

June 29, 2023

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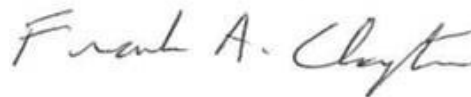
We at the Centre for Urban Research and Land Development (“CUR”) at Toronto Metropolitan University appreciate the opportunity to provide feedback on the proposed policies adapted from A Place to Grow and Provincial Policy Statement to form a new provincial planning policy instrument. Please see our full comments and recommendations in the attached report.

We would be pleased to respond to any questions you might have regarding our submission and continue to assist the Ministry in its goal of streamlining the planning process and providing a greater housing focus to land use policy.

Sincerely,



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Proposed Provincial Planning Statement 2023: CUR Comments and Recommendations

June 29, 2023

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The opinions expressed in this research report are those of CUR only and do not necessarily represent the opinions and views of Toronto Metropolitan University.

PROPOSED PROVINCIAL PLANNING STATEMENT 2023: CUR COMMENTS AND RECOMMENDATIONS

Executive Summary

This submission, authored by Professor David Amborski and Dr. Frank Clayton at the Centre for Urban Research and Land Development (CUR), provides comments and recommendations on the Province's Proposed Provincial Planning Statement 2023 ("Proposed PPS"), which are summarized below:

- We support the Proposed PPS and its goal of streamlining the planning process and providing a greater housing focus to land use policy in the province including replacing the current Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe ("Growth Plan") with the new Proposed PPS.
- We agree that a streamlined planning process will facilitate an increase in the supply, affordability, and mix of housing options, which is important for economic growth, rising productivity, and improved incomes in the province.
- We support encouraging complete communities through planning, including applying transit-oriented communities (TOCs). However, such endeavours must be informed by market realities.
- We urge the Province to consider adding a requirement to provide affordable housing through Inclusionary Zoning (IZ) as part of any Minister's Zoning Order (MZO) increasing zoning in major transit station areas.
- We support broadening the range of housing options, including housing for lower-income residents, encouraging all types of residential intensification, promoting economically efficient densities, and requiring transit-supportive development. However, we have concerns about the language used in the Proposed PPS:
 - The proposed expanded definition of "**housing options**" contains too much detail and is overlapping and confusing.
 - The draft has no definition or guidance on what "**housing needs**" means – we suggest it be measured as detailed in the 2020 Land Needs Assessment Methodology for the GGH.
 - The Proposed PPS should define "**housing affordability**" but in a more nuanced way than the current Provincial Policy Statement and Growth Plan. The definition should distinguish between **two** separate but interrelated affordability issues: (1) affordable, acceptable housing for lower-income households and (2) affordable housing for middle-income households.

- The definition of "**regional market area**" should be revisited. The boundaries of census metropolitan areas and urban agglomerations are in most cases better indicators of housing market areas than individual municipalities.
- We support land needs planning through three lenses: **long-term** (at least 25 years), **medium-term** (a minimum of 15 years at all times), and **short-term** (a minimum of three years at all times):
 - It is important to note that the three and 15-year minimums "at all times" are each increased by a year to **minimums of four and 16 years**, respectively, for municipalities monitoring the adequacy of their medium- and short-term land inventories annually.
 - It should be made more explicit to municipalities that their medium-term and short-term land inventory needs must be **disaggregated by housing types and density**.
 - Unlike in the past, the Province should start to regularly monitor the adequacy of the medium-term and short-term land inventories of municipalities by unit type and oversee corrective action if the inventories fall below the Proposed PPS's minimums by unit type and density.
- The Province should issue standards or guidelines for annual municipal reporting of their medium- and short-term land inventories and the conversion of these inventories into years' supply applying housing needs forecasts by unit type and density to assess the adequacy of the inventories.
- We support the draft general policies for strategic growth areas and the identification of large and fast-growing municipalities. We recommend expanding the proposed list of 29 municipalities to **include additional municipalities** that are anticipated to grow rapidly, including Bradford West Gwillimbury, Innisfil, New Tecumseth, and Halton Hills.

Introduction

The Centre for Urban Research and Land Development ("CUR") at Toronto Metropolitan University welcomes the opportunity to respond to the proposal to consolidate the Provincial Policy Statement (2020) and the Growth Plan for the Greater Golden Horseshoe (Office Consolidation 2020) into a single planning document applicable across the Province. Our response reflects the respective expertise and experience of its two primary authors: Professor David Amborski, an academic and planning practitioner/economist, and Dr. Frank Clayton, an urban and real estate economist.

We believe that this submission provides key insights and suggestions to enhance the Proposed PPS, with its efforts to improve and address concerns and barriers related to the existing land use planning framework which constrain the volume and choice of new housing being produced for the province as a whole and the Greater Golden Horseshoe region.

Background on CUR and Its Research

The Centre for Urban Research and Land Development (CUR) is an expert-led research centre dedicated to formulating effective policy solutions addressing concerns confronting urban growth and changes within the Greater Golden Horseshoe. CUR's primary focus is assessing the economic impacts of urban issues and policy alternatives by prioritizing economic analysis and real estate market understanding in formulating urban policy.

Since its formation, CUR has organized seminars and research releases to inform and educate urban public policy professionals and decision-makers throughout the Greater Golden Horseshoe. Over the last decade, CUR has published policy research and reports highlighting various urban issues. The topics include urban infrastructure, Ontario's land use planning system, housing affordability in the Greater Toronto Area, and impediments to and issues regarding residential land supply.

The Proposed Provincial Planning Statement Is a Step in the Right Direction in Streamlining the Ontario Land Use Planning Process.

The Proposed PPS presents significant changes to the existing policy framework in Ontario, aiming to streamline the planning process by replacing the current Growth Plan and Provincial Policy Statement.

Overall, CUR supports the proposed policy document and its initiatives to accelerate new housing production by simplifying the planning process, encouraging housing options, targeting infrastructure investments, and prioritizing growth within transit-supported communities.

The comments and recommendations contained in this submission aim to inform the Ministry of suggestions/revisions to the Proposed Provincial Planning Statement that enhance the efficiency of the policy document through a collaborative process.

We urge the Province to carefully assess both pros and cons of its proposed actions to reduce excessive planning in regional municipalities where both the region and local municipalities now have planning responsibilities:

- We understand and support the Province's desires to speed up and eliminate duplication and red tape in the approvals process.
- However, much of the required infrastructure like sewer, water, major roads, and transit are most efficiently provided on a regional level.

The Province should take care to ensure its pursuit of eliminating duplication does not interfere with the timely and efficient provision and expansion of this servicing infrastructure by the regions which is essential for the acceleration of housing production.

Below are comments on specific topics and issues followed by recommendations for changes to the draft proposals provided where appropriate.

1. Replacing the Current Provincial Policy Statement and Growth Plan with a Combined Provincial Planning Statement

Proposal:

The Province has combined the elements of A Place to Grow [the Growth Plan] and the PPS 2020 into a new land use policy document that the Province is proposing for public feedback. Through this proposed new Provincial Planning Statement 2023, the government is proposing policies grouped under five pillars: generate an appropriate housing supply; make land available for development; provide infrastructure to support development; balance housing with resources; and implementation. (Based on Environmental Registry of Ontario, Proposed PPS, Context and Proposal)

Comments:

We support the Proposed Provincial Planning Statement and its goal of streamlining and providing a greater housing focus to land use policy in the Province.

2. Prioritizing Increased Housing Supply, Including a Mix of Housing Options and Affordability Needs, and Encouraging Complete Communities

Proposal:

The long-term prosperity and social well-being of Ontario depends on celebrating these differences and planning for complete communities for people of all ages, abilities and incomes. More than anything, a prosperous Ontario will see the building of more homes for all Ontarians. In addition, a prosperous Ontario will support a strong and competitive economy, and a clean and healthy environment.

Ontario will increase the supply and mix of housing options and address the full range of housing affordability needs. Every community will build homes that respond to changing market needs, and local needs and demand. Providing a sufficient supply with the necessary range and mix of housing options will support a diverse and growing population and workforce, now, and for many years to come. (Proposed PPS, Vision, page 4)

Comments:

We agree that a streamlined planning process will facilitate increasing the supply, affordability, and mix of housing options, which is important for economic growth, rising productivity, and improved incomes.

- Economic studies, including a report produced by CUR on affordable housing and land supply issues in the Greater Toronto Area¹, have shown an inverse relationship between

¹ Amborski, David. (2016). Affordable Housing and Land Supply Issues in the Greater Toronto Area (GTA). Centre for Urban Research and Land Development. Available [Online]: <https://www.torontomu.ca/centre-urban->

unsympathetic planning systems and economic growth. The findings demonstrate how overly aggressive regulatory planning regimes negatively impact housing prices. Empirical studies have quantified the loss of national economic output from reduced housing affordability.

- As CUR has noted in previous reports, a critical component of an underperforming housing sector is the role of decision-makers who have delegated issues like land and housing supply down the priority ladder to pursue other objectives.²
- There is an ongoing need to subject current and proposed urban policies of all levels of government, including housing, taxation, transportation, infrastructure funding, and environmental, to an analysis of their impacts on housing supply, unit mix, and affordability to provide decision-makers with this knowledge when making policy decisions.

We support the encouragement of complete communities through the planning process, though such endeavours must be informed by market realities:

- Creating jobs is essential in producing successful complete communities; however, CUR research demonstrates there is a disconnect between the economic realities of the GGH and the Growth Plan’s objective for creating complete communities.
- Findings from a CUR report on job creation³ illustrated a high concentration of employment growth in a select few municipalities (in particular, the city of Toronto) despite residential development being widely dispersed throughout the GGH. This presents challenges for municipalities outside of Toronto, especially those in the Outer Ring, to attract adequate employment to permit the creation of complete communities.
- Complete communities do not mean self-contained communities – individuals will continue to commute to jobs, shop, and find recreation and entertainment outside the local community, a reality that planners should recognize.

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development/pdfs/CUR%20Policy%20Report_Affordable%20Housing%20and%20Land%20Supply%20Issues%20i
n%20the%20GTA.pdf

² Clayton, Frank. (2022). GTHA 2021-2051 Land Needs Forecasts Lack Viable Alternatives to Single-Detached Houses. Centre for Urban Research and Land Development. Available [Online]:

https://www.torontomu.ca/content/dam/centre-urban-research-land-development/CUR_Land_Needs_GGH_and_Missing_Middle_Aug.2022.pdf

³ Clayton, Frank. (2018). Reality Hits Home: Job Creation a Challenge for Complete Communities in the GGH. Centre for Urban Research and Land Development. Available [Online]:

https://www.torontomu.ca/content/dam/centre-urban-research-land-development/pdfs/policycommentaries/CUR_Research_Report_Complete_Communities_July_25_2018.pdf

3. Housing

Proposal:

Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected needs of current and future residents of the regional market area by: coordinating land use planning and planning for housing; permitting and facilitating all housing options and all types of residential intensification; promoting densities for new housing which efficiently use land, etc. and requiring transit-supportive development and prioritizing intensification. (based on Proposed PPS, Policy 2.2.1 Housing)

Comments:

We support broadening the range of housing options, including housing for lower-income residents, encouraging all types of residential intensification, promoting economically efficient densities, and requiring transit-supportive development. However, we have several questions and/or concerns about the language used in the proposed PPS:

- The proposed expanded definition of "**housing options**" contains too much detail, is overlapping, and is confusing (Proposed PPS, Definitions, page 39)
 - Examples include:
 - The reference to townhouses and rowhouses as separate entities despite being the same thing.
 - Multi-residential buildings (apartments in the CMHC or Census of Canada definitions) include low-rise, mid-rise, and high-rise apartments and stacked townhouses.
 - Multiplexes should be defined – as housing with 2, 3, or 4 units in a single building (including secondary suites).
 - The use of "additional housing units" is unclear and requires further clarification on what it entails.
 - The additional "variety of housing arrangements and forms" are forms of legal housing ownership and should be labeled as such.
 - We encourage the separation of housing in dwelling units from collective housing forms such as boarding houses and rooms in long-term care homes.

We suggest this definition be revisited to make it more concise and clearer.

- **There is no definition or guidance in the draft PPS on what is meant by "housing needs" (Proposed PPS, section 6.2.1h)**
 - The current Provincial Policy Statement refers to "projected market-based and affordable housing needs of current and future residents" (policy 1.4.3),

"projected requirements" (policy 1.4.1) and "dynamic market-based needs" (policy 1.7.1b) but does not define housing needs or requirements

- Similarly, the Growth Plan contains references to "housing need" (pages 12 and 22) as well as housing "market demand" (page 3). In one place, the terms "housing need" and "market demand" are included in the same sentence (page 12). However, no definition of housing need or market demand is provided.
- Housing need by dwelling type is defined in the Province's Land Needs Assessment Methodology for the Greater Golden Horseshoe (2020)
 - In essence, this document says housing need is calculated by subtracting forecasts of households by dwelling type between two years to calculate household growth.⁴ The household growth forecasts are then adjusted for factors such as the replacement of units that will be lost from the existing stock (e.g., demolitions, conversions to non-residential uses), changes in the level of vacancies, and market contingency factors. (based on page 8)

We suggest the Proposed PPS should define housing needs in the same way as in the land needs assessment methodology.

- Provide a definition of "**housing affordability**" which is more nuanced than the definition in the current Provincial Policy Statement and Growth Plan

The Proposed PPS mentions housing affordability in two places (pages 4 and 7) but does not provide a definition. We recommend a definition be included but not the definition found in the current Provincial Policy Statement and Growth Plan.

- The affordability challenges faced by lower-income households should be distinguished from those of middle-income households in any definition of housing affordability.⁵
 - We suggest the definition of housing affordability for lower-income Canadians follows the Canada Mortgage and Housing Corporation's concept of Core Housing Need: households that are living in unacceptable living conditions (housing that is unsuitable, inadequate, or unaffordable).
 - The definition of affordable housing for middle-income owners and renters is better addressed through overall statistical indicators such as the ratio of carrying costs on an average-price MLS home and average rents to average household income.
- The definition of "**regional market area**" should be revisited.

⁴ Households by dwelling types are calculated by applying household formation rates and propensities to occupy dwelling types for a population forecast by age group (page 8).

⁵ Clayton, Frank. (2023). Quantifying Lower and Moderate-Income Households in Housing Need in the Greater Toronto Area. Centre for Urban Research and Land Development. Available [Online]:

https://www.torontomu.ca/content/dam/centre-urban-research-land-development/CUR_Quantifying_Lower_and_Moderate-Income_Households_in_Housing_Need_GTA_Feb._27_2023.pdf

- The definition in the Proposed PPS is the same as the definitions in the Growth Plan and current Provincial Policy Statement: an area with high social and economic interaction. It also states that an upper or single-tier municipality normally serves as the regional market area.
- In many instances, the upper or single-tier municipality does not meet the requirements for a regional market area. Therefore, the more appropriate geographical entities for market areas are the commuter sheds represented by census metropolitan areas or agglomerations, as delineated by Statistics Canada.
- We recommend defining a regional housing market area by its commuter shed as delineated by census metropolitan areas or census agglomerations.

4. Planning for People and Homes (land availability)

Proposal:

At the time of each official plan update, sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of at least 25 years, informed by provincial guidance.

To provide for an appropriate range and mix of housing options and densities required to meet projected requirements of current and future residents of the regional market area, planning authorities shall:

- a) *maintain at all times the ability to accommodate residential growth for a minimum of 15 years through lands which are designated and available for residential development*
- b) *Maintain at all times where new development is to occur, land with servicing capacity sufficient to provide at least three year supply of residential units available through lands suitably zoned, including units in draft approved or registered plans (Proposed PPS, sections 2.1.1 and 2.1.2)*

Comments:

We support land needs planning through three lenses: long-term (at least 25 years), medium-term (a minimum of 15 years at all times), and short-term (a minimum of three years at all times).

- Many observers misinterpret the current (and proposed) medium-term and short-term policies as meaning a minimum of 15 years' and a three years' supply, respectively, neglecting the requirement that these minimums must be maintained at all times. Therefore, these minimums are increased by a year to a minimum of 16 years and four years, respectively, assuming most municipalities monitor and assess the adequacy of their residential land inventories annually.
- It should be made more explicit to municipalities that their medium-term and short-term land needs are to be disaggregated by housing types and density.

- The Province has not, but must in the future, regularly monitor the medium-term and short-term land inventories of municipalities by unit type and oversee corrective action if the inventories fall below the minimums by unit type and density.
- The Province should issue standards or guidelines for annual municipal reporting of their medium- and short-term land inventories and the conversion of these inventories into years' supply applying housing needs forecasts by unit type and density to assess the adequacy of the inventories.

5. Strategic Growth Areas – General Policies

Proposal:

The 29 largest and fast-growing municipalities⁶ shall identify and focus on creating higher-density complete communities in strategic growth areas. They include both major transit station areas and urban growth centres. Strategic growth areas are areas, nodes and corridors a municipality has identified as a focus for intensification with higher-density mixed uses in a more compact built form. (Based on Proposed PPS, Definitions, page 47 and section 2.4)

Comments:

We support the draft general policies for strategic growth areas in section 2.4.1. We support the need to identify large and fast-growing municipalities, however, we recommend that the proposed selection be expanded to include additional municipalities that share similar growth forecasts.

- We also believe that the 29 identified large/fast-growing municipalities could be revised to accommodate municipalities with significant population growth projections. Based on an analysis completed by CUR,⁷ Bradford West Gwillimbury, Innisfil, New Tecumseth, and Halton Hills share considerable forecasts for population growth and should be considered under this policy regime.
- A municipality that we believe could be removed based on its nominal growth in forecasted population is Newmarket; with average annual population growth estimated to be significantly lower than other municipalities identified on this list.

⁶ The Ministry of Municipal Affairs and Housing defines 29 large and fast-growing lower- and single-tier municipalities in southern Ontario as municipalities that anticipate a population to be over 100,000 by 2031.

⁷ CUR completed an analysis to measure population growth forecasts for various municipalities within the GGH. Information and data were obtained through upper and single-tier municipalities land needs assessments and official plans to forecast estimated population growth.

6. Strategic Growth Areas: Major Transit Station Areas

Proposal

Large and fast-growing municipalities shall delineate the boundaries of major transit station areas on higher order transit corridors through a new official plan or official plan amendment adopted under section 26 of the Planning Act. The delineation shall define an area within a 500 to 800 metre radius of a transit station and that maximizes the number of potential transit users that are within walking distance of the station.

Within major transit station areas on higher order transit corridors, large and fast-growing municipalities shall plan for a minimum density target of: a) 200 residents and jobs combined per hectare for those that are served by subways; b) 160 residents and jobs combined per hectare for those that are served by light rail or bus rapid transit; or c) 150 residents and jobs combined per hectare for those that are served by commuter or regional inter-city rail. (Based on Proposed PPS, sections 2.4.1 and 2.4.2)

Comments:

We agree with the general principles for strategic growth areas as applied to major transit station areas.

A CUR report demonstrated the potential capacity to build housing and increase density around transit stations. The report's findings support the Province's initiative to create Transit Oriented Communities.⁸

- We note however that section 2.4.2 of the Proposed PPS does not address affordable housing that could be included in these strategic growth areas. The Province has several tools to encourage higher densities in the areas surrounding transit stations, including provisions to provide an affordable housing component in new development.
- One effective tool is the Minister's Zoning Order (MZO) which is being used by the Minister of Municipal Affairs and Housing to increase density around transit stations. The Minister has the power to impose Inclusionary Zoning (IZ) to provide an affordable housing component. Including an IZ component for affordable housing in MZO's targeting major transit station areas at the time of rezoning has a sizable advantage:
 - A developer purchasing the rezoned site with an IZ component has an opportunity to capitalize the expected cost of the inclusionary zoning contribution into a lower purchase price of the property. This will enhance the viability of the developer's proforma for the development of the property and the property can be developed in a more timely fashion.
- The alternative is the rezoning of a property for higher density by the Province using a MZO, followed by the purchase of the property by a developer, with the municipality

⁸ Amborski, David. (2019). Transit Nodes in Ontario Have Untapped Development Potential. Centre for Urban Research and Land Development. Available [Online]: https://www.torontomu.ca/content/dam/centre-urban-research-land-development/CUR_Report_TransitOrientedDevelopments.pdf

imposing an IZ requirement after the developer's purchase. This would be expected to have a negative effect on the developer's pro forma:

- The IZ's additional costs may result in the development being delayed, including the affordable housing not being built until housing prices or rents rise sufficiently to make the proposed development profitable.
- It may also take longer for complete communities and transit ridership to be established in the major transit station areas.