Faculty of Community Services

Centre for Urban Research and Land Development

Why There is a Shortage of New Ground-Related Housing in the GTA[1]

Abstract

This paper argues that a shortage of serviced land is the major contributor to a marked decline in the production of new ground-related homes in the GTA thus contributing to the sharp rise in prices. According to TD Economics this underproduction of ground-related housing is contributing to poorer housing choices and reduced mobility of GTA households as well as contributing to deteriorating affordability.[2]

This shortage has occurred despite the Provincial government requirement that municipalities maintain a minimum three-year supply of serviced and readily serviceable land at all times. Most GTA municipalities are not even monitoring the adequacy of their short-term land supply.

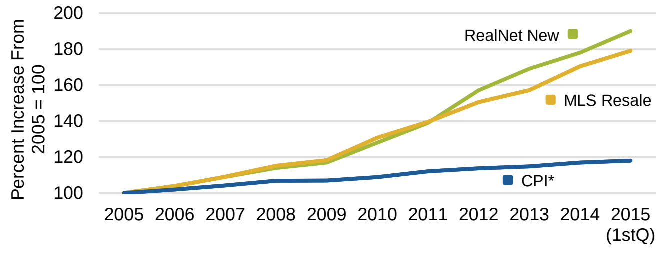
It is recommended that the Ministry of Municipal Affairs and Housing immediately undertake to create an inventory of the short-term land supply by unit type in the GTA, to require regions to report on the adequacy of their short-term land supply at least annually and to work with errant regions to accelerate their supply of short-term land.

Issues and Questions Addressed

The prices of ground-related homes in the Greater Toronto Area (GTA) have risen sharply over the past decade:

- During the past 10 years the average asking price of new ground-related housing (single-detached, semi-detached and townhouses) being marketed has almost doubled to $738,731 in the first quarter of this year, according to RealNet Canada Inc.'s price index.

Figure 1:
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

[1] This Policy Commentary is authored by Dr. Frank Clayton, Senior Research Fellow, CUR. The opinions expressed are those of the author only and do not necessarily represent the opinions and views of either CUR or Ryerson University.
[2] Derek Burleton and Diana Petramala, *GTA Housing Boom Masks Growing Structural Challenges*. Toronto: TD Economics, January 19, 2015, 1. Accessed from http://www.td.com/document/PDF/economics/special/GTA_Housing.pdf.

- During the same period the average resale price of MLS single-detached houses sold climbed by 79 percent to $666,800, according to the home price index of the Toronto Real Estate Board.

These increases have significantly outpaced general price inflation in Toronto. The Consumer Price Index climbed by just 19 percent over the decade.

The questions addressed in this policy commentary are fourfold:

- Why have ground-related housing prices risen so rapidly in the GTA?
- Is a shortage of serviced land for new ground-related housing a primary culprit?
- Since the *Provincial Policy Statement* (PPS) requires that municipalities maintain a continuous three-year minimum supply of land with servicing capacity, how could there be a shortage of serviced lots in the GTA?
- What needs to be done to increase the supply of serviced land for ground-related housing in order to eliminate the current shortage and prevent future shortages?

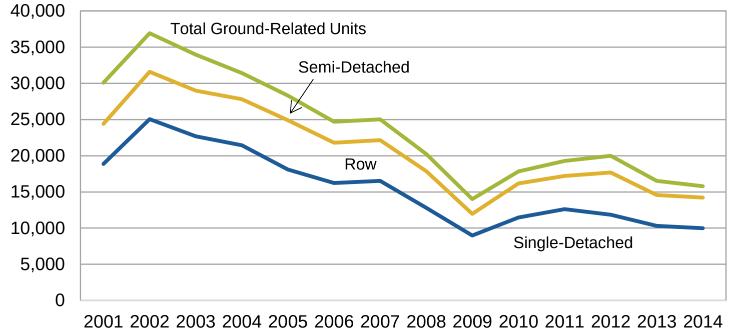
An Insufficient Serviced Land Supply Underlies the Price Escalation

The commonly-held reason for the sharply rising prices for new ground-related housing comes from Economics 101: demand has been outpacing supply for ground-related types of housing.

The supply of new ground-related housing in the GTA has actually fallen by half since the early 2000s, from about 30,000 units in 2001-2003 to about 15,000 units in 2013-2014 (see Figure 1).

The bulk of the decline has been in starts of single-detached houses.

Figure 2:
Ground-Related Housing Starts by Unit Type, GTA*, 2001-2014



*GTA approximated by Toronto and Oshawa Census Metropolitan Areas.
Source: CMHC

According to RealNet, the remaining (unsold) inventory in ground-related housing projects which are being marketed in the GTA fell to a record low in the first quarter of this year.[4]

Figure 3 shows the value ranges for single-detached house lots with 30 to 36 foot frontages in a local municipality within each region based on estimates released by MCAP, a Canada-wide provider of mortgage financing.

The figure shows increases from 75 percent to 148 percent in serviced lot prices since 2005. The price of a 35-foot lot reached $262,500-$269,500 in Brampton and to $378,000-$385,000 in Markham in the fall of last year.

Figure 3:
Values for Serviced Lots for New Single-Detached Houses Having 30 to 36 Foot Frontages, Selected GTA Municipalities, 2005-2014*

	Spring 2005	Fall 2014	Percent Increase 2005-2014
	Dollars Per Front Foot		
Markham	4,600-4,900	10,800-11,000	125-135
Brampton	4,100-4,400	7,500-7,700	75-83
Milton	2,900-3,100	7,200-7,400	139-148
Ajax	3,300-3,500	6,700-6,900	97-103

*Values include all levies except education.
Source: MCAP, *Lot Values* , for the periods ending May 31, 2005 and November 28, 2014.

[4]RealInsider Executive Summary, March 2015 GTA New Home Market Results. Toronto: RealNet Canada Inc.

The Serviced Land Shortage has Occurred Notwithstanding the Requirements of the Provincial Policy Statement

This serviced land shortage has happened even though the Province, through 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.[5]

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 . . . .[6]

The wording here is from the PPS (2014) which is essentially the same as that in the previous PPS (2005). For simplicity, the supply of units in vacant unregistered and draft approved subdivisions together with suitable zoned intensification sites is called the short-term land supply here.

Interpreting the "At Least a Three-Year Supply" Requirement of the PPS

The implementation of the "at least a three-year supply" requirement of *t*he PPS, to be meaningful, involves the following steps for GTA municipalities:

- Delineating the "regional market area"

  The PPS states that the upper-tier or single-tier municipality will normally serve as the regional market area.[7] There are five regional housing markets within the GTA: the city of Toronto and the regions of Halton, Peel, York and Durham.

- Delineating the "planning authorities"

  "Planning authorities" for purposes of monitoring and ensuring that the PPS's "at least a three-year supply" requirement is achieved, is not explicitly defined in the PPS. It is logical that these are the City of Toronto and the governments of the four regional municipalities which constitute the GTA.

- Recognizing that with annual monitoring the effective minimum land supply requirement is four years rather than three years.

  The PPS requires that planning authorities maintain at least a three-year land supply "at all times". This means the minimum supply of land must be four years each time the monitoring is done with annual monitoring. With more frequent monitoring, say semi-annually, the minimum supply would need to be 3.5 years.

- The demand/supply analysis to determine years' supply of land must be done by type of housing unit

  The PPS is clear that the minimum three-year land requirement is to encompass an "appropriate range and mix of housing types and densities". The most common dwelling unit type split is that used by CMHC in its housing starts and completions survey: single-detached, semi-detached, row (townhouse) and apartment. Hemson Consulting followed this split in its 2012/2103 forecasting reports for the Greater Golden Horseshoe which provided the population and employment forecasts contained in the Growth Plan as updated in 2013.[8]

  Sometimes these housing types are converted into density classes with combined single-detached and semi-detached units being classed low-density, row (townhouses) being classed as medium density and apartment being classed as high density. In a built out municipality like the city of Toronto, there

[5] Housing, Section 1.4.1, in *2014 Provincial Policy Statement Under the Planning Act*. Toronto: Ministry of Municipal Affairs and Housing, 14.
[6] Ibid.
[7] Ibid, 47.
[8] Addendum (June 2013) to *Greater Golden Horseshoe Growth Forecasts to 2041*, Technical Report (November 2012). Toronto: Hemson Consulting Ltd.

would be merit in splitting apartment units further, e.g., low-, medium- and high-rise.

- Recognizing the differences between the types of housing built through intensification and redevelopment and the housing built on greenfield lands

  Apartments account for the bulk of the new housing being built on sites in built-up areas, with townhouses accounting for most of the remainder. In contrast, the bulk of new housing units being built on greenfield sites are single-detached with townhouses accounting for most of the remainder.

  These differences are important. Greenfield land is needed to accommodate most of the projected requirement for new single-detached and semi-detached units, while intensification and redevelopment sites are needed to accommodate most of the apartment requirements. Townhouses require both greenfield and intensification sites.

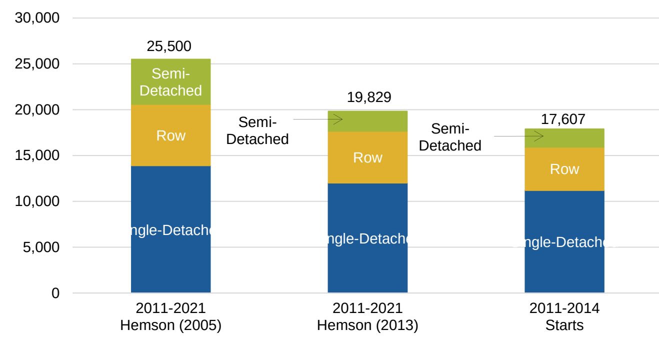
Projected Ground-Related Housing Requirement by Type of Unit in the GTA

Hemson Consulting Ltd. (Hemson) was retained by the Province to prepare the population and employment forecasts which are incorporated in the *Growth Plan for the Greater Golden Horseshoe,* both when the *Growth Plan* was initially passed (Hemson, 2005) and as amended in Amendment 2 in 2013 (Hemson, 2013). The Hemson forecasts include forecasts of households by type of housing unit occupied, which are consistent with the population forecasts. These housing forecasts satisfy the PPS directive of ". . . projected requirements of current and future residents of the regional market area".

Figure 4 provides the GTA forecasts prepared by Hemson in both 2005 and 2013 for ground-related housing types for the 2011-2021 decade expressed in terms of average annual housing units. Hemson's 2005 forecasts indicate a requirement for a total of 25,500 ground-related units on average per year in the GTA during 2011-2021, and their 2013 forecasts indicate a need for 19,829 units per year. Single-detached houses, followed by townhouses, make up the vast majority of the required ground-related units.

Figure 4 shows that the average number of GTA ground-related housing starts per year during the first four years of the decade has fallen short of the projected requirement by about 2,200 units per year, for a total of nearly 9,000 units.[9] [10]

Figure 4:
Average Annual Forecast Ground-Related New Housing Requirements 2011-2021 and Ground-Related Housing Starts 2001-2014, GTA



Source: Hemson Consulting Inc. and CMHC.

There is an obvious need to accelerate the pace of construction of ground-related units if the projected requirement under the *Growth Plan* forecasts is to be met. This, in turn, requires a supply of serviced land to accommodate higher production.

We must ask, though, how there can be an insufficient supply of serviced land in the GTA if municipalities are maintaining a minimum three-year continuous supply of vacant registered and draft approved lots for new ground-related housing? This is the topic of the next section.

What is the Supply of Vacant Registered and Draft Approved Ground-Related Housing Land?

Searches of the websites of the four GTA regional municipalities, and a Google search, were conducted to find demand/supply analyses which were produced in accordance with the provisions of

[9] Apartment starts in the GTA, in contrast, have exceeded the projected requirement to date in the decade (not shown in the figure).
[10] The shortfall actually is larger. Based on the housing starts activity 2011-2014, it appears that Hemson has underestimated the strength in demand for ground-related homes for the GTA and overstated demand in the Outer Ring of the Greater Golden Horseshoe.

the PPS and to examine their findings.[11] The goal of these searches was to document the years of supply of short-term land for ground-related housing at the end of 2014 and the trend in the land supply over the past several years.

York Region

A report which regional staff prepared dated February 24, 2015 examined the adequacy of the residential land supply in York Region in relation to the minimum three year requirement decreed by the 2014 PPS.[12]

For the three-year minimum requirement, the report stated there were approximately 52,300 registered and draft approved units as well as units currently in the site plan or condominium plan process. Applying two alternative demand approaches, the years' supply was calculated at six years. The report concluded that "this is adequate to exceed the PPS 2014 and YROP-2010 requirements for at least three years of approved units."[13]

The report did not provide a breakdown, by type of unit, of the approximately 52,300 units in the short-term land supply, and did not conduct a demand/supply analysis by unit type. The land supply is as at June 30, 2014.

The report argued that the land supply requirement of the PPS did not require that lands by type of unit be available to accommodate demand over the minimum three years:

> The minimum ten year supply of lands and three year supply of units requirements do not require all unit types have a 10-year and 3-year supply, nor that any specific mix of units be available. The required supplies should include an appropriate unit mix of unit types to support the forecast growth for the Region and achieve the housing policies in YROP-2010.[14]

The information which the report provides does not make it possible to determine the years' supply of short-term land for types of units.

Some idea of the years' supply of short-term greenfield land as at the end of 2011 can be gleaned from a 2012 report which regional staff prepared.[15] The report concluded that the Region's supply of vacant registered and draft approved units of all types, including apartments, represented about a 3.7 years' supply and ". . . is the lowest level of supply over the last fifteen years in the Region."[16]

The bottom line is that we have only a very rough idea of the adequacy of York Region's short-term total land supply for ground-related housing only in the years up to 2011. The years' supply had been declining and the 3.7 year supply noted at the end of 2011 fell short of the required minimum supply of four years assuming annual monitoring of the supply by the Region. There is no public information on the ground-related greenfield land supply in relation to projected requirements since 2011.

Peel Region

The only reference found about the adequacy of the short-term residential land supply in Peel Region was a consultant's report stating that, on an overall basis, in 2009 Mississauga and Caledon had at least a three year supply of residential land with servicing capacity but that Brampton may not have had a sufficient supply:

> *Places to Grow*, the provincial growth management policy, and the *Provincial Policy Statement* require that municipalities keep a ten year supply of available land for residential development and a three year supply of residential units available on lands with sufficient servicing capacity that are zoned or in draft approved and registered plans. Mississauga and Caledon currently have sufficient land supplies to meet these requirements, though additional potential may need to be identified in Brampton as

[11] If any of the regions or municipalities has undertaken analyses that may have been missed, this section will be updated to include them as they are received.
[12] Commissioner of Corporate Services and Chief Planner, York Region, Residential Unit Supply Inventory, February 24, 2015.
[13] Ibid, 7.
[14] Ibid, 6.
[15] Executive Director, Corporate and Strategic Planning, York Region, Ground-Related Housing Demand/Supply Analysis, March 21, 2012.
[16] Ibid, 7.

part of the *Places to Grow* conformity exercise.[17]

On several occasions the City of Brampton assessed the adequacy of its residential land supply to satisfy the PPS's requirement for the city to maintain at least a three-year supply of land with servicing capability. The latest assessment can be found in a June 2012 report which looked at short-term demand/supply as of December 31, 2011.[18]

Like York Region, Brampton acknowledged its responsibility under the PPS (2005) "to provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents". Like the Region of York, Brampton also ignored this requirement and examined the supply/demand relationship in terms of total units only rather than by unit type.

According to the June 2012 report, Brampton had an inventory of 16,113 units in vacant registered and draft approved subdivisions, and an estimated 10,000 units on zoned land in its Urban Growth Centre (the central area) for a total of 26,113 units.[19] This represented a 5.8 years supply when a forecast of 4,500 housing starts per year is applied.

The bottom line is that we have no data on the years' supply of land for ground-related housing in Peel Region at the end of 2014 or trends over the past several years.

Halton Region

No document dealing with the adequacy of the residential land supply according to the "at least three years" policy directions of the PPS were found for the Region of Halton or for its local municipalities – Oakville, Milton and Halton Hills.

The Region's *2013 State of Housing Report* does not even mention land supply.[20] In this document, the *Provincial Policy Statement* is referenced only in connection with affordable housing. The chapter on New Housing Development only monitors new housing completions.* Furthermore, no actions involving the residential land supply are described under the section, Looking Forward, Housing Policy Actions.

A Town of Oakville report dated September 20, 2012, was ". . . intended to provide an overview of relevant Provincial legislation and Regional and Town policies with respect to housing."[21] This report ignored the policy directive of Section 1.4.1 of the PPS.

The bottom line is that we have no data of the years' supply of short-term land for ground-related housing in Halton Region at the end of 2014 or of trends over the past several years.

Durham Region

The only regional report located that discussed the short-term residential land supply in this region was the *Growing Durham* study which consultants prepared in 2008.[22]

This study observed that, in the short-term, housing production in the Region would be increasingly constrained because of the build-out of available greenfield land in Pickering, Ajax and Whitby:

> Over the short-term, housing demand in Durham is anticipated to become increasingly constrained due to a lack of developable land supply within the City of Pickering, combined with the gradual build out of designated residential lands within the Town of Ajax and Whitby. As a result, the Region of Durham will face challenges in reaching the 2011 population forecast set out in Schedule 3 of the Growth Plan.[23]

The Town of Whitby is one of Durham's two urban municipalities which annually monitor their short-term supply of land for residential units. Whitby refers to this land supply as "in the development pipeline" – units within Council approved, but unregistered, plans and in vacant registered plans. It appears that potential units on intensified sites are not included in the short-term land supply.

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*Completions are tabulated for the following unit types: single & semi, townhouses and apartments.

[17] Christine Pacini and Cassandra Vink, *Region of Peel Housing Strategy* (Final). Richmond Hill: SHS Consulting, August 2009, 19.

[18] Janice Given, Manager, Growth Management and Special Policy, Report to Brampton City Council re 2012 Development Allocation Strategy, June 6, 2012

[19] Ibid, 7.

[20] *2013 State of Housing Report*. Oakville: Halton Region, 2014.

[21] Oakville Planning Services Report, *Housing Information Report*, September 20, 2012.

[22] Urban Strategies, Watson & Associates and TSH Environmental Engineering Services, *Growing Durham, Phase 1 & 2: Summary of Understanding and Initial Growth Assessment*, May 27, 2008.

[23] Ibid, 40.

Units on land in the development pipeline by type of unit are compared to the average annual number of new housing units issued during the past decade to calculate years' supply by type of unit.[24]

According to the latest *Annual Housing Monitoring Report* for the year 2013, Whitby had a 3.7 years' supply of land in the pipeline with the years' supply ranging from a low of 1.6 years for single-detached, semi-detached, and links to 13.8 years for apartments. Townhouses had a 3.2 years' supply. The years' supply was a low two years for all ground-related housing.

Even though the report calculated years' supply by unit type and found a shortage of land for ground-related housing types, it concluded that "the 3.7 year supply was just slightly above the minimum three year supply as prescribed in the Provincial Policy Statement and the Town of Whitby Official Plan."[25]

Actually, the years' supply of land for all types of housing was below the minimum of four years needed to maintain an at least three-year land supply at all times with annual monitoring. For ground-related housing alone, the two year's supply in Whitby at the end of 2013 fell considerably short of the minimum PPS requirement.

Figure A-2 in Appendix A shows that the years' supply of short-term land for ground-related housing in Whitby has tightened in recent years from 3.9 years in 2008-2009 to two years or less in 2011-2013.

The City of Oshawa also prepares annual estimates of the supply of short-term residential land in draft approved plans and in registered plans without building permits issued. The land supply in the report does not appear to include intensification sites but does include housing units in proposed draft plans. According to the most recent report, based on the building permit activity of the last five years, Oshawa had about a 7 year supply of proposed, draft approved and vacant registered lots for all types of housing units at the end of 2014.[26]

Information in this report allows one to calculate the years' supply of short-term land (excluding units in proposed draft plans) for ground-related housing by type of unit. At the end of 2014, Oshawa had the following years' supply of units in draft approved and vacant units in registered plans by type of unit based on average annual building permits which were issued in the last five years:

- Single-detached units: 4.5 years
- Semi-detached units: 5.8 years
- Townhouse units: 14.2 years

The City of Oshawa has more than satisfied the at least three year continuous supply requirement of the PPS.

Figure A-1 in Appendix A shows that Oshawa's land supply for ground-related housing has exceeded the minimum required since 2009.

None of the 905 Regions in the GTA are Monitoring the Short-Term Supply of Ground-Related Housing Land

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 PPS requirements on a regular basis. Only two local municipalities – the Town of Whitby and the City of Oshawa – prepare an annual demand/supply analysis which allows an assessment of compliance with the PPS's "at least three-years" land requirement directive.

Moreover, the analyses reviewed, whether by a region or a local municipality, interpret the PPS's requirement in terms of total units (ground-related and apartments combined) rather than by unit type or mix. This can produce nonsensical findings. For illustration, assume a municipality with more than enough short-term land to accommodate projected housing requirements in total. If this supply was largely composed of intensified sites for apartments and there was a projected requirement for ground-related homes, there would be a shortage of ground-related housing land. This would not be consistent with the directives of the PPS.

Finally, where demand/supply analyses have been conducted the analyses ignore the PPS's requirement to maintain at least a three-year

[24] Except in 2007 when a five year period was used.
[25] Planning and Development Department, Town of Whitby, Annual Housing Monitoring Report January 1, 2013 to December 31, 2013, submitted to June 16, 2014 meeting of Planning and Development Committee.
[26] Development Services Department, 2014 City of Oshawa Housing Monitoring Report, January 28, 2015.

supply of land "at all times". With annual monitoring, as Whitby and Oshawa are doing, this would require a minimum of a four-year supply of short-term land.

The Province is Not Monitoring the Short-Term Supply of Ground-Related Housing Either

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.[27]

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 the report.

Policy 1.4.1 of the PPS is dealt with as part of a group of policies that are covered by the indicator "change in the share of housing completions by housing structure type for a specified time period".[28] This indicator has no bearing on determining if municipalities in the GTA have sufficient supplies of short-term land to meet projected requirements by unit type.

The only meaningful indicator for Policy 1.4.1 of the PPS is the years' supply of short-term land by unit type similar to the annual analyses being done by the Town of Whitby and the City of Oshawa.

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.

As a final note, the Ministry's report examines the affordable housing targets of the PPS. There is no mention in the report of the linkage between the price performance of housing in the overall marketplace and the size of the requirement for affordable housing for low-income and moderate-income space households.

It is apparent that the sharp rise in the prices of ground-related housing in the GTA is worsening the affordability problem of low-income and moderate-income households by reducing the supply of affordable housing in the existing stock available to them. As TD Bank economists stated in a recent review of the GTA housing market:

> 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 year have made it increasingly difficult to supply housing at an affordable cost across the GTA.[29]

Conclusions and Recommendations

Conclusions

The prices of ground-related homes in the Greater Toronto Area (GTA) have risen sharply over the past decade because of demand outpacing supply. According to RealNet, the unsold inventory in ground-related housing projects being marketed in the GTA fell to a record low in the first quarter of this year.

The supply of new ground-related housing in the GTA has actually fallen by half since the early 2000s, from about 30,000 units in 2001-2003 to about 15,000 units in 2013-2014.

An insufficient supply of serviced lots is the primary reason why the supply of new ground-related housing in the GTA has fallen short of demand. As a result, the price of serviced lots in GTA municipalities has increased rapidly.

This serviced land shortage has happened even though the Province, through Policy 1.4.1 of its PPS, requires that municipalities maintain, at all times, at least a three-year supply of land with servicing

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[27] Provincial Planning Policy Branch, Ministry of Municipal Affairs and Housing, *Provincial Policy Statement, 2005: Performance Monitoring Framework and Indicator Results.* Toronto: Queen's Printer for Ontario, 2014.
[28] Ibid, 11.
Indicator was part of a similar performance indicator analysis for the Growth Plan for the Greater Golden Horseshoe done in 2015.
[29] Derek Burleton and Diana Petramala, *GTA Housing Boom Masks Growing Structural Challenges*. Toronto: TD Economics, January 19, 2015, 1. Accessed from http://www.td.com/document/PDF/economics/special/GTA_Housing.pdf.

capacity for a range and mix of housing types (e.g., ground-related housing).

The bottom line is that both the Ministry of Municipal Affairs and all four regional municipalities with greenfield lands in the GTA appear not to be in compliance with Policy 1.4.1.

Regarding the regional municipalities:

- It appears that none of the GTA regions are keeping track of their short-term supply of land with servicing capacity for ground-related housing in relation to projected requirements on a regular basis.
- Moreover, the analyses reviewed, whether by a region or a local municipality, incorrectly interpret the PPS's requirement in terms of total units (ground-related and apartments combined) rather than by unit type or mix.
- Finally, where demand/supply analyses have been conducted, the analyses ignore the PPS's requirement to maintain at least a three-year supply of land "at all times". This would require a minimum of a four-year supply of short-term land with annual monitoring.

In 2014, the Ministry of Municipal Affairs and Housing released a report which contained a performance monitoring framework and indicators for monitoring policy performance for the PPS (2005). In this report the Ministry failed to acknowledge 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 as a policy.

Recommendations

The enhancement of the short-term supply of serviced land in the GTA is critical if the supply of ground-related housing is going to accommodate the demand and alleviate price pressures. There is an acute need to ascertain the existing short-term land supply for ground-related homes by type of dwelling and then to monitor this on a regular basis.

Provincially-inspired action plans are needed to compel regions without a sufficient short-term land supply to accelerate the production of serviced or readily serviceable land for ground-related housing until such time they are in compliance with Policy 1.4.1 of the PPS (2014).

Detailed recommendations follow:

- The Ministry of Municipal Affairs and Housing should immediately commence the compilation of the inventory of the short-term land inventory for the GTA by unit type and, using Hemson's 2013 housing forecasts by unit type for 2011-2021, calculate the years' supply of short-term land by region including the city of Toronto.

  For greenfield lands, the short-term supply includes draft approved and vacant land in registered subdivisions. In intensification areas, the short-term supply includes all sites zoned for residential development having the expectation of development over the short-term (four years or less) by expected unit type. The land inventory should be as current as possible and by unit type.

  The Hemson housing forecasts by unit type and region for the 2011-2021 decade expressed in terms of average annual units can be used to derive years of supply by unit type.

- The Ministry of Municipal Affairs and Housing should require the regions within the GTA to monitor their short-term land supply and years' supply by unit type at the end of each calendar year.

  The minimum reporting requirement should be annually. Semi-annually or quarterly reporting should be encouraged.

  The Ministry should establish the short-term land supply/demand framework to be used by the regions based on the initial immediate supply/demand analysis it conducts under the first recommendation. The regional reports should document the years' supply situation by unit type within each local municipality as well as the region as a whole.

- The Ministry of Municipal Affairs and Housing 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

  Municipalities falling short of a minimum land supply of three years at all time (really minimum of four years with annual reporting) should be required to take immediate action to increase the inventory of short-term land within their boundaries to reach the minimum requirement by unit type.

- The Ministry of Municipal Affairs and Housing, jointly with the Building Industry and Land Development Association of the GTA, should commission a study to determine the appropriate supply of short-term land by unit type required to accommodate expected demand and to cushion the market from periodic shortages that lead to escalating prices.

  The study should examine whether the minimum short-term land requirement of at least three years at all times is adequate. If it is not, then an appropriate minimum years' supply target should be recommended that satisfies expected demand and provides a cushion to allow the marketplace to accommodate unexpected demand pressures.

Appendix A

Calculation of Years' Supply of Short-Term Land for Ground-Related Housing

City of Oshawa (2006-2014) and Town of Whitby (2007-2013)

This appendix presents calculations of the years' supply of short-term land for ground-related housing in Oshawa and Whitby based upon annual reporting by the two municipalities.[30] Both municipalities document their supplies of greenfield land for new housing by type of units which are in draft approved subdivisions or consist of vacant land within registered subdivisions.

The short-term potential supply of units by type on intensified or redeveloped sites is not included. This exclusion results in the municipal reports understating the short-term land which is available - mainly for apartments but also for townhouses to a lesser degree. Typically, new single-detached or semi-detached houses are not built in very large numbers in the built-up urban area other than to replace demolished houses.

Both municipalities reference past new housing building permit activity to measure demand for new housing by unit type. This reference to past new housing building permit activity is done over an average of 10 years for Whitby and four to five years for Oshawa.

Whitby refers to its supply of short-term land by unit type as "in the development pipeline". Oshawa, in its short-term land supply, includes units in proposed draft plans.

In its unit types Whitby refers to singles, semis and links. These are labelled single-detached and semi-detached units in this appendix. Under CMHC definitions, links are categorized as single-detached dwelling units.

Figure A-1 shows the years' supply of ground-related short-term greenfield land based on information in the City of Oshawa's annual housing monitoring reports. For this figure, apartment land supply and demand is excluded from consideration. Housing units in proposed draft plans are also excluded.

Figure A-2 shows the same information as Figure A-1 but for the Town of Whitby.

Figure A-1:
Years' Supply of Short-Term Land for Ground-Related Housing for the City of Oshawa 2006-2014

	Years			
	Single-Detached	Semi-Detached	Townhouses	Total Ground-Related
2006	5.0	22.0	10.7	5.6
2007	4.3	18.3	1.8	3.5
2008	3.7	16.5	3.7	3.8
2009	3.9	72.6	5.0	4.4
2010	3.5	56.4	6.8	4.3
2011	3.9	10.2	3.1	3.9
2012	4.6	4.8	12.9	5.6
2013	4.6	5.3	17.6	5.8
2014	4.5	5.8	14.2	5.8

Source: City of Oshawa Housing Monitoring Report, 2006-2014.

Figure A-2:
Years' Supply of Short-Term Land for Ground-Related Housing for the Town of Whitby 2007-2013

	Years		
	Single- and Semi-Detached	Townhouses	Total Ground-Related
2007	3.5	2.9	3.3
2008	3.7	5.1	3.9
2009	3.7	5.1	3.9
2010	2.0	2.5	2.1
2011	1.5	2.8	1.7
2012	1.3	3.2	1.7
2013	1.6	3.2	2.0

Source: Town of Whitby Housing Monitoring Report, 2007-2013.

[30] Development Services Department, City of Oshawa, Housing Monitoring Report; Planning and Development Department, Town of Whitby, Housing Monitoring Report.