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RPCO REPORT SEEKS BETTER UNDERSTANDING OF MULTIPLE PRESSURES AFFECTING HOUSING SUPPLY

IN SEARCH OF A BIGGER PICTURE

Matt Durnan

A recent report by the **Regional Planning Commissioners of Ontario (RPCO)** suggests that there are more than 1.25 million housing units approved and proposed to be built in Ontario. Further, they say that the consensus among both the RPCO and development industry experts alike is that municipalities are shouldering more than their fair share of the blame when it comes to the province’s housing crisis.

With the **Province of Ontario** in year two of its 10-year goal to build 1.5 million homes, the RPCO undertook a housing supply inventory of its participating single-tier municipalities. It determined that housing projects already in the municipal development pipeline in Ontario meet roughly 85 per cent of the province’s 2032 goal.

The report differentiates between approved and

proposed housing units indicating that 331,632 housing units are development ready (registered and draft approved), while 731,129 are under application review or proposed and submitted.

“From our perspective, the municipalities were really taking it on the chin from the province that planning approvals were the reason why there weren’t building starts. So the regional CAOs [chief administrative officers] group asked us if we had information on how many lots are out there or units are out there that are

draft approved and ready to go,” RPCO chair and **City of Windsor** chief planner **Thom Hunt** told *NRU*.

“This is trying to indicate that this isn’t a planning approvals problem—it’s actually increasing. The building starts is really where the focus should be. From our standpoint, we’re trying to change the narrative here more meaningfully to ‘How do we get affordable housing?’, because none of the stuff that the province did is really going to move the needle much on affordable housing.”

In publishing the data on

the number of approved and proposed housing units in the development pipeline, RPCO is intent on expressing that while municipalities want to do

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Table showing the data gathered by Regional Planning Commissioners of Ontario (RPCO) showing the number of housing units currently in the development pipeline in Ontario. RPCO released the data on March 7, indicating that around 1.25 million housing units are already approved or proposed to be built, accounting for around 85 per cent of the Province’s goal of building 1.5 million new homes province-wide by 2032.

SOURCE: RPCO

Total Housing Supply	Unit Type				
	Single-detached	Semi-detached	Townhouse	Apartment	All Types
Registered Unbuilt	19,891	904	16,214	25,371	62,379
Draft Approved	51,124	6,059	55,095	156,976	269,253
Under Application / Proposed	50,977	4,138	68,240	607,775	731,129
Ministerial Zoning Order	148	-	1,326	62,725	64,199
Total	122,139	11,101	140,875	852,846	1,126,960
% Share of Total	10.8%	1.0%	12.5%	75.7%	100%

IN SEARCH OF A BIGGER PICTURE

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their part in streamlining the development review process, the issue of increasing housing affordability goes beyond just increasing supply.

Additionally, there are external factors at play when it comes to why housing is not being built, from supply chain issues and skilled labour shortages, to market uncertainty given the ups and downs of the economy, inflation and the volatility of interest rates.

“We want to engage with all stakeholders to make sure that supply is moving forward, but more importantly, supply doesn’t necessarily equal affordability,” RPCO Toronto caucus chair **Paul Freeman** told *NRU*.

“A lot of the homes being

built and proposed to be built in our municipalities are just not affordable to many people, and if you just look at supply and cranking out more supply and not understanding the real reason why housing is not affordable, it’s not really getting to the root of the problem.”

A better understanding of where demand lies when it comes to housing types is necessary in order to properly address the affordability crisis that the province is dealing with. **Toronto Metropolitan**

University Centre for Research and Land Development director **David Amborski** talked about housing supply and demand in Ontario using the analogy of a shoe store owner looking to stock his inventory.

“If a guy owns a shoe store and thinks he’s going to sell 1,000 shoes in a year, he doesn’t order 1,000 shoes because he has to order different styles and different sizes to meet different needs and different tastes,”

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Top: Table showing the number of housing units in the development pipeline for Greater Toronto Hamilton Area. The GTHA accounts for the large majority of approved and proposed housing units in the development pipeline in Ontario according to data gathered by Regional Planning Commissioners of Ontario (RPCO).

SOURCE: RPCO

Right: Tables showing data gathered by Regional Planning Commissioners of Ontario (RPCO) that shows that roughly 215,000 housing units in the Greater Golden Horseshoe (GGH) and areas outside of the GGH are at different stages in the approvals process, ranging from registered unbuilt, to draft approved, to under application/proposed and subject to a Ministerial Zoning Order (MZO). RPCO says that this suggests that purported inefficiency in municipal development review processes is not the sole nor necessarily the main factor at play in the province’s current housing and housing affordability crises.

SOURCE: RPCO

GTHA	Unit Type				
	Single-detached	Semi-detached*	Townhouse	Apartment	All Types
Registered Unbuilt	4,154	87	4,871	12,080	21,192
Draft Approved	25,792	3,154	28,615	138,855	196,416
Under Application / Proposed	23,353	1,320	39,865	581,624	646,162
Ministerial Zoning Order	148	-	174	47,656	47,978
Total	53,447	4,561	73,525	780,215	911,748
<i>% Share of Total</i>	5.9%	0.5%	8.1%	85.6%	100%

GGH Municipalities	Unit Type				
	Single-detached	Semi-detached*	Townhouse	Apartment	All Types
Registered Unbuilt	9,054	439	6,275	7,691	23,458
Draft Approved	14,723	1,173	15,459	13,937	45,291
Under Application / Proposed	18,840	2,606	14,980	14,685	51,110
Ministerial Zoning Order	-	-	1,132	15,069	16,201
Total	42,616	4,218	37,846	51,381	136,060
<i>% Share of Total</i>	31.3%	3.1%	27.8%	37.8%	100%

Outside GGH	Unit Type				
	Single-detached**	Semi-detached	Townhouse*	Apartment	All Types
Registered Unbuilt	6,683	378	5,068	5,600	17,729
Draft Approved	10,609	1,732	11,021	4,184	27,546
Under Application / Proposed	8,784	212	13,395	11,466	33,857
Ministerial Zoning Order	-	-	20	-	20
Total	26,076	2,322	29,504	21,250	79,152
<i>% Share of Total</i>	32.9%	2.9%	37.3%	26.8%	100%

IN SEARCH OF A BIGGER PICTURE

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Amborski told *NRU*.

“It’s the same thing with this [housing]. If you have 1.5 million condo units, you’re not meeting the demand for ground-associated units. By type is very important, and knowing what that demand is by type.”

In short, if builders cannot sell their housing units, more likely than not, they will not be built, and what may be a cause of potential housing units sitting ‘idle’ in the pipeline is the possibility that demand for certain housing types is having a ripple effect on other housing types.

“Single-family detached housing became so expensive and interest rates went up, and the demand just fell off in that period of time. People are taking a breath and adjusting to what is happening right now, and more people are renting.

So it’s forcing rents up because people are sitting tight to see what happens,” Amborski said.

“There’s always substitutability in economics. If people can’t get what they want, they’ll go to the next best thing for the short or long run. People want single-family detached but can’t afford them, so they’re going to go to semi-detached. But there’s very few semi-detached, so the next thing is to go to townhouses

... So it reverberates down the road to alternatives that people can afford and move into.”

A further hindrance to the timely construction of housing units that are approved and proposed is the requirement that municipalities build the supporting infrastructure to move development forward. Discounts and exemptions to development fees and charges may create financial roadblocks for municipalities in building the infrastructure necessary to support housing proposals that are sitting in the pipeline.

“Legislation supporting the Province’s Bill 23, the *More Homes Built Faster Act*, seeks to support building more homes, helping home buyers, reducing construction costs and fees, and streamlining development approvals,” said the RPCO news release.

“However, the legislation has unintended consequences, and does little to address solutions for a variety of housing types and affordability. All parties involved in the creation of new homes should make working to increase housing production their highest shared priority. This must include the many different housing types, tenures and affordability options for all income levels.”

The **City of Toronto’s**

development pipeline report indicates that the City approves roughly 30,000 housing units annually, but only 16,000 of those units are actually being built.

Director of the **University of Toronto** School of Cities’ Infrastructure Institute and professor of geography and planning **Matti Siemiatycki** believes that it may be worth looking into policies that incentivize developers to follow through on projects that get approved, while noting that more information is needed as to why so many projects are stalling.

“There are a bunch of factors ... One could be speculation, interest rates going up has had a huge impact on project viability. Construction costs have skyrocketed. There have been wobbles in the condo market over the last few years at various points, and when you’re building condos you have to sell a certain number of units before you can get a construction loan,” Siemiatycki told *NRU*.

“In Toronto, according to their pipeline report, [the City] is approving 30,000 units a year but only 16,000 of those are getting built. If they could focus on those 16,000 that are actually getting built, they

could probably approve them much faster than if they had to work on 30,000 a year. The problem is, they don’t know up front which are going to be the 14,000 that don’t get built. If there was a policy to incentivize people to follow through on the projects they get approved, I think that’s a policy area worth looking at.”

The overarching message conveyed by RPCO through its housing inventory report is that collaboration and involvement among all levels of government and stakeholders is essential to understanding all of the supply and demand factors at play and finding meaningful and practical affordability solutions.

“We all acknowledge that there’s room for continuous improvement, there is no doubt about it. Municipal planning processes, should we work to make them better? Absolutely,” RPCO senior advisor **Rob Horne** told *NRU*.

“I think municipalities have found as they’ve gone through the process of using the streamline government approvals funding that the Province released, they have done good work and are making improvements. We believe there is a big

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affordability issue—all types of affordability, and we need to change the way we do business to make things go faster and bigger. If government is needed to provide some form of subsidy for different types of affordable housing and there's not enough return on investment for the private sector, then let's talk about it and let's address it."

While municipalities issue development approvals for new home construction, subject to public consultation and a decision-making process involving planning committees and municipal councils, once those development approvals are received, they remain in place until the property owner decides to proceed.

Municipalities do not build market housing, nor can they make property owners build new housing, and it falls upon the developer to decide whether and when to develop their lands for housing.

Another issue that may be at play when it comes to housing units sitting in the pipeline, is that there may simply not be enough data out there to explain where and why delays are happening.

"You can have projects that are essentially draft approved and don't go anywhere for a variety of reasons, including

a lack of infrastructure. So I think [the RPCO report] shows the need to have more detailed and publicly available data,"

Smart Prosperity Institute senior director **Mike Moffatt** told *NRU*.

"I think it would be helpful, and we do need a bigger picture of what's happening right now. We know properties aren't being developed for all kinds of reasons. It could be lack of infrastructure, it could be approval delays, it could be developers who are sitting on properties for potential speculation. Without more detailed data, we can't really tell which proportion is which, and it's hard to fix a problem if we don't know what's going on."

Moffatt also indicated that while it may not be apparent where the delays lie, it should not all be pinned on municipalities.

"I do think municipalities have a legitimate argument that 'This isn't all us, or 'this isn't even mostly us', because there's a lot of actors in the system that we need to get 1.5 million homes built, and the only bottleneck is not municipal approvals," Moffatt said.

"There's a variety of issues from the higher education sector not building that many student residences, despite the fact enrollment is going up

substantially. There's obviously issues around labour supply—developing enough people in the skilled trades both domestically and [improving] immigration policy. I do have a lot of sympathy for that [RPCO's] position because it does seem that all of the blame or all of the proposed policy prescriptions are being suggested of the municipal government. We do need reforms at the municipal level, but there are a lot of other places where various other actors in the system need to raise their game."

To read the full RPCO report, please visit the Regional Planning Commissioners of Ontario website [here](#). 🌱



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