvals, permissions or allocations as being revokable should be made as transparent and objective as possible.
- **Extension Requests Should be Allowed:** Given the high potential for and wide variety of circumstances that may arise that could impact the ability to develop a serviced and permitted residential development in a timely manner, municipalities should ensure that a process to extend draft approval periods or servicing allocation periods is available and widely allowed especially for those proponents proactively seeking extension. This approach exists in Ontario's current approach to permitting draft plan approval extensions. Based on data from Simcoe County's recent detailed land budgets, draft plan approval extensions appear to be regularly approved when requested.
- **Complex Applications Should Be Exempt or Have Less Strict Expirations -** Based on a study of South Worcestershire Development Plan, it was found that many approvals that expired were found to be caused by pre-existing issues with the site (land ownership, viability problems, site constraints, financing issues, supply chain issues, labour supply issues), evolving demand for a given type of development (form, use), or technically difficult sites (brownfields).¹⁰

⁸https://www.swdevelopmentplan.org/component/fileman/file/Documents/South%20Worcestershire%20Development%20Plan/SWD%202016/Examination/SWDP_Inspectors_Report_ANNEX_A_Feb2016.pdf?routed=1&container=fileman-files

⁹ Even a 'worse-case' non-delivery can be perceived as 80% market delivery rate of supply relative to demand

¹⁰ <https://lichfields.uk/blog/2021/may/26/use-it-or-lose-it-the-taxing-problem-of-undelivered-homes/>, via https://www.hbf.co.uk/documents/6879/HBF_SME_Report_2017_Web.pdf?pk_campaign=newsletter_824



The applications and approvals that are most likely to have issues present with financing, feasibility, development constraints, etc. tend to be those on complex sites such as brownfields or particularly large redevelopment sites (former government lands, etc.). Making these applications the ones most likely to see approvals expire and require additional process to re-establish approvals is counter-productive to enabling these often pivotal sites to develop, by adding additional process, time and/or cost constraints.

- **UIOLI Should be Designed to Not Disproportionately Impact Smaller Builders** - a study in Britain by the Home Builders Federation (HBF) found that the general decline or stagnation of the quantity of new homes, was impacted by the general decline in the number of small builders. Relying on larger builders is crucial for the baseline supply and baseline growth, however, small builders are crucial to allowing the industry the necessary flexibility to respond to fluctuations in market demand. Imposing more strict expiries of approvals, permits or servicing allocation, or additional costs are more likely to have an outsized impact on smaller developers or construction firms who may be relying on a smaller number of projects proceeding to stay in business, and are less able to withstand additional risk.

3.7. Conclusions

There are numerous existing methods within Ontario's planning system that prevent stagnant development projects with approvals and/or permits from occupying servicing allocation, with numerous checks and balances throughout the planning and development process, including:

- Expiration of building permits;
- Registered plans deemed to be not registered after eight (8) years;
- Lapsing draft plan approvals after no less than three (3) years;
- Expiration of servicing allocation; and
- Excess land provisions in the Growth Plan where there is a surplus of designated land relative to projected need.

Should the Province choose to bolster some of the existing methods in which supply is rationalized and confirmed as being active and optimizing the use of public infrastructure, a first principle should be to ensure that elimination of approved supply does not violate PPS requirements for minimum supply, that any loss of servicing allocation is redistributed to other potential residential supply, and that any redistribution of servicing allocation or approvals is redirected in a transparent, clear and objective process.



4. ESTIMATES OF HOUSING APPROVAL PIPELINES IN ONTARIO

4.1. Regional Planning Commissioners of Ontario

In early 2023, the Regional Planning Commissioners of Ontario (RPCO) issued an inventory of “Ontario’s unbuilt housing supply”, noting that there were 1,250,000 “housing units approved and proposed”, stating that the inventory “constitutes 85% of the Provincial 2032 goal. The 1,250,000 units includes the following components:

- **331,632 “development ready” units (27%)** – includes registered plans of subdivision with no permits issued (62,379 units), site plans with executed agreements, draft approved plans of subdivision, and site plans that are endorsed or approved in principle. Based on the Province achieving 150,000 housing units per year, these units would equate to just over 2.2-years of supply.¹¹
- **731,129 units** “under application or proposed” – includes proposed plans of subdivision and proposed site plans. These units are not fully approved, and in many cases would have no planning approvals, and therefore would not likely hold any servicing allocation;
- **64,199 units** approved via Ministers Zoning Orders – there is no detail provided on the composition of these units, though it is likely some proportion of these units would be long-term care units and affordable housing units;
- **150,000 units** of estimated “as-of-right” units – based on an estimated 4% of homeowners of 3.8 million single/semi/row house units choosing to create one additional unit.

The report claims that municipalities “cannot make property owners building new housing”:

Municipalities issue development approvals for new home construction ... once development approvals are received, they remain in place until the property owner decides to proceed. ... Municipalities cannot make property owners build new housing. It is up to developers to decide whether and when to develop their lands for housing.

¹¹ The 50 municipalities that have been assigned housing targets have been assigned a combined 1,327,300 units. The RPCO report includes estimated supply from all six Inner Ring municipalities (Durham, Halton, Hamilton, Peel, Toronto and York), as well as the City of Barrie, City of Guelph, Niagara Region, Simcoe County, Waterloo Region, City of Kingston, City of Ottawa, Oxford County and the City of Greater Sudbury. Combined, these municipalities have been assigned 96% of the housing targets assigned to municipalities (1,267,800 units out of 1,327,300). The remaining 172,700 units are to come from smaller municipalities without housing targets, many of which would also be located within the regional and upper-tier municipalities accounted for in the RPCO estimates.



However, municipalities do impact the ability for property owners to build new housing through the use of municipal policies that can impact development feasibility such as design-based policies, set-backs, shadow policies, floor plate maximums, parking requirements, requirements for inclusion of office space, affordable housing requirements, as well as various charges and fees that may be imposed.

The report states that development approvals “remain in place” until the property owner decides to proceed. However, this ignores that there are several options available to municipalities today to push approved development to be constructed or otherwise see approvals expire or servicing allocation lapse.

The units accounted for in the RPCO analysis are comprised of a mix of 25% ground-related and 75% apartments, which appears to exclude the 150,000 units to be added as accessory apartments – once these are added to the totals, the share of ground-related units falls to 21.5%, while the share of apartment increases to 78.5%. By comparison, the Hemson forecast of housing demand by dwelling unit type in the GGH over the 2021-2051 that underpins the 2020 Growth Plan¹² is made up of a housing mix that consists of 63% ground-related units and 37% apartment units.

The RPCO analysis includes an estimated 150,000 accessory units coming from intensified use of lower-density properties, which if these are to be contribute to the achievement of the Province’s 10-year housing target equates to 15,000 accessory units per year. The total of 150,000 units is more than triple the 30-year (GGH-only) forecast of accessory units of 48,500 units from 2022-2051. When the GGH forecast is expressed on an annual basis (1,617 units) and is a sub-set of what an Ontario-wide forecast would be, the estimate in the RCPO report is 828% higher than the Hemson forecast.

4.2. Municipal Estimates

4.2.1. City of Toronto

The City of Toronto estimated through its 2022 Land Needs Assessment (“2022 LNA”) that there is 733,607 residential units in the MCR Development Pipeline, with most units contained within three categories:

- **99,025 units in “built projects”** – those that became ready for occupancy and/or were completed between January 1, 2016 and June 30, 2021 – any comparison of

¹² Hemson Consulting, Technical Report – Greater Golden Horseshoe: Growth Forecasts to 2051, (August 26, 2020)



2021-2051 demand to potential supply would need to exclude these units from the comparison;

- **202,625 units in “active projects”**, which are applications that have received at least one Planning approval (but they may need additional approvals), and may have applied for or received building permits, or is under construction but not yet built. The City’s report provides no breakdown between how many units fall into the various types of ‘active’ projects.
- **391,713 units in “under review projects”**, which are those applications that were received between January 1, 2016 and June 30, 2022 but have not yet been approved, refused, or have been approved/refused but are under appeal.

The City’s current estimate (733,607 units) is more than 3-times higher than the estimate in the City’s 2014 version of the pipeline estimate (191,926 units), and higher than the 539,449 units in the ‘preliminary LNA’. The City attributes the surge in applications to be “applicants electing to be transitioned out of the requirement to provide units through Inclusionary Zoning as well as a very dynamic market”.

The City’s Land Needs Assessment Staff Report noted that not all submitted proposals end up being approved, and that a surplus of approvals relative to the quantum of units that are constructed ‘ensure a steady supply of approved housing will be available’:

Not all submitted proposals are approved, and not all approved projects are built. ... about 54% of units with their first Planning Approval over the five-year period between 2017 and 2021 have been built, and about 70% of units with the final Planning Approval have been built. ...

Potential housing is drawn from each source of supply into the supply stream in a given time period to accommodate the anticipated demand in that period. Units cannot be drawn into the supply before they become available, and available units not required in the time period in which they are anticipated are carried for as potential supply in subsequent time periods. Thus, potential housing supply does not expire and is conserved over the forecast horizon. ...

...over the five years from 2017 to 2021, Council has continuously approved more residential units than were built. City Council approved an average of 29,726 residential units per year between 2017 and 2021, while 15,983 units on average were built annually. This is a surplus of 13,743 units on average or 86% of the average annual production through the Pipeline. This surplus helps to ensure a steady supply of approved housing will be available for construction and eventual occupancy.



4.2.2. Halton Region

Halton Region Staff Report LPS48-23 estimated the Region's development pipeline consisted of 75,355 units, of which only 11% were draft approved, with 29% (22,178 units) under appeal, and 59% under review. In two of the Region's four local municipalities (Halton Hills and Oakville), the share of units draft approved was 6% of units or less.

Figure 7

Housing Units in Development Pipeline, Halton Region, by Status and Local Municipality					
Category	Burlington	Halton Hills	Milton	Oakville	Total
Draft Approved	3,278	191	2,857	2,085	8,411
Under Appeal	7,269	6,680	-	8,229	22,178
Under Review	11,893	1,550	9,451	21,872	44,766
Total	22,440	8,421	12,308	32,186	75,355
<u>% by Category</u>					
Draft Approved	15%	2%	23%	6%	11%
Under Appeal	32%	79%	0%	26%	29%
Under Review	53%	18%	77%	68%	59%
Total	100%	100%	100%	100%	100%

Source: KPEC based on Halton Region Staff Report LPS48-23

The Region's Staff Report LPS48-23 noted that not all housing units in the development pipeline will be approved:

*There are many factors that can influence if and when housing units identified in the development pipeline are constructed and occupied. **Not all housing units identified in the pipeline will advance to approval** – for example, the units may not ultimately be advanced by a proponent, or may not be approved by a municipal council or the Ontario Land Tribunal. When municipal approvals are in place, there can be a wide gap in the time between this approval and when housing units are ultimately constructed or occupied. **There are many reasons for this, which could include things such as the complexity of the project, project financing and feasibility, supply chain issues, labour constraints, and other market forces. More robust data will provide a better understanding of the timeframes between municipal approvals and the construction and occupancy of housing units.** This will be an important aspect of the development pipeline to monitor in relation to the 2031 housing targets – while current information identifies about 75,355 housing units in the development pipeline, this is a gauge of potential supply, and it is not certain that all these units will be approved, and if approved, constructed by 2031. **[emphasis added]***



4.2.3. City of Burlington

According to the City of Burlington (located within Halton Region), of the 38,219 dwelling units in the “housing pipeline”¹³, only 9.5% (3,642 units) are fully approved and able to apply for building permits. Compared to the units fully approved, the City’s pipeline includes 7,948 units that are under appeal to the OLT, and another 26,629 units require planning approvals.

The City’s 10-year housing target is 29,000 units, or 2,900 units per year, meaning that the 3,642 units that are able to apply for a building permit represents just over 1 year of supply that can be converted to permitted and under construction.

Figure 8

Categories of Units in City of Burlington’s Planning Application Housing Pipeline, (July 2023)		
Application Status	Units	Notes:
Approved	3,642	Received all planning approvals from City and are able to apply for building permit
Appealed to OLT	7,948	Pending a decision from OLT
Waiting for Site Plan Application	3,112	Received zoning approval, but have not yet applied for site plan approval
Under Review	7,754	Applications received by City for consideration
Pre-Application	15,763	Developer consultations with City prior to submitting a planning application
Total	38,219	
Share of Units Approved in Pipeline	9.5%	

Source: City of Burlington

While the City’s estimates do not include the quantity of units with building permit approvals, removing approvals from shovel ready projects with permits, or able to apply for permits would leave the City with little supply, and be counter-productive to the goals of increasing housing supply.

4.2.4. City of Hamilton

According to the City of Hamilton’s September 2022 Revised Urban Land Needs Assessment report¹⁴, only 12% of the residential supply was registered, or approximately 4,280 units out of a total estimated housing unit supply potential of 34,575 units.

Another 31% of units (10,855 units) had draft approval, while the remaining 55% either were pending decisions, or pending applications from landowners.

¹³ The discrepancy between the numbers circulated by Halton Region for the City (22,440 units) is due in part to timing (causing minor differences in amount of approved, appealed or under review units), but also due to the City including “pre-application” units.

¹⁴ Watson & Associates, City of Hamilton Revised Urban Land Needs Assessment (L.N.A.), 2031, Final Report, (September 15, 2022)



Figure 9

Housing Unit Supply Potential, City of Hamilton, as of December 2020					
	Singles / Semis	Townhouse	Apartments	Total	% of Total
Outside Built-Up Area					
Registered / Final Approved	800	1,080	1,810	3,690	17%
Draft Approved	2,495	2,100	545	5,140	24%
Pending	290	1,090	4,020	5,400	25%
Secondary Plans/Other	2,045	3,605	1,785	7,435	34%
Total	5,630	7,875	8,160	21,665	
% of Total	26%	36%	38%	100%	
Inside Built-Up Area					
Registered / Final Approved	60	80	455	595	5%
Draft Approved	170	920	4,625	5,715	44%
Pending	110	670	3,945	4,725	37%
Secondary Plans/Other	705	190	980	1,875	15%
Total	1,045	1,860	10,005	12,910	
% of Total	8%	14%	77%	100%	
Total					
Registered / Final Approved	855	1,160	2,265	4,280	12%
Draft Approved	2,665	3,020	5,170	10,855	31%
Pending	400	1,760	7,965	10,125	29%
Secondary Plans/Other	2,755	3,795	2,765	9,315	27%
Total	6,675	9,735	18,165	34,575	
% of Total	19%	28%	53%	100%	

Source: KPEC based on City of Hamilton, Revised Urban Land Needs Assessment, 2031, Final Report (Sept 15, 2022)

The City of Hamilton's Staging of Development report¹⁵ sorts various types of approvals and applications into 'short-term', 'medium-term' and 'long-term' applications, finding that applications for site plan control had a timeframe of less than 1 year, those seeking OPA or ZBLA but not yet proceeding to site plan had a medium-term timeframe of 1-3 years, and those still 'in process' were long-term projects:

The above timeframes are based on the level of certainty associated for each type of application. For example, at the Site Plan Control stage of development, the lands are already zoned for the permitted use. Further, many issues would have already been addressed at an earlier stage in the planning process. It is therefore reasonable to assume that an in-process Site Plan Control application could proceed to building permit issuance within one year, and is therefore considered as Short Term intensification potential.

On the contrary, Formal Consultation applications have a low level of certainty regarding whether or not an applicant / owner will proceed to submit a full Planning Act application, or when that future application may be submitted. Formal Consultation applications are

¹⁵ City of Hamilton – Staging of Development Report, 2024-2026



therefore deemed to be Long Term intensification potential in light of that uncertainty and the time that will be required to obtain approvals as part of future Planning Act application(s). Staff conducted a mail-out to twenty-one applicants representing forty Formal Consultation applications submitted over the past three years to enquire whether or not they had plans to proceed with a future Planning Act application. Seven responses were received and five formal consultation applications were removed from the list in Table 7 as a result. It is important to note that the Tables below identify in-process development applications.

Inclusion in the City’s Staging Report does not indicate a guarantee of approval of the development application, nor does the associated time frame identified in this Report guarantee that developments will move forward within that time period. Further, approval of the application does not guarantee that an applicant will proceed to the building permit stage. Therefore, it is not anticipated that all of the units identified in the Tables below will be realized, and for those that do proceed to development, it is not expected that the timeframes indicated in this Report will be met.

4.2.5. City of Ottawa

The City of Ottawa produces a regular report titled “Vacant Urban Residential Land Survey”, with the mid-2022 update being released in December 2023. The report focuses on the City’s greenfield supply, so omits development in the City’s built-up area.

Of the estimated supply of 64,786 units, only 18% of the residential supply was registered, or approximately 11,500 units. Another 30% (19,700 units) had draft approval, while the remaining 52% either still required additional applications (21%), or were solely within a Community Design Plan without planning application or approval (29%), or with no applications received (3%).

Figure 10

Urban Residential Land Supply, City of Ottawa, Unit Potential and Approval Status, as of mid-2022							
	Singles / Semis	Townhouse	Stacked	Apartments	Mixed-Use	Total	% of Total
Registered	2,919	4,480	355	3,732	-	11,486	18%
Draft Approved	5,149	7,761	3,019	3,773	-	19,702	30%
Pending Applications	2,559	5,364	2,111	3,289	-	13,323	21%
Community Design Plan	-	-	96	-	18,393	18,489	29%
No Applications Received	-	55	-	67	1,664	1,786	3%
Total	10,627	17,660	5,581	10,861	20,057	64,786	
% of Total	16%	27%	9%	17%	31%	100%	

Source: KPEC based on City of Ottawa Mid-2022 Vacant Urban Residential Land Survey Report, (December 2023)



The City's regular, on-going reporting allows for analysis of how the City's supply has changed over time, and what proportion of registered units were no longer 'standing inventory' a few years later. Comparing the mid-2022 VURLS report to the mid-2018 VURLS report, the total inventory of unit potential fell by 16%, from 77,404 units to 64,786 units.

Figure 11

Unit Type (Registered Units)	Units in mid-2018 VURLS	Units from mid-2018 VURLS Remaining in mid-2022 VURLS	Units from mid-2018 No Longer in VURLS	
			Units	Share of Units
Singles/Semis	1,941	137	1,804	93%
Townhouse	1,848	277	1,571	85%
Stacked	579	48	531	92%
Apartments	3,683	2,130	1,553	42%
Total	8,051	2,592	5,459	68%
Share by Unit Type				
Singles/Semis	24%	5%		
Townhouse	23%	11%		
Stacked	7%	2%		
Apartments	46%	82%		
Total	100%	100%		

Source: KPEC based on City of Ottawa VURLS, mid-2018 and December 2023

The changes in the City's greenfield inventory over the 2018-2022 period includes several notable changes:

- Approximately 68% of units that were registered in the mid-2018 report were no longer in the City's December 2023 inventory.
- Of the units that were registered and unbuilt, the vast majority (82%) were apartment developments. Among ground-related dwelling types, 93% of singles/semis were no longer in the City's inventory, as well as 92% of stacked units.
- Of the 3,683 apartment units in the City's inventory in mid-2018, 2,130 of these units remained in the inventory in December 2023.

Looking further back at the City's reporting since 2014, the total greenfield inventory in the City has fallen from 86,900 units in 2014 to just under 66,000 units in the mid-2022 VURLS. The number of registered, draft approved and pending units have not changed significantly over time, but the number of units on designated land or in Community Design Plans (CDPs) have fallen, suggesting that a significant proportion of designated land is moving through the planning process at a reasonable pace.



Figure 12

Trends in Greenfield Plans, City of Ottawa, by Annual Report								
Status	2014	2015	2016	2017	2018	2019	2021	Mid-2022
Registered	8,836	7,501	7,958	7,474	6,242	10,004	10,626	11,486
Draft Approved	14,422	18,515	16,942	19,586	24,301	21,013	16,456	19,702
Pending	11,651	6,864	13,579	14,036	13,987	13,767	19,589	13,323
No Plan/CDP	51,994	47,831	44,481	38,369	36,757	32,620	22,407	21,275
Total	86,903	80,711	82,960	79,465	81,287	77,404	69,078	65,786
% of Total by Status								
Registered	10%	9%	10%	9%	8%	13%	15%	17%
Draft Approved	17%	23%	20%	25%	30%	27%	24%	30%
Pending	13%	9%	16%	18%	17%	18%	28%	20%
No Plan/CDP	60%	59%	54%	48%	45%	42%	32%	32%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Unit Type								
Singles/Semis	8,535	8,442	7,935	9,444	13,232	12,119	11,976	10,627
Townhouses	9,112	8,750	8,425	10,823	17,470	16,904	18,541	17,660
Stacked	3,780	3,480	2,847	1,659	2,463	3,521	5,616	5,581
Apartments	5,062	5,474	6,329	7,149	11,599	13,663	10,756	10,861
Mixed-Use/CDP	60,414	54,564	57,424	50,390	36,523	31,197	22,189	20,057
Total	86,903	80,710	82,960	79,465	81,287	77,404	69,078	64,786
% of Total by Unit Type								
Singles/Semis	10%	10%	10%	12%	16%	16%	17%	16%
Townhouses	10%	11%	10%	14%	21%	22%	27%	27%
Stacked	4%	4%	3%	2%	3%	5%	8%	9%
Apartments	6%	7%	8%	9%	14%	18%	16%	17%
Mixed-Use/CDP	70%	68%	69%	63%	45%	40%	32%	31%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: City of Ottawa Vacant Urban Residential Land Survey, various years

4.2.6. City of Kingston

The City of Kingston's inventory of pending and committed residential units included 4,230 committed units and 6,637 pending units, each of which are defined as follows:

- **Committed** – includes a mix of developments with full or partial planning approvals, (with or without building permits), including registered plans of subdivision, draft approved plans of subdivision, lands with approved OP and ZBL but no site plan application, those with site plan applications still under review, or those with approved site plans but no building permits.
- **Pending** – includes plans of subdivision without draft plan approval, applications for Official Plan or Zoning By-law amendments without approval, or applications appealed to the OLT or pending a decision from the OLT.



Figure 13

Units	Singles / Semis	Towns	Apartments		Total
			Condominium	Purpose-Built Rental	
Committed	930	1,012	541	1,747	4,230
Pending	213	633	(85)	5,876	6,637
Total	1,143	1,645	456	7,623	10,867
% of Units					
Committed	22%	24%	13%	41%	100%
Pending	3%	10%	-1%	89%	100%
Total	11%	15%	4%	70%	100%
Forecast - Market Housing Growth (2023-2033)					
Units	1,660	1,160	1,490	2,670	6,980
% of Units	24%	17%	21%	38%	100%
Surplus / (Shortfall) - 10YR Forecast	(517)	485	(1,034)	4,953	2,750
Note 1: Committed means registered and draft approved subdivisions and site plans					
Note 2: Pending means plans of subdivision and site plans pending approval, secondary plans with development proposals, zoning by-law amendments pending approval, and applications appealed to OLT					
Source: KPEC based on City of Kingston Report No. 23-172					

4.2.7. Wellington County

According to Wellington County's Phase 2 Municipal Comprehensive Review¹⁶ approximately 8% of the County's supply is in registered and permit-ready plans. Another 39% are in draft approved or provisional plans. The remaining 53% of residential unit potential in urban centres are either under review or undesignated lands without application on them.

¹⁶ Watson & Associates, Phase 2 MCR Report, Urban Land Needs Assessment, County of Wellington, (August 29, 2022)



Figure 14

Vacant and Potential Supply, Wellington County, as of July 2019						
Urban Centre	Lower-Tier Municipality	Registered	Draft Approved or Provisional	Applications Under Review	Vacant Designated	Total
Elora	Centre Wellington	9	937	410	213	1,569
Fergus	Centre Wellington	489	1,413	-	1,486	3,388
Erin Village	Erin	8	1,201	33	966	2,208
Hillsburgh	Erin	4	96	643	848	1,591
Rockwood	Guelph-Eramosa	87	12	111	13	223
Drayton	Mapleton	98	174	-	170	442
Moorefield	Mapleton	10	-	-	526	536
Clifford	Minto	55	-	-	174	229
Harriston	Minto	56	256	23	70	405
Palmerston	Minto	28	143	-	382	553
Arthur	Wellington North	10	314	50	181	555
Mount Forest	Wellington North	221	536	-	513	1,270
Aberfoyle	Puslinch	3	-	-	2	5
Morrison	Puslinch	13	-	-	31	44
Subtotal Urban Centres		1,091	5,082	1,270	5,575	13,018
As % of Urban Centres		8%	39%	10%	43%	100%
Outside Urban Centres	Total Outside Urban Centres as % of Urban Centre Supply	Registered	Draft Approved or Provisional	Applications Under Review	Vacant Designated	Total
Centre Wellington	6%	47	41	69	160	317
Erin	10%	108	61	-	208	377
Guelph-Eramosa	80%	70	5	-	104	179
Mapleton	14%	101	34	-	-	135
Minto	11%	59	-	-	71	130
Wellington North	9%	80	59	-	28	167
Puslinch	780%	229	-	-	153	382
Subtotal Outside Urban Centres		694	200	69	724	1,687

Source: KPEC based on Watson & Associates, Phase 2 MCR Report: Urban Land Needs Assessment, County of Wellington (August 29, 2022)

4.2.8. Simcoe County

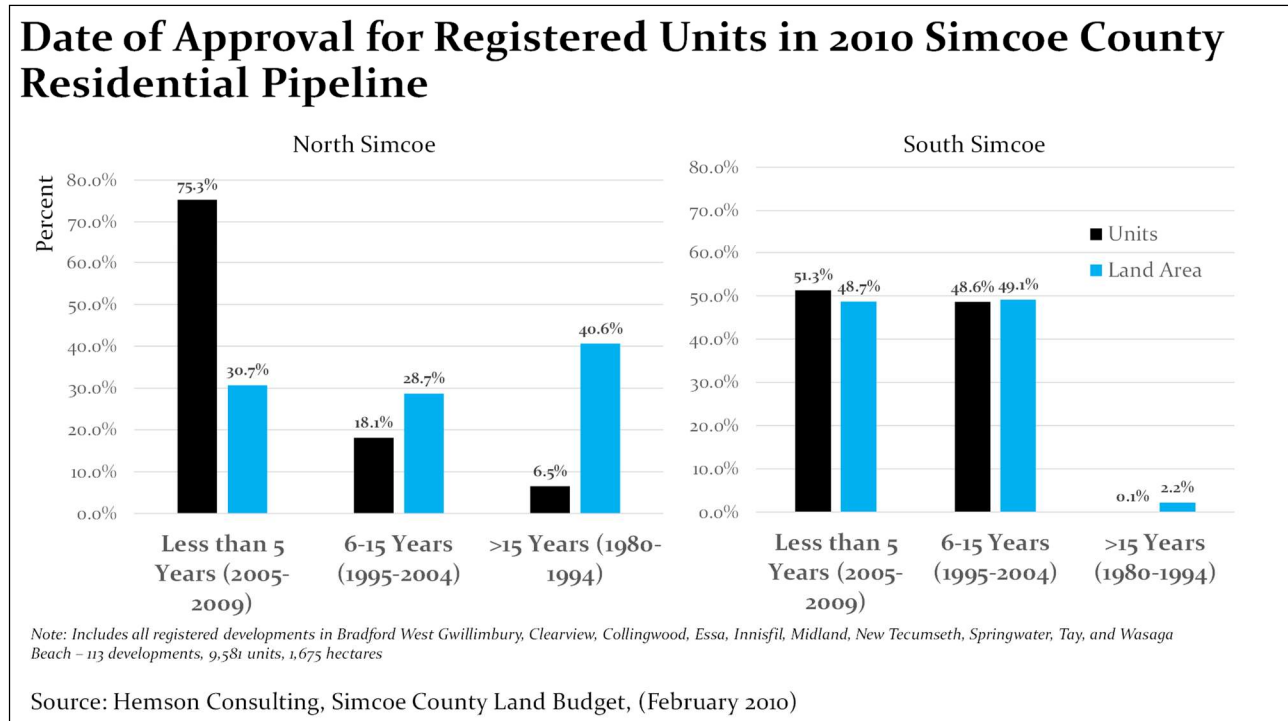
One of the most detailed reports of approved residential supply was in Simcoe County as contained in their February 2010 Land Budget document used for the land needs analysis for the 2006 Growth Plan conformity exercise. Based on review of the data in the 2010 Land Budget, several insights are evident:

- The majority of registered units (66.4%) in the County's inventory were first approved in the previous five years. These plans make up just 35% of the land associated with registered units.
- Only 4.1% of the registered units were in plans older than 15 years. The plans associated with these units make up 31.5% of the land associated with registered units, suggesting that the relatively stagnant supply in the County tends to be large-lot residential.



- Almost all (99%) of older registered units (>15 years) were in the northern parts of Simcoe County¹⁷ and consistent with the larger lot sizes for these older units are likely to be seasonal, large-lot residential developments.

Figure 15



4.3. Considerations Missed in Estimates of Approved Housing Supply

The following table presents numerous factors that should be considered when reviewing third-party or municipal estimates of approved housing supply. Very few reports or tallies of housing pipelines report on the number of truly fully approved and fully permitted (those with building permits) developments, and often miss a substantial amount of nuance regarding the ability of the units to be constructed, permitted, serviced, approved, or marketed.

Figure 16

#	Consideration	Related Considerations
1	How much of the municipality's development pipeline is fully approved?	Based on review of numerous detailed residential unit inventories across Ontario, the proportion of residential development pipelines that are fully approved, and

¹⁷ North Simcoe defined for purposes of this analysis to include: Clearview, Collingwood, Essa, Midland, Springwater, Tay, Wasaga Beach



		permit-ready is typically a small proportion of the overall residential pipeline.
2	Even if the development is approved, does it have or is it able to apply for a building permit?	<ul style="list-style-type: none"> • Are there conditions to fulfill? • Is the building permit under review? • Does it have servicing? • Did the length of time it took to gain approval or apply for a permit erode the project's feasibility?
3	Even if the development has a building permit, are there other constraining policies or factors it has to overcome?	<ul style="list-style-type: none"> • Is the site required to provide affordable housing? • Is the project required to include non-residential (retail, office) space?
4	Is the approved/permit-ready housing in the appropriate location (near transit, amenities, in-demand locations) to fulfill demand?	<ul style="list-style-type: none"> • Is the approved housing marketable based on currently available amenities and infrastructure? • Is the approved housing awaiting delivery of key municipal infrastructure before proceeding with sales and construction (particularly new transit lines)?
5	Is the approved/permit-ready housing of the appropriate type (size, form) to fulfill demand?	<ul style="list-style-type: none"> • Each municipality needs an ample supply of housing by type, price, location to match demand (i.e., a 500-sf apartment in Scarborough doesn't fulfill demand for a family of five in Etobicoke)
6	Is the approved/permit-ready supply able to be built in a prescribed period of time?	<ul style="list-style-type: none"> • Construction timelines are long and growing, occupying construction capacity (see Appendix A); • Are there financial issues that may hinder delivery of permitted housing?
7	Will all units in a municipal development pipeline be approved?	<ul style="list-style-type: none"> • Many municipal inventories include: <ul style="list-style-type: none"> • Units 'under review', meaning they have no planning approvals • Units may be on lands not designated for residential development, requiring employment land conversion • Units 'under appeal', meaning they have been approved, but are under appeal, or refused by Council. • Units "draft approved", meaning they have substantial conditions to clear before being able to apply for building permit.
8	Are there servicing constraints to be overcome?	<ul style="list-style-type: none"> • As shown in the subsequent subsection of this report, there are numerous municipalities with servicing issues that would need to be overcome for approved and/or permitted supply to be deliverable.



4.4. Sample of Municipalities with Servicing Issues

Many municipalities in Ontario are struggling with obtaining sufficient funding to construct needed major infrastructure investments for water treatment plants, sewage treatment plants, and distribution/collection networks.

There are numerous municipalities with significant servicing issues that are limiting, constraining or delaying growth where demand is otherwise present. The table below presents a sample of some Ontario municipalities facing servicing challenges that are hindering the pace and/or quantum of development.

Figure 17

Municipality / Area	Overview of Issue
Wellington County (Township of Wellington North)	<p>An expansion to the wastewater treatment plant in the community of Arthur was deemed by the Township to be needed sooner than anticipated due to growth and development in the community.</p> <p>It is expected that by 2025, there would be no additional uncommitted reserve capacity available and continued development in the Arthur community could not proceed. The cost of the work was estimated to be \$8.3 million (in 2018\$)¹⁸</p>
Town of Collingwood	<p>In 2021, The Town of Collingwood had placed a moratorium on development to protect a limited remaining supply of unallocated drinking water, through the passing of an interim control by-law (ICBL).</p> <p>The Town has since lifted the moratorium, but instituted a service capacity allocation policy which includes a 'merit-based system' that assigns points to warrant water and wastewater capacity allocation.¹⁹</p>

¹⁸ <https://www.guelphtoday.com/wellington-county/arthur-needs-more-wastewater-capacity-to-handle-growth-3515979>

¹⁹ <https://www.collingwood.ca/council-government/news-notice/town-collingwood-council-pauses-development-interim-control-law>



Municipality / Area	Overview of Issue
Clearview Township	<p>In March 2023, the Township’s remaining available water units were allocated through building permit issuance, with the Township notifying applicants that it will not be issuing permits for any structure in the Stayner community that requires new water capacity.</p> <p>According to the Township, it is working with the development community and the Province toward a financing solution for a project that will bring additional water capacity to Stayner.²⁰</p>
Halton Region	<p>A Halton Region staff report from October 2023 set out initial terms of their 2023 Allocation Program, which is a development-financing plan used in the Region since at least 2008 that seeks agreements from landowners to provide interim financing for growth-related capital works and reduce need for municipal borrowing.</p> <p>Recommendation #6 from the Region’s October 2023 staff report, sought to provide correspondence to the Provincial and Federal governments to emphasize “the critical need for water and wastewater servicing to support the response to the housing crisis and the accelerate housing growth reflected in the Local Municipal housing pledges...”²¹</p>
York Region	<p>In October 2021, the Ministry of the Environment, Conservation and Parks established the York Region Wastewater Advisory Panel to provide advice regarding whether to approve the Environmental Assessment for York Region’s proposed Upper York Sewage Solutions (UYSS) project.</p> <p>One of the observations of the panel was that at the Region’s current population growth rate, the existing upper York Region servicing will reach its service capacity limits by 2026.²²</p>

²⁰ <https://www.clearview.ca/news-events-meetings/latest-news/news-release-stayner-water-supply-capacity-new-building-permits>

²¹ Halton Region, Report No. CA-08-23/PW-40-23/FN-36-23, Re: 2023 Allocation Program, (October 18, 2023)

²² <https://www.ontario.ca/page/report-york-region-wastewater-advisory-panel>



Municipality / Area	Overview of Issue
City of Markham (North Markham)	<p>The Upper Markham Village lands in the City of Markham require the Region of York to deliver a trunk sewer (McCowan trunk sewer from 16th Avenue to Major Mackenzie). The sewer project was included in historic DC studies (2010/2012), removed in the 2018 DC study, and included again in the 2022 DC study. A solution is being undertaken by the landowners to construct the sewer through a front-ending arrangement.</p>
Town of Whitchurch-Stouffville	<p>The current development applications and other proposed developments exceed the available water capacity available in the community of Ballantrae, in the Town of Whitchurch-Stouffville.</p> <p>Elsewhere in the Town, within the Lincolnville community, a Class EA and design was completed for a trunk sewer needed for development, but the work did not proceed, resulting in development not yet proceeding as planned despite having planning approvals.</p>
Norfolk County	<p>In late 2020, with servicing capacity issues already resulting in a moratorium on new development in Port Dover, other communities (Simcoe, Waterford and Port Rowan) may be subject to similar constraints.</p> <p>Staff are discussing with neighbouring Haldimand County the feasibility of connecting to a water treatment facility in Nanticoke, with the costs of connecting to the facility through the community of Jarvis ranging upwards of \$100 million.²³</p>

²³ <https://www.simcoereformer.ca/news/local-news/water-shortages-loom-in-norfolk>



Municipality / Area	Overview of Issue
Municipality of Lakeshore	<p>The Municipality of Lakeshore reached operating capacity of its sewage treatment facility in 2020 due to higher than anticipated growth, with an expansion not available until 2023, with a cost of \$43.9 million. The project is to be funded by development charges.</p> <p>While the new plant was under construction, the Municipality created a framework for ‘in process’ applications to continue to move forward, but deferred new applications under the plant project was tendered.²⁴</p>

4.5. Conclusions

- The majority of estimated housing supply in self-reported municipal inventories are from applications that have not yet received a decision, or have been refused and remain under appeal, or have been approved and are under appeal from third-party appellants. Units still in the approvals process are unlikely to have servicing allocation, and are not permitted to proceed with construction, and are dependent on continued movement through the planning process to enable construction.
- Aggregated region-wide or Province-wide surpluses of potential housing supply need to be used with caution, as each municipality in Ontario will have planning forecasts and separate requirements under Provincial Policy to have sufficient supply of their own. A surplus in one municipality is unlikely to address shortfalls in another. Provincial policy requires each municipality to have minimum amounts of designated, zoned and/or serviced supply.
- There are numerous prospective developments in Ontario with servicing allocation, but without hard infrastructure available to enable development.
- In the cases where detailed data is available, the issue of stagnant supply, particularly with servicing allocation appears most related to more rural, large-lot developments (in the case of Northern Simcoe County), or higher-density supply within greenfield developments (in the case of Ottawa). Data in these municipalities indicate that supply, once approved, generally has been proceeding through the planning system, and its numerous checks and balances, in a steady fashion.

²⁴ <https://www.lakeshore.ca/en/news/lakeshore-breaks-ground-on-55-million-expansion-to-denis-st-pierre-water-pollution-control-plant.aspx#:~:text=The%20expansion%20is%20a%20critical,funded%20through%20Wastewater%20Development%20Charges.>



- Beyond a few exceptions, it is found that there is a significant lack of data available to properly assess whether there are issues with dormant approved supply, particularly those with servicing allocation. Data required to be supplied by municipalities through regulation O.Reg. 73/23 should include enough detail that analysis can be undertaken to understand the scale, scope and orientation of any existing or emerging problems with unused servicing capacity in Ontario and each of its municipalities.



5. FINDINGS AND RECOMMENDATIONS

5.1. Findings

5.1.1. There are Numerous “Use it or Lose It” Checks and Balances Already Embedded in Ontario’s Planning System

There are currently numerous checks and balances in Ontario’s planning system that can catch developments that have become stagnant and unlikely to proceed, including:

- **Expiration of Building Permits** – permission in the Building Code Act for permits to expire;
- **Registered Plans Deemed Inactive/Unregistered** – based on existing provisions in the Planning Act, registered plans not proceeding are able to be deemed to be not registered after eight (8) years;
- **Lapsing Approvals for Draft Plan Approval** – many municipalities already have policies in which draft plan approvals lapse, with the Planning Act allowing draft plan approvals to lapse after a period of no less than three (3) years;
- **Revoking of Servicing Allocation** – many municipalities have current policies that revoke and reallocate servicing allocation if it is unused for a defined period of time;
- **Excess Lands** – the Growth Plan for the Greater Golden Horseshoe contains provisions where, through land needs assessments, it is determined there is a surplus of designated land. Under the Growth Plan policies, the determination of whether there are excess lands would be done during each Official Plan conformity exercise.

The current system rationalizes, at various points in the planning process, the quantum of designated lands, the utilization of servicing allocation, the age of planning approvals, and the age of building permits. The production of housing in Ontario (as evident from data presented in Appendix A) is at 33-year highs, suggesting that any presumptions that landowners are unnecessarily holding back supply is inaccurate and not borne out by on-the-ground data.

5.1.2. More Data is Needed to Better Understand the Problem, but Issues Appear Oriented to Large-Lot Rural Supply and High-Density Urban Infill

There is a serious lack of data available from municipalities or the Province to adequately assess the scale and orientation of any issues related to stagnant approvals or unused servicing capacity, but based on the review of available data from



municipalities such as Simcoe County and the City of Ottawa that regularly produce detailed analyses of registered developments, the following insights are evident:

- In Simcoe County, the majority of registered supply in a recent land budget was approved within the prior five years. Among the instances of older registered supply (older than 15 years), the vast majority was in northern, rural parts of the County, with those tending to be large-lot residential plans of subdivision. At the time there appeared to be little issue with traditional greenfield development in South Simcoe not proceeding through the planning and construction process.
- In the City of Ottawa:
 - Over a four-year span (2018-2022), 68% of units in registered plans in mid-2018 were no longer in the City's inventory of registered units as of mid-2022, with most of those units being constructed.
 - When broken down by unit type, over 90% of ground-related units in the mid-2018 inventory were no longer in the City's mid-2022 inventory, compared to only 42% of apartment units. This suggests that in urban areas, an enhanced UIOLI policy may disproportionately affect the approvals, permissions or servicing allocation for high-density developments.
 - Over the 2014-2022 period, based on the City's annual report of greenfield inventory by planning status, the total number of units in the pipeline fell by over 24,000 units.

More robust, mandatory data requirements would help researchers, planners, and policy makers understand the scale, scope and orientation of problems that may exist, or may emerge in the future.

5.1.3. Enhanced UIOLI Powers Need to Consider External Factors that May Hinder the Feasibility of Housing Development

- A more strict time-based approval/permit/allocation expiry system ignores the evolving nature of markets that can make a once-feasible development type or form (residential or non-residential) significantly less marketable or feasible than when initially proposed.
- The Housing Affordability Task Force recommended enabling municipalities to have the ability to withdraw servicing allocation from permitted projects included a caveat that the recommendation should be 'subject to adverse external economic events'. Given the effect that external factors can have on the ability to feasibly construct new housing, such as high interest rates, inflated construction costs and impaired availability of borrowing for builders and homebuyers, the Province should consider whether the timing of imposing more strict UIOLI policies may only serve to further impair the ability of prospective housing supply to be delivered.



- Rather than punitively reducing the number of approved or permitted developments, or imposing fees and charges, the Province should be seeking to first understand ‘why’ approved supply may not be getting built on the same timelines or pace that municipalities expect. As noted by many municipalities, financial feasibility of construction is paramount to enable approved supply turning into built supply, but little analysis has been done to assess what municipal policies, processes, fees, charges or other requirements may do to the financial feasibility of projects.
- If even approved units aren’t getting built, it is often because it is not feasible to build those units – costs are too high, revenues are too low, or both. Prolonged approval periods increase the risk of the feasibility of development applications and approvals worsening from what it may have been at the time of project inception.
- Housing projects that are built are those that are able to cover the costs. It is incorrect to assume that every project proposed will succeed in getting approved, being constructed and being marketable, in a timely-enough manner to preserve the financial feasibility necessary for projects to succeed, and in particular, obtain financing from financial institutions. When additional costs or policy requirements are introduced, the least profitable or most cost-sensitive supply subject to those additional requirements tend to be the first to drop out of the market or not get built.

5.1.4. Claims of Home Builders “Sitting on Supply” Ignores Amount of Development Activity Currently In-Progress

- The notion that enhanced UIOLI powers are necessary on the basis that home builders are withholding supply ignores that residential construction in Ontario is at a 33-year high, with over 164,000 units currently under construction (see Appendix A).
- The length of time to construct housing units, of all types, continues to increase, which results in delayed delivery of supply once begun, but has also added considerable risk for those seeking to begin construction given the longer period of time that construction loans need to be carried, contractors retained, as well as prolonged exposure to construction cost inflation.
- Data made available from municipalities generally shows low proportions of estimated ‘development pipelines’ are in registered or draft approved developments with servicing allocation. The largest source of units in municipal pipeline estimates are in applications still requiring additional approvals, or municipal/OLT decisions.

5.1.5. In Municipal Land Needs Assessments, Demand is Often Understated and Available Supply is Often Overstated

- Comparison of development pipelines and potential supply with housing demand set out in Growth Plan or other municipal forecasts ignores the range of non-Census population that is omitted from most municipal forecasts and therefore, also omitted from most estimates of housing needs. Therefore, most estimates of housing need are understated, and significantly understated in some municipalities.



- Despite studies finding that within any development pipeline there will inevitably be prospective developments with partial or full planning permissions that won't proceed, accounting for this likelihood should be reflected in land needs assessments, through the use of contingency factors. Very few Ontario municipalities utilized a contingency factor in their recent land needs analyses, instead planning for a precise amount of supply that matches the only the minimum population forecasts. The implications of this approach is that for a municipality to achieve its population forecasts, all anticipated supply needs to materialize. However, the inherent risk of development, unforeseen economic events, changes in demand for housing of certain types all present significant risk to the accuracy of point-in-time forecasts.

5.2. Recommendations

- **Data is Needed to Understand Scale of Issue and Avoid Unintended Consequences** - before an enhanced UIOLI policy is adopted, study should be undertaken to quantify the scale and potential source of problems that may exist. Currently, the relative lack of available data does not allow for proper analysis to understand the true size and scale of the problem. Without data to understand the source (dwelling unit types, geography) or scale of the problem, the potential solution to withdraw servicing allocation, approvals or permissions could be unnecessarily harsh.
- **Consider Amount of Unused Servicing Capacity Held by Non-Residential Approvals** - If the Province is seeking to enhance existing UIOLI to better optimize servicing capacity, a similar exercise should be considered for servicing allocations held by non-residential development.
- **Placing Onerous Conditions or Costs on Developments Already in Jeopardy May Exacerbate Existing Issues** – a requirement to re-apply once an approval or servicing allocation is revoked or lapsed may result in onerous conditions or costs being imposed. The time-cost of delay caused by expiry may impact smaller builders more than larger builders and exacerbate issues with feasibility that may already be present.
- **Lapsing or Revoked Planning Approvals May be Inconsistent with Municipal Planning Policy and Zoning By-laws** - If an application is approved because it conforms to the Official Plan, Zoning By-law, or the Official Plan or Zoning By-law was amended to designate or permit the land use and proposed development, it is unclear how removing its approval would conform to municipal policy. Official Plan designations and zoning permissions should not be at risk.
- **Phasing Large Development Sites is Necessary to Mitigate Risk and Improve Chances of Delivery of Supply:** Phasing sites is a way for homebuilders to manage cash flow and balance risk of going too fast (or too slow) – if need to rush to avoid expiry of approvals or servicing allocation results in going too fast and



increasing risk exposure, or if expiries reduce cash flow, it could prevent development that was highly likely to occur.

- **Population Forecasts Used in Planning Processes are Generally Minimums and Should be Treated as Such:** The population targets in the Growth Plan are minimums. A surplus supply relative to Growth Plan forecast needs, if utilized in the build-out of a municipality, or sooner than anticipated, only indicates that the municipality may be able to exceed the minimum as a surplus of supply may be a signal from the development industry that a particular area or municipality is in more demand than initially projected. Without a surplus of supply relative to forecast needs, there would be no way to know that actual demand exceeded anticipated supply needs.
- **Sector and Firm-Based Capacity Constraints:** Given the ongoing financial risk of constructing new homes and maintaining business operations as the base long-term goal, development firms will maintain their own pipelines of approved developments. The ability to convert those pipelines to completed projects are limited by that business's financial capacity, appetite for risk, as well as other industry-level constraints such as the availability and capacity of consultants, builders, engineers, etc.

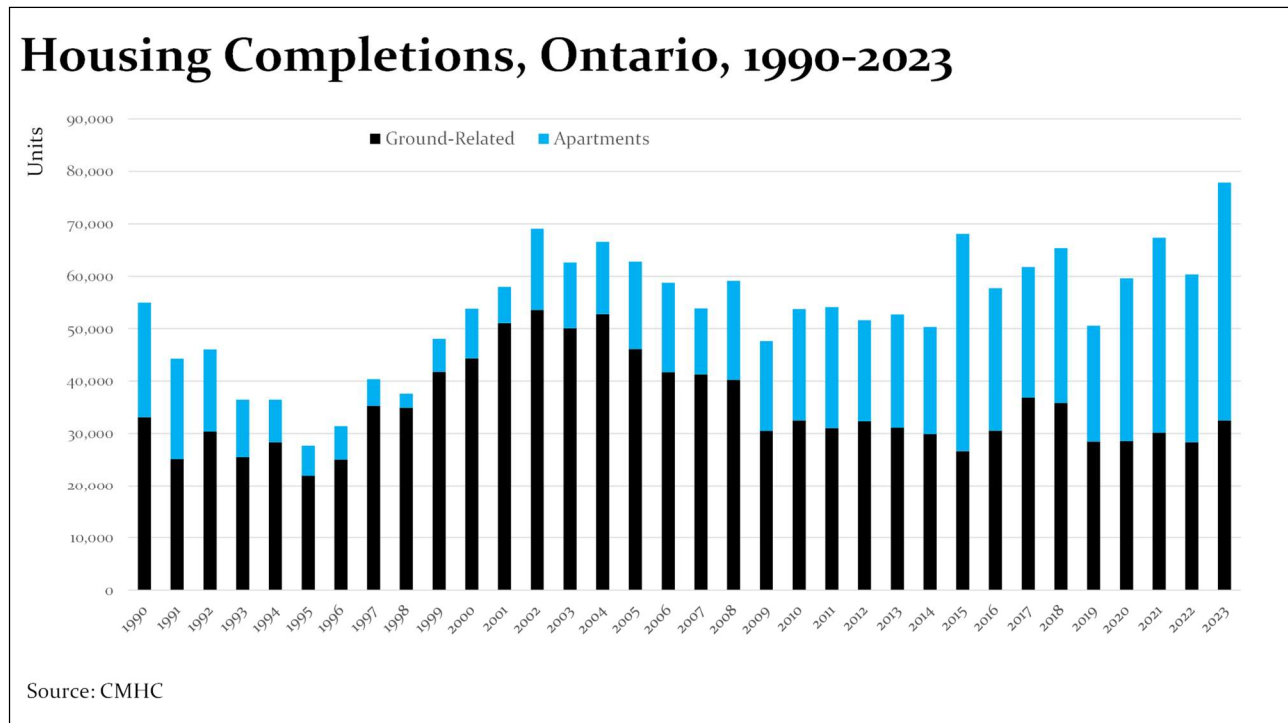


APPENDIX A – POPULATION AND HOUSING CONSTRUCTION TRENDS IN ONTARIO

Housing Completions

In 2023, housing completions in Ontario reached a 34-year high at nearly 77,900 units, the first year since 1990 in which completions have exceeded 70,000 units. Of the 10 years since 1990 in which completions have exceeded 60,000 units, six of them have occurred since 2015. Ground-related housing forms (single-detached, semi-detached and row houses) comprised 41.7% of housing completions, the second lowest such share since 1990 (the lowest being 2015 at 39.1%).

Figure A- 1



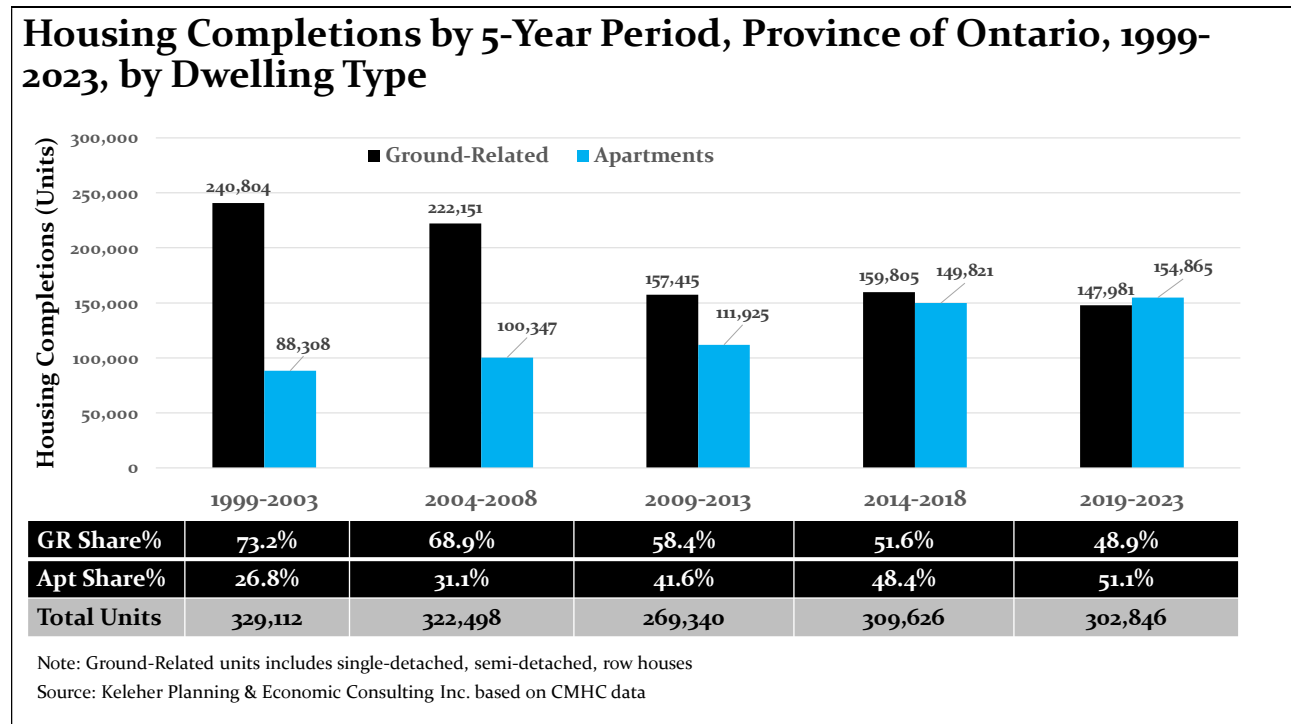
The composition of housing units in the Province of Ontario has generally shifted away from ground-related dwelling units (single-detached, semi-detached, townhouses) and towards apartment units. The share of ground-related units has fallen from 73.2% from the 1999-2003 period to 48.9% over the 2019-2023 period.

While the mix of housing units completed in Ontario has significantly shifted from ground-related units to apartments, the total number of units completed has stayed within a range of 269,300 to 329,100 units over each five-year period since 1999. The most recent five-year period (2019-2023) saw 302,800 housing completions, the second-lowest 5-year period other than the 2009-2013 period. The 2019-2023 period



had more apartment unit completions of any of the other five-year periods, but it also had the lowest number of ground-related units of any five-year period.

Figure A- 2



Population Growth

Since 2001, the population of Ontario has grown by 25%, from 11.4 million people in 2001 to 14.2 million people in 2021, equating to Province-wide growth of 2.8 million people over a 20-year period.

When population growth in Ontario is broken down into five regions, including the Inner Ring and Outer Ring of the Greater Golden Horseshoe, Eastern Ontario, Southwestern Ontario and Northern Ontario, the data shows that the location of growth has shifted away from the Inner Ring²⁵, which in the 2001-2006 period saw 65% of the Province’s population growth, falling to 42% in the latest five-year period from 2016-2021.

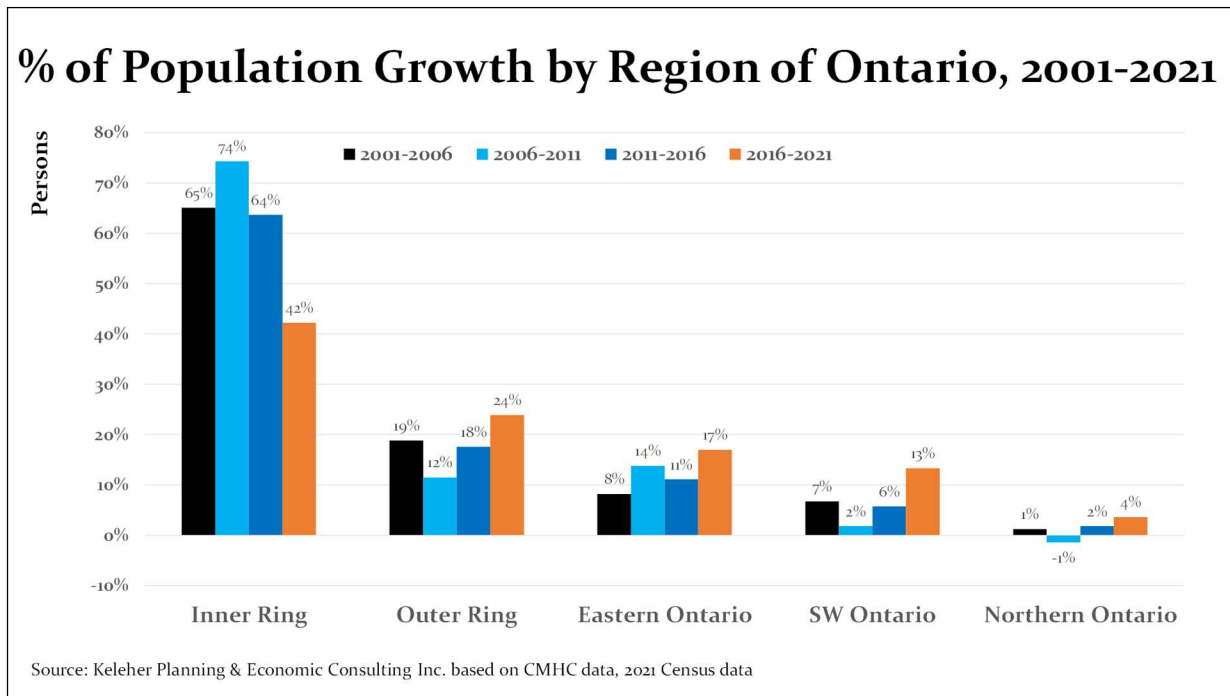
The share of growth occurring in the Outer Ring²⁶ reached a high of 24% in the last five years, as did the share of growth occurring in each of Eastern Ontario (17% share), Southwestern Ontario (13.3% share) and Northern Ontario (3.6% share).

²⁵ Inner Ring = Census Divisions of Toronto, York, Peel, Durham, Halton and Hamilton

²⁶ Outer Ring = all other parts of the Greater Golden Horseshoe except for the Inner Ring

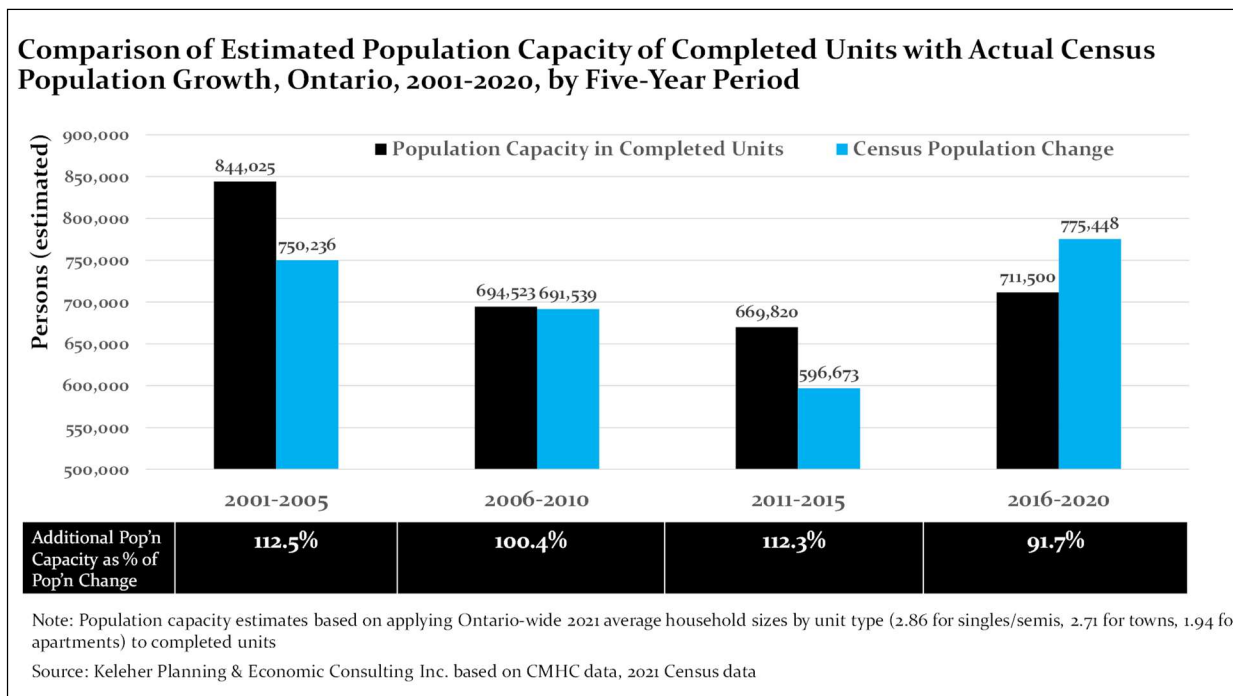


Figure A- 3



The reduced share and amount of growth occurring in the Inner Ring has occurred during a period in which Province-wide population growth over the five-year Census period was the highest it has been over the 2001-2021 period.

Figure A- 4





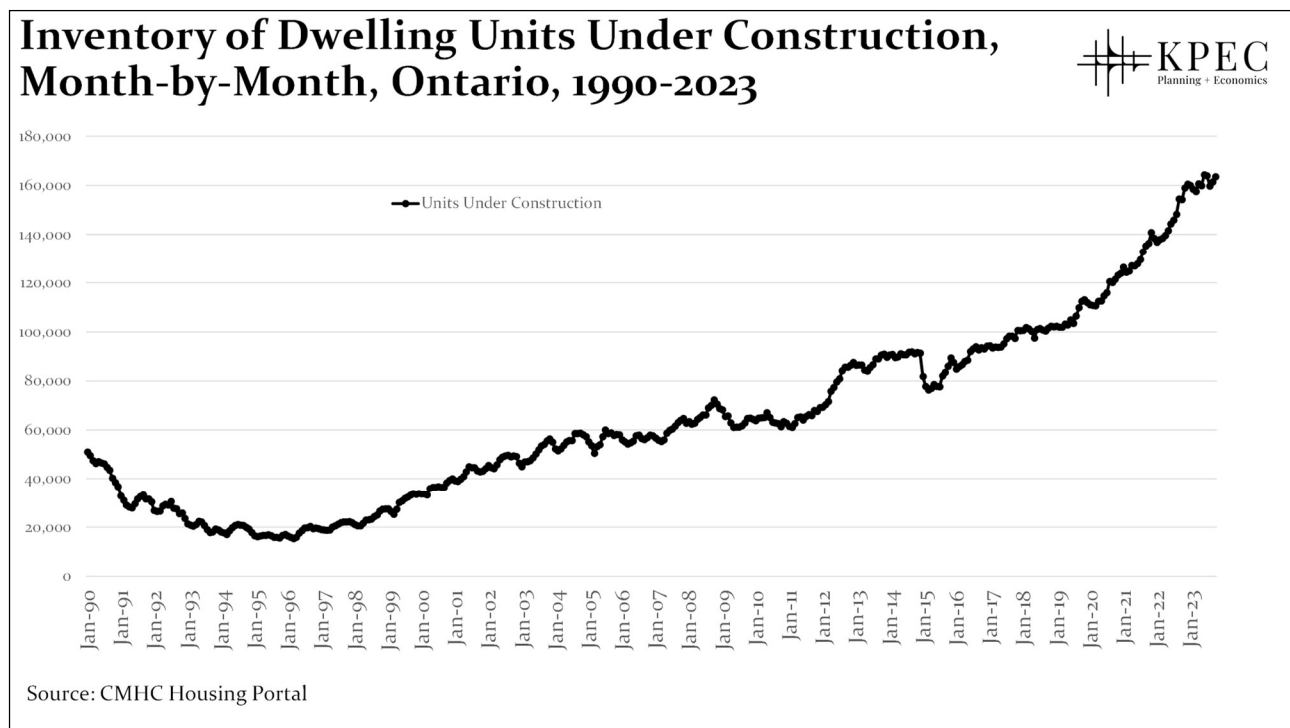
Inventory of Units Under Construction in Ontario

The notion of “use it or lose it” approvals is predicated on the presumption that approved homes aren’t getting built fast enough or that housing supply is being held back. However, the data shows that there has never been more housing units under construction in Ontario has reached 33-year highs

Units Under Construction at 33-Year Highs

Based on the amount of inventory currently under construction, there has not been a period in Ontario, since 1990 (if not further back), where more housing units were being constructed. As of October 2023, there were 163,407 dwelling units under construction in Ontario, including 33,796 ground-related units, and 129,611 apartment units.

Figure A- 5



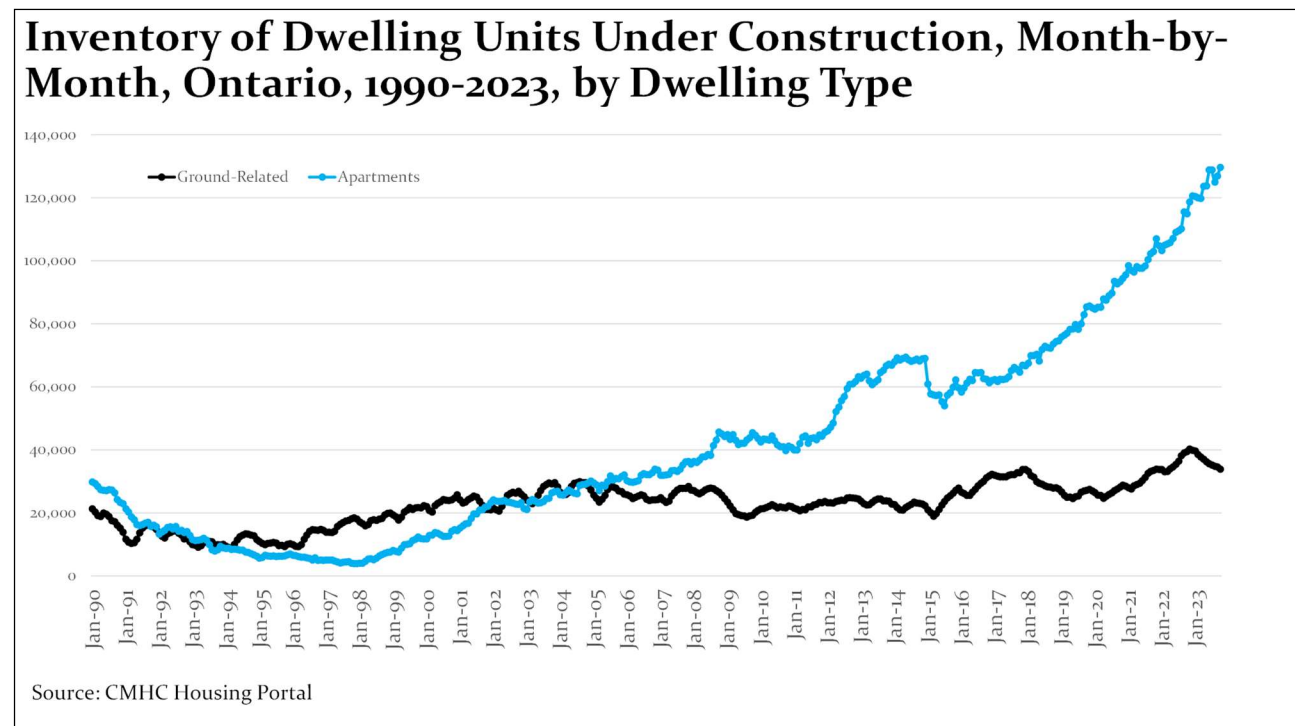
This illustrates that the construction sector may be approaching capacity, both in the construction of buildings and homes, but also the infrastructure needed to allow housing to be constructed. There is also substantial construction sector capacity being utilized in constructing major infrastructure works, including numerous housing-supportive transit network improvements being installed throughout the Province.



Share of Units Under Construction Increasingly Oriented to Apartment Units

The number of dwelling units under construction has grown primarily due to a significant increase in the number of apartment projects under construction, with approximately 130,000 apartment units currently under construction. Prior to 2020, at no point since 1990 had more than 100,000 apartment units been under construction at any given time. The number of ground-related units is less than 40,000 units, and has generally ranged from 20,000 to 40,000 units since the late 1990s.

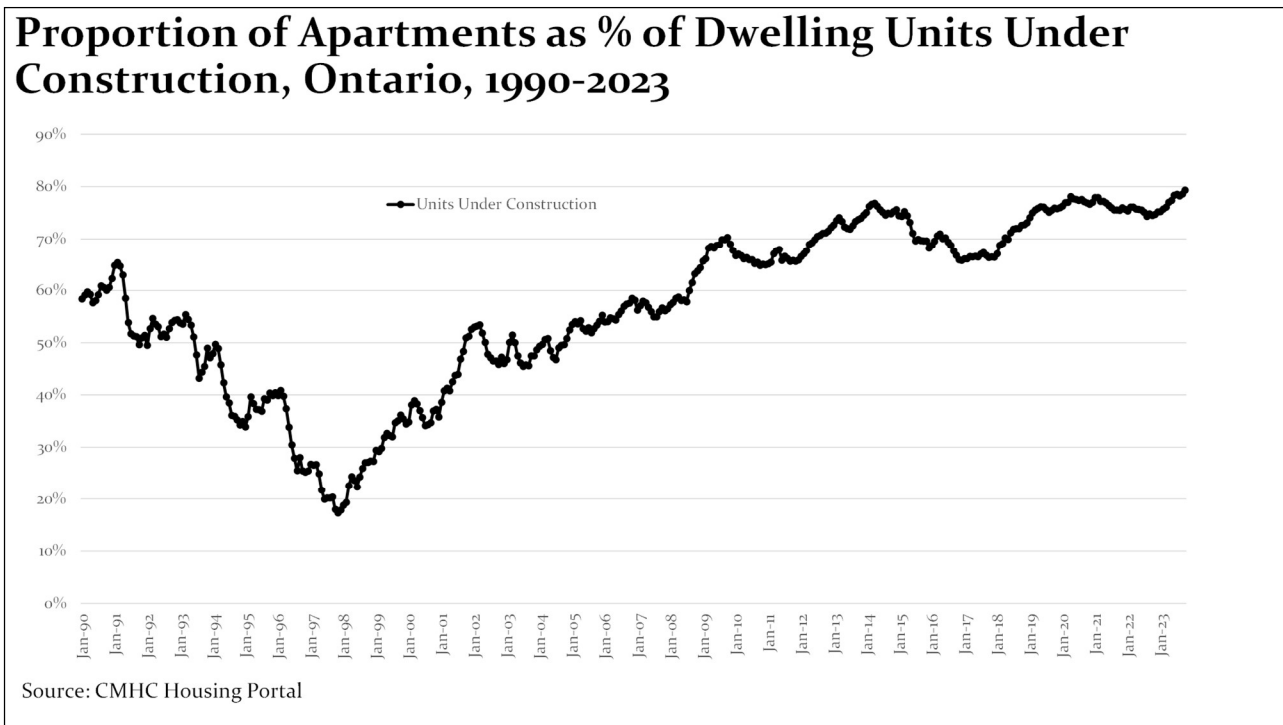
Figure A- 6



Of the 163,400 units under construction in Ontario as of 2023, nearly 80% are apartment units, the highest proportion since 1990 (at least).



Figure A- 7



All Dwelling Unit Types Taking Longer to Construct

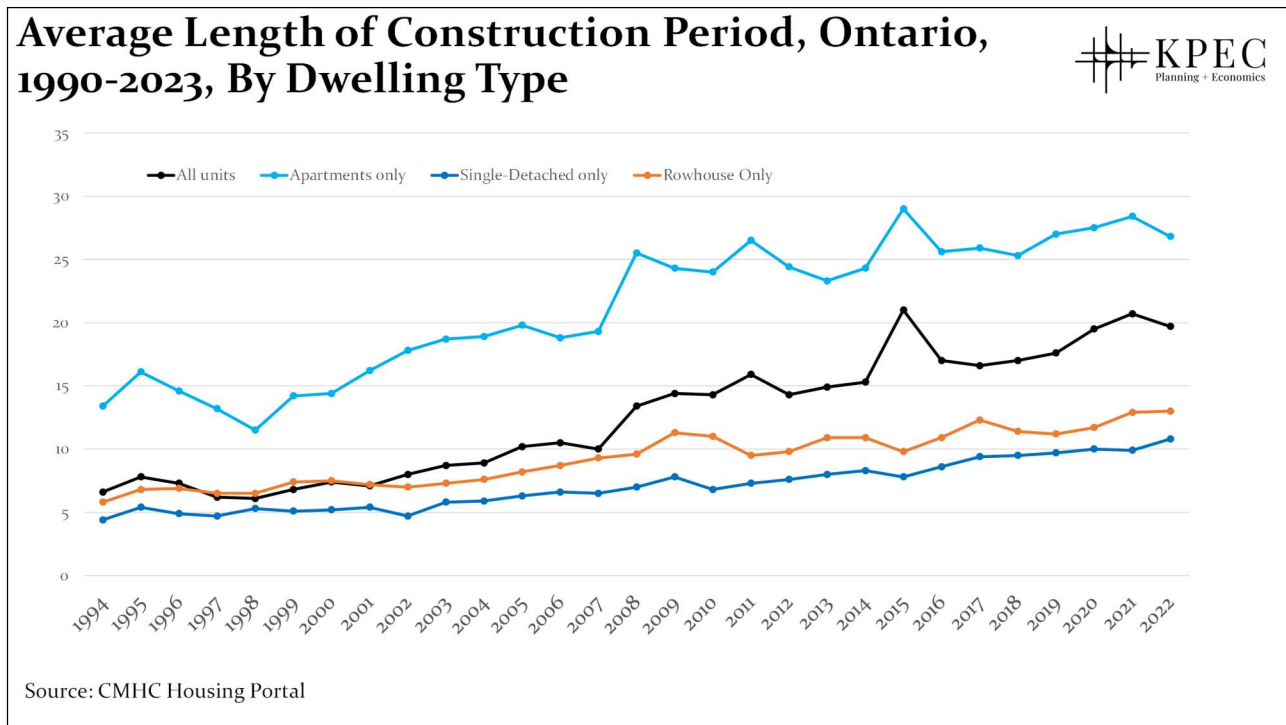
Based on CMHC data on the average length of construction periods by dwelling type in Ontario over the 1990-2023 period, the average period of construction has increased for all unit types.

The average length of time for constructing an apartment project has increased from 13-15 months in the 1990s to 26-28 months in the last few years. Single-detached units have also doubled from roughly 5 months in the 1990s to approximately 10 months in each of the past four years.

The gap in construction periods between single-detached and apartments have increased from roughly 9 months in the early 1990s to roughly 17 months over the past few years.



Figure A- 8



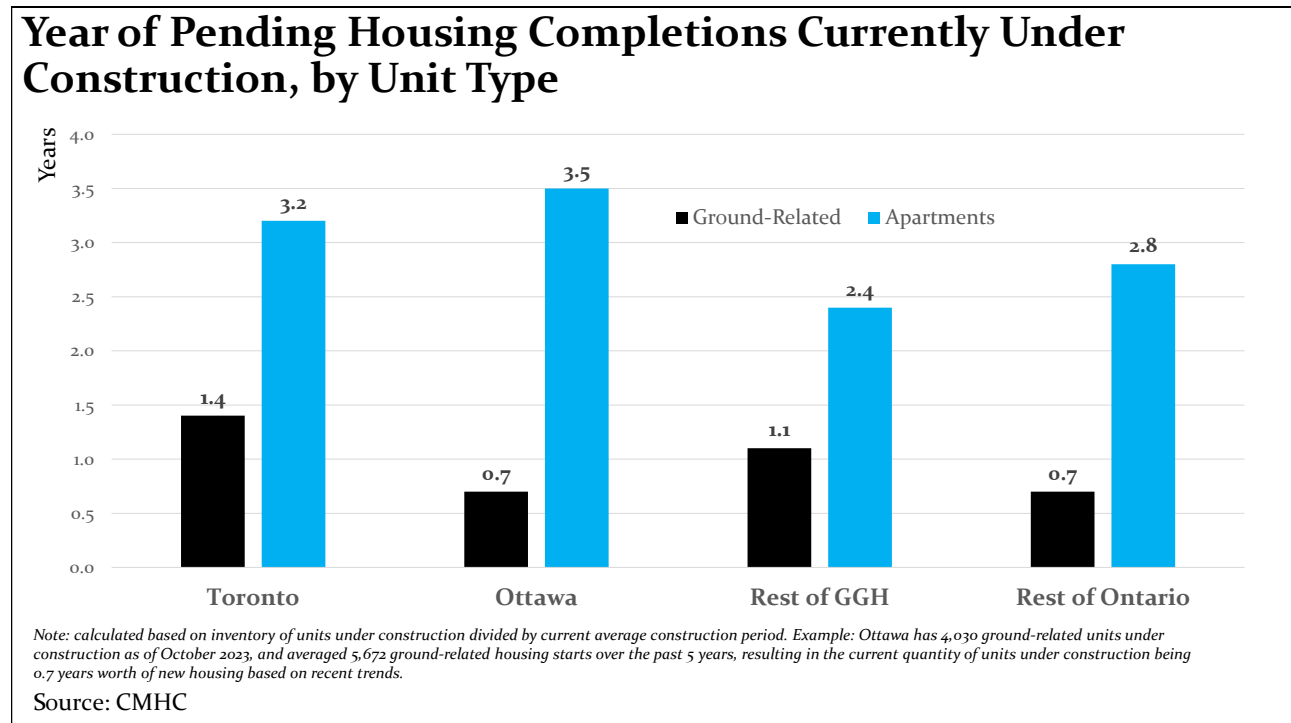
Size of Construction Pipeline Needs to Increase by 50-100% to Meet Provincial Housing Targets

The current inventory of units under construction can be translated into a rough estimate of ‘years supply’ of pending housing completions.

While the current amount of dwelling units under construction is at a 33-year high, the quantity of housing under construction, based on typical construction periods by unit type, amounts to 1.1 years worth of housing completions for ground-related housing forms, and 3.1 years housing completions for apartments.



Figure A- 9



Given timelines to construct new housing by dwelling type, if the Provincial target of 150,000 new homes per year is to be achieved, the construction pipeline will need to substantially expand.

Depending on the mix of housing units to make up the 150,000 dwelling units, the Province may need between 242,000 and 316,400 dwelling units in the ‘under construction’ pipeline to see 150,000 units per year be completed. This would equate to a 48% to 94% increase over the current under construction pipeline, which is at a 33-year high.

Figure A- 10

	Scenarios re: Provincial Target		Breakdown of Annual Units by Scenario			Units Needed in Construction Pipeline to Achieve 150,000 Completions Per Year				
	Ground-Related	Apartment	Ground-Related	Apartment	Total	Ground-Related	Apartment	Total	% Increase over Current	
Scenario 1	10%	90%	15,000	135,000	150,000	14,877	301,500	316,377	94%	
Scenario 2	15%	85%	22,500	127,500	150,000	22,315	284,750	307,065	88%	
Scenario 3	20%	80%	30,000	120,000	150,000	29,753	268,000	297,753	82%	
Scenario 4	25%	75%	37,500	112,500	150,000	37,191	251,250	288,441	77%	
Scenario 5	30%	70%	45,000	105,000	150,000	44,630	234,500	279,130	71%	
Scenario 6	35%	65%	52,500	97,500	150,000	52,068	217,750	269,818	65%	
Scenario 7	40%	60%	60,000	90,000	150,000	59,506	201,000	260,506	59%	
Scenario 8	45%	55%	67,500	82,500	150,000	66,944	184,250	251,194	54%	
Scenario 9	50%	50%	75,000	75,000	150,000	74,383	167,500	241,883	48%	
Years to Construct	1.0	2.2								
Current # of Units Under Construction			163,407 units							

Source: KPEC based on CMHC data



For construction-sector capacity to increase by 48% to 94% to expand the construction pipeline to enable annual completions to reach 150,000 units per year, it would require some combination of expansion of employment levels, productivity improvements, or some combination thereof.

Ability to Increase Construction Pipeline will Require Expansion of Labour Force or Increased Productivity

Based on the 163,400 units currently under construction, to reach 241,900 to 316,400 units in the construction (depending on the scenario), the pipeline would require an increase in the range of 78,500 to 171,900 units. Based on rough assumptions regarding unit size, unit mix, construction costs, it is estimated that expansion of the construction sector to accommodate an increase to the construction pipeline of 78,500 to 171,900 units would require an additional 111,000 to 195,300 jobs in the construction sector in Ontario.

The amount of employment in the construction sector has risen steadily since the mid-1990s, where employment has increased by 126% compared to 53% for employment across Ontario as a whole over that same period of time. In total there are 596,000 jobs in the construction sector, meaning that without productivity improvements, an additional 111,000 to 195,300 jobs to increase residential construction to targeted levels would require a 19% to 38% increase in construction sector employment.

Figure A- 11

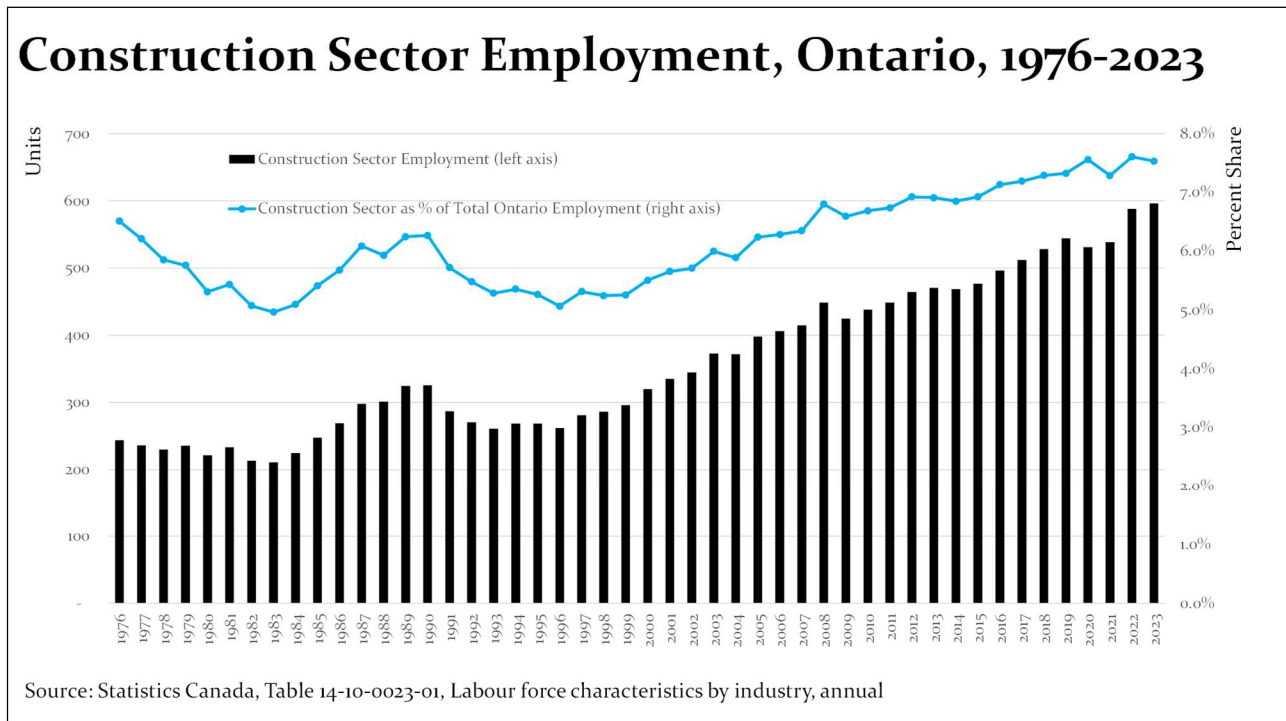




Figure A- 12

Change to 2023	Total Employment, Ontario	Construction Sector Employment
Since 1976	+112%	+145%
Since 1986	+67%	+122%
Since 1996	+53%	+128%
Since 2006	+23%	+47%
Since 2016	+14%	+20%

Conclusions

There are several trends that have combined to limit the ability of the construction industry to continue expanding pace of production and utilize other approved permit-ready supply:

- The total number of units under construction is at 33-year highs;
- The proportion of units under construction that are apartments is at 33-year highs;
- The length of time to construct all unit types are at-or-near 33-year highs.

At a time when the construction industry has never had more units in production, has never had more labour-intensive high-density projects in production, and at a time when construction periods are as long as they have been on record, it is not in the public interest to revoke permit-ready approvals when it may not be able to utilize those permissions due to being limited by the amount of construction already underway.



APPENDIX B – IMPLICATIONS OF INSUFFICIENT HOUSING SUPPLY

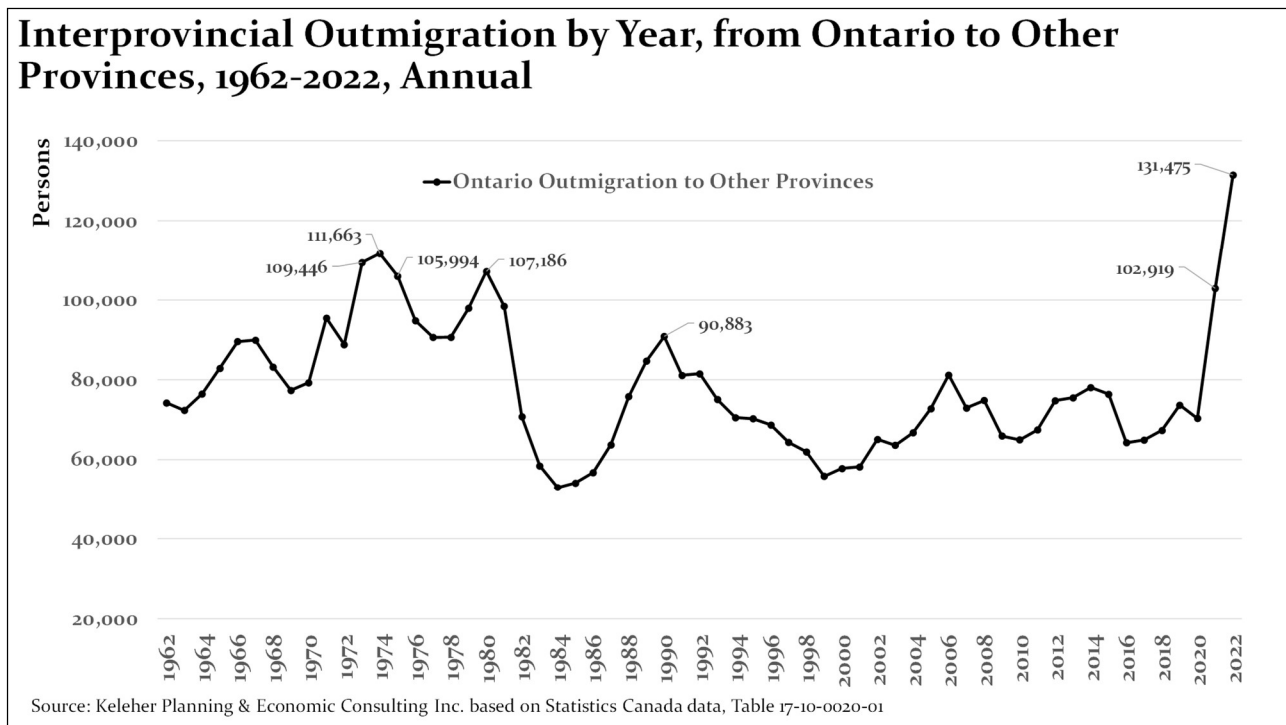
When housing supply in a given jurisdiction is insufficient to meet demand, or available shovel-ready housing supply is unable to be built, there are numerous implications that are felt in Ontario and negatively impact economic competitiveness.

People Moving Out of Ontario to Elsewhere in Canada

The movement of persons within Ontario, within Canada, and the prices or rents for homes gives an indication or signal regarding the adequacy of housing supply in Ontario municipalities.

Over the past two years, the Province of Ontario has seen the greatest amount of out-migration from Ontario to other provinces seen since the mid-1970s to early-1980s, with the out-migration of 113,475 persons in 2022 being the highest single-year since 1962 (at least).

Figure B- 1



The implications of not supplying enough housing for the population that may otherwise wish to reside in Ontario, results in lost economic opportunities for Ontario residents remaining in Ontario, disruption to existing Ontario residents deciding to leave the Province, and impacts the Province’s economic outlook by people that were living in

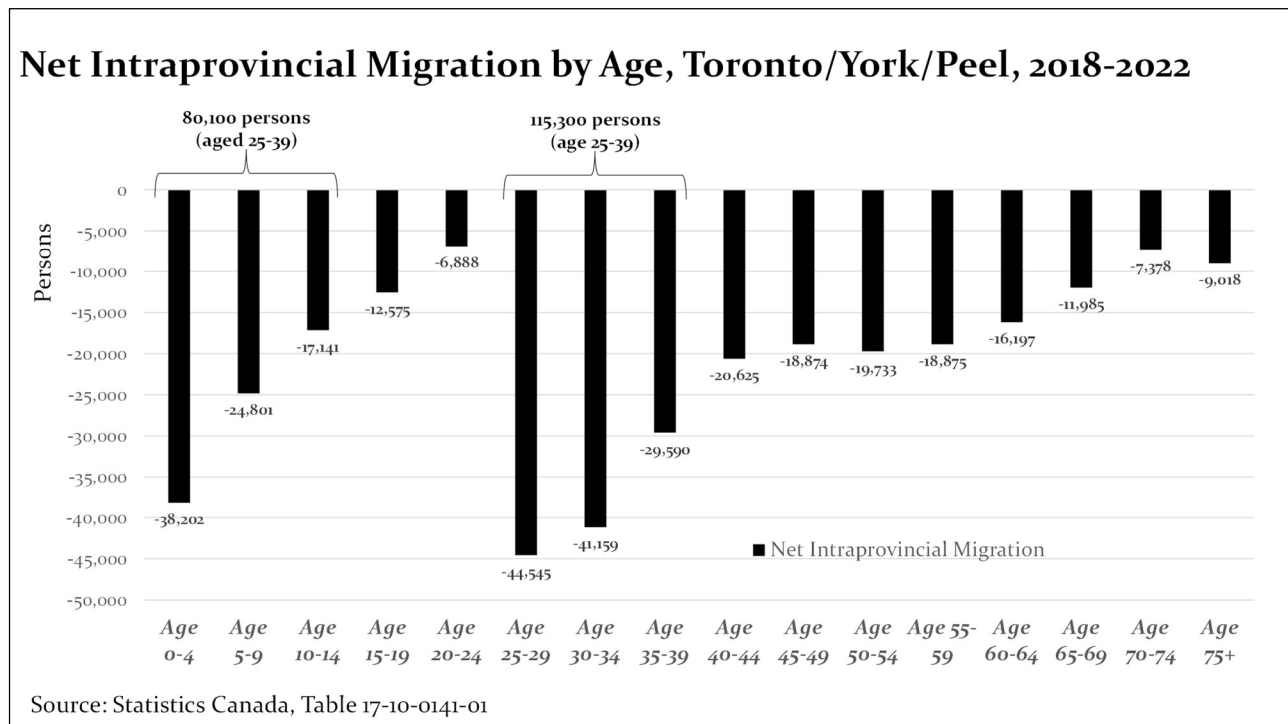


Ontario taking their skills, talent and training (often obtained in Ontario) to other Provinces thereby bolstering other economies instead.

Increased Movement of Young People within Ontario

Intraprovincial migration refers to persons who moved to a different city, township, village or reserve within Canada, but stayed within the same province or territory. The majority of persons leaving the Toronto CMA on-net are young people seeking suitable housing that meets their budget. Over the five-year period from 2018-2022, a net of 205,000 persons in age groups 0-14 and 25-39 left the combined area of Toronto, York and Peel for other parts of Ontario.

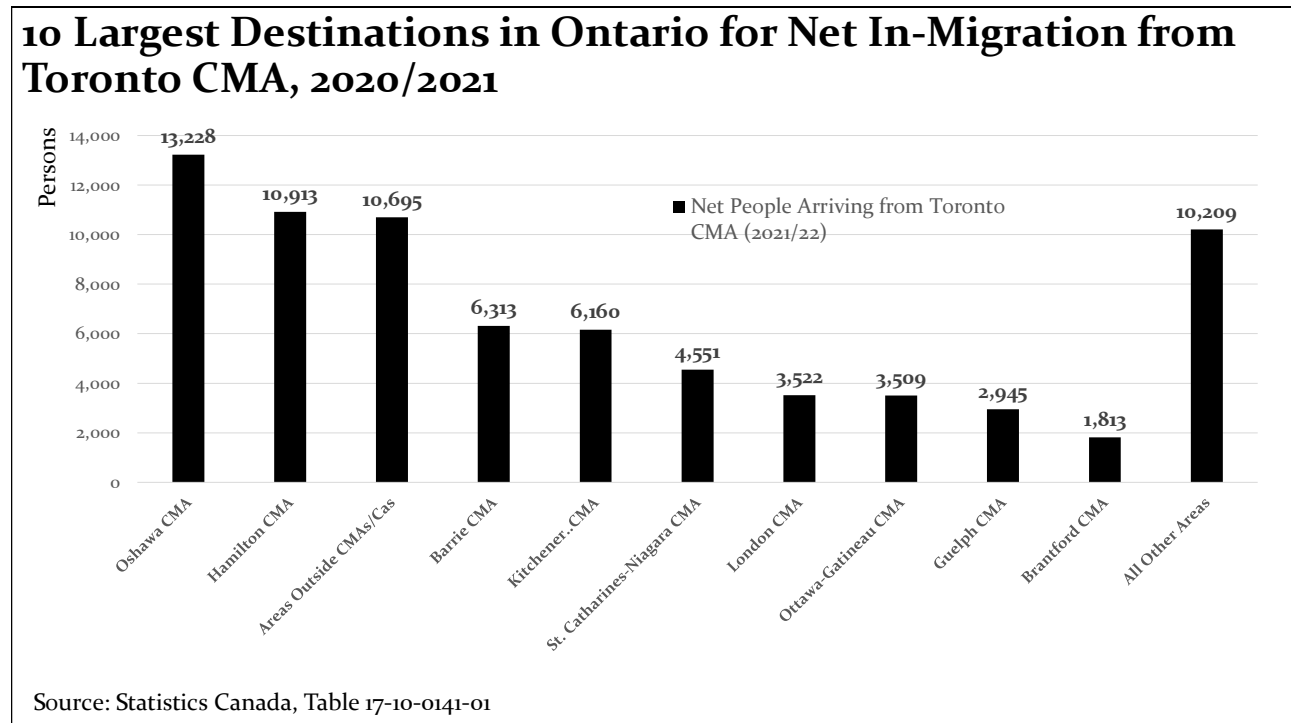
Figure B- 2



Based on data from 2021 alone, the largest recipients of persons moving from the Toronto CMA (which includes Toronto, Peel, York, and parts of Halton Region and Durham Region) are areas such as the Oshawa CMA, Hamilton CMA, Barrie CMA, Kitchener-Waterloo, Niagara Region and London. There is also a substantial number moving to more rural areas (those outside of CMAs in particular).



Figure B- 3



Deterioration of Affordability in Market Housing

Since 2012, the average price of absorbed single-detached dwelling units have increased by more than 100% in 11 of 16 market areas, and more than 150% five (5) of those 11, including Guelph (+230%), London (+182%), Windsor (+171%), Kingston (+167%) and Peterborough (+162%). Each of these five markets saw significant inflows from persons moving on net out of the Greater Toronto Area.

Based on data from the CMHC 2023 Rental Market Report, average rents for private apartment units (2-bedroom units), compared to 2017 data, have increased by 34%, with increases seen across Ontario ranging from 30% to 52%. Rents for condominium apartments that are rented to end-users have increased from 21% in the Toronto CMA to over 70% in the Hamilton and London CMAs.



Figure B- 4

Change in Price of Average Absorbed Single-Detached Dwelling Unit, 2012-2022				
	2012	2022	% Change	
Barrie	\$ 425,776	\$ 921,527	116%	
Belleville - Quinte West	\$ 318,044	\$ 380,788	20%	
Brantford	\$ 406,489	\$ 929,307	129%	
Greater Sudbury	\$ 383,665	\$ 590,165	54%	
Guelph	\$ 435,506	\$ 1,438,939	230%	
Hamilton	\$ 514,193	\$ 790,750	54%	
Kingston	\$ 296,178	\$ 791,249	167%	
Kitchener - Cambridge	\$ 434,415	\$ 943,689	117%	
London	\$ 357,513	\$ 1,007,848	182%	
Oshawa	\$ 407,418	\$ 937,454	130%	
Ottawa	\$ 482,586	\$ 900,042	87%	
Peterborough	\$ 329,863	\$ 863,917	162%	
St. Catharines - Niagara	\$ 435,429	\$ 958,490	120%	
Thunder Bay	\$ 359,812	\$ 700,969	95%	
Toronto	\$ 672,318	\$ 1,356,805	102%	
Windsor	\$ 330,396	\$ 895,116	171%	

Source: CMHC

Figure B- 5

Average Rents, 2 Bedroom Apartments, Various Ontario Census Metropolitan Areas (CMAs)				
Centre	2017	2023	% Change	
Private Rental Apartments				
Barrie CMA	\$ 1,205	\$ 1,610	34%	
Belleville-Quinte CMA	\$ 1,005	\$ 1,333	33%	
Brantford CMA	\$ 955	\$ 1,432	50%	
Greater Sudbury CMA	\$ 1,048	\$ 1,361	30%	
Guelph CMA	\$ 1,124	\$ 1,646	46%	
Hamilton CMA	\$ 1,103	\$ 1,617	47%	
Kingston CMA	\$ 1,157	\$ 1,609	39%	
Kitchener-Cambridge-Waterloo CMA	\$ 1,093	\$ 1,658	52%	
London CMA	\$ 1,041	\$ 1,479	42%	
St. Catharines-Niagara CMA	\$ 993	\$ 1,388	40%	
Oshawa CMA	\$ 1,179	\$ 1,613	37%	
Ottawa CMA	\$ 1,232	\$ 1,698	38%	
Peterborough CMA	\$ 988	\$ 1,411	43%	
Thunder Bay CMA	\$ 959	\$ 1,320	38%	
Toronto CMA	\$ 1,404	\$ 1,961	40%	
Windsor CMA	\$ 868	\$ 1,253	44%	
Ontario	\$ 1,266	\$ 1,697	34%	
Rental Condominium Apartments				
Hamilton CMA	\$ 1,358	\$ 2,373	75%	
London CMA	\$ 1,200	\$ 2,050	71%	
Ottawa CMA	\$ 1,579	\$ 2,085	32%	
Toronto CMA	\$ 2,393	\$ 2,890	21%	

Source: CMHC Rental Market Reports

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