An Independent Study Commissioned by

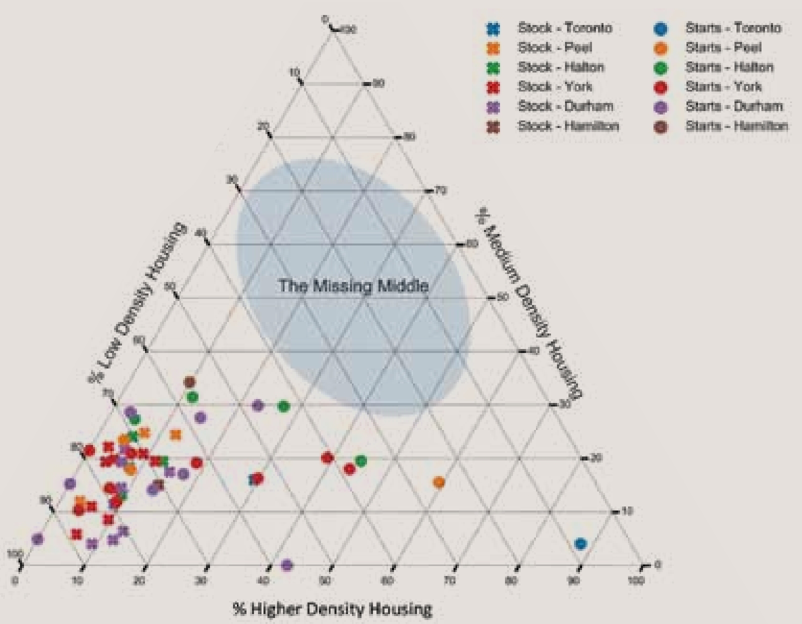
RCCAO

RESIDENTIAL AND CIVIL CONSTRUCTION ALLIANCE OF ONTARIO

Constructing Ontario's Future

The "Missing Middle" in New Homes

Dwelling Mix Of Census Subdivisions in The GTHA



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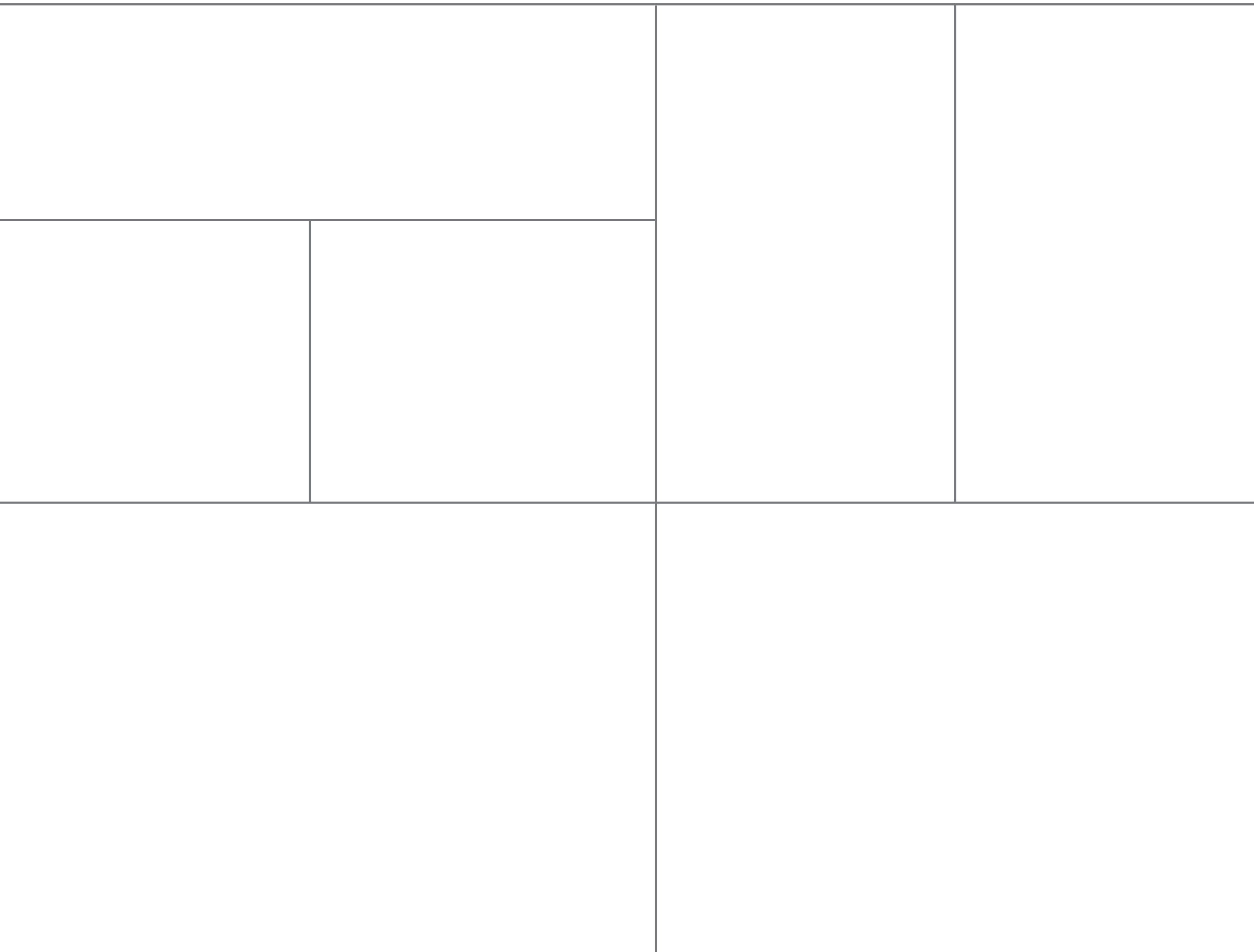
Benchmarking Ontario's New LPAT System



The GTHA's Unbalanced Housing Stock:

Benchmarking Ontario's New LPAT System

An independent research study prepared for the Residential and Civil Construction Alliance of Ontario (RCCAO)

BY:

CANCEA
Canadian Centre for Economic Analysis

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RESIDENTIAL AND
CIVIL
CONSTRUCTION
ALLIANCE OF
ONTARIO

RCCAO

Constructing Ontario's Future

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The Residential and Civil Construction Alliance of Ontario (RCCAO) is composed of management and labour groups that represent a wide spectrum of the Ontario construction industry.

The RCCAO's goal is to work in cooperation with governments and related stakeholders to offer realistic solutions to a variety of challenges facing the construction industry and which also have wider societal benefits.

RCCAO has independently commissioned 48 reports on planning, procuring, financing and building infrastructure, and we have submitted position papers to politicians and staff to help influence government decisions.

For more information on the RCCAO or to view copies of other studies and submissions, please visit **rccao.com**

RCCAO members include:

- Carpenters' Union
- Greater Toronto Sewer and Watermain Contractors Association
- Heavy Construction Association of Toronto
- International Union of Operating Engineers, Local 793
- International Union of Painters and Allied Trades, District Council 46
- Joint Residential Construction Association
- LiUNA Local 183
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ABOUT THIS REPORT

The design and method of research, as well as the content of this study, were determined solely by CANCEA.

Statistics Canada data and relevant literature were used to inform the computer simulation models used to produce the results of this report.

Forecasts and research often involve numerous assumptions and data sources, and are subject to inherent risks and uncertainties. This information is not intended as specific investment, accounting, legal, or tax advice.

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GLOSSARY

ACRONYMS

CMHC: Canada Mortgage and Housing Corporation
DA: Dissemination Area
GTHA: Greater Toronto and Hamilton Area
LPAT: Local Planning Appeal Tribunal
NIMBY: Not in my back yard
OMB: Ontario Municipal Board
P2G: Places to Grow

KEY TERMS

Core housing need: According to CMHC, a household is said to be in core housing need if its housing falls below at least one of the adequacy, affordability or suitability, standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards). Housing standards are defined as follows:

- **Adequate** housing is reported by their residents as not requiring any major repairs.
- **Affordable** housing costs less than 30% of total before-tax household income.
- **Suitable** housing has enough bedrooms for the size and makeup of resident households according to National Occupancy Standard (NOS) requirements.

***Building Better Communities and Conserving Watersheds Act, 2017*:** Replaced the Ontario Municipal Board with the Local Planning Appeal Tribunal and updates the *Conservation Authorities Act*, which guides the conservation of Ontario's watersheds.

Designated Greenfield Area: Geographical areas earmarked for urban development by the Places to Grow Act. In these areas, a minimum density target of 80 residents and/or jobs per hectare must be achieved. Additionally they are required to have mixed land use, create public open spaces, be designed to facilitate various forms of transportation and integrate public transit, and contribute to creating complete communities.

Development Charge: Fees collected from developments at the time a building permit is issued to pay for the growth-related costs of infrastructure.

Greater Golden Horseshoe: A geographical region of Southern Ontario spanning from the western end of Lake Ontario to Lake Erie in the South and Lake Scugog in the North and Peterborough in the East. It is the most densely populated region in Canada, comprising 26% of Canada's population and covering about 33,500 square kilometres.

Greenbelt: Ontario's Greenbelt comprises over 800,000 hectares of protected land within the Greater Golden Horseshoe. It protects environmentally sensitive areas, including lakes, wetlands, river valleys and forests, and productive farmlands from urban development.

Growth Plan for the Greater Golden Horseshoe: A long-term plan released in May 2017 (replacing the 2006 Growth Plan) that provides a framework for growth management in the region.

Higher-Density Housing: Apartments in buildings of five storeys or more. In some situations, housing is mixed with other uses.

Local Planning Appeal Tribunal: An adjudicative tribunal that hears cases in relation to a range of municipal planning, financial and land matters. It is part of Environment and Land Tribunals Ontario, a cluster of tribunals that adjudicate matters related to land use planning, environmental and heritage protection, property assessment, land valuation and other matters.

Low-Density Housing: Single-detached, semi-detached, and duplex housing.

Medium-Density Housing: Row house, duplex apartments, apartments in buildings under five storeys.

NIMBYism: From the phrase "Not in my backyard", refers to the negative reaction of local residents to the announcement of new developments (or any change) in their neighbourhood.

Official Plan: Describes an upper, lower or single tier municipal council or planning board's policies on how land in that community should be used.

One Window Planning Service: A one-stop shop at the Ministry of Municipal Affairs and Housing for planning services and decisions on applications where the Province is the approval authority.

Ontario Municipal Board: A former independent adjudicative tribunal in Ontario that heard applications and appeals on municipal and planning disputes. It was replaced by the Local Planning Appeal Tribunal by the *Building Better Communities and Conserving Watersheds Act, 2017*.

***Places to Grow Act, 2005*:** A legislative tool to achieve growth policy and implementation in the province of Ontario.

Provincial Policy Statement (PPS) 2014: A statement of the provincial government's policies on land use planning. It applies province wide and provides policy direction and guidance on a variety of issues, including land use planning. Municipalities use the PPS to develop their official plans and to inform decisions on other planning matters.

Recent Starts: The average trend of formations over the past 10 years. Used to compare against housing stock percentages.

Start: The beginning of construction work on a building (usually when the concrete has been poured for the whole of the footing around the structure).

Ternary Diagram: Plots three variables which sum to a constant and graphically depicts the ratios of these three variables as positions on an equilateral triangle.

Toronto Local Appeal Body: Created in the spring of 2017, TLAB is an independent quasi-judicial tribunal that assumes all the powers and authority of the OMB for hearing appeals of committee of adjustment decisions for minor variance and consent applications.

Zoning Bylaw: Determines the use of land in a community. It states how land may be used; where buildings and other structures can be located; the types of buildings that are permitted and how they may be used; the lot sizes and dimensions, parking requirements, building heights and setbacks from the street.

EXECUTIVE SUMMARY


OVERVIEW

Currently, the mix of housing supply in the Greater Toronto and Hamilton Area (GTHA) is insufficient to meet the future requirements envisioned in the Places to Grow (P2G) Act. More control has been given to municipal governments through the new Local Planning Appeal Tribunal (LPAT) to plan Ontario's communities.

Although it is too early to tell exactly what impact the new LPAT system will have on housing supply in the GTHA, if there is a continuation of current building trends, housing supply will continue to be insufficient to meet the future needs of the region and reach the growth targets set out in P2G. The risk of not reaching the growth targets as outlined in P2G represent about 7,200 dwellings per year that will not be built, with an annual average loss of $1.95 billion in GDP that is accrued directly from residential construction activity.

The decision to replace the Ontario Municipal Board (OMB) with LPAT through the *Building Better Communities and Conserving Watersheds Act, 2017* ("the Act") presents both opportunity and risk to Ontario. The planning and development decisions made today regarding the type of dwellings to build and the productivity of the land will have significant impacts on the ability of municipalities to achieve their growth targets (as stated in P2G), fund infrastructure, and provide a diverse selection of affordable housing options for their residents.

The new LPAT process will bring significant changes to the way development applications are handled and it will take time and experience to sort through the new roles and responsibilities of council and the LPAT, as well as the process that follows. Significant uncertainties persist due to:

- transitioning pressures;
- generation of material required;
- untested rules and regulations; and
- tight timelines for responding to applications and to file at the LPAT.

The considerable changes bring significant uncertainties to the execution of planning and approval processes and come at a time when housing development and planning decisions need to be made to ensure sustainable and prosperous growth in the GTHA. The role of evidence-based analysis in making these critical decisions is of utmost importance considering current housing affordability pressures.

The goal of this study is to contextualize those challenges as they relate to P2G 2041 population targets. The Residential and Civil Construction Alliance of Ontario commissioned this analysis to better understand how the new LPAT process will change the development process in Ontario. As such, this analysis could be classified as a benchmarking study with a view to monitor future results.

OBSERVATIONS AND FINDINGS: CHALLENGES TO BE ADDRESSED

Places to Grow Targets

1 At the current rates of construction, assuming that current trends in number of people per dwelling (by type of dwelling) persist, 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.

2 The risk to P2G represents about 7,200 dwellings that will not be built each year until 2041, with an expected annual average loss of $1.95 billion in GDP that accrues directly from residential construction activity.

3 York is the only region among the major GTHA regions whose current annual starts rate falls within the range necessary to house its future target population. However, if its annual start rates and density mix remain constant, there are expected to be land constraint issues prior to 2041.

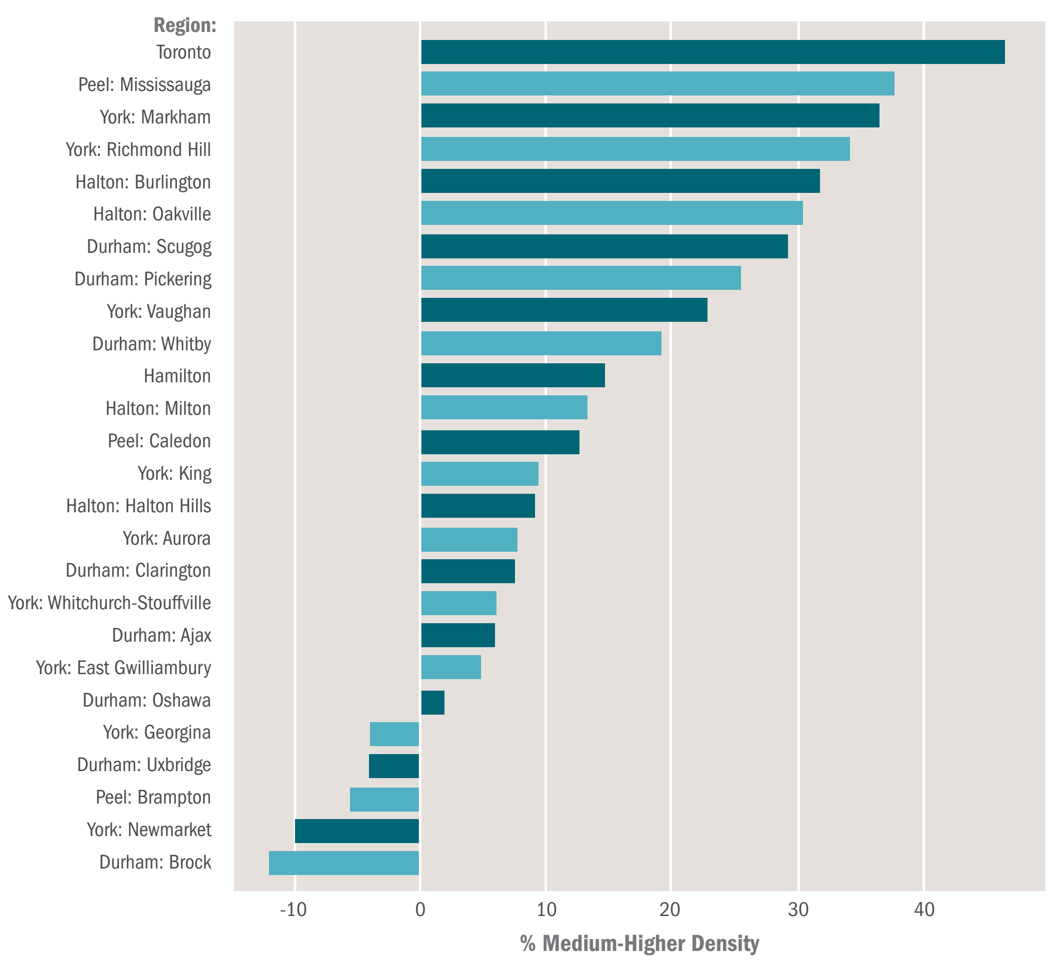
4 Toronto's number of annual starts is 5-15% higher than required to meet its P2G targets, but the mix is constrained by available land, creating a supply highly skewed towards taller towers.

Housing Density

5 In urban municipalities neighbouring Toronto, such as Markham, Richmond Hill, Vaughan, Mississauga and Pickering, the housing supply mix is shifting due to the larger share of new higher-density developments relative to existing stocks. Municipalities whose recent developments skew the highest towards higher density include Toronto as well as the lower-tier municipalities of Mississauga, Markham, Richmond Hill and Burlington. The three municipalities that have the lowest share of higher-density starts are Oshawa, Brampton and Newmarket.[1]

6 Toronto, Hamilton and Peel are expected to be under continued pressure to house their projected future population in medium- to higher-density housing. Failing to do so will result in a disproportionate amount of land used for low-density development which, in turn, will lead to more households facing shelter unaffordability and living in units that do not fit their needs. Across the GTHA, higher-density housing averages 1.5 to two bedrooms per unit, which is much lower than average for medium and low-density houses. Meanwhile, the number of persons per bedroom in higher-density housing is over one in Toronto, Peel, Hamilton and York, while it is below one for medium- and low-density housing in all regions.

Difference Between Medium- and Higher-Density Starts and Stock



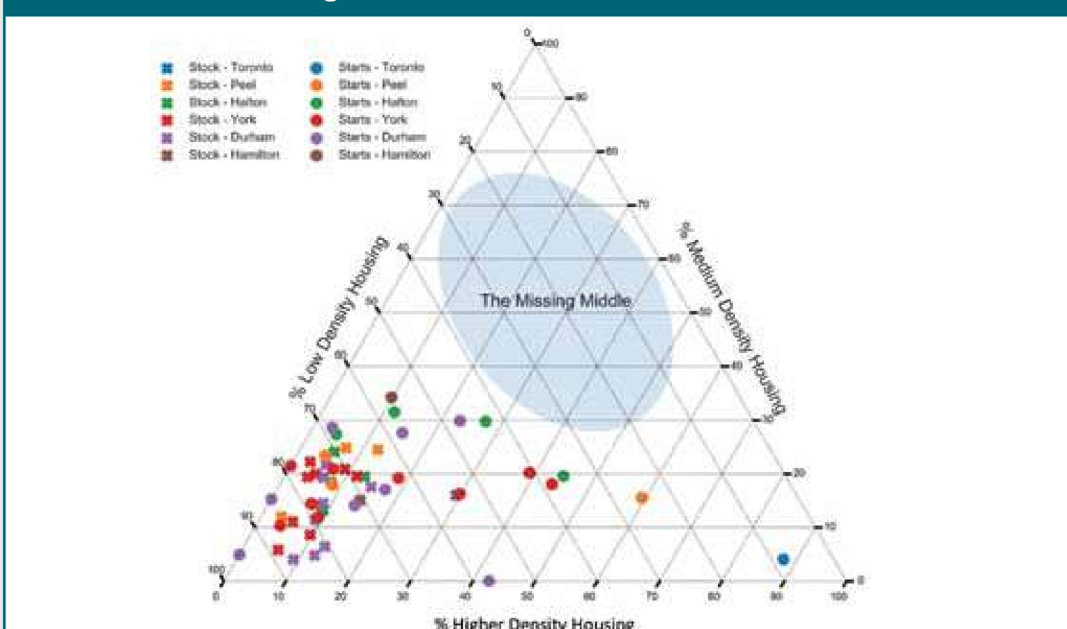
For a graphic analysis of lower-tier municipalities within the GTHA, see Appendix B online at rccao.com.

❼ Only 15% of GTHA households live in medium-density housing, often called "the Missing Middle". The dominance of single-detached homes and high-rises over all other possible types of housing in the GTHA results in urban sprawl with pockets of ultra-high-density clusters. The consequence is an insufficient supply of appropriate housing types for a range of household sizes and budgets.

The "Missing Middle" in New Homes

Adapted from Ministry of Municipal Affairs and Housing (2018) Increasing Housing Supply in Ontario Consultation Document.

Dwelling Mix Of Census Subdivisions in The GTHA



See Appendix B for ternary diagrams of lower-tier municipalities within the GTHA, online at rccao.com.

8 Municipalities that are the least densely populated and that have the lowest annual start rates (both at the upper- and lower-tier municipal level) have the most flexibility in terms of what density mixes can house their target populations. However, over the long-run, even municipalities with high flexibility, for example Oshawa, could run into land constraints if 80% or more of new stock is in low-density housing.

Infrastructure Productivity

9 Ensuring that development occurs in line with long-term growth plans gives municipalities more assurance that infrastructure investments will be used to optimal capacity. Uneven growth can place different kinds of strain on infrastructure productivity.

10 A mix of densities and dwelling sizes provides a stock of housing suitable to the requirements of communities, which are made up of a variety of household and family configurations. If done properly, a mix of densities provides greater opportunity for older households to right-size, freeing up housing for families.

Unaffordability and Regional Competitiveness

11 Rates of unaffordability and unsuitability are exceptionally high. In Toronto:

- One in two renter households pay more than is affordable given their income compared with one in four owner households. Renter households have 3.2 times more need for bedrooms than owners, while owner households have an average of 2.8 times more bedrooms than what is needed by all others.
- Access to home ownership is financially prohibitive. The median house price is almost 10 times the median household income meaning that a median-income rental household would require between 11 and 22 years to save for a 10% down payment for a median-price dwelling.

This reflects the inability of households to gain access to size-appropriate options within their budget which has led to the lower mobility rates. The economic repercussions of an inflexible labour force present particular risks where the demographic make-up skews older. As the baby boomers enter retirement, the vitality of communities depends on the ability of a younger generation of workers and families to relocate to the area.

12 Under the new LPAT system, local councillors will be solely and directly responsible for making crucial planning and development decisions without relying on the OMB to weigh the evidence. If this new system hinders the approvals process and perpetuates the GTHAs unbalanced housing stock, housing affordability and regional competitiveness could worsen.

1.0 INTRODUCTION

The decision to replace the OMB with the LPAT through the *Building Better Communities and Conserving Watersheds Act, 2017* presents both opportunity and risk to Ontario, and in particular to the GTHA. The Act has altered the development approval process, which has the potential to affect when, where and what type of housing gets built. This is occurring at a time of fast-paced population growth in the GTHA, a combined area comprising over half of Ontario's population and representing the second largest financial centre in North America. In fact, the GTHA has been the leading region for job creation in Ontario over the past 10 years (Reevely, 2018).

This change, depending on how it affects the planning process, has potential repercussions on population growth, housing affordability, infrastructure productivity, the labour market and the regional economy as a whole. The first step to understanding the risks and rewards of the Act is to understand the current state of housing in the GTHA and what is required to meet the Places to Grow 2041 targets.

1.1 OVERVIEW OF THE GREATER TORONTO AND HAMILTON AREA

1.1.1 THE GTHA TODAY

With an average density of 43 people per hectare, the population density of the City of Toronto is still relatively low by international, and even North American, standards. It would rank 96th if added to a list of highest density incorporated places (with populations over 10,000) in the United States, or 24th in cities with over 75,000 people. Across the GTHA, the average population density (based on total land area) is substantially lower at about nine people per hectare. The region includes a significant amount of Greenbelt land, reducing the region's gross population density. Figure 12 in Appendix A shows the population density across the GTHA and the surrounding area by dissemination area[2] (DA).

The most highly dense regions, DAs with more than 50 people per hectare, are concentrated within the City of Toronto, with small areas in some other city cores, as shown in Figure 13 in Appendix A. Unsurprisingly, lower-density urban and peri-urban regions correspond to residential areas which are primarily made up of single-detached dwellings. Most DAs outside city cores in the GTHA consist almost entirely of low-density dwellings (see Figure 13 in Appendix A). Few DAs have a significant fraction of mid-density dwellings which include row houses, townhouses, duplexes and small apartments. Note that some low-density areas correspond to non-residential land, such as employment land and parks (e.g., Rouge Valley in East Toronto or around Pearson Airport in Peel).

1.1.2 BACKGROUND ON THE PLACES TO GROW ACT

As the economic engine of Ontario, the rapidly growing Greater Golden Horseshoe and the GTHA in particular are the focus of the *Places to Grow Act, 2005*. The legislation was enacted by the Province of Ontario and outlines a growth policy and steps for its implementation. The provincial government intended to manage regional growth in a comprehensive and coordinated way. Issues such as long-term infrastructure planning and investment, demographic changes, economic development and employment trends, land use planning, and population growth were to be addressed. Since these factors are all interdependent, it is important to ensure that the policy framework is coherent and helps to reinforce desired outcomes.

In 2006, the Growth Plan for the Greater Golden Horseshoe was released; it is a land-use and infrastructure strategy policy document which legislates densification targets for regional and local municipalities (Ministry of Municipal Affairs, 2017a). Companion legislation, the *Greenbelt Act, 2005* was passed to protect natural areas from development, including the Oak Ridges Moraine. Thus, the overall objective was to direct more growth to existing urban areas.

The new 2017 P2G includes revised population and employment forecasts for each municipality that will be referred to throughout this report. These growth forecasts are a foundational component of P2G and are an essential piece to the puzzle of complete communities, which the Plan aims to foster.

The Plan designates Greenfield Areas (pink areas in Figure 1) and Urban Growth Centres (yellow bullseyes), which are areas earmarked for development and intensification. If development occurs according to plan, these should accommodate the development necessary to hit the P2G population targets. Greenfield Areas must achieve a minimum density target of 80 residents and/or jobs per hectare, have mixed land use, create public open spaces, be designed to facilitate various forms of transportation and integrate public transit, and "contribute to creating complete communities" (Ministry of Municipal Affairs, 2017a).[3] Meanwhile, Urban Growth Centres are planned as high-density commercial and cultural hubs that will attract public and private investment and support major transit infrastructure, while supporting a large share of the growth in population and employment. Urban Growth Centres must achieve a minimum density of 150 to 400 jobs and residents combined per hectare, depending on the size of the municipality.

Figure 1: Designated Greenfield Areas and Urban Growth Centres

Source: Ministry of Municipal Affairs, 2017a

According to P2G, by 2041 the population of the GTHA will exceed 10 million people, an increase of 46% from the 6.9 million today. To accommodate this growth, the average population density (over the total land area) in the GTHA would also have to increase by 46%. If confined to the same residential footprint as today, every block containing 100 people would have to contain, on average, 146 people by 2041. Alternatively, if current density rates are maintained, the total residential land area would have to be 46% larger. If development occurs at densities below the current average, even more land would be required. Therefore, the way in which the GTHA develops over the next 30 years will affect the fundamental characteristics of the region.

Conformity between local development decisions and P2G density targets will be instrumental in achieving more diversified communities, which promotes economic prosperity and social equity. Local building decisions should be made in relation not only to immediate needs, but also in consideration of future population growth projections and provincially legislated intensification targets as set out in P2G. Under the new LPAT system, local councillors will be solely and directly responsible for making crucial development decisions without relying on the OMB to weigh the evidence. Thus, it is important that local planning staff and politicians consider P2G and conform to the targets and parameters within the legislation.

1.1.3 ADDRESSING DEMAND FOR HOUSING

In April 2017, the provincial government released "Ontario's Fair Housing Plan" which recognized the need for increased housing supply in the province (Ontario Ministry of Finance). The six proposed actions within the Plan focused on using tax instruments, e.g. encouraging more purpose-built rental housing; providing municipalities with more flexibility to use taxes to foster development. The actions also included establishing a program to develop housing on provincial land assets and creating a "Housing Supply Team" to identify barriers to specific development projects as well as a "multi-ministry working group" to collaborate with the development industry and municipalities to streamline the development approvals process.

A roundtable dedicated to streamlining development identified the following three main areas of opportunity:

- Leveraging information technology;
- Streamlining and modernizing the approvals process;
- Providing additional support to applicants through guidance material (Development Approval Roundtable, 2017).

In the action items released by the roundtable, the importance of transparency and accountability in land use and planning decisions is emphasized, as is the need for clear definitions, harmonized methodologies and strong data collection processes for data and evidence on housing supply and demand.

1.2 THE BUILDING BETTER COMMUNITIES AND CONSERVING WATERSHEDS ACT, 2017

The passing of the *Building Better Communities and Conserving Watersheds Act*, 2017 has caused major changes in the provincial planning process, the full implications of which are not yet clear. The Act repeals the *Ontario Municipal Board Act*, replacing one adjudicative tribunal system for applications and appeals on municipal and planning disputes – the OMB – with another, the LPAT.

If this change in process results in the development of more complete communities, Ontario's households across all income levels could benefit. However, if development approvals slow or if the process becomes fragmented, housing affordability could worsen. With only a few months of experience with the new LPAT, how this new process of appeals will affect long-term development remains to be seen.

Table 1 highlights the major differences between the OMB and LPAT. A key difference in the powers of the OMB and LPAT is that the OMB could approve development applications that were not previously considered at the municipal level, while LPAT can only rule on municipal decisions. This ruling resumes itself to a simple yes or no and is entirely based on whether the municipal decision on the development proposal conforms to the applicable growth plans. As a result:

- Local councillors will be responsible for their decisions and no longer able to shift blame to the OMB in the case of politically or socially sensitive issues (Hansen, 2018; Hume, 2018).
- The **short-term** decisions of local councillors will have a direct impact on the ability to reach **long-term** growth plan targets and housing affordability.
- Given the primacy of each municipality's official plan, successful long-term development will require rigorous analyses of how these plans and rules will impact housing and development and the willingness to adapt these based on the available evidence.

The stated objectives of the Act include:

- Bringing accountability and responsibility at the local (i.e. municipal) level to local councillors.
- Giving more weight to local decisions, as hearings will only consider decisions made by local councils. This contrasts with the OMB's process of reconsidering all evidence in development hearings from scratch.
- Delivering a faster and more transparent hearing process (Williams, 2018), but with a substantial "front-end heavy" evidence submission process.

OMB APPROVES "CONTROVERSIAL" PROJECT

A project fought by the Hintonburg community in Ottawa for years was given the go-ahead by a ruling of the Ontario Municipal Board in 2014. The 239-unit project, initially proposed as a 36-storey building, was reduced to an 18-storey tower. City planners had recommended its approval, arguing that it conformed to the Official Plan, it would be within 400 metres of a future LRT station, it was suitable for high-density development, and it met the goal for intensity near future LRT stations. Notwithstanding, City Council voted to turn down the application.

Zoning for the mixed-use area in question is laid out in the Wellington West community design plan which had allowed eight storeys under the existing zoning. The OMB ruled in favour of the development, citing the site's proximity to transit, jobs and amenities, and its conformity to the policies of the city's Official Plan and the fact that it is generally consistent with the design objectives in the community design plan.

Table 1: Comparison of Ontario Municipal Board and Local Planning Appeal Tribunal

	Ontario Municipal Board	Local Planning Appeal Tribunal
Subject of Appeal	The development proposal	The municipal council's decision on the proposal
Basis for Ruling	Whether the proposal will lead to the best planning outcome	Whether the proposal follows municipality's official planning rules
Process	• Held pre-hearings to manage complex or multi-party appeals of related municipal land use approvals • Held *de novo* hearings reconsidering all evidence • Parties could call oral evidence and examine witnesses	• Preliminary screening of notice of appeal to determine validity • Tests proposal's consistency with policy and conformity with plans based on written records of planning, consultation and approval processes • Only the tribunal can call oral evidence or examine witnesses • Parties' representatives and non-parties (e.g., citizen groups) have a 75 and 25 minute time limit for oral submissions, respectively
Timelines	The OMB aimed to issue written decisions within 60 days of the last hearing	Strict timeframes imposed upon municipal councils and the LPAT to hasten the appeals process and arrive at a final decision: • Municipality has 10 days to advise LPAT as to whether they will respond to an appeal and provide the response within 20 days of the notice of appeal • Municipal council has 90 days to reconsider a decision if LPAT finds that it did not conform to provincial planning and growth policies • LPAT must make a decision within a specified time period ranging from six months to a year, depending on the type of decision and appeal
Items Not Appealable	As of 2015:[4] • Refusals and non-decisions on applications for urban boundary expansions and employment land conversions (depending on policies in place) • Policies authorizing residential second units • Entire Official Plan and amendments that implement certain matters with previous provincial approval • Appeals of lower-tier official plan/amendments	• Policies regulating use, height and density in major transit areas identified in a municipality's official plans • Official plan approved by Minister of Municipal Affairs and Housing
Community and Citizen Participation	• Had to bear all costs of participation privately • Could voice concerns by attending a hearing	• Are offered legal and planning help through a Local Planning Appeal Support Centre • Must submit concerns in writing 30 days before the case management conference and use the conformity/consistency test
Official Plans and Zoning By-Law Amendments	• New evidence and testimony was considered • Appeal could be filed on any basis	• New evidence/witness testimony cannot be called in • Appeal can only be filed by showing that part of the Official Plan is inconsistent with provincial policy statements/fails to conform with or conflicts with a provincial plan/fails to conform with the applicable upper tier plan

Sources: (Environmental & Land Tribunals Ontario, 2018; Davies Howe, 2018; Hansen, 2018; Moyes, 2018; Ministry of Municipal Affairs, 2016; Agnew, 2018; Association of Municipalities of Ontario, 2016)

1.2.1 PRESSURES AND UNCERTAINIES OF THE CHANGES

The considerable changes caused by the Act bring significant uncertainties to the execution of planning and approval processes in the GTHA. Potential challenges identified at the Association of Municipalities of Ontario conference are listed below (Bench, 2018).

Transitioning Challenges

It can be anticipated that confusion will be unavoidable in the near future as applicants, staff, city councillors and the public deal with matters under two very different sets of rules and procedures. This will also tax staff resources. The timelines for responding to applications and to file appeals at the LPAT are tight, rules and regulations are untested, and the LPAT will be learning its new role at the same time as municipalities. Furthermore, the new procedures are expected to put smaller municipalities at a disadvantage given they have less capacity to support the greater up-front administrative burden, while larger municipalities can be expected to expand their development application fees to support it.

Significant Increase in Material for Consideration

The new rules and timelines will impact the form and content of reports to council by staff, as well as the submissions made by applicants. This means council, or the committee charged with advising council on planning matters, is expected to read a much higher volume of material related to an application prior to a meeting where the application is considered.

Staff will need to identify the applicable provincial plans and explain how and whether they conform or conflict with a proposal. The explanations regarding compliance may be substantial. In addition, staff reports will need to address how the proposal conforms to applicable municipal Official Plans, the zoning by-laws, and all of the usual information that council has come to expect. This greater administrative burden can lead to higher processing fees by municipalities.

Record Completeness

The record presented to council is the record that will be considered on appeal, so it must be complete. Applicants will also be providing substantial expert reports and materials to council, as well as making longer presentations, possibly involving multiple consultants, each wanting to address council. Community presenters are expected to demand equal time as well; community presentations address issues raised in the reports that form part of the agenda and will thus be longer, as they will also have access to the expert reports presented to council.

Timelines

Given the timelines for consideration of an application, there is pressure on members of council to be prepared when arriving at a meeting so that questions can be as concise as possible. This is in light of increased material and increased presentations, which could mean that fewer public hearings can be scheduled for a given meeting. This will also add pressure to meet the timelines for consideration of an application for an Official Plan amendment and/or rezoning.

LPAT Appeals

The new Rules of Practice and Procedure released by the Province require the first level of appeal to be based on the record of written submissions and staff reports submitted to the LPAT. It is therefore critical that council releases the justifications for its decision, so that the lawyers and staff representing the municipality can properly present the council position. The new rules will focus on legal writing and arguments for appeals based on the record before the LPAT. No new reports or information can be introduced at the first appeal level.

1.2.2 THE ACT AND RESIDENTIAL DEVELOPMENT

The Act may indirectly affect residential development across the province. By requiring that municipalities make decisions in alignment with growth plans, the Act could result in changes to:

- **When** housing is built.
- **What** type of housing is built.
- **Where** housing is built within municipalities.

As the Act has brought significant changes, it will take time and experience to sort through the new roles and responsibilities of council and the LPAT, as well as the process that follows. The reforms are meant to place considerably more importance on the process at the municipal level. Depending upon the decision of local councils, which are influenced by their constituents, different rates of development and mixes of dwelling types may arise due to:

- NIMBYism at the local level (Hume, 2018).
- Policy objectives of improving affordability and/or land productivity.
- Demographic and commercial demands.

A recent survey capturing prevailing local attitudes about housing affordability and development measures the extent of GTHA residents' resistance to change (e.g. NIMBYism). Although a vast majority of residents agreed that increasing housing supply is an important tool to improve housing affordability (87%), many residents were opposed to new developments of any kind within half a kilometre of their place of residence (Building Industry and Land Development Association, 2018). The survey showed that opposition increased with level of density, ranging from 30% opposition to new single family detached homes to 59% for high-rise condo apartments, while different types of medium-density development were opposed by 37-52% of respondents. These results represent a measure of the challenges councillors have when informing local residents as to why it is important to add density to a neighbourhood.

Municipalities face pressures from residents resisting development and complying with P2G targets. These factors operate in conjunction with anticipating changing demographics and household structures in the context of their growth plans.

The "what", "when" and "where" will have significant consequences for:

- Housing affordability.
- Infrastructure investment.
- Meeting Places to Grow targets.

These challenges are particularly acute in the GTHA given the recent trends in construction across the region.

1.3 TRENDS IN HOUSING CONSTRUCTION

Current housing starts by type of dwelling can provide important information about the future housing stock and indicate the direction of housing trends when averaged over the past decade.[5]

Across the GTHA, two types of dwellings have been the focus of most of the development over the past decade – single detached homes and apartments.[6] However, as shown in Figure 2, development has not been uniform across the region. Toronto has been dominated by apartment construction (for condominium ownership) and most other regions have primarily experienced lower density construction.

Significantly, the mix of housing types has changed in recent years, with apartment starts in York and Halton equaling the single-detached starts. In all regions, starts of any types of housing other than apartments and single-detached homes remain the minority.

In addition, the majority of all GTHA construction is aimed at the homeownership and condominium markets. Figure 3 shows the trends in intended market segments for four upper-tier municipalities and two single-tier municipalities within the GTHA. Since the fraction of purpose-built rental starts is smaller than the current fraction of dwellings in the primary rental market, the share of primary rental units in the overall housing stock is decreasing. It is important to note, however, that dwellings built primarily for the condo market may end up in the secondary rental market

Urban municipalities neighbouring Toronto, such as Markham, Richmond Hill, Vaughan, Mississauga and Pickering, have made a marked shift towards higher density housing in the last ten years.

Figure 2: Starts by Dwelling Type by Municipality

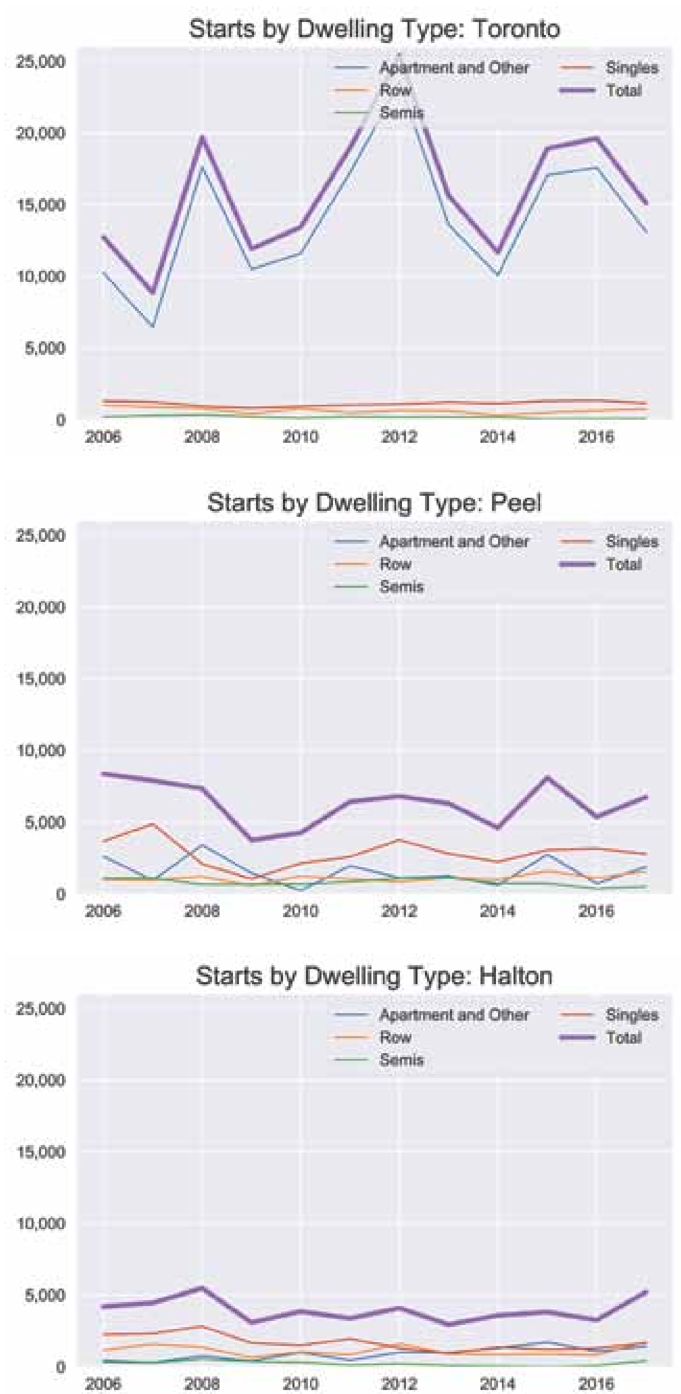


Figure 2: Starts by Dwelling Type by Municipality (continued)

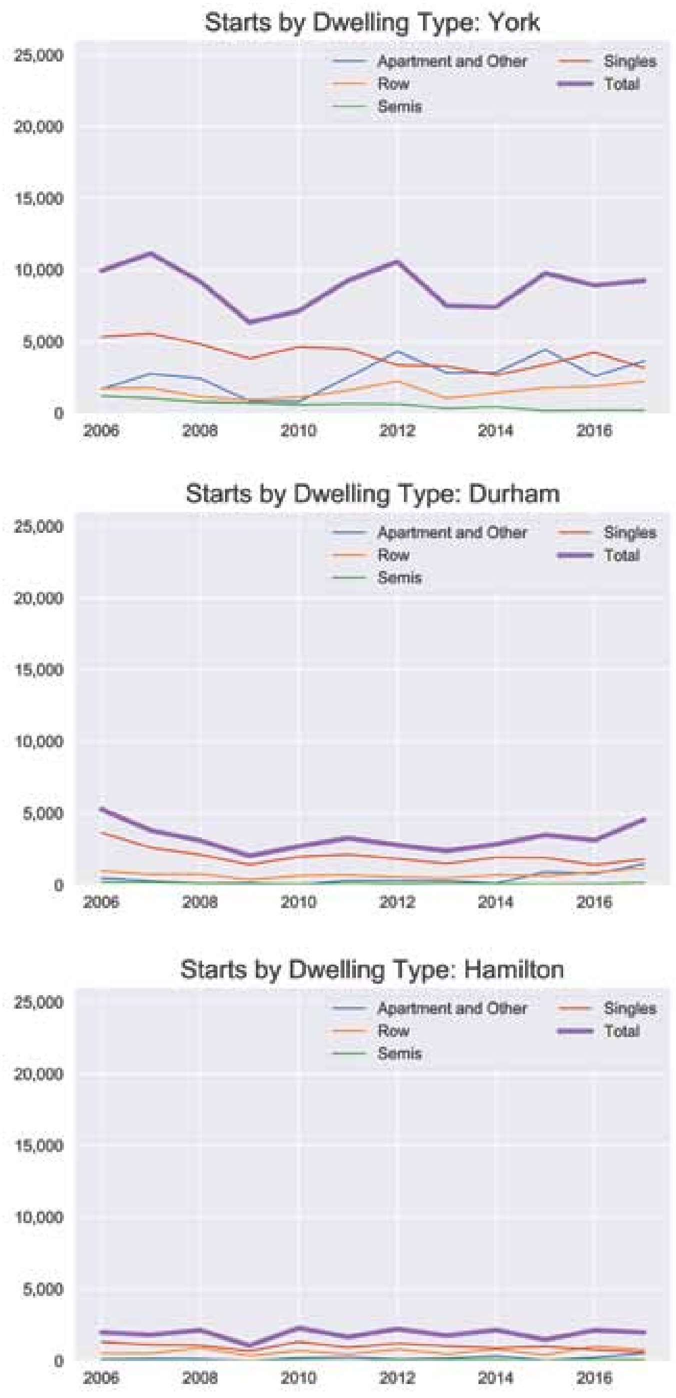
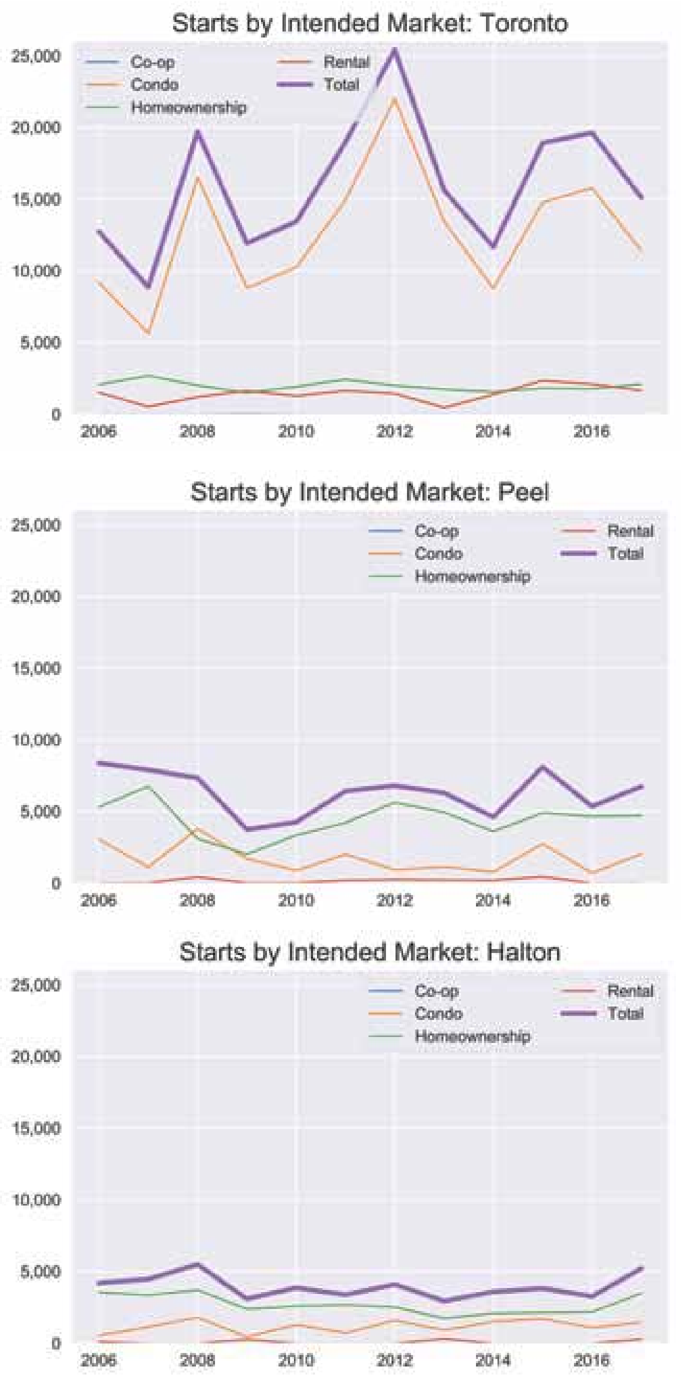
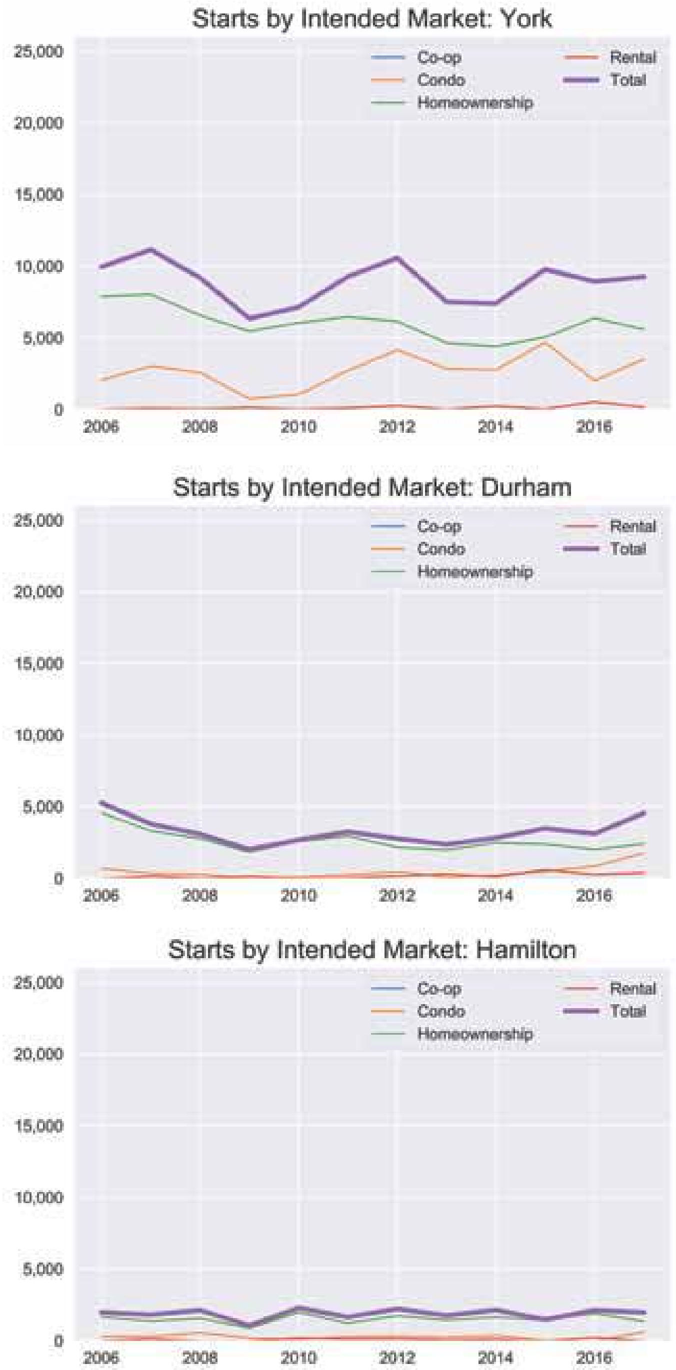


Figure 3: Starts by Intended Market Segments



Note: Market segment refers to tenure type.

Figure 3: Starts by Intended Market Segments (continued)



Note: Market segment refers to tenure type.

1.4 HOUSING STOCK MIX AND THE MISSING MIDDLE

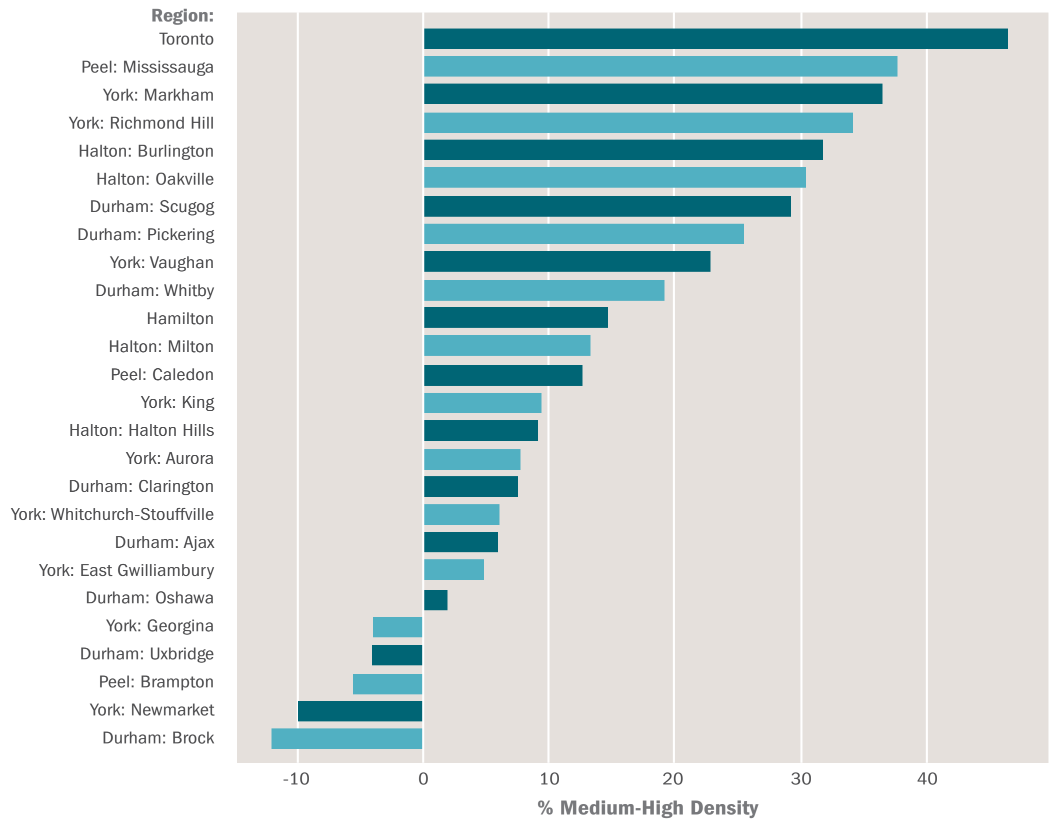
Housing types can be broadly grouped into three categories, low-density, medium-density and higher-density housing. Medium-density homes are the most varied, comprising townhomes, multiplexes and low-rise buildings, courtyard apartments and other multi-unit housing types that fall in between the two dominant housing types, single-detached housing and high-rise buildings.

Medium density is a context-dependent concept. In big cities with abundant 40-plus storey buildings, 10-storey buildings represent a much lower average residential density in comparison and could therefore be considered medium density. In contrast, smaller cities and towns where the tallest building has less than 15 storeys, the definition will necessarily be different.

To gain a sense of whether municipalities within the GTHA are experiencing a shift in housing stock mix, we compared the average percentage mix of dwelling starts over the past decade against the current housing stock mix with the difference representing a change in direction of dwelling formations.

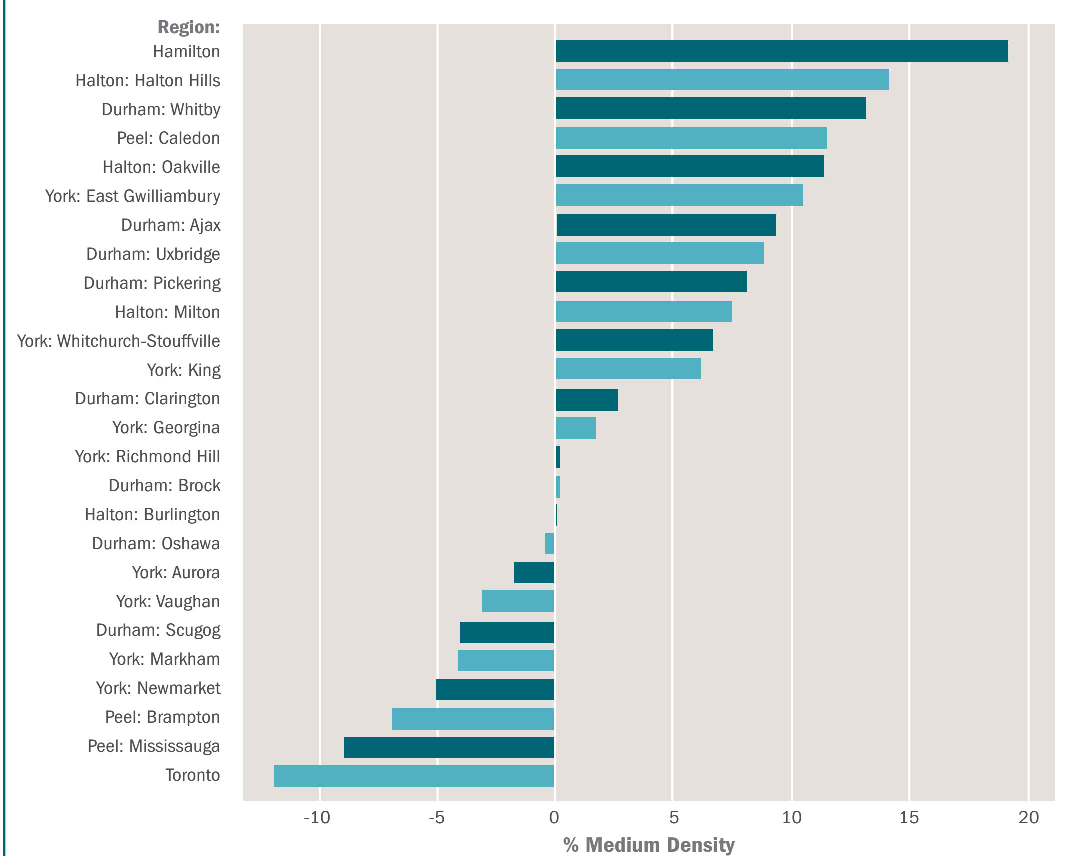
As shown in Figure 4, Toronto and Mississauga have the most pronounced change towards higher density dwelling formations compared to the makeup of their current housing stock. Brampton, Newmarket and Brock have the lowest.

Figure 4: Medium- and Higher-Density Construction Trends in the GTHA



When considering medium density dwelling starts over the past decade, however, we find that Toronto and Mississauga have the least change in focus, with Hamilton having the highest (see Figure 5).

Figure 5: Medium Density Construction Trends in the GTHA



Currently, about 55% of GTHA households live in low-density dwellings, and 30% live in higher-density buildings. This leaves only 15% living in medium-density housing,[7] what is often called the "Missing Middle." The dominance of single-detached homes and high-rises over all other possible types of housing in the GTHA, resulting in urban sprawl with pockets of ultra-high-density clusters. The consequence is an insufficient supply of appropriate housing types for a range of household sizes and budgets.

A recent report by Ryerson University found large potential for Missing Middle housing in the GTHA, using Mississauga as a case study. In the report, researchers directed new housing to areas that Mississauga has identified for intensification, particularly around major transit station areas and along transit corridors. It was found that Mississauga has significant room to grow through Missing Middle housing with approximately 174,000 new multi-unit homes (at an average unit size of over 1,000 sq. ft.) via low- and medium-density development. Through this approach, Mississauga could accommodate 435,000 new residents, which is enough housing to support the municipality's population growth projections to 2041, with room to spare.

Relative proportions of three housing types in a defined geographical area can be clearly illustrated with the help of ternary diagrams. These provide a way to visualize the outcomes of an analysis where the inputs consist of three variables which sum to 100%. In the context of our housing analysis, stock formation can be accounted for by splitting what is built into three main categories:

- Higher density (tall apartments).
- Low density (single- and semi-detached).
- Medium density (all other types).

Since these three categories, by definition, cover all possibilities, the outcomes are amenable to be visualized on a ternary diagram. To read a ternary diagram, follow the examples shown in Figure 6.

Figure 6: Reading Ternary Diagrams

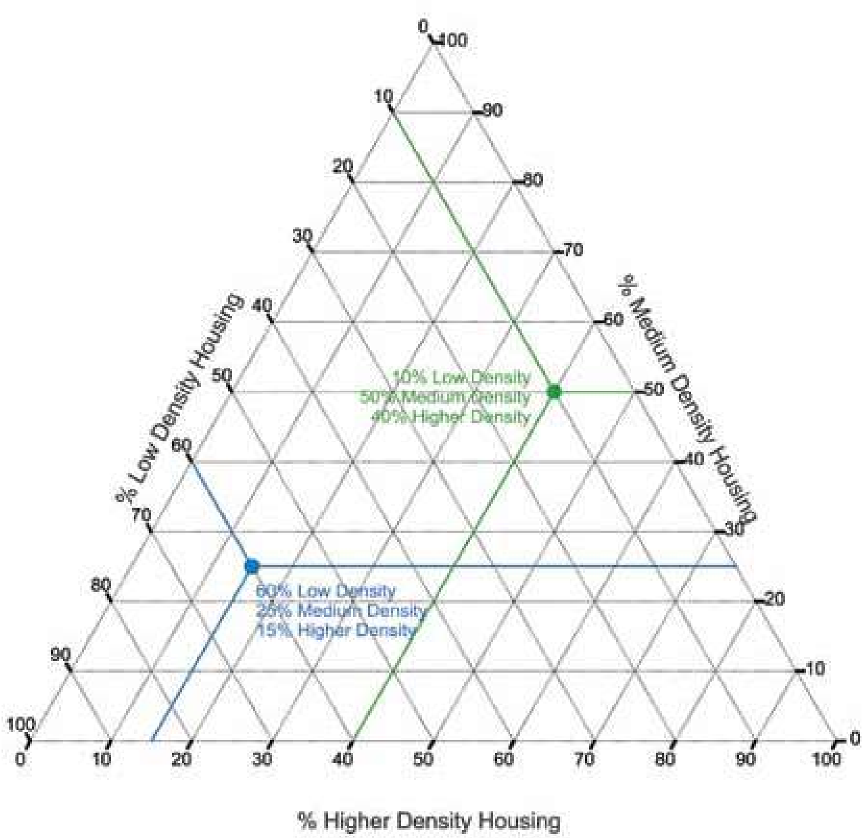
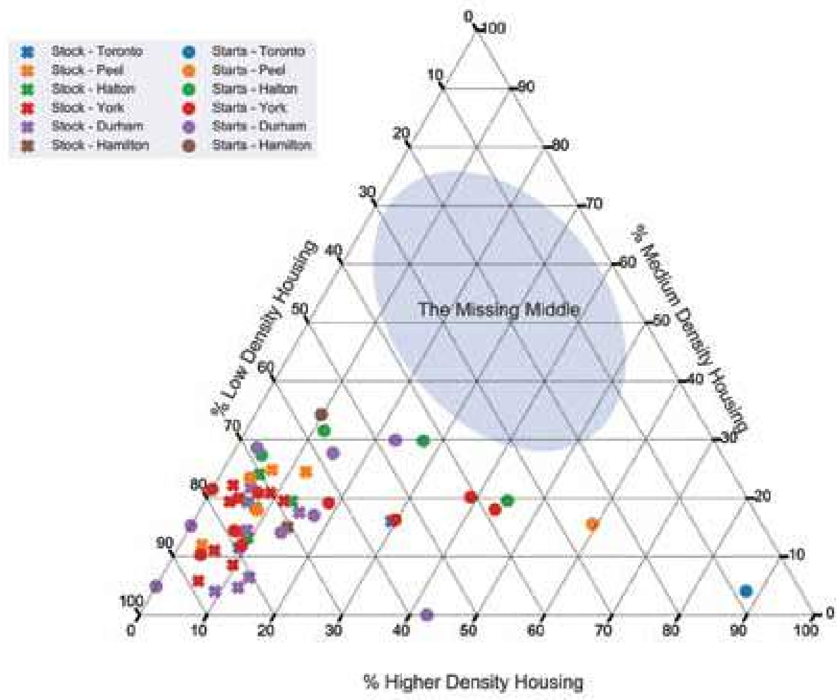


Figure 7 illustrates the Missing Middle graphically. Key observations include:

- The current stock of housing in each of the 26 census subdivisions in the GTHA, shown by the crosses in the figure, is clustered in the lower left, highlighting the high percentage of low-density housing across the region.
- Currently, no region has more than 25% of its housing stock in medium density dwellings, and all but Toronto have more than 60% of their stock in low density housing.
- The circles show the total starts over the last 10 years for the same regions. While the shift towards higher density dwellings is clear in some municipalities, notably in Toronto, medium-density housing developments do not represent a significant fraction of the three categories in any region. The void in the upper right region of the plot corresponds to the Missing Middle.

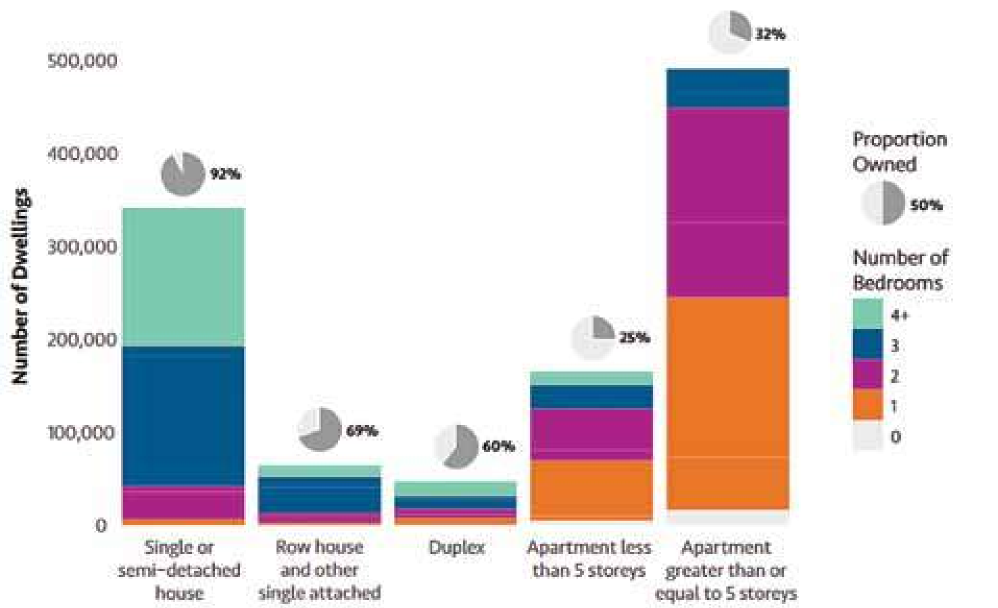
Figure 7: Dwelling Mix of all Single- and Lower-tier Municipalities in the GTHA



Appendix B contains the results for each of the lower and single tier municipalities in the GTHA, and is available online at rccao.com.

The low number of medium-density housing in Toronto's current housing stock and the breakdown of the structural types of existing middle-density housing in all categories can be seen in Figure 8. In addition, the small pie diagrams show the percentage ownership (grey shaded area) and rental tenure by each housing type.

Figure 8: Structural Types by Dwelling Size and Tenure in Toronto



Source: Statistics Canada, 2016 Census of Canada.

Note: Reprinted from *What is the Missing Middle? A Toronto housing challenge demystified*, by Evergreen and Canadian Urban Institute.

1.5 CHARACTERISTICS OF HOUSEHOLDS AND DWELLINGS

The characteristics of dwellings, and the number of bedrooms in particular, varies depending on the type of dwelling; the number of bedrooms increases as density decreases. This is important to note, because households come in many different forms, each with different size and bedroom requirements. If the future housing stock does not match up to the needs of future households, these will be unsuitably housed, and a long-term mismatch could lead to changes in household formation rates. Widespread housing unsuitability can put further pressure on affordability and have implications for infrastructure productivity.

As shown in Figure 9, there are currently, on average, 2.6 times more bedrooms in low-density dwellings as in higher-density dwellings in the GTHA. Note that this difference between low- and higher-density dwellings is not obligatory; it reflects the fact that developers have tended not to build large (three-plus-bedroom) apartments or smaller detached homes. Figure 10 reveals, however, that while low density dwellings house, on average, 1.5 to 1.9 times more people than higher density dwellings, the former count significantly fewer people (in a statistical sense) per bedroom. In almost all municipalities, higher density dwellings have an average of more than one person per bedroom, whereas in low-density dwellings, at least 20% of bedrooms are unused. This value is likely to be much higher in reality, as many pairs of people living together in a house share one bedroom. Across the GTHA, there are estimated to be over two million empty bedrooms (CANCEA, 2017, p. 26).

Figure 9: Characteristics of Dwellings Across the GTHA

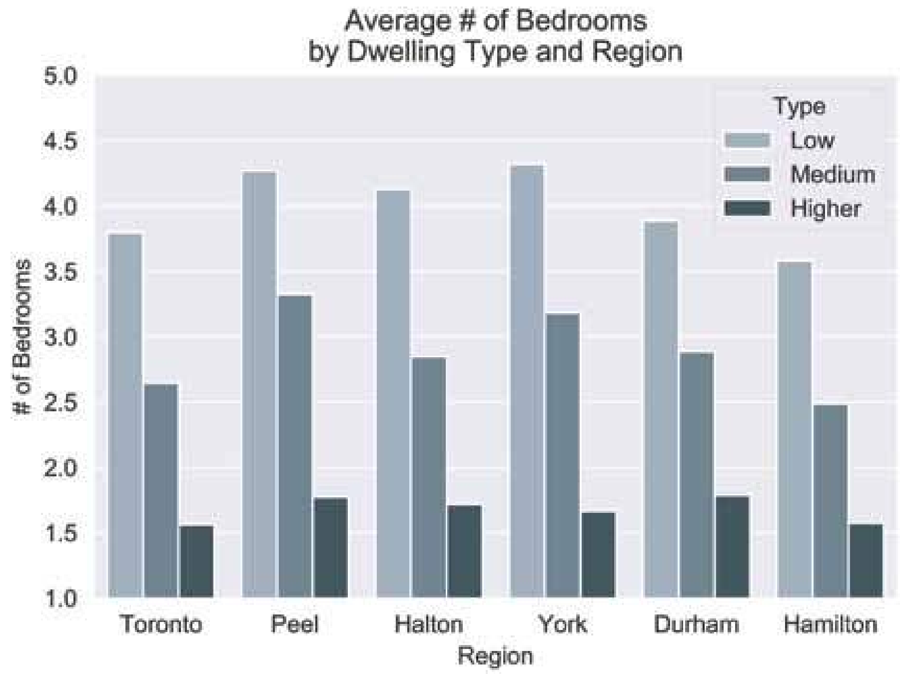
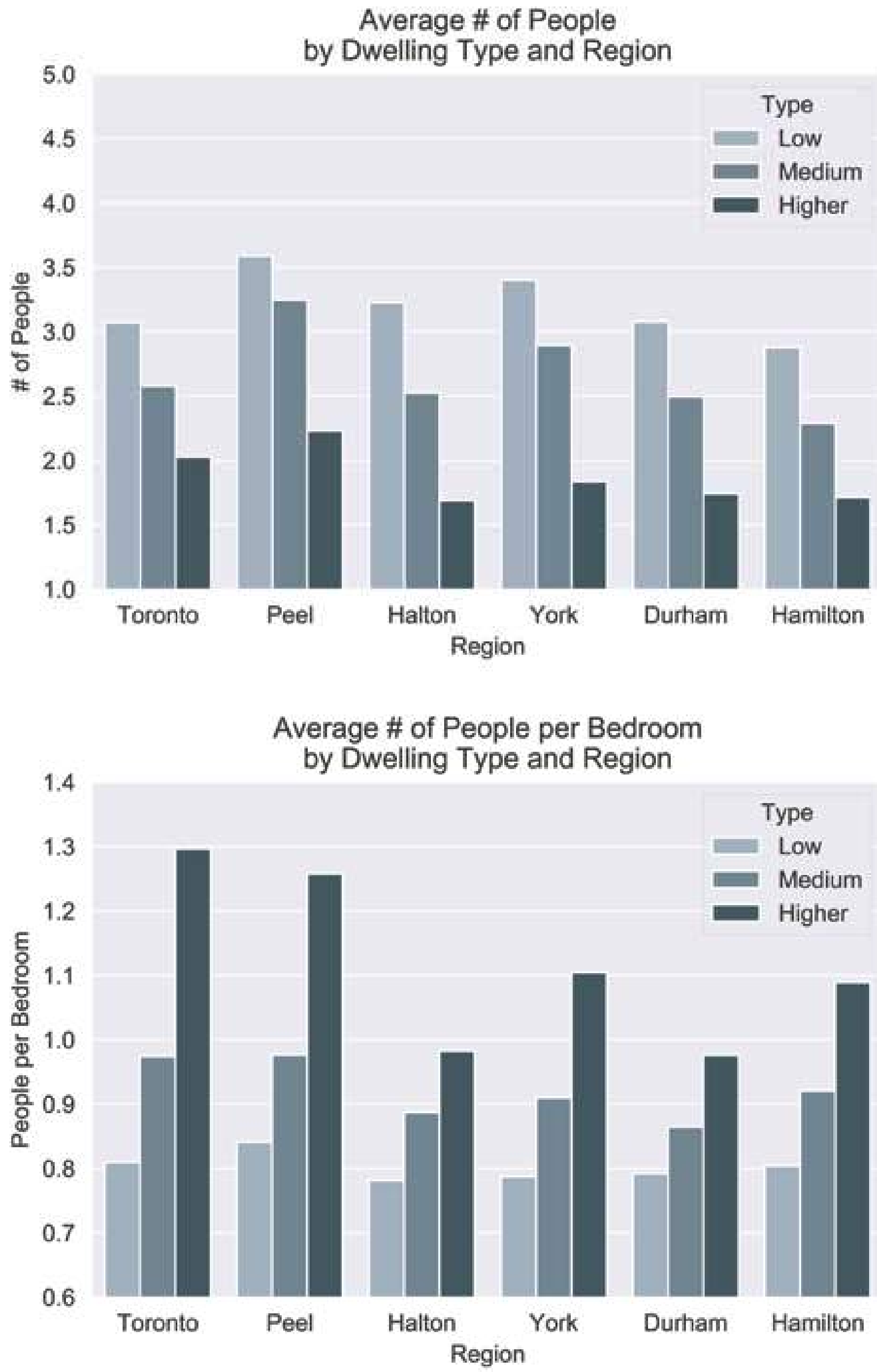


Figure 10: Characteristics of Dwellings and Households Across the GTHA



1.6 SCOPE OF THE ANALYSIS

In order to help municipalities, planners, and developers understand the risks and rewards of their decisions under the *Building Better Communities and Conserving Watersheds Act*, two different sets of assumptions can be adopted to construct scenarios that focus on the "when" and "what" of future developments. Each set approaches the problem from a different point of view – the first based on the current trends in housing starts, and the second based on the P2G population targets.

1.6.1 CASE 1: STATUS QUO STARTS

The average annual number of starts (independent of dwelling type) in each municipality has remained relatively constant over the past decade, despite annual fluctuations. If this trend continues we question:

- What would the future look like under various combinations of low, medium, and higher density development, assuming space is available?
- What population could be housed under suitable housing conditions in the constructed dwellings?
- How would that population compare to P2G targets?

1.6.2 CASE 2: PLACES TO GROW TARGETS

The first case assumes no land constraints and that the population is housed in suitable conditions under a fixed rate of construction. The second analysis approaches the question from the point of view of fixed population growth required to meet P2G targets by 2041. If municipalities were to meet the targets under different distributions of dwelling forms, we question:

- What change in number of starts (on average) would be required in each region?
- Is there sufficient land available within the Designated Greenfield Areas and Urban Growth Centres to accommodate the necessary new developments?
- Is the mix of dwellings suitable for future households?

2.0 RESULTS

The results of the analysis that examined all combinations of dwelling mixes for the two cases are presented below. Section 2.1 shows the population that can be housed if each municipality's annual start rate stays at its current level until 2041, allowing the mix of low-, medium-, and higher-density dwellings to vary. Section 2.2 examines a complementary scenario to understand what rates of construction will be necessary to house the future 2041 population defined by the P2G targets under varying mixes of dwelling density.

2.1 CASE 1: CURRENT DEVELOPMENT TRENDS

This first case considers the future scenario where the total number of starts in each municipality per year remains constant (average yearly starts over the 2006-2016 decade), allowing the distribution of dwelling forms to vary (i.e., percentages of higher, medium- and low-density). Using this analysis, it is possible to estimate how current trends, if left to run their course, will impact future housing patterns, affordability, infrastructure efficiency and community development. Of interest is determining the population that could be housed in the new dwelling under suitable conditions and how that population compares to P2G targets. To run this simulation, no constraints on land use are imposed.

2.1.1 PLACES TO GROW TARGETS

Table 2 presents the P2G targets of the six upper and single tier municipalities in the GTHA.

Table 2: P2G Population Targets in 2041 by Upper- or Single-tier Municipality

GTHA Municipality (Single/Upper Tier)	Population in 2041 (millions)
Toronto	3.40
Peel	1.97
York	1.79
Durham	1.19
Halton	1.00
Hamilton	0.78
Total	**10.13**

At the current rates of construction, assuming that current trends in number of people per dwelling (by type of dwelling) persist, most regions within the GTHA will not be able to house the P2G population targets suitably, regardless of the type of dwellings that are built. If household sizes decrease, the shortfall is exacerbated. For graphical depictions of the analysis, see Figure 15 in the Appendix.

The City of Toronto is an exception to the trend, as current construction rates are on track to exceed the P2G population targets by 5-15% depending upon the stock built. York is the only region which could potentially meet its target under the model assumptions, provided that the new starts have the right density. However, if the current mix of housing starts in York remains constant over time, the future stock will fall short of target.

It is worth noting that hitting or exceeding targets, according to this analysis, simply means that the number of units supplied will be equal or higher than the number of households. Market forces are not considered; the analysis does not guarantee the new units will be affordable to those same households.

As demonstrated by this analysis, GTHA regions are not on track to hit their targets at current development rates. Across the GTHA this would result in 180,000 fewer dwellings being built, and this highlights the importance of the medium and long-term planning process. If the LPAT system hinders the achievement of a better mix of housing density or slows development approvals, this could pose significant risks to returns on infrastructure and create additional pressures on household affordability.

2.1.2 ECONOMIC PROSPERITY

The risk to P2G represents about 7,200 dwellings that will not be built each year until 2041. This puts economic prosperity at risk with an annual expected average loss of $1.95 billion in GDP that accrues directly from residential construction activity.[8]

2.1.3 AFFORDABILITY IMPACTS

In most of the GTHA, demand for housing is projected to grow faster than the type of stock made available. This is expected to create greater competition for a limited "appropriate" housing stock, thereby decreasing affordability.

Currently, in the City of Toronto, rates of unaffordability in the rental market are twice as high as in the ownership market and many households are renting unsuitable dwellings:

- One in two renter households pay more than is affordable given their income compared with one in four owner households.
- Over 80% of five-person households live in unsuitable dwellings.
- Renter households have 3.2 times more need for bedrooms than owners, while owner households have an average of 2.8 times more bedrooms than what is needed by all others.

This reflects a need for increased options and larger units in the rental market. High levels of housing unsuitability will persist in a market if households are unable to gain access to size-appropriate options within their budget. This pattern can be seen in Toronto in the data on household mobility rates in conjunction with households in core housing need:

- Residential mobility in the City is about half that of the rest of the province.[9]
- About one in four households are in core housing need.
- Households are unable to move between housing options despite their desire and need to do so.

Add to this the problem of access to home ownership being financially prohibitive. The median house price in Toronto is almost 10 times the median household income, making it difficult to enter into the ownership market without existing capital. A median-income rental household would require between 11 and 22 years to save for a 10% down payment for median-price dwelling, given historical savings rates.

Continued affordability pressures are expected to accelerate these phenomena which have economic consequences: individuals have less flexibility to relocate to pursue new opportunities.

The economic repercussions of an increasingly inflexible labour force present particular risks where the demographic make-up skews older, as is the case in most of the GTHA. Individuals between the ages of 45 and 65 make up between 26.7% (Toronto) and 29.6% (York) of the total population of GTHA municipalities (Statistics Canada, 2016). As the baby boomers enter retirement, the vitality of communities depends on the ability of a younger generation of workers and families to relocate to the area. 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.

2.2 CASE 2: DEVELOPMENT TO REACH P2G TARGETS

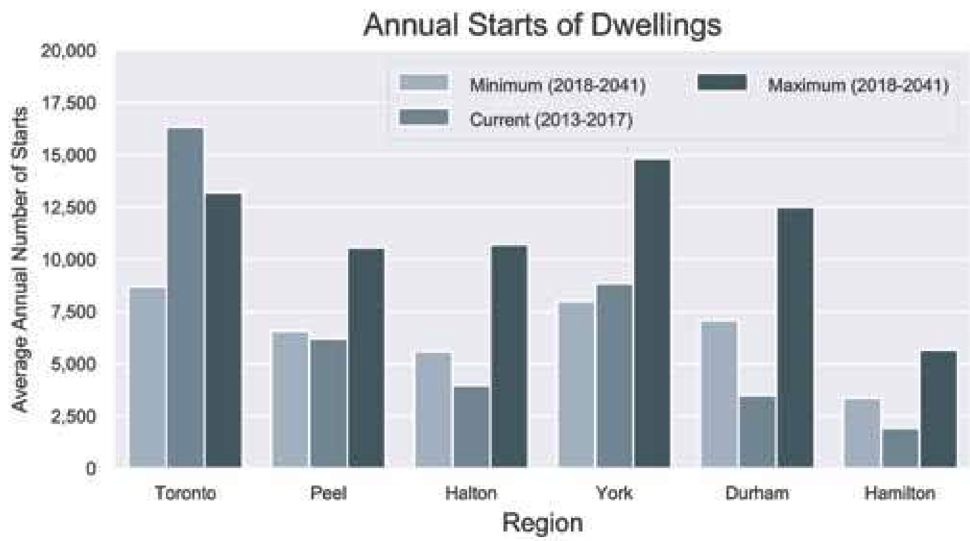
This second analysis estimates the development rates required to reach the P2G targets and the feasible density mixes given current land development constraints. Working backwards, it becomes possible to determine what change in starts (on average) will be required to hit the targets; whether there is sufficient land available within the Designated Greenfield Areas and Urban Growth Centres; and the mix of housing types that are required to suitably house future households.

2.2.1 ANNUAL STARTS OF DWELLINGS

If each municipality is to reach its P2G population targets for 2041, we can estimate how many new dwellings are required to house the increased population. The maximum and minimum values depend on the type of dwellings constructed (i.e., larger households tend to occupy detached dwellings). These limits are conservative; if the number of people living in the average dwelling decreases, more dwellings would be required.

Figure 11 presents estimates of the minimum and maximum number of starts needed in each municipality in order to achieve the P2G targets. York is the only region whose current development rate falls within this window, and all regions except for Toronto have lower rates than required to hit their targets (reflecting the results presented in 2.1). If the number of starts per year continues to be below the required rate, more intense development will be needed in the future to hit the P2G targets.

Figure 11: Annual Starts of Dwellings Required to Meet 2041 Places to Grow Targets



2.2.2 LAND USE AND AVAILABLE LAND

Estimates of the land available for residential development vary considerably depending on the methodology used and precise definitions on what is being measured (Malone Given Parsons, 2017; Neptis, 2017; Centre for Urban Research and Land Development, 2018; Ministry of Municipal Affairs, 2017b). There are a several questions that complicate this calculation. For instance, are zones that have been approved for development counted as available if there have been no housing starts? What assumptions should we make about parkland, road widths, and natural landscape to estimate the actual footprint of residential dwellings? What is the assumed amount of employment land required?

To address these issues, instead of relying on specific estimates, we adopted a heuristic approach which involves assuming an average ground footprint for each dwelling type (i.e. higher density, medium density and low density). Since the current number of dwellings of each type in built-up dissemination areas (DAs with more than one person per hectare) and the corresponding total land area for the DAs are known, the average total footprint by dwelling type can be estimated. Using this estimated total area per dwelling (by dwelling type), we can calculate the total land area required for a given mix of dwellings.

2.2.3 DENSITY MIXES, SUITABILITY AND LAND CONSTRAINTS

For most municipalities, a balanced mix of densities is required to meet land use requirements, long-term growth plans and the needs of households. In all upper-tier municipalities, if more than 50% of starts consist of detached and semi-detached homes, this will lead to land constraints over the long run. The density mix of current starts is over that threshold in all municipalities other than Toronto. (See Figure 16 in Appendix A.)

Halton, York and Durham are the most flexible in terms of what density mixes can house their target populations. This is unsurprising, since these correspond to the least densely populated municipalities in the GTHA (refer to Figure 13 in Appendix A). Toronto exhibits the least flexibility and requires between 20 and 70% of development to be medium density – a much higher proportion than the current rate of only a few percent of all starts. In all municipalities, medium-density development helps balance land-use and size of dwellings.

These results provide a benchmark to measure progress towards the P2G targets in each municipality. They can also help indicate whether the new LPAT system enacted by the Act will help municipalities better align with their growth targets by speeding up development in less densely populated regions (e.g. with faster and fewer appeals) and encouraging the development of a suitable mix of housing densities in denser urban centres, notably Toronto, Hamilton and Peel.

Within each municipality, there is significant heterogeneity (see Figure 17 in Appendix A). For example, while Mississauga's land use and suitability constraints to development reflect those of Peel as a whole, Brampton (also in Peel) has much greater flexibility, which implies more available land for residential development. As a consequence, the results of the lower-tier analysis are more qualitative than quantitative in nature. Nonetheless, they still present a picture of the challenges facing each of the municipalities and the issues faced by upper-tier municipalities when there are significant differences among their lower tiers. Upper-tier municipalities must ensure the development in lower tiers adds up to the targets set for the upper tier. Figures for the remaining lower-tier municipalities can be found in Appendix B.

2.2.4 AFFORDABILITY IMPACTS

Housing affordability pressure can be minimized by ensuring an appropriate supply (in terms of density of starts). Building a stock that does not match the requirements of forecasted population increases can exacerbate existing affordability pressures for certain types of units that are in shortage.

As a general rule, a mix of densities and dwelling size provides a stock of housing suitable to the requirements of communities, which are made up of a variety of household and family configurations. Moderate and higher density residential land use facilitates the provision of efficient transit and creates the conditions for long-term growth in employment lands.

3.0 RENTAL AND OWNERSHIP

There are no P2G targets for rental housing in Ontario, which leaves municipalities with little guidance as to what the optimal provision of rental stock should be.

Homeownership rates in Ontario and the GTHA have been rising since the 1990s. Meanwhile, the stock of purpose-built rentals has fallen by a third in the GTHA and by an eighth in Ontario (CANCEA, 2017). However, this drop in purpose-built rental starts has not been proportional to demand, as the number of households renting has fallen by only a fourth. This increase in ownership has at least two possible explanations:

- Households have an increased desire to own and seek out ownership opportunities (for a multitude of reasons including low mortgage rates, a recovering economy, perceived benefits of ownership over rental, and social status).
- Households do not have an increased desire to own, but instead are forced to since there are no rental opportunities available that meet their needs.

If left unquestioned, reports of increasing ownership rates can contribute to the prevailing notion that ownership is a better choice than rental for most households. However, a healthy rental market that supplies a suitable variety of rental options can have economy-wide benefits. It allows entry into the dwelling market for individuals and households with little capital and helps create a more flexible labour market by lowering the upfront, transaction and time costs associated with relocating. A healthy rental market also provides a buffer for households who are in the market to purchase a home if their preferred dwelling is not available. Planning committees should therefore consider an appropriate tenure mix as well as the structural types of dwelling when developing a municipal growth strategy.

4.0 CONCLUSIONS

Projections clearly show that current housing developments rates and patterns are out of sync with the P2G population growth targets in all major regions comprising the inner ring of the Greater Golden Horseshoe. The main challenge for land-constrained higher density urban regions, namely Toronto, Hamilton and Peel, will be to encourage future developments to conform to the appropriate mix of housing to suitably house their future populations. Increasing the number of medium-density starts will be important to reaching this goal. All municipalities outside of Toronto should develop strategies to steadily increase their rate of development to avoid a future demand shortfall.

These challenges are important to highlight in the aftermath of *Building Better Communities and Conserving Watersheds Act, 2017*, which brought about significant changes in the process of appealing city planning decisions. It remains to be seen whether the LPAT process of appeal will deliver on its promise of increasing the appropriate housing mix. Even though the approvals process could be faster and more transparent through the LPAT process, there remains a degree of uncertainty in the process.

Ensuring that development keeps pace with planned population growth will enable local and provincial governments to recover the costs of infrastructure projects by maximizing their productivity, while potentially reducing future affordability pressures. By staying within the feasible and suitable density mix, municipalities can ensure that infrastructure that is designed to serve the P2G population target will be sufficiently utilized to justify construction while avoiding overutilization. This is, however, contingent on the choice of an appropriate mix of housing stock densities. Affordability and the resilience of a region's economy and labour market is also affected by the availability of different tenure options. Local councillors must be cognizant that their planning and development approval decisions must be geared towards these long-term objectives.

APPENDIX A: ADDITIONAL FIGURES

Figures 12, 13, and 14: The density is represented by a colour gradient, where darker shading represents exponentially higher density over lighter shaded DAs (see legend in the lower left corner). The red lines denote the major regional municipal boundaries of the GTHA, and the Greenbelt is represented by green-shaded colour.

Figure 12: GTHA Population Density by Dissemination Area

Figure 13: DAs with Population Density Over 50 People Per Hectare

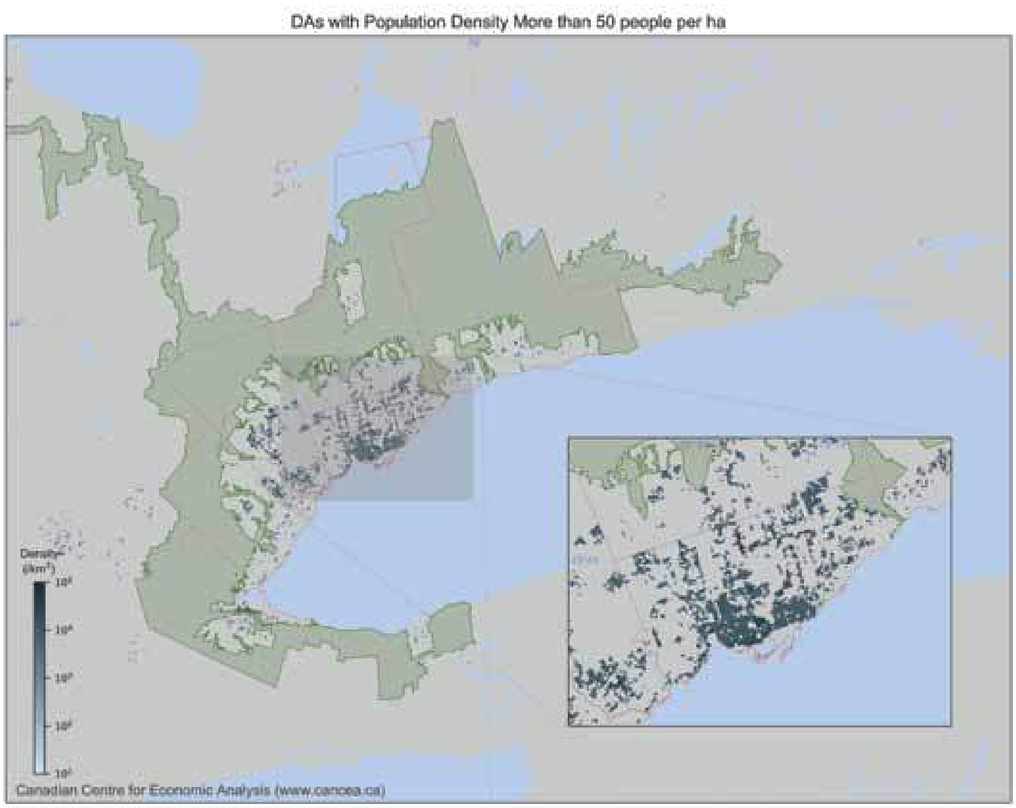


Figure 14: Percentage of Dwellings which are Higher-, Medium-, and Low-Density

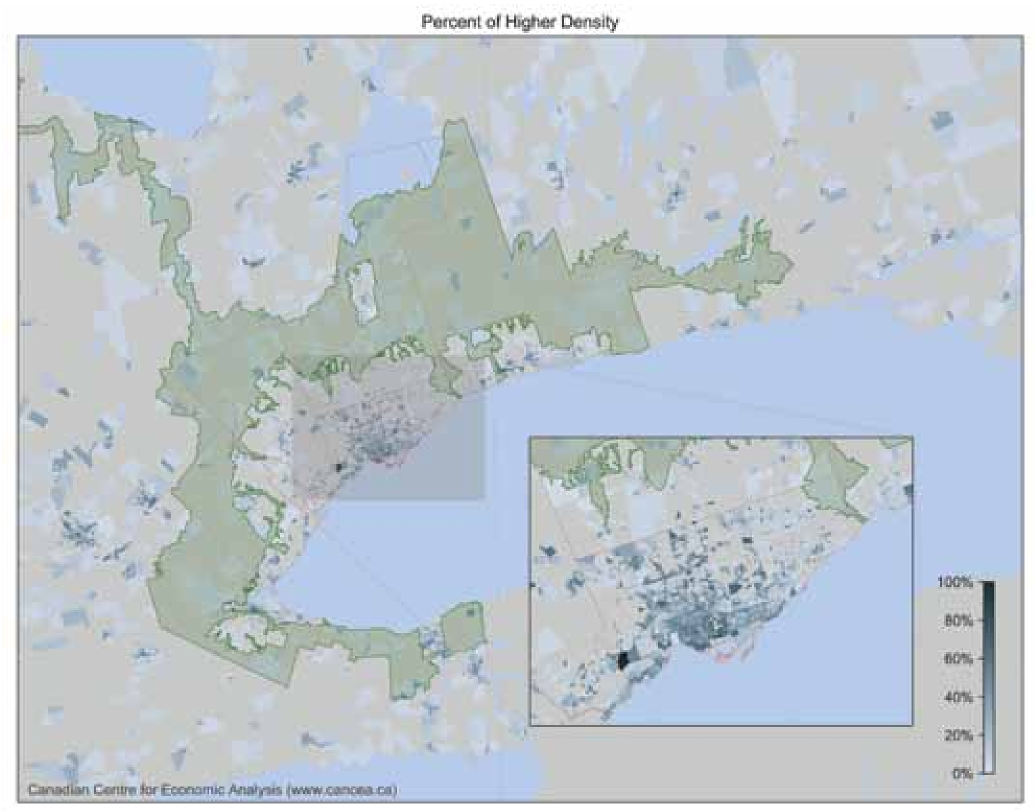


Figure 14: Percentage of Dwellings which are Higher-, Medium-, and Low-Density (continued)

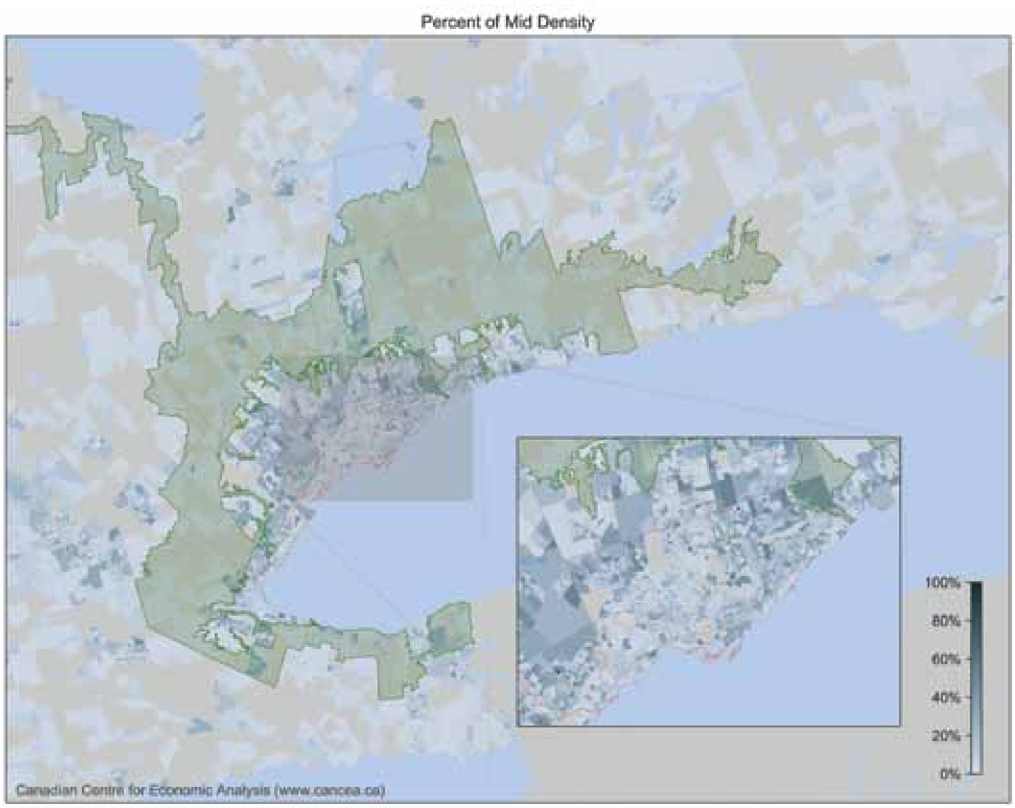


Figure 14: Percentage of Dwellings which are Higher-, Medium-, and Low-Density (continued)

Figure 15: Blue regions on the ternary diagrams represent the range of possible dwelling-type mixes that will yield more housing units than needed to house the 2041 P2G population targets, if current municipal start rates remain constant. The red regions are the range of dwelling-type mixes that will provide fewer units than are needed. The black "x" on each diagram represents the current dwelling-type mix exhibited by housing starts currently.

Figure 15: Percentage of Places to Grow 2041 Population

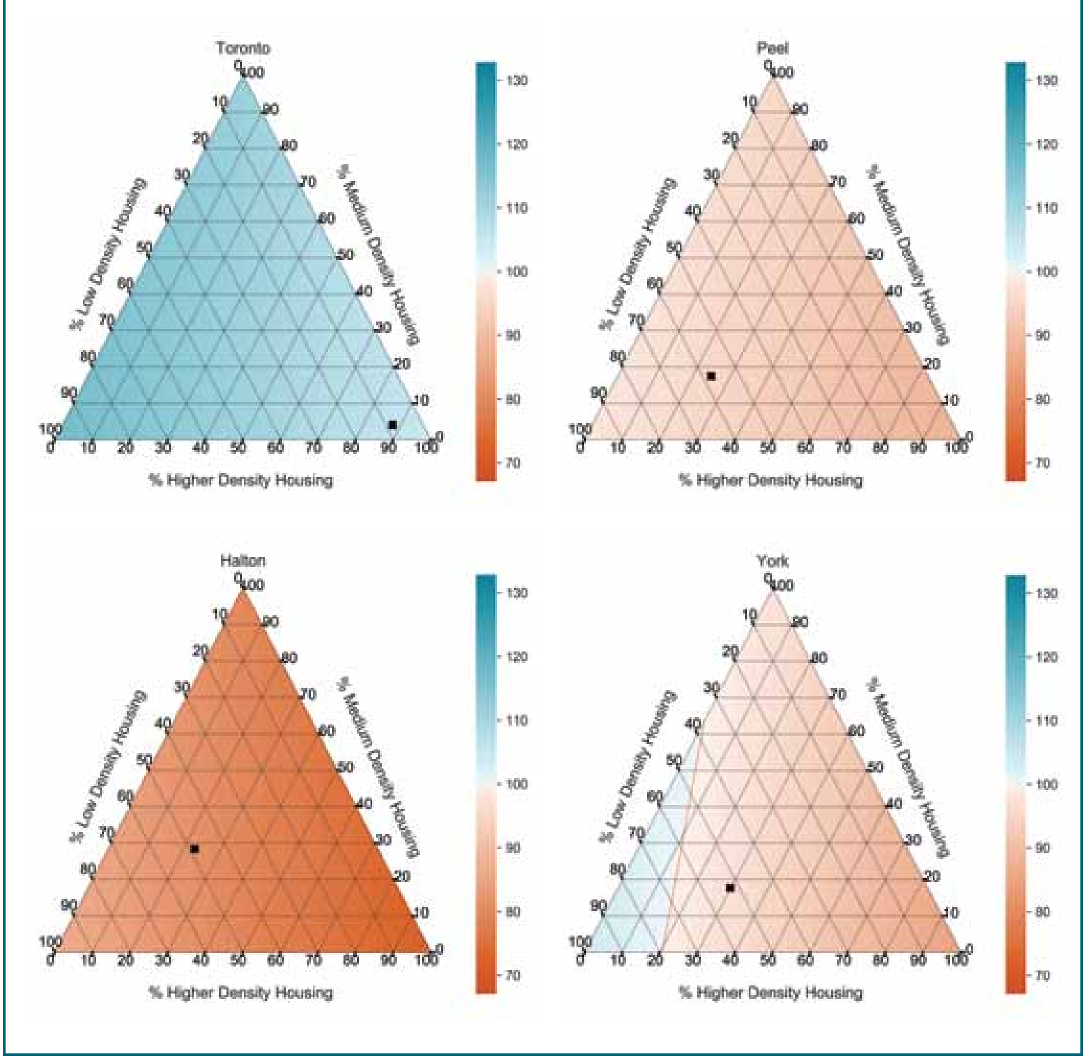


Figure 15: Percentage of Places to Grow 2041 Population (continued)

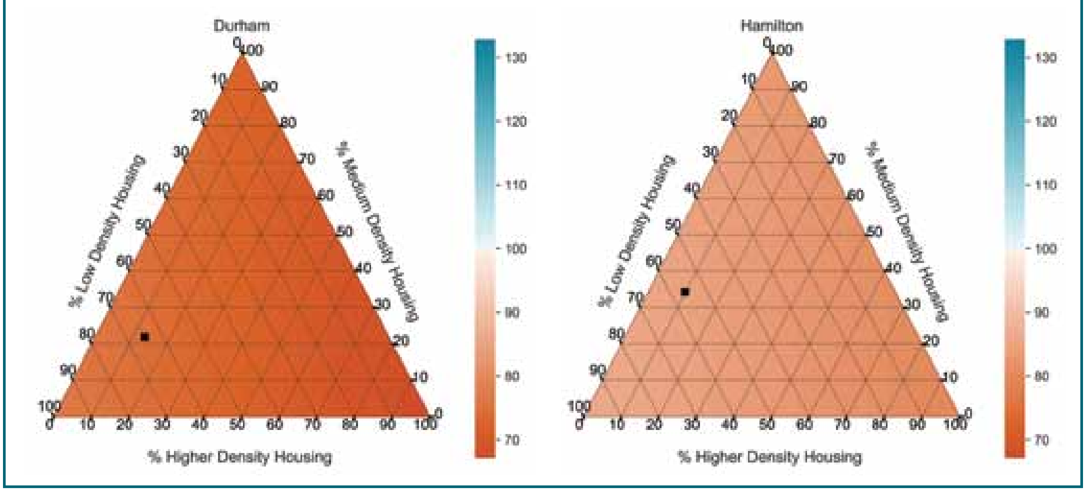


Figure 16 and 17: Red indicates unsuitable housing. Orange indicates land constraints. Green indicates acceptably sized housing without land constraints.

Assuming that housing starts are at the level required to house future population growth in each region, the ternary diagrams above present the density mixes that can accommodate the target population suitably under the current constraints on land for residential development (all points in the green regions); the mixes that can accommodate the target population, albeit unsuitably (all points in the red regions), e.g. a family of four in a two-bedroom condo tower; and the mixes that can suitably accommodate the future population but will require additional land to be freed up for residential development beyond what is currently earmarked as Designated Greenfield Areas (all points in the yellow regions). The black "x" on each diagram represents the current dwelling-type mix exhibited by the 10-year housing starts.

Figure 16: Development Mixes by Region

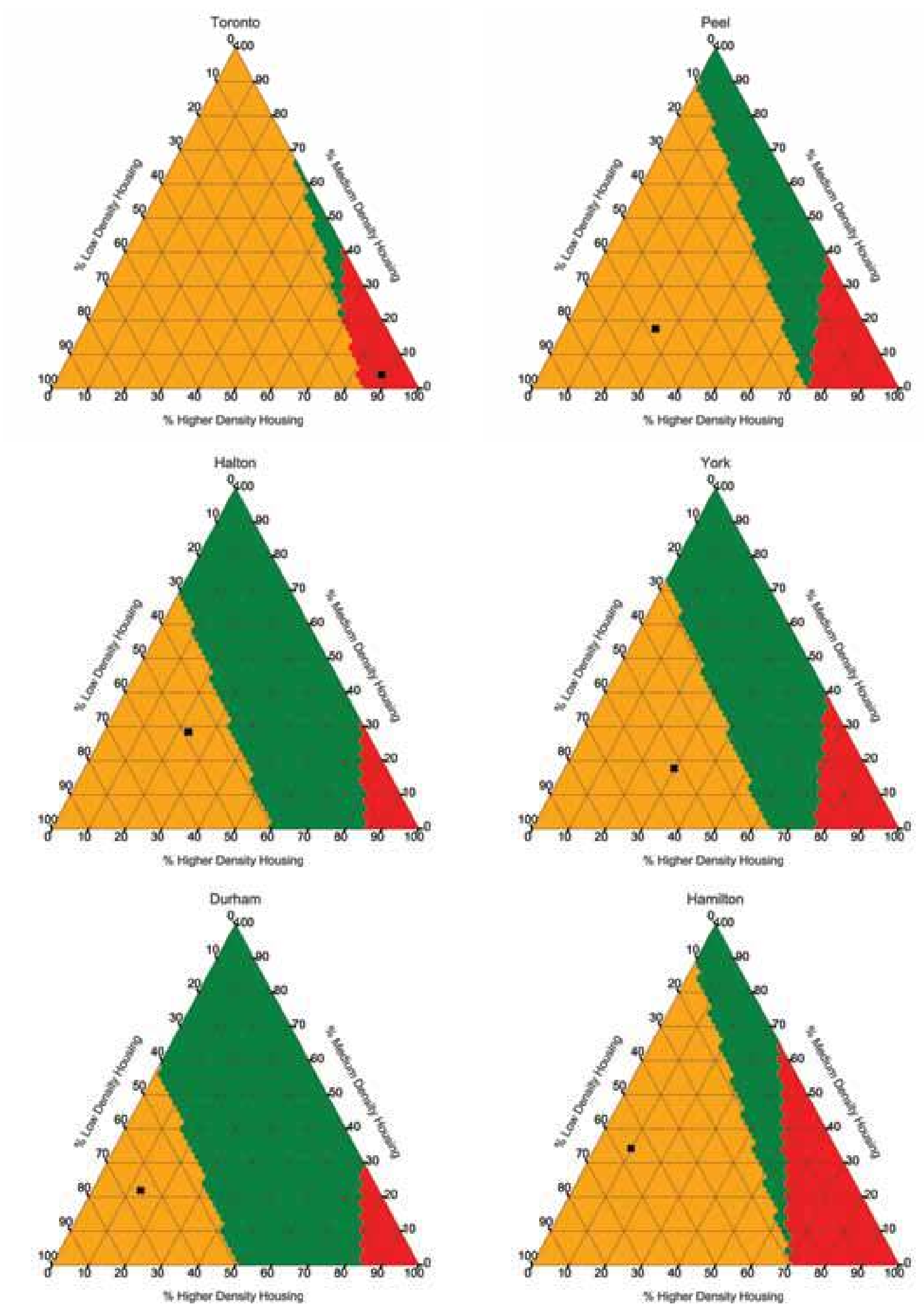
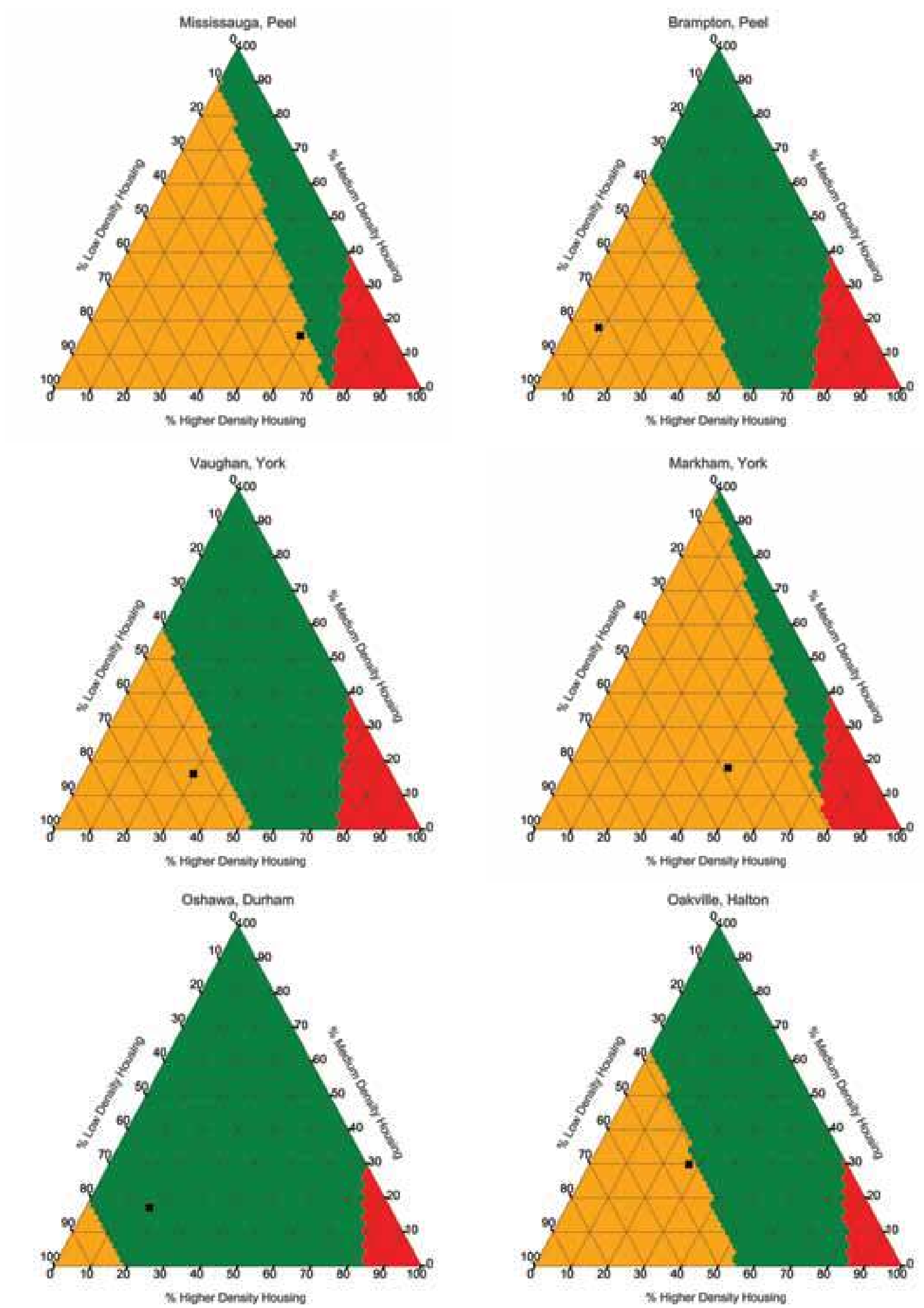


Figure 17: Development Mixes for Select Lower-Tier Municipalities



ENDNOTES

1 Note that municipalities in the graph on page 12 are not all the same size, therefore the magnitude of the change in smaller municipalities with a high percentage change, such as Scugog, may be much lower than the magnitude of change in larger municipalities with a lower percentage change.

2 Dissemination areas are a standard Statistics Canada geographic subdivision, each with a population, on average, of about 600 people.

3 Exceptions to these requirements are listed in the Growth Plan.

4 In 2015, the *Smart Growth for Our Communities Act* (Bill 73) was passed "to support stronger recognition of municipal and provincial decisions and policies," adding provisions on what can be appealed and requiring the OMB to have regard for municipal council decisions and materials submitted in relation to the application, among other changes.

5 An alternate measure is completions, which is defined by the CMHC as "the stage at which all the proposed construction work on a dwelling unit has been performed". Measuring completions gives a more accurate estimate of housing supply on the short run when a shorter timeframe is considered. Housing starts are an appropriate indicator for the purpose of our analysis, which spans multiple decades.

6 Note that apartments refer to the type of building, not ownership model which may be condominium, co-operative, or rental building.

7 Row house, duplex apartments, apartments in buildings under five storeys.

8 Assuming that housing prices remain constant and sufficient construction resources to build at the pace set by P2G.

9 A report by the Centre for Urban Research and Land Development at Ryerson University measured millennial mobility rates as the number of people who have moved in the last five years (2018).

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