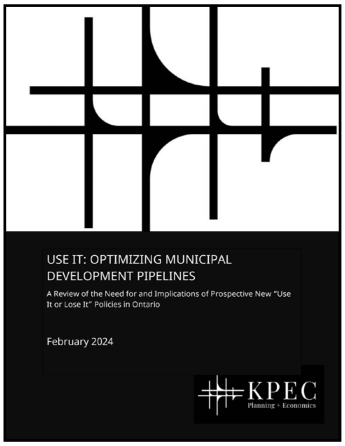
Summary of BILD Research and Key Findings

2018-2024

Since 2018, BILD has commissioned and published 20 third party studies that examine the factors and underlying conditions impacting housing affordability and supply in the Greater Toronto Area and Ontario.

All BILD research studies, including our most recent reports, are freely available to the public on BILD's website at: Industry Reports | BILD (bildgta.ca).

A summary of our 2018-2024 research and key findings are as follows:



Use It: Optimizing Municipal Development Pipelines - A Review of the Need for and Implications of Prospective New "Use It or Lose It" Policies in Ontario

Keleher Planning & Economic Consulting Inc.

2024 - https://www.bildgta.ca/wp-content/uploads/2024/02/FINAL-Use-It-Optimizing-Municipal-Development-Pipelines-February-2024.pdf

Key Findings:

- Ontario municipal estimates and estimates by the Regional Planning Commissioners of Ontario (RPCO) overstate the supply of shovel ready approved lots/housing units in the province. While the RPCO found that there were 1.25 million lots/unit approved and in the development pipeline, the majority of these lots/units will not be approved for years and likely not available to support the provincial objective of building 1.5 million homes by 2031.
- There are only 331,600 units of actual "shovel ready" lots/units in the province. The balance of 1.25 million are not approved, do not have building permits or servicing allocation. In many cases these units had been previously refused by municipal councils, or appealed to the Ontario Land Tribunal.
- A number of municipalities in Ontario, including several in the GTA, already have "Use it or Lose it"' (UIOLI) policies and that Ontario's Planning Act already provides municipalities with several UIOLI powers for development and new housing. Considering new UIOLI powers or policies should be informed by facts on the ground and with extreme care to avoid unintended consequence that could impact future supply.
- Contrary to the narrative that the industry is "sitting on supply" the industry is working at 33 year highs in terms of units under construction and completions in the province. You would have to go back to the late 1980s and early 1990s to find a similar level of residential construction in the province

Land Supply Analysis (GTA, Simcoe & Greater Golden Horseshoe)

Malone Given Parsons – MGP

2018 Analysis - https://www.bildgta.ca/wp-content/uploads/2022/06/Greater-Toronto-Hamilton-Area-Simcoe-County-Barrie-Orillia-Land-Supply-Analysis.pdf

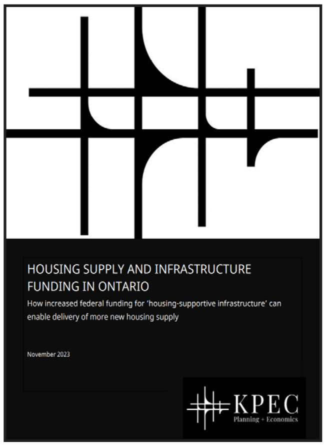
2018 Commentary - https://www.bildgta.ca/wp-content/uploads/2022/06/Future-of-Housing-in-the-GTHA-Impact-of-Land-Use-Policy.pdf

2023 Analysis Part 1 - https://www.bildgta.ca/wp-content/uploads/2023/12/2023-12-06-MGP-Land-Supply-Report-Part-One.pdf

2023 Analysis Part 2 - https://www.bildgta.ca/wp-content/uploads/2023/12/2023-12-06-MGP-Land-Supply-Report-Part-Two.pdf

Key findings:

- There is insufficient land designated for Greenfield (DGA) development to support growth to the 2031 planning horizon (2018 analysis) and to the 2051 planning horizon (2023 analysis) which will lead to housing supply shortages in the mid and long term.
- Constrained land supply since the introduction of the first growth plan has increased the cost of serviced lots in the GTA by 300-400% in just over a decade (2018 analysis).
- Problems bringing land online for new single-family homes, townhomes and stacked townhouses, and difficulty in adding supply within cities means we are nearly 80,000 housing units short (2006-2021) of where we should be in the Greater Toronto and Hamilton Area (GTHA).
- Following the reduction of land supply by the 2023 provincial "resetting" of official plan approvals, the housing shortfall could increase to 206,800 grade-related homes (10,400 ha) plus any shortfall in apartment growth. This increases to 240,000 units when Waterloo Region is added.
- The issue will be particularly acute in Hamilton and Waterloo – Ottawa was not considered in this analysis.
- Lack of adherence to the PPS, Growth and housing requirement projections and LNA means that the planned housing mix to 2051 out of step with market realities and not consistent with the needs of families.



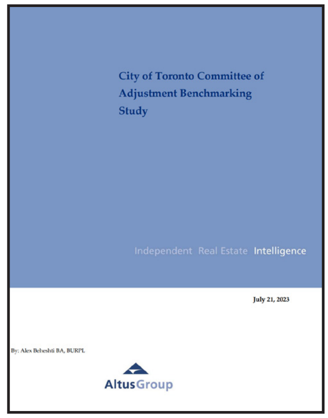
Housing Supply and Infrastructure

Keleher Planning & Economic Consulting Inc.

2023 - https://www.bildgta.ca/wp-content/uploads/2023/11/White-Paper-Housing-Supply-and-Infastructure-Funding-in-Ontario-November-2023.pdf

Key Findings:

- Availability of housing supportive infrastructure is a key barrier to adding housing supply in many municipalities across the province including in the GTA.
- There are structural limitations and inefficiencies in Ontario's municipal system that limit the ability of municipalities to grow, including:
  1. The presence of numerous existing servicing capacity constraints across Ontario,
  2. Provincially-imposed municipal debt limitations,
  3. Fragmented geography (444 municipalities across the province) limiting the ability to secure good financing terms.
- When introduced in 1991, the Federal government committed to indexing the GST rebate on new homes every two years to maintain housing affordability.
- No indexing has ever been undertaken. As a result of increasing property values, the Federal government has collected between 6-8 billion dollars of revenue in excess of what would have had the rebate thresholds be indexed.
- The Federal government invests the least of all levels of government in housing supportive infrastructure.
- The Federal government should directly support municipalities with excess GST/HST revenues to address barriers in housing supportive infrastructure.



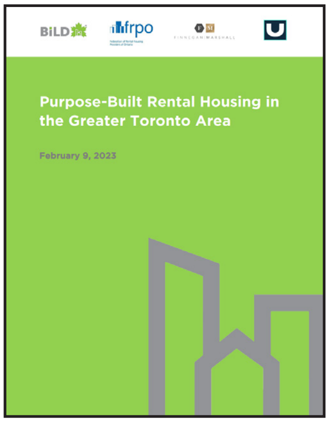
City of Toronto Committee of Adjustments

Altus Group

2023 - https://www.bildgta.ca/wp-content/uploads/2023/09/Final-Toronto-COA-Benchmarking-Study-P-6967-July-2023.pdf

Key Findings:

- With 4 units now permitted as of right in the City of Toronto, the CoA process is now a barrier to adding supply and In order to meet the City's goal of building 285,000 homes by 2031, the system must be overhauled.
- Delays and inefficiencies within the City of Toronto's Committee of Adjustment (COA) process add $21,000 to $58,000 annually to the cost of renovations and infill building projects.
- Total average decision timelines for typical COA applications, regardless of COA district, were 95 days across the entirety of the 8-year period. This is 65 days longer than the 30-day service standard required by section 45(4) of the Planning Act and 32 days longer than the 63-day target for service standards set by the City.
- Recommendation to address include fixing underlying zoning issues to reduce triggers for minor variance applications and delegating authority to staff (especially for small projects i.e. decks and fences).



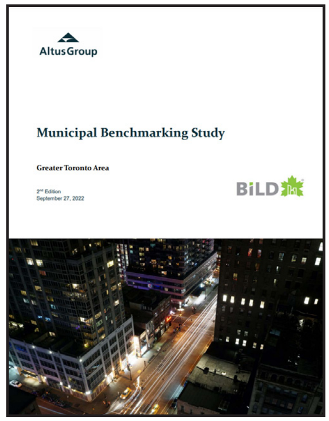
Purpose-Built Rental Housing in the Greater Toronto Area

Urbanation + Finnegan Marshall

2023 - https://www.bildgta.ca/wp-content/uploads/2023/02/Purpose-Built-Rental-Whitepaper-FINAL.pdf

Key Findings:

- Purpose-Built Rental (PBR) housing deficit in the GTA will double in the next 10 years to 177,000 units.
- In the GTA, purpose-built rental units represent approximately a seventh of all the housing stock available, rental and owned, but slightly less than half of the number of units available for rent.
- The region's stock of PBR housing is aging and new supply is coming to market at much lower levels than other forms of housing.
- Almost 90 per cent of the GTA's purpose-built rentals date from more than 40 years ago, between 1960 and 1979, when 223,954 PBR units were built. By comparison, only about 23,590 purpose-built rental units were built between 2000 and 2022.
- Building purpose-built rentals, particularly in major cities in the GTA, is more expensive for developers than building other forms of housing because they have to invest more capital upfront and have to wait longer for the project to become profitable.
- These challenges are exacerbated by the way in which taxes and charges are applied to purpose-built rentals.
- The report recommends deferring/eliminating HST, aligning property taxes for PBR with condos/low-rise homes and reducing /waiving development charges, parkland dedication requirements and/or planning and building application fees.



Municipal Benchmarking - Approval Timelines, Planning Features, Added Costs

Altus Group

2022 (BILD) - https://www.bildgta.ca/wp-content/uploads/2022/09/Municipal-Benchmarking-Study-2022.pdf

2022 (CHBA) - https://www.chba.ca/CHBA/Housing_in_Canada/The_Government_Role/Municipal_Benchmarking.aspx

2020 (BILD) - https://www.bildgta.ca/wp-content/uploads/2022/06/BILD-Municipal-Benchmarking-Study.pdf

Key Findings:

- Municipal approval timelines for new housing in the GTA are among the worst of major municipalities across Canada.
- Average approval timeframe across the GTA in 2022 was 21 months, and with approvals in some municipalities stretching to 32–34 months.
- Municipal inefficiencies and delays not only slow the addition of housing supply, but they also add directly and indirectly up to $3.30 per square foot to the cost of a new home.
- For each month of delay in approvals adds $2,600 per month to the cost of a new 800-square-foot apartment and $6,000 per month to new single-family home.
- Using average approval times that is $54,000 added cost for an apartment (800 sq feet) and $126,000 to the cost of a new single family home (2,000 sq feet).
- The 2022 study identified that municipal fees and charges added to new homes continue to escalate significantly, increasing on average by 30–36% since the 2020 study.
- Nine of the 16 municipalities in the 2022 study now have combined municipal charges (development charges, parkland charges, community benefits charges, planning fees) for a ground-oriented development (mix of singles and townhouses) that exceed $100,000 per unit, and seven exceed $125,000 per unit.

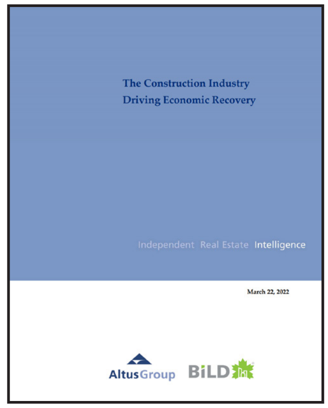
Consumers Attitudes Towards Development and The Environment

IPOS

2022 - https://www.bildgta.ca/wp-content/uploads/2022/06/Publics-Attitudes-Towards-Housing-Growth-and-the-Environment.pdf

Key Findings:

- 71% of those surveyed agree with expanding municipal boundaries to enable more housing to be built at the periphery of GTA municipalities.
- 78% of those surveyed support the building of more roads and highways to support residents and growth in the GTA.
- Less than half of GTA residents (44%) are aware of the regulatory framework that governs the environmental aspects of building new homes and that only one third of GTA residents (35%) felt that building a new housing community is bad for the environment.
- When these groups were made aware of the regulatory requirements and industry environmental practices, over a third were less likely to believe building homes harms the environment and this rose to over half when informed of the energy efficiency of new homes.
- 92% agree that we are in the middle of a housing affordability crisis. Four in five also agree that we are in the middle of a housing shortage crisis (81%) and that we must balance environmental regulation with the need to build more homes quicker (81%).
- Local opposition to adding housing supply within existing communities remains strong, with over half (55%) of residents opposing the construction of a high-rise apartment within 1/2 km of their residence and just under half (47%) of residents opposing a mid-rise apartment within 1/2 km of their residence.
- Overall, approximately three-quarters of residents do not want to develop on the Greenbelt by expressing their opinions to maintain the current status quo (49%) or even expanding the Greenbelt (28%). Notably, younger GTA residents, aged 18 to 34, are significantly more likely to be in favour of loosening restrictions around the green belt compared to those aged 55+.



Socio-Economic Impact of the Construction Industry in the GTA

Atlus Group (2022)
BILD/OHBA/CHBA/Altus & PWC (2021)

2022 - https://www.bildgta.ca/wp-content/uploads/2022/06/Construction-Industry-Driving-Economic-Recovery.pdf

2021 - https://www.bildgta.ca/wp-content/uploads/2022/06/Construction-to-kick-start-Ontario-economy-post-COVID.pdf

Key Findings:

- In 2021, the construction sector—including new residential, non-residential, commercial and repairs—contributed over $60 billion to overall economic activity in the GTA, through direct spending and indirect benefits to the economy, including consumer spending by those employed in the sector.
- The industry's economic activity helped support more than 235,000 person years of employment and $17 billion in wages, salaries and employee benefits.
- The report also finds that total residential and non-residential construction investment accounted for almost 8 per cent of all GDP in Ontario in 2021, and close to half of that construction occurred in the GTA. Construction investment in the GTA accounts for approximately 1.4 per cent of all GDP Canada-wide.
- The industry also generates significant tax revenue for all levels of government, helping to fund services, infrastructure and programs that benefit all residents. In 2021 the federal government received $2.13 billion in federal income tax, $833 million in CPP premiums and $220 million in EI premiums from construction activity in the GTA, not including the federal portion of the HST.
- The provincial government received $793 million in provincial income tax and $165 million in employee health tax, and billions in HST and land transfer tax revenues.
- Municipalities across the GTA receive $1.9 billion every year in development charges and $216 million in parkland cash-in-lieu revenues from the construction of new homes and commercial spaces, not including MLTT revenues in the City of Toronto.

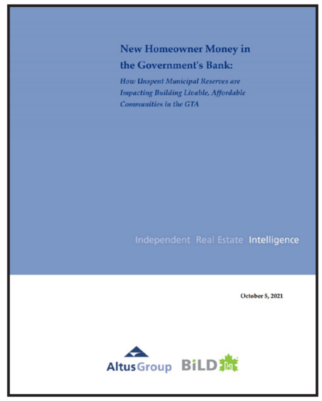
Impacts of Inaccurate Population Forecasting

The Smart Prosperity Institute

2022 - https://www.bildgta.ca/wp-content/uploads/2022/06/Forecast-for-Failure-Report.pdf

Key Findings:

- Inaccurate and outdated Growth Plan forecasting has contributed to housing supply and affordability challenges in the Greater Toronto and Hamilton area (GTHA) and outer ring communities.
- Over the last seven years, forecasts have consistently underestimated population growth and overestimated housing completions – this has gotten significantly worse with the rapid increase of immigration targets and undercounting of non-permanent residents.
- The report makes several practical recommendations on how to improve the forecasting that informs the GTHA's planning, including one set of common and agreed-upon data, updating that data regularly and revisiting forecasts when there are major policy changes, especially around immigration targets.
- It also recommends building in contingencies within the planning models to account for variations over time.



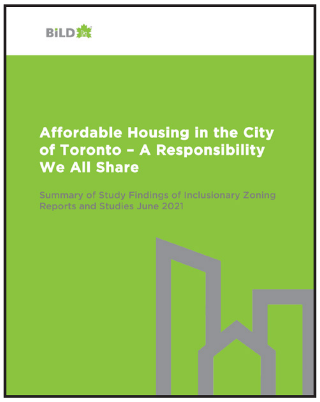
Municipal Reserves (Development Charges, Section 37 & Parkland Cash-in-Lieu)

Altus Group

2021 - https://www.bildgta.ca/wp-content/uploads/2022/06/New-Homeowner-Money-Unspent-Municipal-Reserves.pdf

Key Findings:

- 16 municipalities across the GTA found that there is over $5 billion in cash reserves currently on hand (as of year-end 2019) collected from development charges (DC), section 37 (S37) and CIL (cash-in-lieu) on new housing.
- The City of Toronto alone has amassed $2.6 billion in reserves (including DCs, parkland CIL and S37 cash contributions) by collecting significantly more in fees on new housing and commercial space development than it has spent.
- For the 2013-2019 period, the studied municipalities saw their combined DC reserve fund balances increase to $3.25 billion as of 2019, an increase of $1.35 billion from 2013. The City of Toronto was responsible for the majority of the increase in DC reserves, as the City's DC reserve fund balance rose by $839 million over the same period. Durham Region ($695 million) and the City of Vaughan ($482 million) have also amassed significant DC cash reserves.
- Parkland CIL revenues and expenditures have caused Parkland CIL reserve fund balances to increase by nearly 300 per cent over the 2009–2019 period, from $375 million in 2009 to $1.48 billion in 2019. Again, the City of Toronto saw the largest increase at $1.03 billion as of 2019, up 372 per cent or $815 million from 2009. The other major high-density-oriented municipalities have also amassed significant Parkland CIL reserves – Mississauga ($133 million), Brampton ($98 million), Vaughan ($72 million) and Markham ($59 million).
- At the end of 2019, the City of Toronto had a surplus of approximately $303 million in its Section 37 reserve fund, with over 70 per cent of this balance attributed to four wards within Downtown Toronto. The use of S37 in "905" municipalities has generally been found to be relatively limited.
- Development charges have risen by 606 per cent since 2009 while property taxes have only increased by 22 per cent.



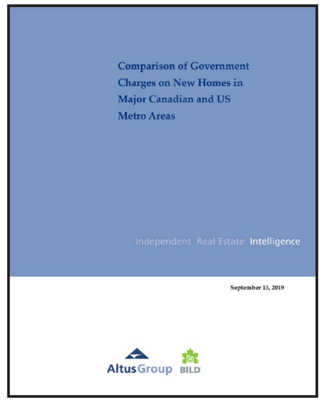
Affordable Housing in the City of Toronto – A Responsibility We All Share – Inclusionary Zoning

Finnegan Marshall, BILD and Peter Milczyn

2021 - https://www.bildgta.ca/wp-content/uploads/2022/06/Affordable-housing-in-the-city-of-Toronto.pdf

Key Findings:

- The City proposed model for inclusionary zoning is unworkable and would result in increased costs to purchasers, decreased new housing supply due to market distortions, and a flawed approach.
- Using this approach, the City of Toronto is essentially requiring purchasers of market rate housing units to subsidize affordable units at the rate of $65,000 and $116,000 per rental unit over the lifetime of the unit.
- Because of market distortions introduced by the City's proposal, many projects will become financially non-viable. This will limit the supply and choice of homes available for new home buyers, again impacting availability and affordability.
- While inclusionary zoning policies are in place in a number of cities in North America, the City of Toronto is taking an unprecedented approach that does not provide offsets or density bonuses to compensate for the cost of building the affordable units. It rushes to mandatory implementation and does not provide a cash-in-lieu option.



Government Fees, Taxes and Charges and Parkland CIL

Altus Group

2019 - https://www.bildgta.ca/wp-content/uploads/2022/06/Comparison-of-Government-Charges-on-New-Homes-in-Major-Canadian-and-US-Metro-Areas.pdf

2019 - https://www.bildgta.ca/wp-content/uploads/2022/06/Study-of-Parkland-Dedication-and-Cash-in-lieu-Policies-in-the-GTA.pdf

2018 - https://www.bildgta.ca/wp-content/uploads/2022/06/Government-Charges-and-Fees-on-New-Homes-in-the-Greater-Toronto-Area.pdf

Key Findings:

- GTA municipalities have the highest level of government fees, taxes and charge in North America for low rise and is tied with Vancouver for the added cost for high rise (North American Comparison Study 2019).
- The report shows these costs add $222,000 to the price of an average new single family home and $124,000 to the cost of an average high-rise apartment in the GTA – driving price and eroding affordability.
- For the GTA these charges are over double those charged in the other Canadian and US jurisdictions for low-rise and 60 per cent higher for high-rise.
- Municipalities across the GTA have accumulated $1.13 billion in unspent parkland reserve funds on the backs of parkland cash-in-lieu payments (parkland payments) by homebuilders (Parkland CIL Study).
- These payments have increased by as much as 329 per cent since 2006 and add $20,000 to $30,000 or more to the cost of a new home.
- As then structured, parkland payments could be acting as a disincentive to more dense homes within a particular municipality, counter to the intensification objectives and policies. All things being equal, without a cap on parkland payments, a unit in a more dense development would pay more parkland payments on a per unit basis than a unit in a less dense development
- Government fees taxes and charges account for 25% of the cost of an average GTA home – high rise or low rise (Government Fees, Taxes and Charges Study).
- HST and DCs are the two single largest components.
- Between 2004 and 2017, for the municipalities studied in this report, development charges have increased between 236% and 878%.