



CUR Submission Regarding Proposed Changes to the Provincial Policy Statement

**Submission to the Provincial Planning Policy Branch at the
Ministry of Municipal Affairs and Housing**

October 24, 2019

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

TABLE OF CONTENTS

Executive Summary	1
1. Introduction.....	3
2. Deficiencies in the Existing PPS, Interpretation and Monitoring.....	4
3. Comments on the Proposed Changes to Policy 1.4 of the PPS	7
4. Recommendations for Revisions to Proposed Policy 1.4.1 and Definitions.....	10
5. Suggestions for a Format for Monitoring Short-Term Land Supply Adequacy.....	11

EXECUTIVE SUMMARY

The senior staff at the Centre for Urban Research and Land Development (CUR) at Ryerson University appreciate this opportunity to submit comments and recommendations in connection with the proposed changes to the 2014 Provincial Policy Statement (PPS).

We are pleased with the strong policy emphasis on increasing both the supply and the diversity of new housing. Both are needed to enhance housing affordability and to provide the kinds of housing many households want to live in.

Deficiencies in the Existing PPS, Interpretation and Monitoring

Findings based upon our previous research include:

- Difference in interpretation of whether land needs have to incorporate housing types;
- Regarding 3- and 10- year land supply as goals rather than minimum targets;
- Ignoring the policy requirement that 3- and 10-year land supply minimums are to be “maintained at all times”;
- Assessing land needs by total units, not unit types;
- Lack of provincial monitoring of municipal land needs analyses; and
- Failure to ensure that corrective actions are in place.

Comments on the Proposed Changes to Policy 1.4 of the PPS

Our comments on proposed changes to selected policies under Policy 1.4 of the 2014 PPS include:

- We suggest that “housing options and densities” be replaced with “housing types, tenures, and densities” (Policy 1.4.1);
- We agree with replacing 10 years with 12 years as a minimum (Policy 1.4.1a);
- It should be made clear to municipalities that the land supply and its adequacy should be delineated by unit type (Policy 1.4.1);
- We suggest that the minimum of a 5-year land supply be a requirement, not a choice, for upper-tier and single-tier municipalities (Policy 1.4.1b);
- The reference to market-based need in Policy 1.4.3 should also be included in the beginning of Policy 1.4.1. The reference to “options” should be replaced with “types, tenures and densities”;
- It is suggested that more emphasis be placed on the creation of secondary suites as a source of affordable housing (Policy 1.4.3); and
- It is suggested that the proposed definition for “Housing Options” be dropped.

Recommendations for Revisions to Proposed Policy 1.4.1 and Definitions

Our recommended revised text for Policy 1.4.1 of the PPS is as follows:

1.4.1 To provide for an appropriate range and mix of housing types, tenures and densities required to meet projected market-based (alternatively, demographically-based) 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 12 years through residential intensification and redevelopment and, if necessary, lands which are designated and available for residential development; and
- B. maintain at all times where new development is to occur, land with servicing capacity sufficient to provide at least a five-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.

We also propose that three new definitions be added to the PPS:

Housing Types and Tenure

Housing types and tenures must be consistent with definitions used by the Census of Canada (2016 Census of Population Dictionary) for private dwelling units and collective dwellings.

Short-Term Land Supply

Lands suitably zoned to facilitate intensification and redevelopment with servicing capacity:

Lands with the zoning and servicing in place consistent with the provision of housing based on demographically-based requirements.

Lands in draft approved and registered plans with servicing capacity: Lands must be fully registered or draft approved. Lands with draft plans pending are not part of this supply.

Market-based (alternatively, demographically-based) Housing Requirements

Refers to household projections by type of unit based on projections of households by age cohort and housing preferences. Housing preferences will be derived from historical housing choices, more recent choices, and policy considerations. The projections can also include household types and tenures. See CMHC's *Long-term Household Growth Projections 2015 Update*.¹

¹ Canadian Mortgage and Housing Corporation (2016). "Long-term Household Growth Projections 2015 Update." [Online] Available: <https://assets.cmhc-schl.gc.ca/sf/project/cmhc/pubsandreports/pdf/68532.pdf?rev=4dada651-0005-4c4e-ac1d-9fd1c039273d>

1. INTRODUCTION

The senior staff at the Centre for Urban Research and Land Development (CUR) at Ryerson University appreciate this opportunity to submit comments and recommendations in connection with the proposed changes to the 2014 Provincial Policy Statement (PPS).

We are pleased with the strong policy emphasis on increasing both the supply and the diversity of new housing. Both are needed to enhance housing affordability and to provide the kinds of housing many households want to live in.

Our comments are mainly limited to Policy 1.4.1 and its sub-policies. CUR research has identified these policies as being fundamental to a significant increase in the supply of new housing, a broadening of the new housing mix across the lower- and mid-density spectrum and improving market-wide affordability. The focus of our research has been on the Greater Toronto and Hamilton Area, though our findings are generally applicable to areas of urban growth across the province.

Our recommendations cover more than just the wording of Policy 1.4.1. The importance of the municipalities correctly interpreting the provisions of Policy 1.4.1 and that of the Province monitoring municipal compliance and correcting shortfalls are emphasized as well.

For sake of brevity, we use “short-term residential land supply” (proposed Policy 1.4.1 b) to refer to maintaining at all times land with servicing capacity to provide at least a 3- or 5-year supply of residential units. We use “medium-term residential land supply” (proposed Policy 1.4.1 a) to refer to maintaining at all times the ability to accommodate a minimum of 12 years of residential growth.

The remainder of this submission is divided into four sections:

Section 2: Deficiencies in the existing PPS, including its interpretation and monitoring;

Section 3: Comments on selected proposed changes to Policy 1.4 and its sub-policies;

Section 4: Recommendations for revisions to the Province’s proposed changes to Policy 1.4.1 and its associated definitions; and

Section 5: A suggested format for the annual reporting by municipalities of the adequacy of their short-term residential land supply.

2. DEFICIENCIES IN THE EXISTING PPS, INTERPRETATION AND MONITORING

In our research we have reviewed many municipal Official Plans and housing/land monitoring analyses and their conclusions regarding residential land supply adequacy in relation to PPS policies.² We have also empirically studied the question of the amount of serviced or readily serviceable land that a municipality should have available to meet expected housing demand and to allow for unexpected demands without causing a surge in housing prices.³

Our findings suggest the following:

- There is a difference of interpretation among provincial and municipal governments as to whether housing types should be explicitly incorporated into the municipal analysis of the adequacy of the existing supply of short-term (and medium-term) residential land;
- There is a tendency by municipalities to regard minimum land supplies of 3 and 10 year as goals to be achieved, though the PPS is very clear these are minimums;
- The failure of many municipalities to consider the requirement to “maintain at all times” a land supply of at least 3 or at least 10 year, which means a larger supply in years given monitoring is not continuous;
- The failure of many municipalities to assess the adequacy of the available land supply by unit type, leading to a mismatch between housing requirements and available land supplies;
- The failure of many municipalities to monitor their short and medium-term land supply on a regular basis, leading to residential land shortfalls;
- Provincial oversight is needed to ensure municipalities are responding to Policy 1.4.1 properly; and
- There is a need for provincial follow-up to ensure municipalities are taking corrective actions to deal with any shortfalls in their short-term and medium-term land supplies.

Each of these points will be elaborated on below.

2.1 Differences in interpretation as to whether land needs have to incorporate housing types

The requirement to calculate residential land need by unit type was the Province’s intent as far back as 1989 when it introduced formal policies for municipalities to assess the adequacy of their short and medium-term residential land supplies and to take corrective actions, as necessary, to counter shortfalls. One just has to look at the *Projection Methodology Guideline* released by the Ministry of Municipal Affairs and Housing in the mid-1990s to see that this was the case.

² Clayton, Frank (2015). “Why There is a Shortage of New Ground-Related Housing in the GTA,” [Online] Available: https://www.ryerson.ca/content/dam/cur/images/CUR_PC%234_Shortage_New_Ground-Related_Housing_June1%2C%202015.pdf

³ Clayton, Frank (2017). “Overview of GGH Short-Term Residential Land Adequacy Report Series,” [Online] Available: https://www.ryerson.ca/content/dam/cur/pdfs/Overview_GGHShort-TermResidentialLandAdequacySeries.pdf

The methodology states: “To be useful in projecting housing need, household projections by age and tenure must be broken down by types of dwellings occupied”.⁴

It also mentions that the Census of Canada identifies 9 housing types, and it combines these housing types into 4 categories: single-detached houses; high-rise apartments (5+ storeys); low-rise apartments (less than 5 storeys), and other dwellings (largely semi-detached dwellings and townhouses).

After the Liberals came into power in 2004, the thrust in planning policies appeared to have shifted to monitoring total housing units instead of housing types, despite the text of Policy 1.4.1 still stating the requirement to forecast by housing type. The planning of land for housing was now to be based upon minimum intensification targets for delineated built-up areas and minimum density targets for greenfields. While lip service was given to housing mix, this objective was superseded by the new planning dictates.

This shift in policy focus culminated in the release of a new land needs methodology, *Land Needs Assessment Methodology for the Greater Golden Horseshoe*, in 2017 which failed to even mention types of housing units in its approach.

The movement away from examining land needs by unit type to that of total units occurred even though three previous provincial governments (Liberal, New Democratic Party and Progressive Conservative) all recognized the critical importance of calculating land needs based upon housing types.

2.2 Regarding 3- and 10- year land supply as goals rather than minimum targets

Many municipalities seem to regard the PPS policies in 1.4.1 (a and b) regarding minimum land supply as goals to be achieved. The policies clearly state that municipalities are to: “maintain at all times where new development is to occur, land with servicing capacity to provide **at least** a three-year supply of residential units.” The wording is the same for the medium-term land requirements.

2.3 Ignoring the policy requirement that 3- and 10-year land supply minimums are to be “maintained at all times”

A common practice among municipalities when monitoring their residential land inventories in relation to expected demand is to ignore the implications of “maintaining at all time” the lands they include in their minimum of 3- and 10-year supply calculations.

A minimum 3-year supply holds only if there is continuous monitoring of the supply. With annual monitoring being the more likely scenario, a municipality therefore needs a minimum of a 4-year supply of land to satisfy this policy.

⁴ Government of Ontario (1995). “Projection Methodology Guideline: A Guide to Projecting Population, Housing Need, Employment and Related Land Requirements.” Toronto, Ontario: Queens Printer for Ontario, 25

In the same vein, the Province's previous *Projection Methodology Guideline* stated that maintaining a continuous supply of land for at least 10 years means a minimum supply for 15 years, assuming Official Plans are updated every 5 years.⁵

2.4 Assessing land needs by total units, not unit types

Many municipalities have commonly calculated years of supply for their land inventories only in terms of total units, not unit type. Even when they calculate housing requirements by type of unit, they often assess land supply adequacy only in terms of total units.

A demand/supply analysis for residential land conducted by York Region in 2015 illustrates the approach using total units rather than units by type. The analysis argues that unit types are not an essential part of assessing the adequacy of a municipality's land supply:

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 a 3-year supply, nor that any specific mix of units be available.⁶

Additionally, it should be observed that the York Region analysis disregarded the requirement of Policy 1.4.1 for maintaining at least a minimum 3- and 10-year land supply "at all times".

2.5 Lack of provincial monitoring of municipal land needs analyses

An in-depth study of the residential land inventory situation in the GTA by CUR in 2015 failed to find any documents by the Province indicating a regular monitoring of short-term residential land supply adequacy. The report concluded:

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 1.4.1.⁷

The study also observed that the Ministry, in a report containing a performance monitoring framework for the PPS released in 2014, failed to even acknowledge Policy 1.4.1.⁸

2.6 Failure to ensure that corrective actions are in place

Since the Ministry has failed to monitor municipal compliance with the policies which fall under Policy 4.1.1 of the PPS, it is fair to assume it has not been monitoring corrective actions, if any, that may have been taken by municipalities not in compliance with the policies.

⁵ Ibid., 43

⁶ York Region (2019). "Residential Unit Supply Inventory," adopted by Council, March 26, 2019, 6-7.

⁷ Clayton, Frank (2015). "Why There is a Shortage of New Ground-Related Housing in the GTA," [Online] Available: https://www.ryerson.ca/content/dam/cur/images/CUR_PC%234_Shortage_New_Ground-Related_Housing_June1%2C%202015.pdf, 9

⁸ Ibid.

3. COMMENTS ON THE PROPOSED CHANGES TO POLICY 1.4 OF THE PPS

In this section we provide our responses to the proposed changes to Policy 1.4. We use an unofficial comparison of the Province's proposed changes to the PPS with provisions of the 2014 PPS prepared by Davies Howe (found on the firm's website), as a framework for our comments. The existing policies and proposed changes are bolded and our italicized responses follow each policy we comment on.

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

We suggest that "housing options and densities" be replaced with "housing types, tenures, and densities" (Policy 1.4.1). The term "options" is not measurable whereas housing types, tenures and densities are measurable.

We also suggest it would be desirable to move the reference to "market-based needs" found under proposed Policy 1.4.3 here.

a] maintain at all times the ability to accommodate residential growth for a minimum of ~~10~~12 years through *residential intensification and redevelopment* and, if necessary, lands which are *designated and available* for residential development;

We agree with replacing 10 years with 12 years as a minimum (Policy 1.4.1a). This will mean that municipalities must maintain a 17-year supply of residential sites assuming Official Plans are updated every 5 years.

and

b] 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.

*This is one of the most important policies in the PPS since it oversees the short-term supply of ready-to-build land which, in turn, is the key determinant for the supply of new housing being provided to the marketplace. It should be made clear to municipalities that the land supply and its adequacy should be delineated by **unit type** (Policy 1.4.1). Also, municipalities must be informed in no uncertain terms that a 3 year supply is the **minimum**, that a supply of more than*

3 years is better, and that “maintaining at all times” means the minimum is more than 3 years (4 years with annual monitoring).

c. Upper-tier and single-tier municipalities may choose to maintain land with servicing capacity sufficient to provide at least a five-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.

We suggest that the minimum of a 5-year land supply be a requirement, not a choice, for upper-tier and single-tier municipalities (Policy 1.4.1b). An ample supply of ready-to-go sites is a prerequisite for increasing the elasticity of the supply response to strong and unexpected demand. It will also help maintain or improve housing affordability.

CUR research mentioned previously showed there has been a correlation between the short-term land supply in a municipality (in this case York Region) and the volume of housing starts (in this case ground-related).⁹ The requirement of a minimum 5-year land supply (6 years with annual monitoring) will help to mitigate price increases due to land supply induced housing shortages. Given there still can be timing issues with servicing for draft approved lands, a larger supply of short-term residential land is justified.

1.4.3 Planning authorities shall provide for an appropriate range and mix of housing ~~types~~options and densities to meet projected ~~requirements~~market-based needs of current and future residents of the regional market area by:

The reference to market-based need in Policy 1.4.3 should also be included in the beginning of Policy 1.4.1. The reference to “options” should be replaced with “types, tenures and densities” here to be consistent with our suggestion

a] establishing and implementing minimum targets for the provision of housing which is affordable to low and moderate income households and which aligns with applicable housing and homelessness plans. However, where planning is conducted by an upper-tier municipality, the upper-tier municipality in consultation with the lower-tier municipalities may identify a higher target(s) which shall represent the minimum target(s) for these lower-tier municipalities;

b] permitting and facilitating:

⁹Clayton, Frank and David Amborski (2015). “Countering Myths about Rising Ground-Related Housing Prices in the GTA: New Supply Really Matters,” [Online] Available: https://www.ryerson.ca/content/dam/cur/pdfs/policycommentaries/Countering%20Myths%20about%20Rising%20Ground-Related%20Housing%20Prices%20in%20the%20GTA%20-%20New%20Supply%20Really%20Matters_CUR%20Policy%20Report_2017.04.25.pdf

1. all ~~forms of housing~~ options required to meet the social, health-, economic and ~~wellbeing-well-being~~ requirements of current and future residents, including *special needs* requirements and needs arising from demographic changes and employment opportunities; and
2. all ~~forms~~ types of residential intensification, including ~~second~~ additional residential units, and *redevelopment in* accordance with policy 1.1.3.3;

It is suggested that more emphasis be placed on the creation of secondary suites as a source of affordable housing (Policy 1.4.3).

c] directing the development of new housing towards locations where appropriate levels of *infrastructure* and *public service facilities* are or will be available to support current and projected needs;

d] promoting densities for new housing which efficiently use land, resources, *infrastructure* and *public service facilities*, and support the use of *active transportation* and transit in areas where it exists or is to be developed;~~and~~

e] requiring transit-supportive development and prioritizing intensification, including potential air rights development, in proximity to transit, including corridors and stations; and

f] ~~e)~~ establishing development standards for *residential intensification, redevelopment and new residential development* which minimize the cost of housing and facilitate compact form, while maintaining appropriate levels of public health and safety.

We agree with the change in e).

Definition

Housing options: means a range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi- residential buildings and uses such as, but not limited to life lease housing, co- ownership housing, co-operative housing, community land trusts, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

It is our suggestion that this new definition be deleted and replaced with a more quantitative definition, one more tied to housing types and tenures. As noted above, the term “options” is not readily measured statistically.

4. RECOMMENDATIONS FOR REVISIONS TO PROPOSED POLICY

1.4.1 AND DEFINITIONS

In this section we provide our recommended revised text for Policy 1.4.1, as well as proposed new definitions for the PPS.

1.4.1 To provide for an appropriate range and mix of housing types, tenures and densities required to meet projected market-based (alternatively, demographically-based) requirements of current and future residents of the regional market area, planning authorities shall:

- C. maintain at all times the ability to accommodate residential growth for a minimum of 12 years through residential intensification and redevelopment and, if necessary, lands which are designated and available for residential development; and
- D. maintain at all times where new development is to occur, land with servicing capacity sufficient to provide at least a five-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.

Recommended New Definitions

We also propose that three new definitions be added to the PPS:

- **Housing Types and Tenure**
Housing types and tenures must be consistent with definitions used by the Census of Canada (2016 Census of Population Dictionary) for private dwelling units and collective dwellings.
- **Short-Term Land Supply**
Lands suitably zoned to facilitate intensification and redevelopment with servicing capacity: Lands with the zoning and servicing in place consistent with the provision of housing based on demographically-based requirements.
Lands in draft approved and registered plans with servicing capacity: Lands must be fully registered or draft approved. Lands with draft plans pending are not part of this supply.
- **Market-based (alternatively, demographically-based) Housing Requirements**
Refers to household projections by type of unit based on projections of households by age cohort and housing preferences. Housing preferences will be derived from historical housing choices, more recent choices, and policy considerations. The projections can also include household types and tenures. See CMHC's *Long-term Household Growth Projections 2015 Update*.¹⁰

¹⁰ Canadian Mortgage and Housing Corporation (2016). "Long-term Household Growth Projections 2015 Update." [Online] Available: <https://assets.cmhc-schl.gc.ca/sf/project/cmhc/pubsandreports/pdf/68532.pdf?rev=4dada651-0005-4c4e-ac1d-9fd1c039273d>

5. SUGGESTIONS FOR A FORMAT FOR MONITORING SHORT-TERM LAND SUPPLY ADEQUACY

In 2017 CUR launched a new research program aimed at documenting the adequacy of the short-term residential land supply in the Greater Golden Horseshoe (GGH). Regrettably, the research was hampered by a dearth of data on short-term land inventory by type of housing unit. We did manage to create an Overview document which provided the framework for the municipal analysis as well as reports on three municipalities: Hamilton, Oshawa, and Whitby. The Overview and the City of Oshawa adequacy analysis are attached to this submission.

The summary format for the land adequacy analysis by unit type for the City of Oshawa for the most recent short-term land inventory (December 31, 2016) is shown below.¹¹

Excerpts from City of Oshawa Analysis

The summary below shows the land supply adequacy by housing type for the City of Oshawa as of December 31st, 2016.

Figure 1: Adequacy of Short-Term Residential Land Supply, City of Oshawa, as of December 31, 2016

Type of Unit	Rating of Adequacy	Years' Supply
Singles/Semis	Poor	2.4 years
Townhouses	Ample	15.0 years
All Ground-Related	Adequate	4.7 years
Apartment	Ample	11.6 years

Source: Clayton, Frank (2017). "Greater Golden Horseshoe (GGH) Residential Land Adequacy Report Series: City of Oshawa, 2006-2016" Centre for Urban Research and Land Development. [Online] Available: https://www.ryerson.ca/content/dam/cur/pdfs/GGHLandAdequacy/City%20of%20Oshawa_CUR%20GGH%20Residential%20Land%20Adequacy%20Series.pdf

Townhouses, followed by apartment units, had the greatest land supply (15.0 and 11.6 years, respectively). The supply of ground-related housing (singles/semis and townhouses) was "adequate" because of the high supply of townhouses (4.7 years). The singles/semis land supply was much lower, sitting below the minimum annual requirement (2.4 years).

¹¹Clayton, Frank (2017). "Greater Golden Horseshoe (GGH) Residential Land Adequacy Report Series: City of Oshawa, 2006-2016" Centre for Urban Research and Land Development. [Online] Available: https://www.ryerson.ca/content/dam/cur/pdfs/GGHLandAdequacy/City%20of%20Oshawa_CUR%20GGH%20Residential%20Land%20Adequacy%20Series.pdf