

CANCEA/RCCAO report documents missed growth plan targets

Don Wall January 2, 2019



A recent report on construction of new homes in the Greater Golden Horseshoe has revealed that builders and policy-makers are falling short of targets contained in the province's growth plan, Places to Grow, and even where targets are being met, the wrong mix of housing is being built.

Among various negative economic consequences of the underperforming housing marketplace, the report from the Canadian Centre for Economic Analysis (CANCEA) noted, the residential construction sector is taking a direct hit. If current trends continue over the next 23 years, actual housing builds will fall 165,600 units short of the Places to Grow (P2G) targets, representing an annual loss of \$1.95 billion in GDP from residential construction activity.

The CANCEA report, titled [The GTHA's Unbalanced Housing Stock: Benchmarking Ontario's New LPAT System](#), was written for the **Residential and Civil Construction Alliance of Ontario (RCCAO)** to study the effects of the new Local Planning Appeal Tribunal (LPAT) that is replacing the Ontario Municipal Board.

RCCAO executive director Andy Manahan said given that the LPAT, introduced through legislation in 2017, is still not fully implemented, there is little evidence of how the new system will affect housing approvals and thus growth. But still, said Manahan, the report raises a number

of troubling issues that stakeholders ought to address, including a significant lack of medium-density housing.

“To ensure this region remains economically competitive, we have to ensure there is a good supply of all types of housing, including housing that is affordable for people with different budgets,” said Manahan.

“And the second element of that, this study reinforces that there is that missing middle, and much more has to be done in terms of providing medium-density housing. Meeting the needs of millennials, for example, who might be living in a downtown condo right now but want something ground-oriented but hopefully not too far into the suburbs,” said Manahan.

The report found only 15 per cent of GTHA households live in medium-density housing. It identified several disparities in the housing sector through the Toronto region, suggesting, Manahan said, that policy-makers at both the municipal and provincial levels of government need to consider a variety of possible actions.

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— **Andy Manahan**

RCCAO

The vitality of communities depends on the ability of a younger generation of workers and families to relocate to the area, the report argued: “Ensuring that housing stock keeps up with P2G targets is therefore also important to the health of the regional labour market, and a shortfall poses a risk to the regional economy.”

At current rates of construction, the study said, most regions within the GTHA will not be able to house the P2G target populations suitably, regardless of the type of dwellings that are built.

While Toronto’s number of annual starts is between five to 15 per cent higher than required to hit P2G targets, current trends suggest the city’s supply will be highly skewed towards taller towers.

York Region is the only area in the GTHA with current annual starts on pace to meet its future target population.

Among municipalities with populations over 80,000 people, CANCEA found, Oshawa, Brampton and Newmarket have the lowest share of higher-density starts.

Ensuring adequate purpose-built rental housing is one goal among many, Manahan said.

“If you have efforts by government, collective efforts, there are rules with the provincial and the federal government through capital tax treatment of new rental buildings, if they eased up on that a little bit that could increase the supply,” Manahan suggested.

The province could also require municipalities to adopt policies to ensure there is the proper density of housing along new transportation corridors, such as those for LRT and BRT, as a condition of funding the new transit, said Manahan.

“We have lots of infill spaces throughout the region we could take advantage of by extending sewer lines and extending bus routes, take advantage of what we have and create a better mix of housing,” he said.

Meanwhile, the dawn of LPAT seems to have created uncertainty, as developers face unpredictable outcomes given perceptions that municipal councils will wield more power over housing growth, said Manahan.

“If developers fear bottlenecks, and then they are going to try to second-guess what the reaction of a municipality might be to a project, they have a few options,” he said.

“There could be some unintended consequences or distortions because of early precedent-setting examples. But time will tell.”

Manahan added, “We will work with provincial and municipal government officials to help ensure that the transition to the new LPAT system is as seamless as possible and does not create negative consequences for the housing supply in the province.”