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GROUND-RELATED HOUSING DEMAND/SUPPLY ANALYSIS

(Regional Councillor Di Biase declared an interest in this report as his children own land in the area covered by ROPA 2, City of Vaughan, given to them by their maternal grandfather and did not participate in the consideration, discussion or vote for this item. Mayor Hackson assumed the position of Acting Chair and presided over consideration and voting on this item.)

The Planning and Economic Development Committee recommends:

- 1. Receipt of the presentation by Paul Bottomley, Manager, Growth Management; and**
- 2. Adoption of the recommendations contained in the following report dated March 21, 2012, from the Executive Director, Corporate and Strategic Planning with the addition of the following two recommendations:**
 - 4. Staff make a presentation to Markham, Vaughan and Richmond Hill Councils; and**
 - 5. The Towns of Markham, Richmond Hill and the City of Vaughan be requested to provide updates with respect to progress on planning for new community areas within their municipalities by September 2012.**

1. RECOMMENDATIONS

It is recommended that:

- 1. The Regional Clerk forward this report to the councils and staff of the local municipalities.**
- 2. Staff be directed to continue to inform local municipal staff of the ground-related residential supply and work with local municipal staff to carefully monitor the Region's vacant ground-related residential land supply.**
- 3. Staff be directed to report in Q3 2012 on the progress of local municipal planning for new community areas.**

2. PURPOSE

The purpose of this report is to provide an assessment of the Region's current designated residential land supply to accommodate growth in ground-related housing, taking into account recent levels of housing demand by type and forecasted housing growth. The future residential land supply in Regional Official Plan Amendments (ROPA) 1, 2 and 3 in East Gwillimbury, Vaughan and Markham are not included in the analysis. The issue of the remaining land supply for ground-related housing was raised at a recent Planning and Economic Development Committee Meeting.

3. BACKGROUND

Analysis is part of ongoing monitoring of the Region's residential land supply

Ongoing assessment of the Region's residential land supply is undertaken to assist in monitoring Regional Official Plan and Provincial policy targets; in particular, those related to the provision of a Region-wide minimum 10 year supply of land for housing as well as other Regional and Provincial policy targets dealing with intensification and density requirements. Prior to this report, the most recent residential supply analysis was prepared as part of the Region's land budget work in 2009 and 2010 which was used in the Growth Plan conformity exercise. The Regional land budget was received by Regional Council in March 2010.

This report provides an update of the Region's designated residential land supply analysis for ground-related units (single, semi-detached and row units), excluding the future residential areas in ROPA's 1, 2 and 3 in East Gwillimbury, Vaughan and Markham. ROPA's 1, 2 and 3 have been approved but are under appeal and as such, are not included in the ground-related supply analysis in this report. These areas are, however, needed to accommodate residential growth in the Region to 2031. In addition, intensification will play an increasingly important key role in accommodating residential growth in the Region.

Ground-related housing = single detached + semi-detached + greenfield row units

The analysis presented in this report does not constitute an update of the Region's land budget work; rather, it is a snapshot of the current remaining ground-related residential land supply in the Region. Ongoing consultation with local municipal staff as well as shifts in planned secondary plan build-outs may result in minor adjustments to this residential land supply update.

10 Year supply of housing across the Region is required by the Regional Official Plan and the Provincial Policy Statement, 2005

The analysis in this report provides a partial basis for assessing the achievement of Regional Official Plan policies 3.5.3.a and 3.5.3.b which state that it is the policy of Council to ensure an adequate region-wide supply of housing by:

Maintaining a minimum 10-year supply of land designated for housing through intensification and redevelopment and in designated greenfield areas; and,

Maintaining a 3 to 7 year supply of registered and draft approved plans of subdivision, condominium plans and/or site plans.

In addition, Policy 5.1.3 states that it is the policy of Council:

That a minimum Region-wide 10-year supply of lands for housing be designated in this Plan and that the York Region 10-Year Capital Plan ensures timely servicing.

A similar policy requirement is contained in Policy 1.4.1a) and b) of the Provincial Policy Statement, 2005 which requires planning authorities, for the regional market area, to:

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

maintain at all times where new development is to occur, land with servicing capacity sufficient to provide at least a 3 year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment and land in draft approved and registered plans.

The analysis in this report focuses on the designated ground-related housing supply in the Region. Additional residential growth will be accommodated through intensification, primarily in the form of row and apartment units. An assessment of the supply of land for apartment units is not included in the analysis since the supply of apartment sites in the Regional Centres and Corridors, Key Development Areas, local corridors and other intensification areas in the Region far exceeds the potential demand for apartments for the current planning period. Similarly, the report only addresses potential greenfield supply for row house units, it does not assess potential infill intensification opportunities for row units across the Region.

While this report addresses the supply of ground-related housing in the context of the 10-year housing supply policies, it should not be interpreted that the policies require a 10-year supply of each type of housing; the 10-year supply requirement is applicable to all housing types collectively.

4. ANALYSIS AND OPTIONS

There is an approximate Region-wide 10 to 12 year supply of designated land for ground-related housing

This section outlines the method for estimating the number of years of remaining supply of designated land for ground-related housing in the Region and includes 3 tables. *Table 1* summarizes the estimated remaining ground-related housing supply. *Table 2* provides estimates of projected annual housing demand based on historical trends and the ROP forecast. *Table 3* estimates the years of remaining ground-related housing supply.

The March 2010 York Region land budget provided an estimate of the designated residential land supply in the Region as of mid-2006. Updates were incorporated based on recent information on secondary plan build-outs. This supply estimate was updated to mid-2011 by subtracting residential building permits issued over the last five years. *Table 1* summarizes the estimated remaining ground-related supply by local municipality.

TABLE 1
Estimated Remaining Designated Ground-Related Housing Supply – Mid-Year 2011

Municipality	Units	Share
Aurora	3,500	4%
East Gwillimbury	14,700	18%
Georgina	7,800	10%
King	4,100	5%
Markham	11,300	14%
Newmarket	3,000	4%
Richmond Hill	15,100	19%
Vaughan	14,000	17%
Whitchurch-Stouffville	6,800	9%
Total – York Region	80,300	100%

Source: York Region

Two methods were used to estimate the rate of absorption of the remaining ground-related housing supply (see *Table 2*):

- Housing completions – based on average annual ground-related housing unit completions from 2002 to 2011 (based on CMHC housing completion data).

- Forecast units – based on the York Region Official Plan forecast for average annual ground-related housing units for the period 2011-2016.

TABLE 2
Projected Annual Absorption for Ground-Related Units

Municipality	2002-2011 Average Annual Ground-Related Completions ¹	2011-2016 Average Annual Forecast for Ground-Related Units ²
Aurora	400	394
East Gwillimbury	117	558
Georgina	218	275
King	83	242
Markham	2,361	1,569
Newmarket	500	311
Richmond Hill	1,388	1,027
Vaughan	2,545	1,652
Whitchurch-Stouffville	607	737
Total – York Region	8,219	6,765

Notes:

1. Average completions method is based on average annual ground-related housing completions from 2002 to 2011 (CMHC data).
2. 2011-2016 forecast method is based on the average annual ground-related housing units forecast in the ROP. In this estimate, duplex units are treated as half single detached units. Forecast apartment growth comprises an approximate additional 3,000 units. Taken together, total unit growth for all housing types from 2011 to 2016 is projected to average about 10,000 units per year.

An estimate of the number years of remaining ground-related housing supply was generated by dividing the remaining residential supply in *Table 1* by the projected annual absorption in *Table 2*. Based on the above assumptions, the analysis indicates that there is about a 10 to 12 year supply of ground-related residential supply in the Region as a whole (see *Table 3*). Within the Region, Markham and Vaughan have the lowest number of years of remaining supply.

TABLE 3
Years of Remaining Ground-Related Housing Supply

Municipality	Historical Demand¹	Forecast Demand²
Aurora	8.8	8.9
East Gwillimbury	25+	25+
Georgina	25+	25+
King	25+	16.9
Markham	4.8	7.2
Newmarket	6.0	9.7
Richmond Hill	10.9	14.7
Vaughan	5.5	8.5
Whitchurch-Stouffville	11.2	9.2
Total – York Region	9.8	11.9

Notes:

1. Historical Demand is based on average annual ground-related housing completions from 2002 to 2011 (CMHC data).
2. Forecast Demand is based on 2011-2016 average annual forecast for ground-related housing units from the ROP forecast.

Supply is more limited in the Region's southern municipalities

There is significant variation in residential supply at the local municipal level. In the southern three municipalities of Markham, Richmond Hill and Vaughan, using a 10-year average historic housing completion rate results in approximately 6 years of ground-related supply (see *Table 4*). In contrast, the residential supply in the northern municipalities in the Region is approximately 21 years based on historic levels of demand. Using the forecast demand, the supply is about 10 years in the southern municipalities and 16 years in the northern part of the Region.

TABLE 4
Years of Remaining Ground-Related Housing Supply in Northern and Southern York Region

Area	Units	Years of Remaining Supply	
		Historical Demand¹	Forecast Demand²
Total Ground-Related Supply	80,300	9.8	11.9
Southern York Region	40,400	6.4	9.5
Northern York Region	39,900	20.7	15.9

Notes:

1. Historical Demand is based on average annual ground-related housing completions from 2002 to 2011 (CMHC data).
2. Forecast Demand is based on 2011-2016 average annual forecast for ground-related housing units from the ROP forecast.

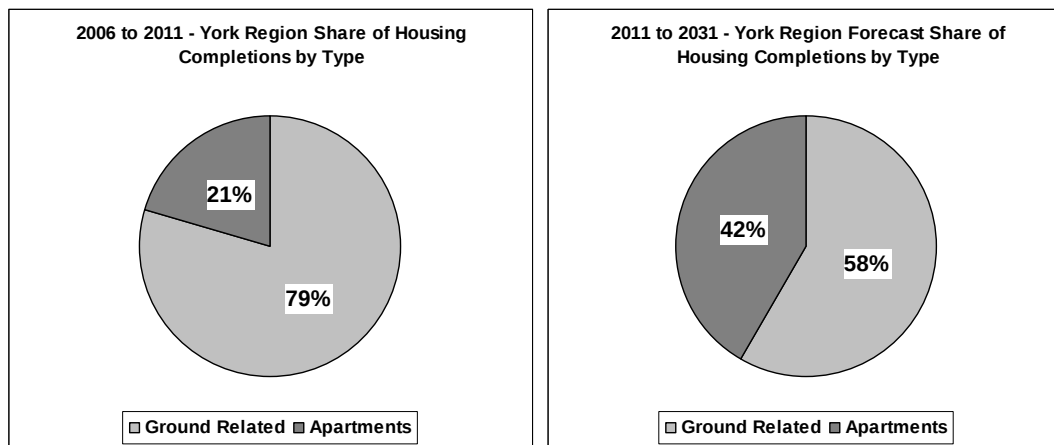
Supply of draft approved and registered units in the Region is at a fifteen year low

Based on data from the Region's development tracking database and reported in the Region's annual Economic & Development Review publication, there was a 2011 year-end supply of approximately 37,000 draft approved units and units awaiting registration for all housing types in the Region (including both ground-related and high density housing). Based on the Regional forecast annual growth of 10,000 units per year, this represents an approximate 3.7 year supply of draft approved units and registered unbuilt units and is the lowest level of supply over the last fifteen years in the Region.

Significant shift in housing market is required to meet 2031 forecast

The above analysis provides an estimate of the number of years of designated ground-related housing supply currently remaining in the Region. In order to meet the Region's 2031 population forecast and the intensification and density requirements in the Provincial Growth Plan, a significant shift in the housing market from ground-related units to apartment units will be required. This is illustrated in *Figure 1*. Without this shift in the market, the ground-related supply could be taken up more quickly than indicated in the forecast. The Region, along with the local municipalities, have put in place the policy framework and infrastructure investment to facilitate intensification in the Regional Centres, Corridors and Key Development Areas across the Region.

Figure 1: Comparison of York Region Housing Mix



Source: CMHC Housing Completions and York Region Forecast

New community areas will provide additional ground-related land supply

Additional ground-related supply amounting to approximately 24,500 units will be added to the Region's supply through the future residential areas in ROPA 1, 2 and 3. Taking this additional supply into consideration would extend the ground-related residential

supply in the Region to about 13 to 15 years (based on the two rates of annual absorption shown in *Table 2*).

Detailed planning for new community areas needs to continue

Although the Region's current residential ground-related supply is adequate, it will be necessary to bring the Region's new community areas in the ROPA 1, 2 and 3 areas on stream in the near future. Preparations for undertaking the required background studies should be underway now to ensure development in these areas can proceed in a timely manner. The need for undertaking this work soon is outlined below.

Portion of the Region's designated residential land supply is encumbered

The above analysis indicates that the Region has an approximate 10 to 12 year residential supply for ground-related units. However, a portion of this supply is encumbered, at least in the short term. In East Gwillimbury, the community of Queensville is anticipated to accommodate about 8,500 ground-related units by 2031. This future supply cannot be realized without the extension of required water and wastewater infrastructure. Sewer capacity improvements which will result in additional potential servicing capacity for 5,500 residential units in East Gwillimbury are anticipated to be completed in 2015. A full servicing solution is expected to be operational by late 2018.

In Richmond Hill, the North Leslie area is the Town's largest future residential greenfield area. To date, development of North Leslie has been delayed due to Ontario Municipal Board hearings. Although the secondary plan was finally approved by the OMB in 2010, there remain a number of outstanding issues including a proposal to convert lands from employment to residential and decisions regarding a road flyover of Highway 404. It is anticipated that several outstanding issues will be addressed through negotiations associated with the appeal of the Regional Official Plan.

Ground-related housing supply in southern York Region is the lowest in the Region

Although the Region as a whole has an approximate 10 to 12 year supply of ground-related housing, there are differences in the number of years of remaining supply among the local municipalities as shown earlier in *Tables 3 and 4*. More specifically, the existing designated ground-related housing supplies in Vaughan and Markham have the lowest number of years of remaining supply. The southern three municipalities have accounted for nearly three quarters of the ground-related residential building permits issued over the last five years. As it is likely that these municipalities will continue to experience high levels of demand for ground-related housing over the coming years, the supply will become increasingly constrained.

Planning process for new community areas has typically required at least 5 to 8 years

While the Region's new community areas will provide additional ground-related supply, this supply will not become available until the required local municipal planning work and approvals are in place. The time associated with secondary planning including undertaking background studies, preparation and approval of plans of subdivision, and registration including the provision of servicing has typically required 5 to 8 years. New community areas, while planned for in the new Regional Official Plan, have been appealed to the OMB, and are not yet approved. The time to complete the OMB process for the ROP and any potential specific appeals also needs to be factored into the timeframe adding approximately another 2 years. On this basis, the time before residential development can commence in the Region's new community areas would be even longer.

Coordination of service delivery and land use planning approvals is required

Careful monitoring of anticipated growth is required in order to ensure that the funding and provision of servicing infrastructure for capacity assignment and allocation is matched as closely as possible to the available approved land supply in the Region. The analysis in this report along with other growth monitoring being undertaken by the Region will be taken into consideration in the next update of the Region's infrastructure master plans as well as the annual update of the 10-year capital plan. This will ensure that available infrastructure funding is focused on servicing approved development areas where development charge revenues will be realized most readily.

Link to key Council-approved Plans

The Regional Official Plan requires that a minimum Region-wide 10-year supply of lands for housing be designated in the Plan. The analysis in this report which focuses on ground-related housing, provides a partial basis for assessing the whether this policy is being met. There are also ROP policies requiring the development of measuring and reporting tools to monitor progress regarding intensification and density targets.

5. FINANCIAL IMPLICATIONS

Monitoring the pace of development of the Region's designated residential land supply is important for both financial and infrastructure planning purposes. Both the pace and type of residential development will have direct impacts on annual development charge revenue as well as the timing of delivery of regional infrastructure and services. Residential development charges typically account for the majority of total annual development charge revenue collected by the Region. Any significant delays in the planning for the Region's new community areas could have detrimental impacts on

planned projected development charge revenue and more generally, could have impacts on the Region's financial position.

6. LOCAL MUNICIPAL IMPACT

The Ground-Related Housing Demand/Supply Analysis can be used by local municipalities in their growth management, fiscal and service delivery planning. It can also be used in the decision-making process on the timing of commencing secondary plan work for new community areas.

Local municipalities were consulted on the update of the residential land supply. Regional staff will continue to work with staff from the local municipalities on an ongoing basis to in order to carefully monitor the supply of lands for residential development. Regional staff will meet with the local municipal staff in East Gwillimbury, Markham and Vaughan for an update on progress towards commencing detailed planning for the new community areas and report back to Committee in Q3 2012.

7. CONCLUSION

The Region has an approximate 10 to 12 year supply of designated land for ground-related housing (single-detached, semi-detached and row housing). This estimate is based on an analysis of the Region's current designated land supply for ground-related housing and an estimate of the annual average absorption for ground-related units based on recent development activity and the Region's growth forecast. Future ground-related residential supply from ROPA's 1, 2 and 3 are not included in the estimate.

Although the current supply is adequate, it will be necessary for local municipal planning for the Region's new community areas to commence in the near future. This is due to the time required for the planning process for new communities, the encumbered nature of part of the Region's residential land supply and rate of absorption of the existing land supply.

For more information on this report, please contact Paul Bottomley, Manager, Growth Management at (905) 830-4444 Ext. 1530.

The Senior Management Group has reviewed this report.

Ground Related Housing Demand/Supply Analysis

**Presentation to Planning and
Economic Development
Committee**

**Paul Bottomley
April 4, 2012**

Overview

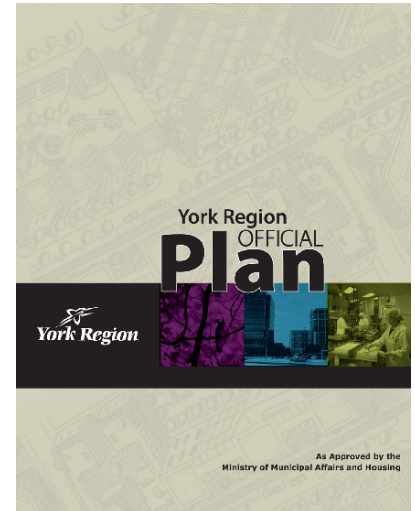
- ❑ Staff undertook an updated residential demand/supply analysis for ground-related units in the Region (singles, semis, rows)
- ❑ Analysis concludes that there is an approximate 10 to 12 year remaining supply of ground-related units (not including ROPA's 1, 2 and 3)
- ❑ Supply is as little as 5 - 6 years in Southern York
- ❑ Risk of shortage of ground-related units in as little as 5 years time
- ❑ Prompt detailed planning for New Community Areas (ROPA's 1,2, and 3) is needed

Residential Land Supply

- ❑ Key part of planning
- ❑ Used to determine years of supply available and ROP Urban Area Expansion Requirements
- ❑ Required an adequate supply to accommodate and manage growth
- ❑ Input to servicing decisions and development charges revenue stream
- ❑ Careful monitoring required of Building Permits and approvals

Policy Target

- ❑ ROP and Provincial Policy Statement requirements
 - ❑ 10 year supply of Residential OP designations
 - ❑ 3-7 year supply of Residential Subdivision/Condominium approvals



Two Markets

- ❑ Two Housing Type Markets in York Region
 - ❑ Ground-related Units (Singles, Semis, Rows)
 - ❑ Apartment Units
 - ❑ Also different demand/supply characteristics between the Southern and Northern Areas of York Region



Residential Land Supply

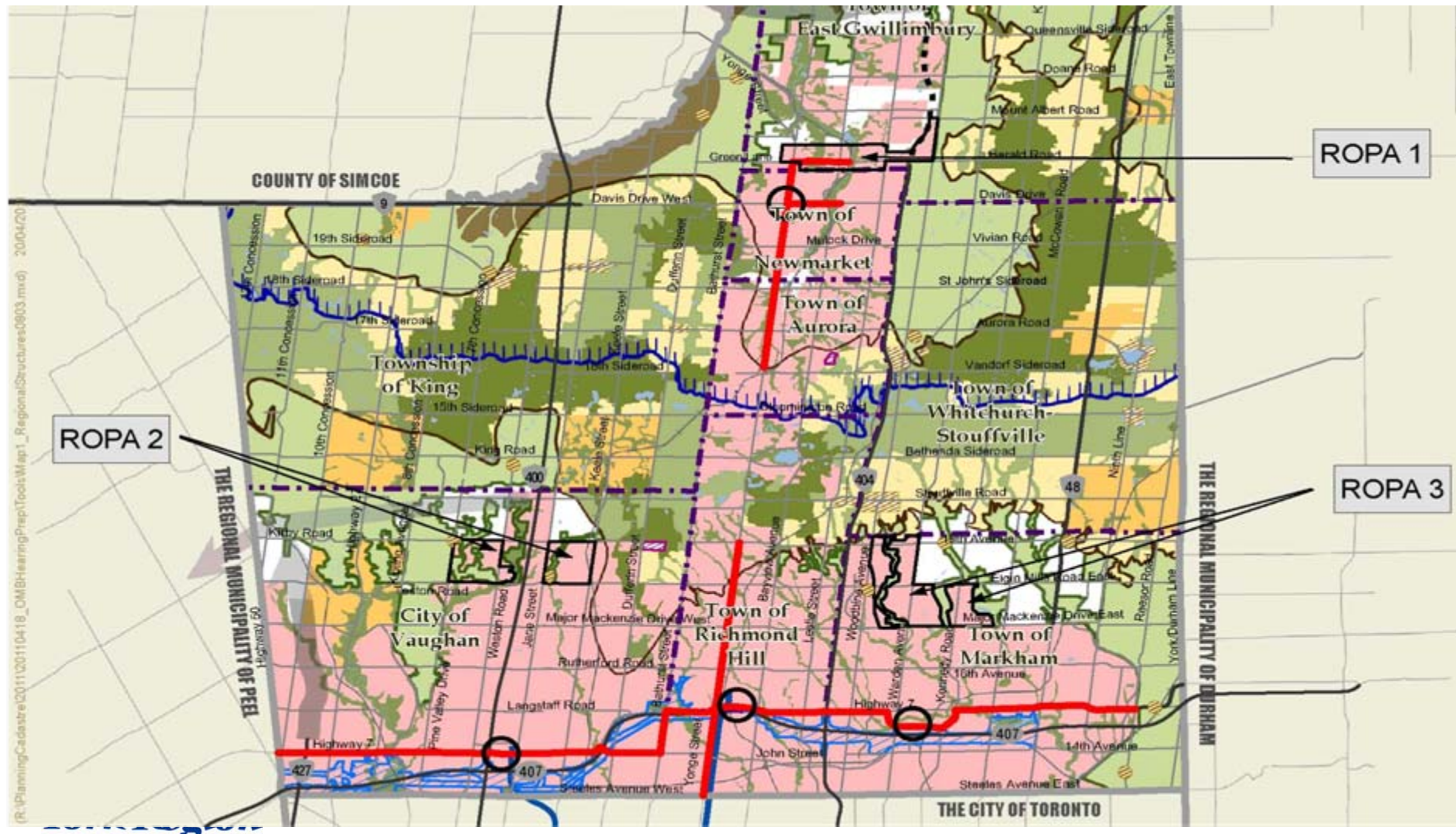
- ❑ Includes Ground-related units within:
 - ❑ Regional and local Official Plan amendments
 - ❑ Subdivision, condominium and site plans

- ❑ Does not include:
 - ❑ ROPA's 1, 2 and 3
 - ❑ Apartment units - more than adequate supply in intensification areas

Residential Demand

- ❑ Demand can be calculated based on:
 - ❑ Recent housing completion data
 - ❑ Forecast housing unit demand

New Community Areas



Estimated Remaining Designated Ground-Related Housing Supply – Mid Year 2011

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Total - York Region	80,300	100%

Projected Annual Absorption for Ground-Related Units

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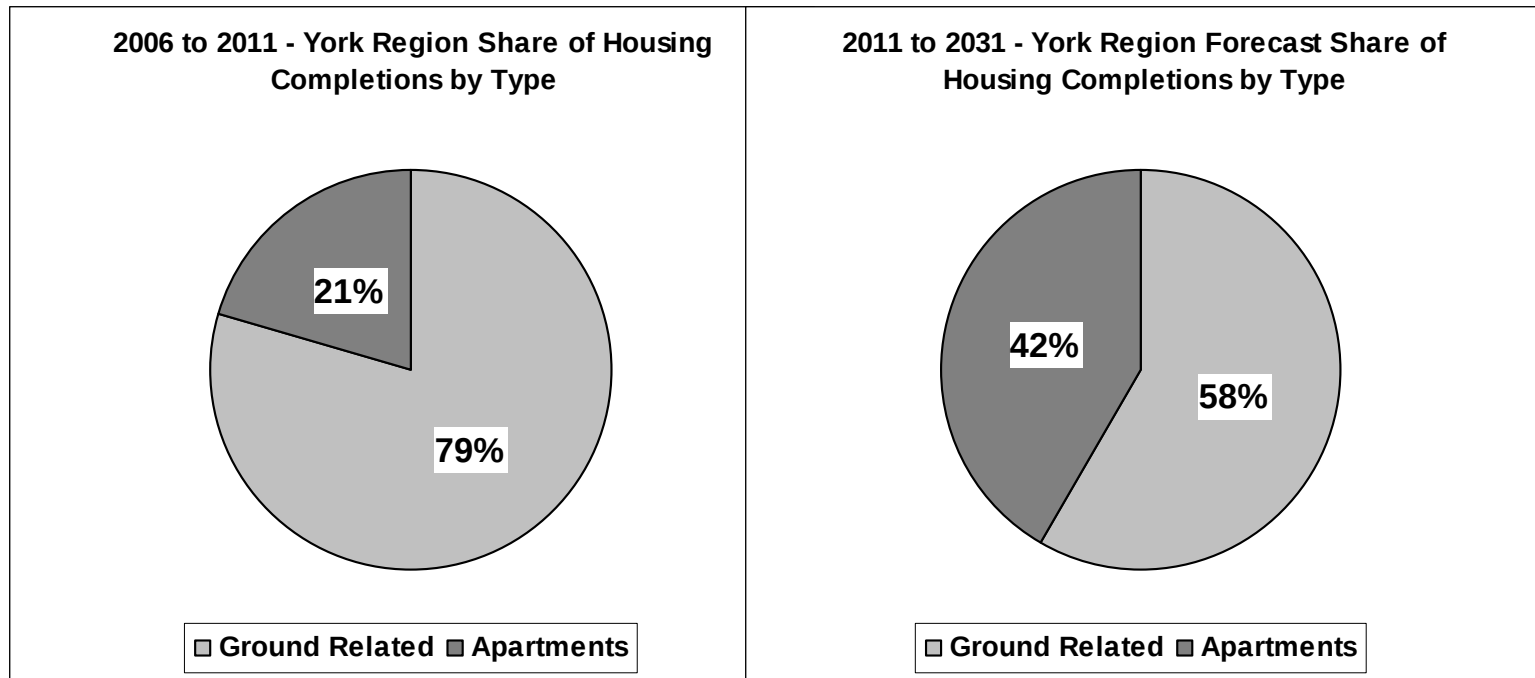
Notes:

1. Historic Housing Completions method based on average annual ground-related housing completions from 2002 to 2011.
2. Forecast Demand method based on average annual ground-related units forecast used as the basis for the York Region Official Plan forecast.

Years of Remaining Ground-Related Housing Supply

Municipality	Historic Housing Completions Average Annual 2002-2011	Forecast Demand 2011-2016 Average Annual Units
Aurora	8.8	8.9
East Gwillimbury	25+	25+
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Markham	4.8	7.2
Newmarket	6.0	9.7
Richmond Hill	10.9	14.7
Vaughan	5.5	8.5
Whitchurch-Stouffville	11.2	9.2
Total	9.8	11.9

Comparison of York Region Housing Mix



Source: CMHC Housing Completions and York Region Forecast

North South Supply

- ❑ There are significant differences in demand and supply of ground related units in the South and the North of the Region

Area	Units	Years of Remaining Supply	
		Historical Demand	Forecast Demand
Total Ground-Related Supply	80,300	9.8	11.9
Southern York Region	40,400	6.4	9.5
Northern York Region	39,900	20.7	15.9

- ❑ Southern York Region (Markham, Richmond Hill and Vaughan)
- ❑ Northern York Region (Aurora, Newmarket, East Gwillimbury, Georgina, King and Whitchurch-Stouffville)

Planning Process for New Lands

- ❑ ROPA's 1, 2 & 3 have not been included in Supply (2,500 Ha)
- ❑ These lands are required to accommodate growth to 2031
- ❑ Completion of all approvals for these lands can take 5-8 years

Conclusions

- ❑ 10-12 year supply across the Region
 - ❑ Only 6-10 year supply in Southern York Region
 - ❑ Potential risk of shortage of land for ground-related housing
- ❑ Need to continue local planning for secondary plans
 - ❑ Planning for new communities can take 5 to 8 years
- ❑ Need to carefully monitor supply and demand fluctuations by local municipality
- ❑ Residential supply can have DC revenue implications

Recommendations

- ❑ Forward the report to the councils and staff of the local municipalities.
- ❑ Regional staff be directed to continue to work with local municipal staff and carefully monitor the vacant residential land supply.
- ❑ Report back in Q3 2012 on progress of local municipal planning for new community areas.