



Greater Golden Horseshoe Short-Term Residential Land Adequacy Report Series

Overview

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**Ryerson
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Greater Golden Horseshoe Short-Term Residential Land Adequacy Report Series

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The opinions expressed in this report are those of the author only and do not represent opinions and views of either CUR or Ryerson University.

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1. INTRODUCTION

The Centre for Urban Research and Land Development (CUR) is undertaking an assessment of the short-term supply of land for housing in the Greater Golden Horseshoe (GGH). This *GGH Short-Term Residential Land Adequacy Report Series* will be assessing the short-term land supply for individual municipalities where data on land supply are available. This work builds on a prior CUR publication, *Why There is a Shortage of New Ground- Related Housing in the GTA* (June 2015). This publication is the first installment of the report series and provides an overview of the *Short-Term Residential Land Adequacy* project and outlines the structure of the analysis for individual municipal reports which will be released over the coming weeks.

Municipalities in Ontario have been mandated by the Province through its various Provincial Policy Statements to maintain at least a continuous three-year supply of serviced or readily serviceable land for new housing by type of unit (the short-term land supply) dating back to 1989 when the Provincial Government of the time issued the *Land-Use Planning for Housing Policy Statement* in response to housing and land shortages and the deterioration of affordability in the latter 1980s.

Specifically, under Policy 1.4.1 of the most recently enacted *Provincial Policy Statement* (PPS, 2014) municipalities are required to:

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.¹

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...²

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 if monitoring is done annually. The required short-term land supply is to consider “housing types and densities,” not just in terms of total housing units.³

¹ Housing, Section 1.4.1, in *2014 Provincial Policy Statement Under the Planning Act*. Toronto: Ministry of Municipal Affairs and Housing, 14.

² Ibid.

³ Some municipalities (e.g. York Region, Town of Whitby and City of Guelph) are interpreting the “at least three years” provision as a requirement for all land, rather than a requirement to meet land supply requirements for individual housing types.

Research undertaken at CUR and released in a June 2015 report, *Why There is a Shortage of New Ground-Related Housing in the GTA*, argues that a shortage of serviced land is a contributor to a marked decline in the production of new ground-related homes in the Greater Toronto Area (GTA) thus contributing to the sharp rise in prices. This shortage has occurred despite the Provincial Government's requirement that municipalities maintain a minimum three-year supply of serviced and readily serviceable land at all times. Most GTA municipalities were not even monitoring the adequacy of their short-term land supply.

Maintaining an ample supply of short-term land for a range of housing types is a critical component of housing affordability in the GTA and the broader GGH. CUR is launching this program of rating individual municipalities according to the adequacy of their short-term land supply to meet the forecast demand by type of unit with their boundaries. The spotlight will be on ground-related housing types – single- and semi-detached together and townhouses - although apartments are covered as well. Municipalities not currently making short-term land supply information by type of unit available will be identified.

2. ASSESSING THE ADEQUACY OF SHORT-TERM RESIDENTIAL LANDS BY MUNICIPALITY

The following information and analysis will be provided for each municipality that makes its short-term land supply available to the CUR.

2.1 Short-Term Land Supply Rating

An overall rating of the municipality's most recent short-term land supply expressed as a ratio of the annual forecast annual demand (this ratio is called years' supply) for the following housing types:

- Ground-related (single- and semi-detached homes plus townhouses)
- Single-and semi-detached homes (singles/semis)
- Townhouses
- Apartments

The rating categories for land supply adequacy are defined as follows:

- Ample – More than a 6.0 years' supply
- Adequate – 4.6 to 6.0 years' supply
- Minimum – 4.0 to 4.5 years' supply
- Poor – less than a 4.0 years' supply

These rating categories are associated with the following housing price scenarios:

- Ample – prices stable or rising at less than the inflation rate
- Adequate – prices rising at about the inflation rate
- Minimum – prices rising at more than the inflation rate
- Poor – prices outpacing the inflation rate by a considerable margin

2.2 Years' Supply of Short-Term Land

The calculation of years' supply is illustrated by the following: short-term land supply at date X = 8,000 units and the expected (forecast) demand for new homes = 1,500 units per year. This equates with a supply of 5.3 years ($8,000/1,500$).

The supply of short-term for housing is based on information provided by municipalities adjusted as necessary for consistency with the definition of short-term land in the PPS. For example, if a municipality counts pending applications which have not received draft approval in

its short-term land inventory these units would be removed from the supply. Where land supply is available, it is tabulated back to the year 2006, the year *the Growth Plan* was enacted.

The expected annual demand for new housing by unit type is taken from two forecasting exercises prepared by Hemson Consulting Ltd. for purposes of the initial 2006 *Growth Plan* and the updates to the *Growth Plan* in 2013 for upper-tier and single-tier municipalities:

- Hemson Consulting Ltd. *The Growth Outlook for the Greater Golden Horseshoe*. January 2005.

The forecasts used were for compact development found in Section E: GTAH Housing by Type by Region - Reference Forecast Scenarios, Compact Development (page 87).

- Hemson Consulting Ltd. *Greater Golden Horseshoe Growth Forecasts to 2041, Technical Report Addendum*. June 2013.

The forecasts used are found in Section 4: Occupied Households and Housing by Unit Type, June 2013, Table 41 (page 33).

For the years 2006 to 2011, expected forecast is approximated by Hemson Consulting Ltd.'s average annual household growth forecast by housing type for the 2001-2010 decade in its 2005 report. For the years 2011 to 2016, Hemson's average annual forecasts of household growth by unit type for the 2011 to 2021 decade is used as an approximation of forecast demand.

For local municipalities within the regional municipalities, if the regional municipalities have disaggregated the region-wide household growth forecasts by local municipality, these forecasts of housing growth by unit type are used. Otherwise, we approximate underlying demand by reference to the annual number of housing starts over the latest 10 years.

2.3 Annual Housing Starts and Short-term Land Supply

The comparison of housing starts by unit type over time to the available short-term supply in the past provides insight into whether the quantum of starts has been adversely impacted by limitations of the supply of land available based upon actual market experience.

3. APPENDIX: BACKGROUND DATA AND TECHNICAL NOTES

The sources of data for each municipality are provided in technical notes for the municipality together with details of adjustments and other details relevant to an understanding of the years' summary calculations.