



Why There is a Shortage of New Ground-Related Housing in the GTA

Presentation by:

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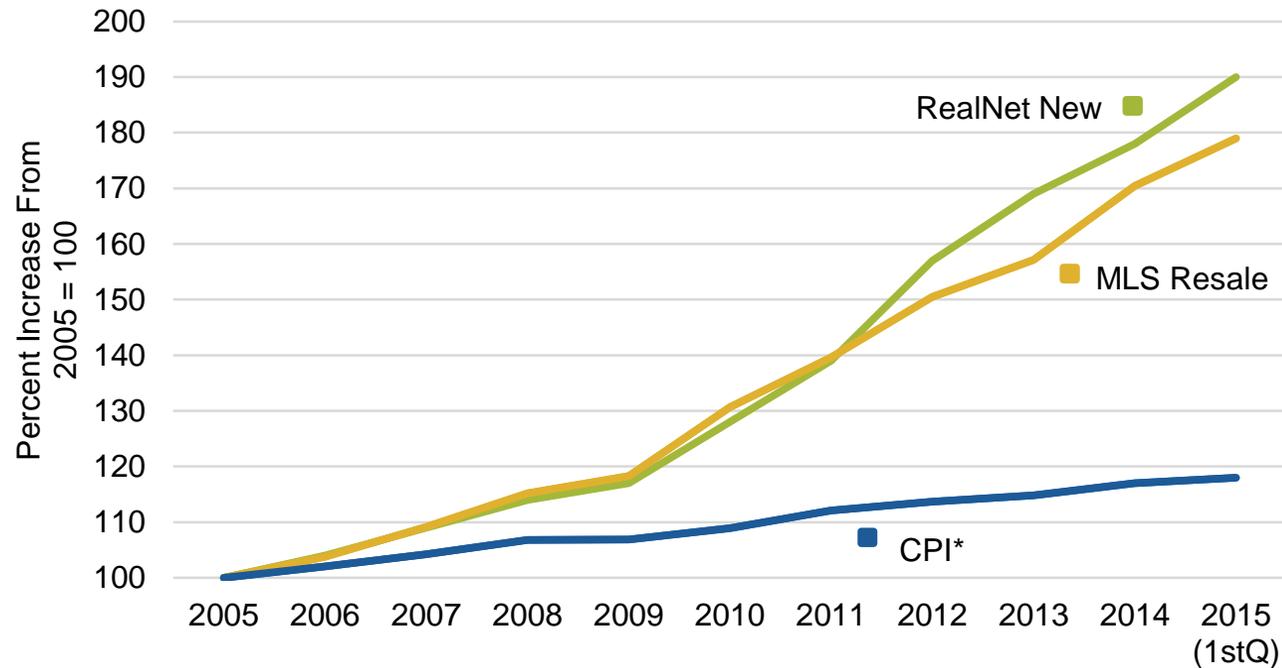
CUR Policy Seminar:
“Understanding the GTA Housing Markets Under the Current Planning System

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Scope of Remarks

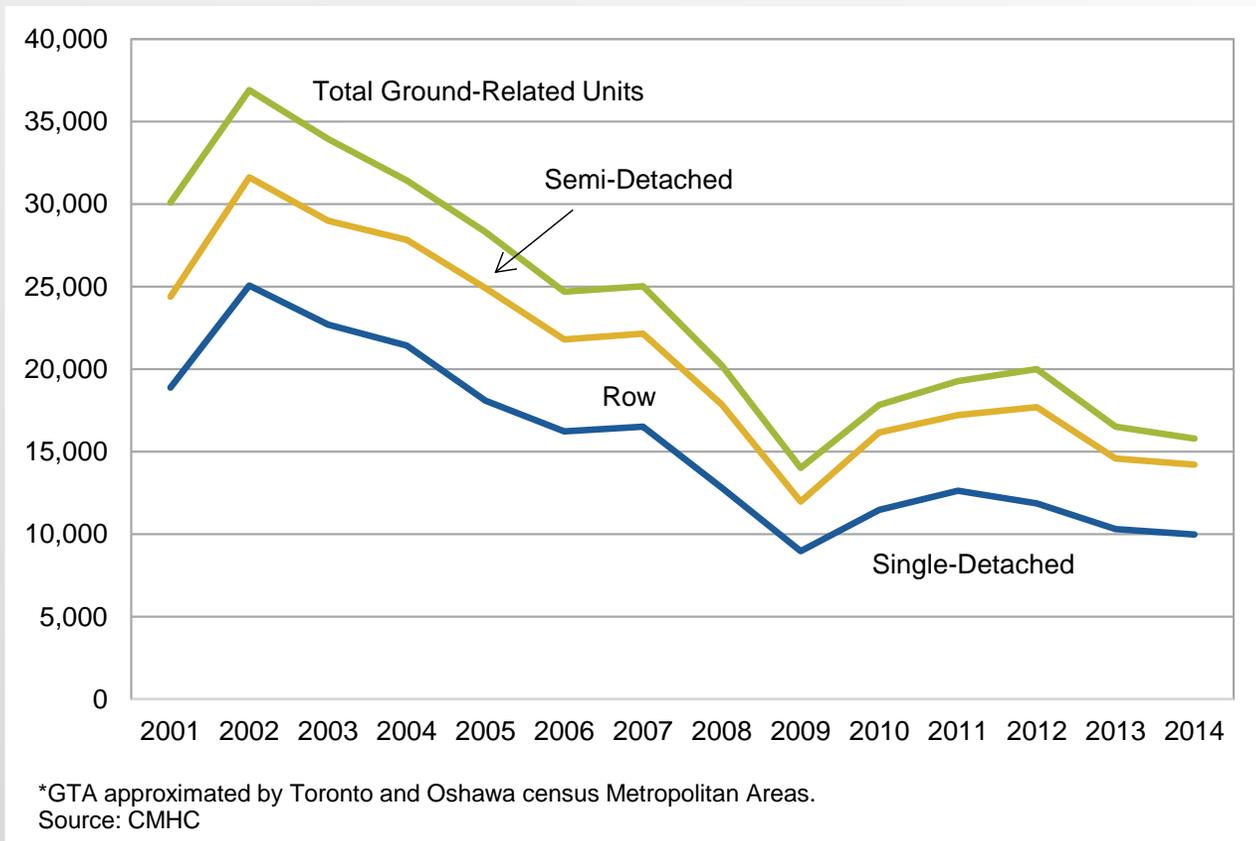
- **Prices of ground-related housing in the GTA - what is happening and why**
- **Consequences of underproduction of new ground-related housing**
- **Shortage of short-term serviced land at odds with Provincial Policy Statement (PPS)**
- **Municipalities not complying with Policy 1.4.1 of PPS**
- **Provincial oversight of municipal compliance of Policy 1.4.1 non-existent**
- **Corrective provincial/municipal action urgently needed**

Increases in Average Sale Prices of New and Resale in Ground-Related Housing in the GTA, 2005 – 2015



*CPI = Consumer Price Index
Source: RealNet Canada Inc., TREB and Statistics Canada

Ground-Related Housing Starts by Unit Type, GTA, 2001-2014



Consequences of Underproduction of New Ground-Related Housing

- **Deteriorating affordability**

“However, the problem of affordability has spilled over to residents in higher income levels and to those in homeownership. Higher land costs and restrictive government regulations that have stretched out development project time lines to as much as seven years have made it increasingly difficult to supply housing at an affordable cost across the GTA. What’s more, rising costs have been instrumental in driving up average debt-loads in the region, leaving households vulnerable to any unanticipated negative economic shock.”

- **Shrinking diversity of the housing stock**

“Rising costs and other incentive have not only tilted new development in the GTA towards condo towers but to shrinking unit sizes. The focus of supply on small multi-residential units has resulted in growing price premiums for both townhouses and single-detached units across the region, thus contributing to poorer housing choice and reducing mobility of residents.”

Source: TD Economics, Special Report, *GTA Housing Book Masks Growing Structural Challenges*, Jan. 19, 2015.

Severe Shortage of Serviced Land for Ground-Related Housing in the GTA

- No hard data but no doubt a shortage exists
- CMHC – GTA, May 2015

“Despite strong demand for ground-oriented homes, land constraints have meant fewer low rise sales centre openings over the past five years.”

- CMHC – Barrie CMA, May 2015

“Land availability will continue to be an obstacle for the development of single-detached homes in the City of Barrie.”

Severe Shortage Continued...

- CMHC – Kitchener/Waterloo CMA, May 2015

“The supply of permit ready lots for building single-detached homes is a stumbling block to higher starts. Builders have difficulty getting the lots they need to build homes. In most cases the challenge is not the amount of available land, but completing the servicing required before permits can be issued.”

- CMHC – Guelph CMA, May 2015

“Due to a tight resale market, demand is strong for new homes. However, with limited available land, starts of ground oriented dwellings have been limited.”

PPS Instructs Municipalities to Maintain a Short-Term Supply of Land by Housing Type*

- **Policy 1.4.1 of its Provincial Policy Statement (PPS), requires that all planning authorities (municipalities):**
 - 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.
- **This supply of “land with servicing capacity” is:**
 - To provide for an appropriate range and mix of housing types and densities required to meet projected requirements of current and future residents of the regional market area . . .

**2014 Provincial Policy Statement*

GTA Municipalities not in Compliance with Section 1.4.1 of PPS

- **None of the GTA regions appear to be keeping track of their supply of land with servicing capacity for ground-related housing in relation to projected requirements on a regular basis.**
- **Available analyses interpret the PPS's requirement in terms of total units (ground-related and apartments combined) rather than by unit type or mix.**
- **Available demand/supply analyses have ignored the PPS's requirement to maintain at least a three-year supply of land "at all times". Annual monitoring requires a minimum of a four-year supply of short-term land.**

Provincial Oversight of Municipal Compliance of Policy 1.4.1 Non-Existent

- The Ministry of Municipal Affairs and Housing last year produced a performance monitoring framework which included indicators to help determine if the PPS (2005) is achieving its policy objectives.*
- The PPS requirement to maintain at all times a minimum of a three-year supply of short-term intensification and greenfield land to accommodate projected requirements by housing type and mix is not even acknowledged as a policy in this framework.
- It is positive that the Ministry's report does acknowledge the importance of examining the production of new housing by unit type rather than just the total number of units.

**Provincial Policy Statement, 2005: Performance Monitoring Framework and Indicator Results.*

Action Urgently Needed

- The MMAH should immediately commence the compilation of the inventory of the short-term land inventory for the GTA by unit type and calculate the years' supply of short-term land by region.
- The MMAH should require the regions within the GTA to monitor their short-term land supply and years' supply by unit at the end of each calendar year.
- The MMAH should direct regions and their local municipalities to initiate actions to increase short-term land supply where the supply of land by unit type falls short of the expected demand.