

January 25, 2019

Director, Market Housing Branch Ministry of Municipal Affairs and Housing 777 Bay Street 14th Floor Toronto ON M5G 1Z3

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RE: Increasing Housing Supply in Ontario, ERO #013-4190

Dear Rachel Simeon,

Housing is, and always has been, the largest cost burden for households. We agree there is a limited supply of affordable housing for rent or purchase but challenge the assumption that there is limited supply of single family homes or a need to designate more farmland and natural areas for housing.

The Growth Plan (2006) and Greenbelt Plan (2005) were introduced as a package to curb expensive low density development that was driving up municipal taxes and debt, increasing gridlock, paving over productive agricultural land leaving our towns and cities with a legacy of failing infrastructure.

In response to the very real housing affordability challenges in this region we need a transparent, evidence-based municipal planning process to create more affordable housing options and work places in appropriate locations. A Land Needs Assessment (a calculation to budget for people and land) must be a key determinant of any plans to expand an urban growth area within a municipal comprehensive review. If the province moves to allow urban expansion without using evidence-based planning tools it will mark a return to a sprawl-dominated growth model that perpetuates gridlock, fails to address housing affordability, lowers productivity and increases property taxes.

Some large developers have expressed concerns that they can't afford to pay upfront for infrastructure associated with their preferred growth model and are seeking provincial and municipal subsidies. However, they continue to build expensive, low-density housing with relatively higher infrastructure costs even while a homeowners' survey identified that 81% of homebuyers prefer smaller homes in transit friendly neighbourhoods. These

neighbourhoods are by design denser and cost less to service over the long term.¹ Increasing urban and suburban density is an effective tool to manage infrastructure costs and reduce municipal debt by having more taxpayers living in a smaller area.

A regional planning framework is needed that is evidence based, supports a variety of housing choices and the establishment of gentle density that makes transit affordable and provides accommodations for seniors and people with moderate income in towns and city centres with easy access to shops and services.

Thank you for this opportunity to comment on the provincial Housing Consultations. Please keep us apprised of future Growth Plan or Greenbelt consultations.

Sincerely,

Tim Gray

Executive Director

Environmental Defence Canada

¹ http://www.rbc.com/newsroom/news/2014/20140924-pembina.html

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1.0 There is enough land.

There is 310,000 acres or 125, 560 hectares of unbuilt land within existing urban boundaries. This is sufficient supply for for housing needs from now until 2031. If Growth Plan density targets are followed the land set aside to 2031 can last to 2041^{2i} . Opening up the whitebelt for development will only add unnecessarily to developable land supply and do nothing to change the housing supply mix or alleviate housing prices.

2.0 Is there a housing supply issue?

The Provincial Policy Statement, 2014 (PPS) requires municipalities to maintain a three year supply of registered and draft approved housing, as well as a 10 year supply of lands designated for residential development. Municipalities are planning for 2041 now. Increasing the supply of land beyond 2041 will do nothing to increase the supply of housing today even if constrained land supply was a current limiting factor, which it is not.

When we project housing allocation it is important to consider existing housing. An estimated 700,000 resale homes are coming on the market in the Greater Toronto Area over next 20 years as baby boomers move on. Most of this housing is single family homes. Assuming 2.9 people per home these houses could accommodate over 2 million people. Allowing secondary units in existing housing or allowing conversions of large homes to multiplexes increases our ability to provide needed housing. When forecasting our future housing needs it is important to consider how to make better use of our existing housing stock.

We need policies that encourage developers to build the type of housing we need, more rental housing for seniors and young people and smaller homes that allow seniors to downsize.

2.1 Housing Supply Case Study - York Region

A 2016 Housing report from the Region of York identified a good supply of housing with 15,930 registered and 26,980 draft approved units by structure type in the Region as of mid-year 2016. Together, the Region's registered and draft approved supply is an estimated 42,910 units. The forecast demand is (9,000 units/year) indicating a five year supply of housing ready to be built.

York Region has regional water and wastewater capacity for 227,700 people or 82,600 units. There is capacity in regional water and wastewater infrastructure to accommodate growth of up to 227,700 more people or 82,600 more units. Given that the Region's 42,910 units of registered and draft approved supply account for only 52% of this total, there is sufficient servicing capacity at the regional level to accommodate more than the five years of registered and draft approved units for future growth. Housing supply today is clearly not an issue in York Region.

²http://www.neptis.org/sites/default/files/land supply briefs 2016/an update on the total land supply even more land available_for_homes_and_jobs_in_the_ggh.pdf

There is enough housing in the supply pipeline but the housing is being built slowly to keep demand and prices high.

2.2 The Type of Housing we need

At a recent Board of Trade meeting in Bradford a real estate firm stated there is an oversupply of high end housing and not enough affordable housing. He claimed the 2017 market surge was due to a demand issue that lasted about 3 months. Housing issues today he blamed on developers holding onto supply waiting for prices to rise and sellers expecting 2017 prices on resale homes³. His solution, let the market correct itself.

The median household income in the GGH is about \$78,000. Given the household income distribution in the region, based on income alone (i.e. not including other equity), less than 50% of households could afford (or obtain a mortgage for) a house costing \$350,000 without spending more than 30% of their gross income (assuming 25% down payment, at 5% interest over a 25 year period). Clearly, the shift in the type of housing completions in the region from single-detached to multi-residential housing forms and apartments which began in 2001 is a trend directly related to the ability of the population to pay for housing.

The type of housing built needs to meet the housing need. In York Region alone there is an inventory of 17,870 singles, 1480 semi's, 8270 row houses and 15,290 condos and apartments. Rental housing is in demand and supply has been decreasing. A land needs assessment and subsequent housing strategy can identify what type of housing is needed.

According to CMHC, improving economic conditions in the GTA including employment growth and a low unemployment rate are drawing immigrants and temporary workers to the area and therefore increasing rental demand. Purpose built rental and low income housing needs to be created with functional and affordable access to public transportation options.

Recommendation: Find ways to support development of purpose built rental housing near transit stations in urban areas. Encourage a mix of affordable housing types.

2.3 If we designate more land for housing will it reduce housing prices?

The rules for calculating of land needs within a MCR process that were specified by the 2006 Growth Plan used a methodology that based predictions of future growth on past housing trends rather than requiring an inventory of the land, including vacant land then developing a municipal housing strategy. As a result there was an excess of land designated for housing and employment uses. Despite having over 125,000 hectares of excess land designated for housing, house prices rose significantly over the last 5 years.

³ https://www.theglobeandmail.com/real-estate/toronto/demand-fuels-toronto-house-prices-not-lack-of-supply-study-finds/article34279980/

During a 2011 Waterloo OMB hearing planners in municipalities and at the province realized the market based projection methodology for determining land needs was problematic.⁴ Subsequently, during the 2015 review of the Growth Plan the planners at the province in consultation with stakeholders developed a new Land Needs Assessment methodology. This methodology provides a more reliable and valid method for forecasting housing and land needs.

Recommendation: Continue using a land needs assessment rather than a market-based approach methodology. Don't allocate more land for housing until it is needed and not before an assessment of the success of the recently revised LNA approach at the next 10 year review of the Growth Plan.

3.0 It takes too long to bring housing to market

As noted in section 2.0 above there is enough land and housing to meet needs until at least 2031 and it could last to 2041. Many changes were made in the last 5 years to streamline the housing process. Perhaps the most effective was changing the OMB.

MMAH data shows that delays in bringing housing to market we caused more by developers than by governments. This occurred because developers challenged Regional Official Plans and approvals at the OMB. The result was an average delay of 3 years/5 Months across the GGH⁵. These appeals were all aimed at seeking more land for ground related housing (single family homes) and all were dismissed by the OMB given data that confirmed abundant existing land supply.

The OMB appeals in turn delayed all the lower tier conformity exercises within these upper tiers – which were in turn further delayed by even more industry appeals to the OMB. The overall cost to municipalities was in the tens of millions of dollars in legal and planning costs. (See Appendix I attached)

It is these industry driven delays which directly led to the recent OMB/LPAT streamlining reforms prohibiting industry appeals of Growth Plan conformity amendments, provincial plan conformity amendments and new/revised official plans where the Province has issued an approval. These reforms also provide a two year restriction on appeals of new secondary plans (unless supported by a municipal council) and a 5 year restriction on Community Planning Permit System by-laws as it was clear that industry was launching appeals before new municipal policies and by-laws were adopted.⁶

Almost all 110 municipalities in the GGH have amended their official plans to conform with the Growth Plan. As the chart below shows, the six largest upper tiers

⁴ https://www.regionofwaterloo.ca/Modules/News/index.aspx?feedId=928b711d-2b23-416c-b47b-b674c929bab6,95abcc5b-2e79-4c15-9386-e36865f55f5a,ab159244-c732-45c7-b4c9-67b38b43eed5&newsId=2f4cacca-9cf4-42c8-90c7-e31de48cb520

⁵ https://environmentaldefence.ca/wp-content/uploads/2019/01/Streamlining-the-Planning-System-Setting-the-Record-Straight.docx

 $^{^6 \, \}underline{\text{https://environmentaldefence.ca/wp-content/uploads/2019/01/Streamlining-the-Planning-System-Setting-the-Record-Straight.docx}$

in the region and the City of Hamilton approved their conformity exercises within provincial timeframes while the Ministry of Municipal Affairs and Housing issued approvals within an average of 1 year and 5 months.⁷

Reducing "red tape" by seeking efficiencies in land use planning approval and permitting processes is a valid and worthy goal. It is important to continue such efforts while keeping in mind that land use planning should be a transparent and accountable public process and serve the public interest

Recommendation: Keep policies that prohibit industry appeals of Growth Plan conformity amendments, provincial plan conformity amendments and new/revised official plans where the Province has issued an approval, secondary plans and a five year restriction on Community Planning Permit System by-laws. Keep the Local Planning Appeals Tribunal (LPAT) as it is a quicker, less expensive dispute resolution process compared to the Ontario Municipal Board (OMB).

4.0 Employment area conversions

We agree the existing process may in some cases be too onerous and hinder good projects (e.g. the redevelopment of mixed uses near the Kitchener ION). To move forward, employment area strategies to calculate employment land needs should be completed and made publicly available before any conversion process commences.

It is also clear there is an excess of employment land. Ontario is enjoying a period of stable employment. The unemployment rate has remained below 6% since 20178. In the recent Neptis Foundation report, Planning the next GGH, a slowing trend in employment growth in the 905 is revealed9. With stable employment, a slowdown in employment growth and an aging population employment land needs are decreasing. It is unclear what projections the province is using to propose allowing employment land growth anywhere in Ontario. At the same time as the province is consulting on Bill 66, the Growth Plan Consultation was released which identifies provincially significant employment areas.

The Municipalities are currently undertaking studies as part of the Growth Plan requirements to determine land needs for employment uses. This data is essential for responsible planning. Many areas in the Greater Golden Horseshoe such as Simcoe County have completed the calculations to determine they have an excess of employment land.¹⁰

 $^{^{7}\,\}underline{https://environmental defence.ca/wp-content/uploads/2019/01/Streamlining-the-Planning-System-Setting-the-Record-Straight.docx}$

⁸ https://www.ontario.ca/page/labour-market#section-6

⁹ http://www.neptis.org/publications/planning-next-ggh

¹⁰https://www.simcoe.ca/Planning/Documents/OM EmploymentLandBudget_Results_June2017.pdf

Employment Land by Regional Municipalities in the GGH (2015-2017)								
Region (hectares)	Total Vacant Emp. Lands	Total # Emp. Lands	% Total Emp. Lands					
York	2588	7759	33%					
Halton	2800	6099	46%					
Peel (exl. Caledon)	2070	10772*	19%					
Durham	3147	5611	56%					
City of Hamilton	918	4554	20%					
Simcoe	2919	6527	45%					
Niagara	2300	6895*	33%					
Total hectares	16742	48217	35%					

York = https://www.york.ca/wps/wcm/connect/yorkpublic/faa33468-b3c9-464a-9676-10be05613f20/mar+22+vacant+ex.pdf?MOD=AJPERES

Halton = http://beta.halton.ca/repository/Halton-Competitiveness-Study-2016
Peel =

http://www5.mississauga.ca/research catalogue/N 12 2016 VacantLands Profile.pdf (Mississauga)

http://www.brampton.ca/EN/City-Hall/meetings-

agendas/PDD%20Committee%202010/20151207pis_Full%20Agenda.pdf (Brampton)

Durham= https://www.durham.ca/en/living-

here/resources/Documents/EnvironmentalStability/EAServicing Durham.pdf

Hamilton = https://www.hamilton.ca/mapping-business-reporting/activity-

reports/employment-area-inventory

Simcoe=

https://www.simcoe.ca/Planning/Documents/SimcoeCountyLandBudget_DataCollectionand Analysis PhaseEmployment HemsonConsulting June17.pdf

Niagara = https://niagararegion.ca/council/Council%20Documents/ICP%208-2014.pdf

Peel Region had an excess of employment land as evidenced through the recent plan review (MCR process) which converted three employment land areas in Mississauga and 13 in Brampton to residential. Experience indicates if too much employment land is designated it puts pressure on municipalities to convert those lands to residential.

Some municipalities such as York Region (which has 2588 ha of vacant employment land), have identified surplus lands for new employment uses but it is important that these excess lands not be automatically converted to residential uses. Typically these same communities with excess employment lands also have an excess of residential lands. A land needs assessment, as part of a Municipal Comprehensive Review, allows municipalities to identify and allocate the appropriate quantity of lands based on

^{*}Indicates total employment land measured on Neptis Geoweb

¹¹ <u>https://www.peelregion.ca/planning/officialplan/pdfs/growth-manage/docs-2018/2-Peel-2041-Growth-Allocation-and-Growth-Management-ROPA.pdf</u>

projected needs. It is essential that municipalities use the data obtained through a land needs assessment to understand whether there is a need to expand settlement boundaries.

In cities like Kitchener and Hamilton where factories have shut down there may be an excess of serviced employment land in the inner city near existing and proposed transit lines where conversion to mixed use residential and live work spaces may be appropriate.

In some newer greenfield communities developers own unserviced employment lands they want to build subdivisions on. Conversion of greenfield employment lands to housing requires extension of expensive infrastructure which will be costly, take time and not address immediate housing needs. In the Bradford area, farmland costs \$50,000 an acre, whereas development land is \$400,000 an acre. There is a \$350,000 incentive per acre to allow conversion of farmland for development.

Converting employment land to housing and then opening up settlement area boundaries for employment uses will result in farmland loss. There is no need to open up the countryside to employment uses. Municipalities should use the surplus employment lands in towns and cities across the region for future job growth.

Recommendation: Employment area conversions would be appropriate if:

- **a)** if the proposed land designation conversion supports the objectives of the Growth Plan, in particular, the density targets for residents/jobs per ha. and the creation of complete communities that are mixed-use and transit-supportive.
- **b)** if the changes are evidence-based, and a regional employment lands strategy has been completed.

5.0 Agricultural and Natural Heritage System Implementation

5.1 Natural Heritage System Implementation

Mapping the natural heritage system provides clarity and reduces duplication between various levels of government. The current piecemeal approach to natural heritage protection is not working. Between 2000 and 2011, we lost 6152 hectares of wetlands in southern Ontario. Wetlands are valuable; they can reduce the financial costs of floods by up to 38 per cent and provide water and nutrient filtration services as well as critical wildlife habitat and recreational opportunities.

Recommendation: We urge the province to use recently completed Ministry of the Natural Resources and Forestry mapping as a baseline and incorporate more refined conservation authority mapping if it is available and can be shown to more accurately characterize the mapped features or functions. The province needs to lead on this file including developing a joint comparison/evaluative process with First Nations, municipalities and conservation authorities.

Other actions that could conserve natural heritage include:

a) support community-based land securement in diverse policies and processes;

- **b)** streamline legal procedures for land securement, including for conservation easement agreements; and,
- c) enhance tax incentives and other financial measures to support land securement in local communities.

5.2 Agricultural System Implementation

Between 2011 and 2016 Ontario lost 319,700 acres of productive agricultural land (175 acres per day). Not only is this loss unsustainable from a food security perspective but it symptomatic of an unaffordable pattern of urban growth.

Recommendation:

- a) There is a need to maintain fixed urban boundaries for existing urban settlement areas throughout the GGH. Create permanent growth boundaries where mapping shows a healthy agricultural system or natural heritage feature. Allowing boundaries of towns and cities to expand paves over productive farmland. Any boundary expansions outside of the Greenbelt should occur only through an MCR process.
- **b)** Ensure zoning of prime agricultural land is consistent with Provincial agricultural system mapping.
- c) Land swaps in the Greenbelt are not acceptable. The Greenbelt permanently protects land. Opening lands in the Greenbelt for development would signal the end of the Greenbelt Plan to millions of Ontarians.

6.0 Major Transit Station Areas

Transit and growth should be integrated to support transit that connects urban growth centres. This will relieve congestion for citizens and goods moving throughout the Greater Golden Horseshoe and within urban growth centres. Using transit stations in greenfield areas to facilitate new development does not address the public transit deficit.

Recommendation: Ensure density and transit are complementary (subways, 200 pp/ha., light rail transit 160 pp/ha., Go trains 150 pp/ha., 50 pp/ha supports transit every 20-30 minutes. Increasing density beyond these numbers may create more congestion (e.g. Liberty Village).

- a) Maintain existing density targets for mobility hubs.
- **b)** Rezone lands around urban mobility hubs to support transit oriented development while reducing congestion (include a mix of more affordable housing including rental, mid-rise and low- rise).
- **c)** Existing policies already have flexibility i.e. Municipalities can shift density along transit corridor with existing policies.

7.0 Settlement Boundary Expansions

Data produced to date indicates that there is more than enough land already allocated for growth within existing urban boundaries for planned growth to 2031 and likely 2041 if we follow the appropriate densities as required in the Growth Plan 2017. More housing options, such as townhouses and rental apartments are needed in our existing urban areas making it easy for people to get to work without adding to gridlock.

Recommendation:

- **a)** Hold the line on urban boundary expansions to support appropriate forms of intensification to prevent sprawl onto farmland and maximize the efficiency of existing infrastructure.
- **b)** Urban boundary expansion should be considered only in settlement areas outside of the Greenbelt and only through a Municipal Comprehensive Review (MCR) process after a population projection based LNA has been completed and made publicly available.
- c) No changes to the towns and villages or hamlet expansion policies in the Greenbelt Plan. Any expansions of these areas would occur at the expense of Greenbelt values.

8.0 Density and Intensification Targets

Density makes infrastructure and transit more affordable and sets the land-use stage for providing the diversity of housing that people want. The City of Calgary found that compact development saved 30 to 50% of life cycle infrastructure maintenance costs. And in the Greater Toronto Area 81% of respondents to a home-buyers survey prefer a smaller house or condo in a walkable transit friendly neighbourhood over a large house and a long commute.

Recommendations:

- a) Keep existing density and intensification targets and the land needs assessment process and make them mandatory, there is already flexibility with expansion criteria through MCR process. Hold the line on density targets to develop the type of housing supply needed.
- **b)**Follow the MCR process in the Growth Plan. Clarity and transparency is needed. Monitor and report on implementation to better understand problems and find the best solution.
- **c)** Update growth projections based on the census and Ministry of Finance projections.

9.0 Reducing Red Tape

Land use planning is a public process that results in building communities that are healthy, safe and meet the needs of people today and tomorrow. Efficiencies can be found by streamlining processes but they should not interfere with the public interest or reducing the public process. Planners the implementers of planning policy and processes are required to serve the public interest, not doing so breaks their code of practice. The government should endeavour to develop ways to reduce red tape and incentivize needed housing investments rather than undermine good planning processes.

Recommendations:

- **a)** Address housing affordability by getting rid of the right red tape (Section 37). Section 37 is a negotiation process that takes time and resources away from planning, reduces transparency in the planning process and inspires NIMBY's.
- **b)** Keep the LPAT. The OMB process was too expensive and time consuming. The Board undermined plans developed and approved by democratically elected municipal councils and the intent of the provincial Growth Plan.
- **c)** Reduce duplication by enacting data sharing agreements between the Province, Municipalities and Conservation Authorities.
- **d)** Make it easier to build low income housing and rental housing especially near transit stations in urban centres.

Appendix I: Housing Delays and OMB Appeals table

Timelines of Municipal Growth Plan Conformity Exercises						
Region	Council Adoption	Ministry Approval	Date of OMB Approval (Time at OMB)	Delay caused by industry appeals to OMB	Total Time between adoption and OMB Approval	
Niagara	May 28, 2009	N/A (Exempt from MMAH approval)	Aug 8, 2014	5 yrs/3 mths	5 yrs/3mths	
Durham	Jun 3, 2009	Oct 27, 2010 (1yr/4 mths)	Jan 2013	2 yrs/3 mths	3 yrs/7 mths	
Waterloo	Jun 16, 2009	Dec 22, 2010 (1 yr/6 mths)	Jun 18, 2015	4 yrs/6 mths	6 yrs/2 mths	
Hamilton	Jul 9, 2009	Mar 16, 2011 (1 yr/8 mths	Aug 16, 2013	2 yrs/5 mths	4 yrs/1 mth	
York	Dec 16, 2009	Sept 7, 2010 (9 mths)	Apr 1, 2014	3 yrs/7 months	4 yrs/4 mths	
Halton	Dec 16, 2009	Nov 24, 2011 (1 yr/11 mths)	Aug 24, 2016	4 years/9 months	6 years/8 mths	
Peel*	Apr 22, 2010	Sep 23, 2011 (1 yr/5mths)	Nov 30, 2012	1 yr/2 mths	2 yrs/7 mths	
Average Time		1 yr/5 months		3 yrs/5 mths	4 yrs/7 mths	

^{*}Peel was much shorter since it did not include any urban expansions. Subsequent urban expansions amendments in Peel were all appealed to the OMB by industry.