

# INCREASING HOUSING SUPPLY



## THE PROBLEM

TREB, and many leading housing experts, believe that a key issue facing the Toronto and Greater Toronto Area (GTA) housing markets is an imbalance between housing demand and available housing supply and choice.

## THE REASON

Issues affecting housing supply and demand are complex. One of the key influences is municipal policies that have the unintended impact of artificially “locking up” housing supply, despite demand.

## THE SOLUTIONS

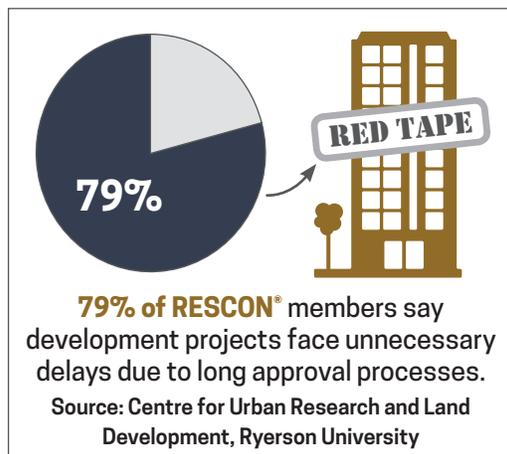
TREB believes that four key issues need to be addressed to allow for balance between housing supply and demand:

1. Land Transfer Taxes, which reduce mobility and discourage right-sizing, thereby reducing the number of homes for sale.
2. Regulatory obstacles that limit the creation of new housing supply and variety.
3. Red tape and delays in building and planning approvals.
4. Inadequate infrastructure.

## MUNICIPAL RED TAPE

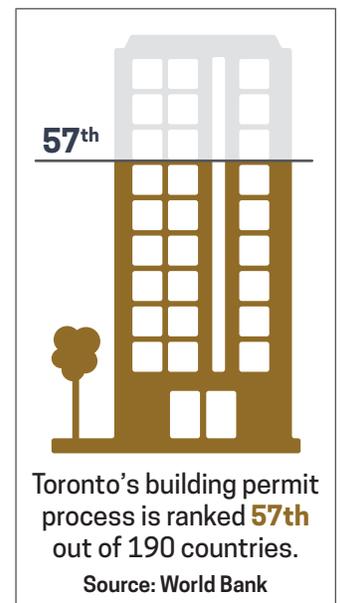
### *The Current Situation*

The construction of new housing is a highly regulated process, which requires numerous municipal government approvals before it becomes a reality. Unfortunately, many home builders operating in Toronto and the GTA express concerns over the length of time these approvals can take and the amount of red tape imposed on them. Their concerns have been validated by the World Bank, which recently ranked Toronto’s building permit process at 57th out of 190 countries.



A 2017 survey of members of the Residential Construction Council of Ontario (RESCON<sup>®</sup>), conducted by Ryerson University’s Centre for Urban Research and Land Development, found 79% of respondents felt their development projects were unnecessarily delayed due to the length of required approval processes.

According to the Building Industry and Land Development Association (BILD), a typical new low-rise development can take a decade or more for approvals and high-rise projects can take up to seven years.



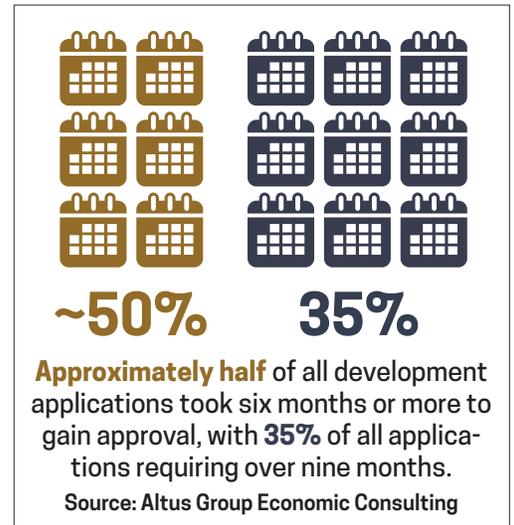
# MUNICIPAL ELECTION HOUSING ISSUES



## MUNICIPAL RED TAPE (CONT'D) The Current Situation (Cont'd)

The time frame for approvals becomes obvious when considering the various aspects of the process. For example, according to a July 2018 study of *only the site plan approval process* in Ontario, conducted by Altus Group Economic Consulting for the Ontario Association of Architects:

- Approximately half of all development applications took six months or more to gain approval, with 35% of all applications requiring over nine months.
- Larger development applications require longer processing times – over 40% of apartment buildings and large institutional applications required longer than nine months.



### Concerns

#### Reduced Housing Supply

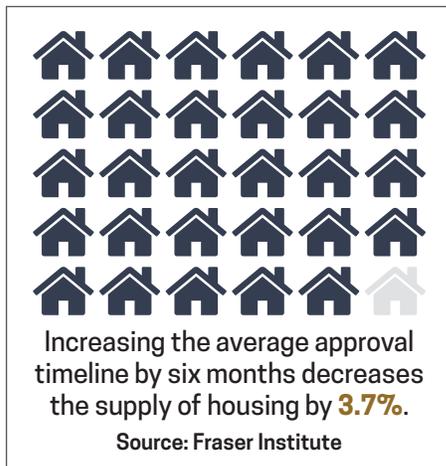
Red tape delays in the approval of new housing have a direct impact on the supply of housing available to home buyers and renters. In fact, a 2016 Fraser Institute study, examining Canadian municipal land use regulation, found that increasing the average approval timeline by six months decreases the supply of housing by 3.7%.

#### Increased Costs

The aforementioned Altus Group study conducted for the Ontario Association of Architects determined a

number of direct and indirect costs, solely from the site plan approval process, on home buyers and renters (these costs would likely be higher if all aspects of the approval process were included). For a 100-unit apartment building, the fees for site plan review range from \$1,500 in the City of Thunder Bay to \$90,900 in the City of Markham.

These fees, although levied on the developers and/or builders, are likely to be passed on to home buyers and renters through higher sales prices or rents.





## TREB RECOMMENDATIONS

### Recommendation #1:

There is a need to conduct reviews of municipal planning approval processes for new housing applications. The goal of these reviews should be to streamline and shorten the process.

### Recommendation #2:

There are numerous actions that municipalities can take immediately to reduce red tape and improve the efficiency of the planning approval process. For example, some actions that can be considered are:

- Pre-designating and pre-zoning land for development
- Ensuring that local Official Plans are updated
- Updating zoning by-laws
- Working with the provincial government to expedite environmental assessments for critical infrastructure
- Streamlining the list of conditions for municipal approvals
- Working with the provincial government to implement best practices from other jurisdictions that may not currently be allowed in Ontario
- Optimizing the use of technology throughout the approval process

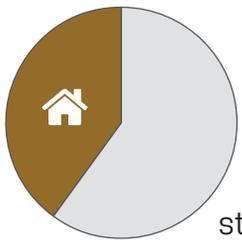
# INCREASING HOUSING SUPPLY



This is the third in a series of policy briefs by the Toronto Real Estate Board, focused on issues that contribute to limiting the supply and variety of homes available to purchase or rent in Toronto and the Greater Toronto Area.

## UNLOCKING HOUSING OPTIONS

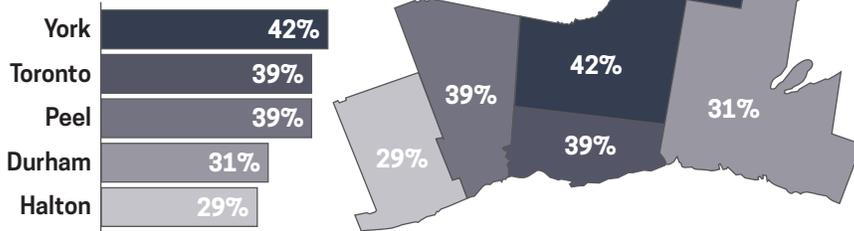
Housing issues are top of mind for Toronto and GTA municipal voters, according to a recent poll conducted by Ipsos Public Affairs.



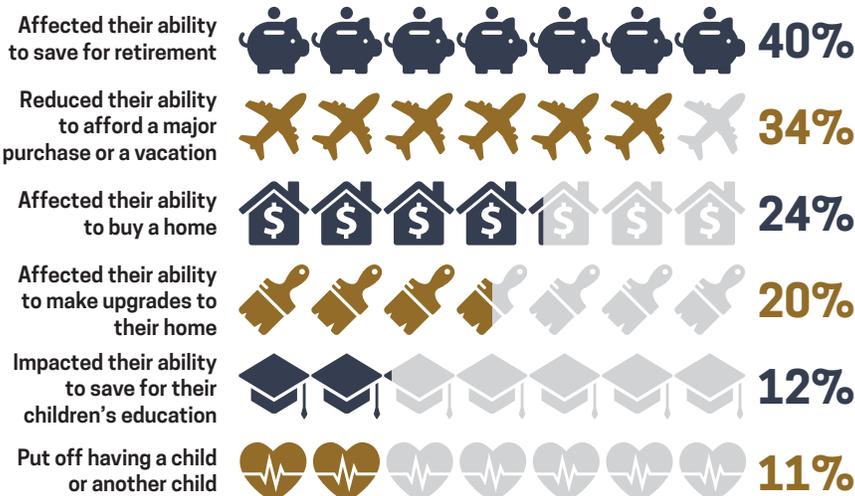
**~40%**

Almost 40 per cent say the **cost of housing** is among their top three election issues, statistically tied with **crime** and **infrastructure**.

Greater Toronto Area residents **across all areas** express that the **cost of housing** is a priority to them.



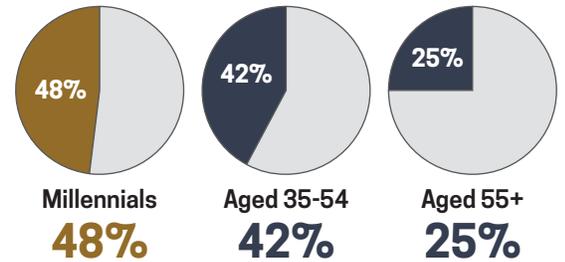
**68%** of GTA voters say the cost of housing has **impacted them directly** in some way.



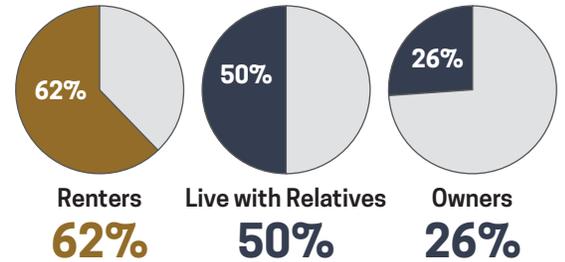
The cost of housing is an **especially important issue among certain groups** of GTA residents, including **millennials**, **renters**, and **women**.



### Millennials



### Renters



### Women

