



How to Counter the Harmful Impacts of the Growth Plan on House Prices

Presentation by:

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To:

Economics and Land Use Planning in the Greater Golden Horseshoe Seminar

Friday, October 28th, 2016
Sears Atrium, Ryerson University

Both benefits and costs should be incorporated in developing/evaluating urban land use policies

- “When a government proposes to implement far-reaching urban policies like the Green Belt and Places to Grow Acts it has a responsibility to inform its constituents of all the significant benefits and costs associated with the policy be they environmental, economic or social.” (Clayton, Sept. 2, 2016)
- "It is perfectly possible to argue that the costs we identify are worth paying to achieve other policy objectives. However, it is not helpful to pretend these costs do not exist. (Cheshire et al., p.105)
- "Some people claim that the greenbelt and the growth plan are driving up housing prices in the GTHA. I don't buy that argument, neither does Jennifer Keesmaat who told me over dinner one night if all the development that is anticipated between now and 2041 were to happen, only 13 % of the potential lands available would be developed.” (Ted McMeekin, former Minister of Municipal Affairs and Housing at CUR/RESCON forum, December 9, 2015)

New ground-related house prices surging – Condo apartment prices flat

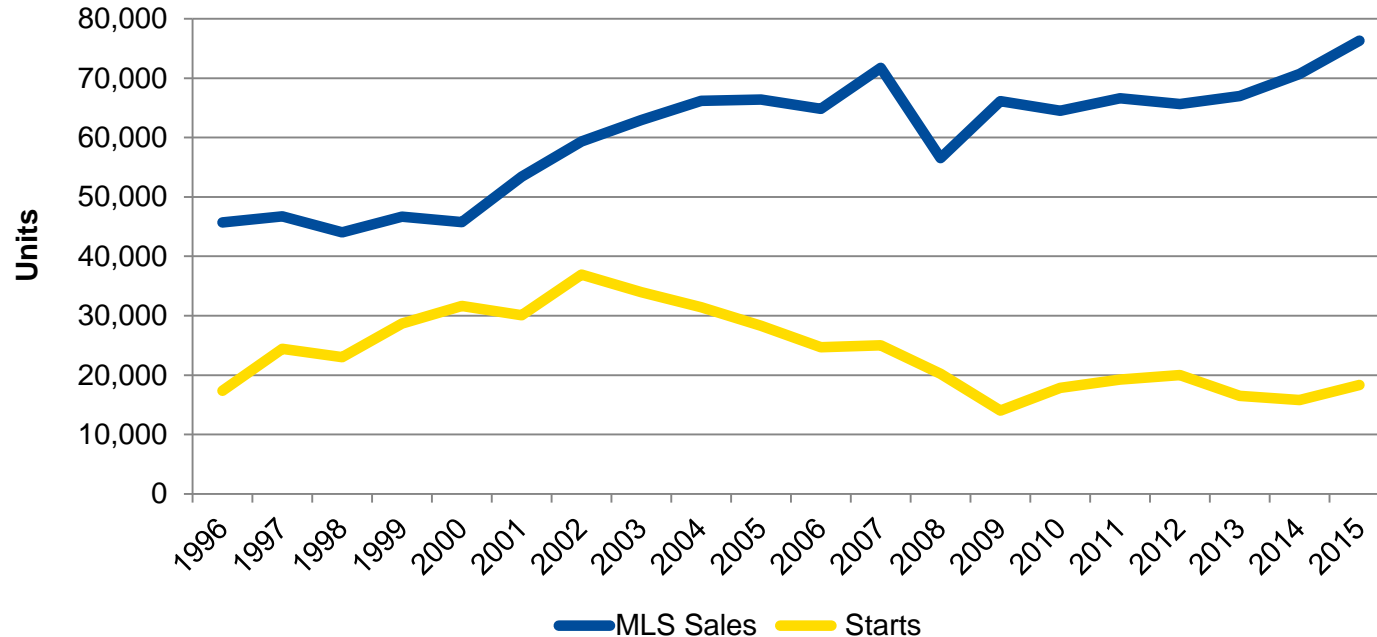
Monthly New Home Price Index, Greater Toronto Area, 2004-2016



Source: CUR based on data from Altus Data Solutions

Ground-related housing starts not responding to rising prices

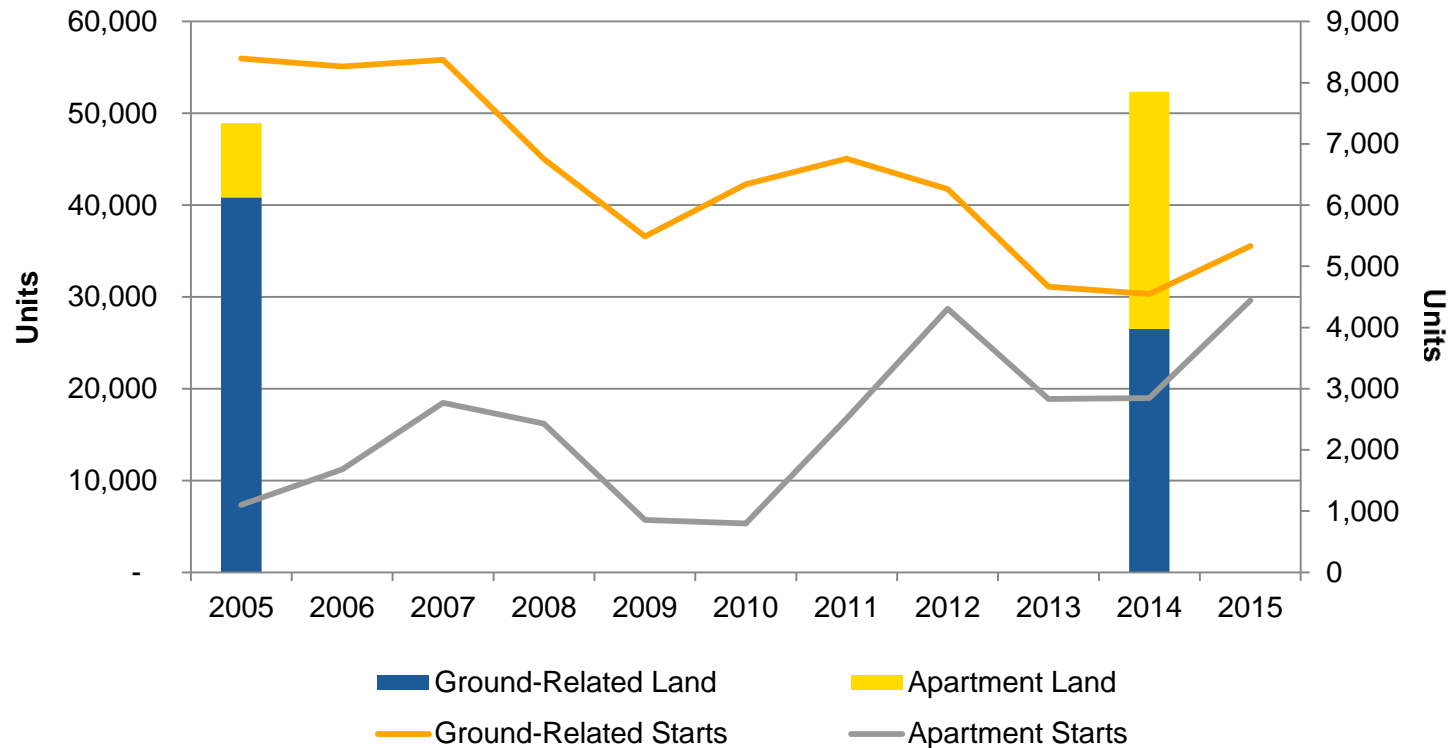
Ground-Related MLS Housing Sales and Housing Starts, GTA, 1996-2015*



*Ground-related homes: single-and semi-detached dwellings and townhouses.
Source: CUR based on data from CMHC and TREB.

Correlation between short-term land supply and ground-related housing starts

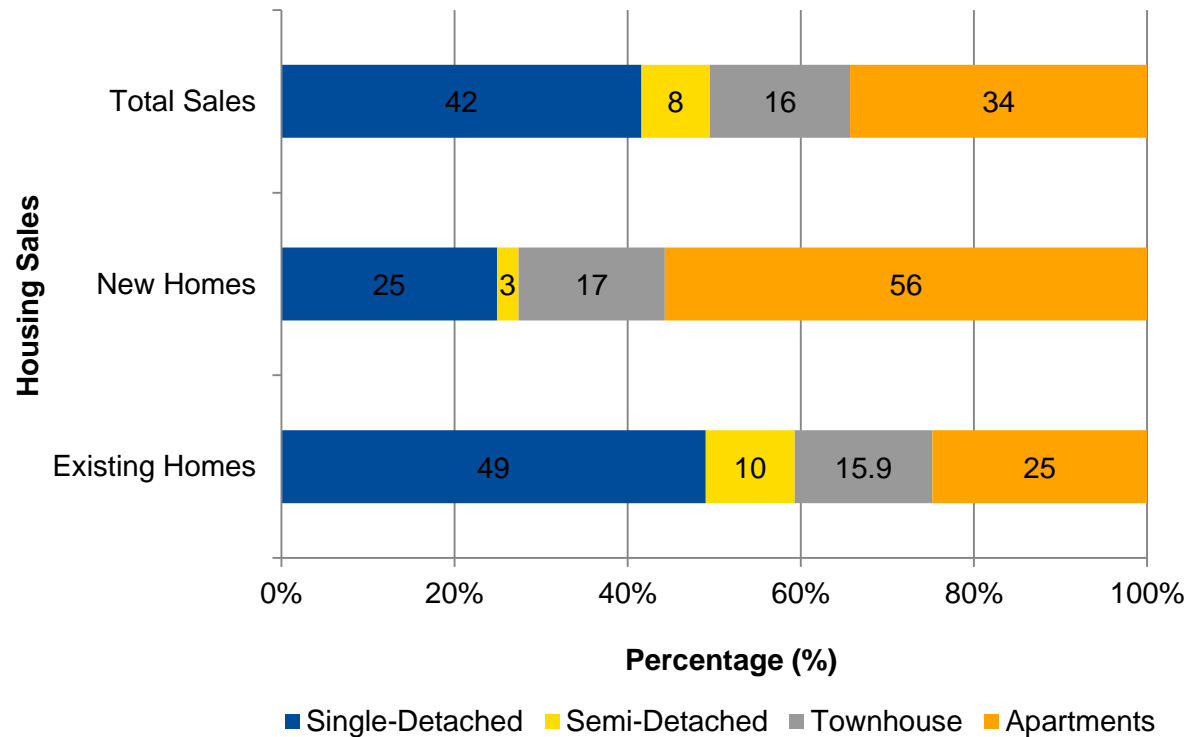
Housing starts by type and short-term land supply, York Region



*Ground-Related Housing includes single- and semi-detached dwellings and townhouses.
 Source: CUR based on CMHC and York Region data.

Two-thirds of all GTA home sales were ground-related homes in 2015

New and Existing Sales by Type of Unit, GTA, 2015



Source: CUR based on data from TREB and Altus Data.

Province ignored warnings of severe housing price impacts back in mid 2000s

Frank Clayton (The Land Economist, Summer 2004)

- “The Greater Toronto Area is on the precipice of a horrific shortage of serviced land for affordable ground-related housing.”
- “If new Greenbelt Planning Reforms permanently remove supply in the Golden Horseshoe, they will sharply compound the problem.”
- “Prices will rise sharply. First-time homebuyers will be forced further afield, as in the late 1980s, in search of affordable ground-related housing.”

Richard Mackie (The Globe and Mail, *Ontario Orders Greenbelt*, October 28th, 2004)

- “The 10 million people who are expected to live in the Greater Toronto Area in the next couple of decades will increasingly find it difficult to find an affordable house and will be concentrated more in condominiums and townhouses under a sweeping plan to protect another one million acres as a greenbelt around urban areas.”

What should be done to address the GTA's shortage of serviced sites for ground related housing? (1)

Immediate

- Defer adopting changes to the 2006 Growth Plan until a comprehensive review of the GGH land use planning system is undertaken (see below)
- Enforce Policy 1.4.1 b) of the Provincial Policy Statement that municipalities shall maintain at all times at least a 3-year supply of serviced or readily serviceable sites “to provide for an appropriate range and mix of housing types and densities required to meet projected requirements of current and future residents ...”
 - Make clear: land supply required by unit type – not just total units
 - Make clear: 3 years' supply is an absolute minimum – 5+ years preferred

What should be done to address the GTA's shortage of serviced sites for ground-related housing? (2)

Medium-Term

- Launch a comprehensive review of land use planning using recent/ongoing inquiries in New Zealand by its Productivity Commission as a guide:
 - Looking into processes that the fastest growing local councils use to provide land for housing (*Using Land for Housing*, September 2015)
 - Looking into the most appropriate system for allocating land use in cities (*Better Urban Planning*, Draft Report, Aug. 19, 2016)

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