

## **Housing study: Reported inventories overstate supply of “shovel ready lots” - use it or lose it policies must be informed by facts**

**Toronto, Ontario, February 22, 2024** -- A new study by Keleher Planning & Economic Consulting Inc. (KPEC), commissioned for the Building Industry and Land Development Association (BILD) and the Ontario Home Builders' Association (OHBA), has identified that the residential development construction industry in Ontario is working at a 33 year high, demonstrating that the industry is not “sitting on supply.” The study also found that municipalities and regional planners have overstated future housing supply and approved lots/units, and that there are only 331,600 units of actual “shovel ready” lots/units in the province versus the 1.25 million claimed by the Regional Planning Commissioners of Ontario (RPCO).

“With over 160,000 new homes under construction, you would have to go back to the late 1980s and early 1990s to find a similar level of residential construction in the province. Housing completions are also at a 33-year high, underscoring that claims of ‘sitting of supply’ do not match the reality on the ground,” said Justin Sherwood, SVP Communications & Stakeholder Relations at BILD. “This new study also found that 70% of the inventory of lots/units included in municipal estimates are not ‘shovel ready’ or are a significant overestimation of what is likely to actually be built. Inflating approved lots/unit estimates deflects from addressing the actual issues like land supply, approval timelines and infrastructure (water and sanitary sewer) constraints.”

The KPEC study found that reported inventories and RPCO estimates of approved lots/units overstates housing supply likely to be available in the short-term, especially in the light of Ontario’s rapidly growing population and the provincial government’s housing target of building 1.5 million homes by 2031. Specifically, the RPCO claim of 1.25 million approved lots is inflated when considering the breakdown of the units within this aggregated number:

- Only 331,600 of these units could actually progress to construction today or in the near future, with full planning approvals, building permits and/or servicing allocation. Based on the goal of achieving 150,000 units per year, this represents only 2.2 years of supply.
- 731,000 of the lots/units are still in the application process, need additional approvals, servicing allocation or are awaiting a decision from municipal council. Representing nearly 60% of the RPCO’s supply estimates, portraying these lots/units as “shovel ready” is inaccurate, as they are not approved, do not have building permits or servicing allocation. In many cases these units had been previously refused by municipal councils, or appealed to the Ontario Land Tribunal. These lots/units are many steps and years away from being “shovel ready”.
- Claiming 150,000 of additional housing would arise from the conversion of existing housing stock to multiplexes, basement units, and accessory dwelling units (ADU). This would represent 15,000 per year and is an 800 per cent higher forecast than the forecast for ADU used as the basis of the provincial government’s planning.

The study also found that a number of municipalities in Ontario, including several in the GTA, already have “Use it or Lose it” (UIOLI) policies and that Ontario’s Planning Act already provides municipalities with

several UIOLI powers for development and new housing. In addition, the study revealed that there are significant gaps in municipal data and lack of consistency between municipalities on how they track and report approved lots/units, leading to inaccurate estimations of aggregate municipal development pipelines.

“Municipalities already have ‘Use it or Lose it’ powers under Ontario’s Planning Act and Building Code Act,” said Neil Rodgers, Interim CEO of the Ontario Home Builders’ Association. “In addition to this legislative authority, a number of Ontario municipalities currently have ‘Use it or Lose it’ policies in place as it applies to servicing allocation. Our study shows that additional measures are not necessary and, if not carefully targeted in scope and application, they could have very detrimental impacts to the future housing supply in the province. To develop more informed policy about housing supply pipelines, there needs to be more consistent data collection by municipalities.”

The full report is available here: <https://www.ohba.ca/use-it-optimizing-municipal-development-pipelines/>

*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.*

*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.*

*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 areas of focus include 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](http://www.kpec.ca)*

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