



## **Staff Report for Committee of the Whole Meeting**

**Date of Meeting:** March 20, 2024

**Report Number:** SRPBS.24.038

**Department:** Planning and Building Services

**Division:** Policy Planning

**Subject:** **SRPBS.24.038 Feasibility of Meeting Provincial Housing Targets in Richmond Hill**

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### **Purpose:**

To report back on where the Provincially assigned housing target of 27,000 new housing units for the City of Richmond Hill are planned to be built by 2031 and the feasibility of achieving the annual housing target set by the Province within the three-year time horizon of its Building Faster Fund, in response to a December 13, 2023 Council Member Motion.

### **Recommendation(s):**

- a) That Council receive staff report SRPBS.24.038 for information.

### **Contact Person:**

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### **Report Approval:**

**Submitted by:** Gus Galanis, Acting Commissioner of Planning and Building Services

**Approved by:** Darlene Joslin, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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### Background:

At the Council meeting of December 13, 2023, a Council member motion was brought forward requesting staff to report on the feasibility of the City of Richmond Hill (the City) achieving its housing target assigned by the Province of Ontario. The Council Resolution stated as follows (refer to Attachment 1):

***“Council directs Planning staff to report to Council as early as possible in 2024 regarding where in Richmond Hill the 27,000 new housing units are planned to be built by 2031 and the feasibility of achieving Richmond Hill’s annual housing target as set by the Province within the three-year time horizon of the Province’s Building Faster Fund.”***

Accordingly, this staff report provides background information on the Provincial housing targets assigned to the City in relation to the Provincial Building Faster Fund (BFF) and outlines where the City’s assigned target of 27,000 new housing units are planned to be built, the feasibility of achieving the BFF annual housing target, and the City’s ongoing efforts to support its housing target pledge.

### The City’s Assigned Housing Targets and the Building Faster Fund

As part of a series of legislative changes in support of the Province’s “More Homes, More Choice: Ontario’s Housing Supply Action Plan”, the *More Homes Built Faster Act, 2022* (Bill 23) received Royal Assent on November 28, 2022. Bill 23 is intended to accelerate the pace of growth and development to facilitate the construction of 1.5 million new homes in Ontario by 2031. To support the Province in this regard, municipal housing targets were assigned to the fastest growing municipalities in Ontario. The City was assigned a target of 27,000 new residential housing units to be built by 2031.

As directed by the Province, a Council-endorsed housing pledge was submitted to the Province in March 2023. The housing pledge committed the City to undertake initiatives that facilitate housing construction through complete communities (i.e. walkable and transit-oriented centres and corridors with mixed-use, compact forms of development and nearby amenities) and accelerate the development of housing through streamlining and process improvements to its development application review and approval processes.

In August 2023, the Province announced Ontario’s Building Faster Fund (BFF) as a three-year, \$1.2 billion fund to be awarded to municipalities that deliver on their housing targets. Eligibility for the BFF is contingent on meeting the following criteria:

- respond to the Province’s request and rank the municipality’s top priority recommendations of the Housing Affordability Task Force;
- submit a Council-endorsed pledge or written commitment to meet the assigned 2031 housing target; and,
- meet or exceed 80 per cent of the assigned annual target for 2023, 2024, and 2025.

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The City has met the first two criteria. This report discusses the feasibility of meeting the last criteria.

According to a letter from the Minister of Municipal Affairs and Housing (the Minister), dated October 23, 2023, annual municipal targets were determined by taking each municipality's portion of the overall 1.5 million homes goal and applying that against Province-wide annual targets which will increase each year over the course of the BFF. Since the City's assigned housing target of 27,000 units is 1.8 percent of the Province's goal of 1.5 million units, the City's annual targets are 1.8 percent of the Province-wide annual targets for 2023, 2024 and 2025. Accordingly, as outlined in the Minister's letter, the province-wide annual targets and Richmond Hill's annual targets for new residential housing units are as follows:

**Table 1 Provincial and Richmond Hill's Annual Housing Targets (units)**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026-2031 (per year)</b>
<b>Province</b>	110,000	125,000	150,000	175,000
<b>Richmond Hill</b>	1,980	2,250	2,700	3,150

## Discussion:

### Where the 27,000 New Units Are Planned

The City has been working collaboratively with the Regional Municipality of York (York Region) through the Regional Municipal Comprehensive Review and its own Official Plan Update in planning for future growth. According to the York Region Official Plan 2022, the City's population is forecasted to grow as follows:

**Table 2 The City of Richmond Hill Population Forecast 2031-2051**

	<b>2031</b>	<b>2041</b>	<b>2051</b>
<b>Richmond Hill</b>	251,900	284,100	320,400

The City's newly updated city structure and approach of directing intensification to its centres and corridors (see Attachment 2), combined with infill intensification in the City's neighbourhoods, can accommodate the above noted future growth projections.

To put the 27,000 units into perspective and to understand what implications this target has on population forecasts, City staff applied the same conversion factor that was used by Watson & Associates Economists Ltd. in the Community Benefits Charge Strategy 2022 prepared for the City and converted the 27,000 units into a population number. This conversion of 27,000 units would translate to approximately 78,300 people. This

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population increase would result in a total population of approximately 280,322, which is close to the City’s 2041 population forecast (284,100). Under the Provincial target, the population increase and associated housing units that were originally expected to take place in Richmond Hill over a 20-year timeframe by 2041 are now targeted to take place within a 10-year timeframe by 2031.

Recent planning application data, as shown in Table 3 below, indicates that 26,219 new housing units are currently being contemplated in Richmond Hill through the planning application process. Most of those proposed units are anticipated in the planned centres and corridors. Of those proposed units, 7,537 units are in the Site Plan or Draft Plan of Subdivision stage (the last stage in the plan review process) and another 18,682 units are being considered through the Official Plan Amendment/Zoning By-law Amendment application stage. As outlined in Table 3, the City could be close to approving 27,000 units by 2031.

**Table 3 Proposed Number of Units by Location**

	<b>Approved Residential Units</b> (Site Plan or Draft Plan of Subdivision applications in process)	<b>Proposed Residential Units</b> (Official Plan Amendment/Zoning By-law Amendment applications in process)	<b>Total Units</b>
<b>Centres and Corridors</b>	3,708	15,227	18,935
<b>Other Areas</b>	3,829	3,455	7,284
<b>Total Units</b>	7,537	18,682	26,219

*Note: Unit counts identified in this table are based on current active applications, are approximate and are subject to change through the ongoing development review process.*

In addition to the units identified in Table 3, additional residential units (ARU) or secondary suites and previously approved planning applications waiting to be constructed would also contribute to the City’s housing target. For instance, since the City’s ARU policy was established in 2021 to allow ARUs on single detached residential properties, a total of 143 Building Permits were issued for ARUs.

Assuming the proposed 26,219 housing units under review are approved in the next seven years, Building Permits for ARUs remain at similar rate (approximately 47 permits

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per year) and additional units from future development applications, it is reasonable to assume that the City is on track to approving approximately 27,000 new housing units by 2031, with most of those units being accommodated in the City's planned centres and corridors.

### **When the 27,000 New Units Will Be Built**

Despite planning application data showing that the City has enough proposed housing supply to meet its Provincial housing target and these new units being accommodated within the City's Settlement Area boundaries, uncertainty remains over **when** those new housing units will be constructed. In this regard, the City's Building Permit data indicates that the number of units to be constructed does not align with the number of units approved through the development approval process. While there tends to be a three-year lag for approved planning applications to proceed to the Building Permit and construction stage, the timing of construction of approved units is beyond the City's control and is difficult to track.

In the 10-year period between 2012 and 2022, the City issued Building Permits for 12,782 residential units (47 percent of the 27,000-unit target) at an average rate of 1278 units per year<sup>1</sup>. In 2023, the City issued Building Permits for 1,151 residential units, which was slightly lower than the 10-year average. Although new housing unit construction is forecasted to be approximately 13,827 units between mid-2022 and mid-2032<sup>2</sup>, this slightly higher forecast would only account for approximately 51 percent of the Provincially assigned target of 27,000 units.

As noted earlier in this report, the City's population growth to 2041 is now targeted to take place ten years earlier by 2031. Current planning application data shows that it is possible for the City to approve 27,000 new housing units by 2031. Yet, the City's historical Building Permit records clearly indicate that the uptake for Building Permits would need to almost double if construction of 27,000 new housing units are to be initiated by 2031. Once a development application is approved by the City, the timing of construction is determined by the building industry and subject to number of factors including market conditions, labour force availability, interest rates, and other external factors outside of the municipality's control.

### **Feasibility of Achieving the Annual Housing Target Over the Next Three Years**

In a letter from the Minister dated February 14, 2024, the Province confirmed that the City achieved less than 40 percent of its 2023 target and therefore is not eligible to receive its 2023 portion of the BFF. As noted earlier in this report, municipalities must meet 80 percent of its assigned annual housing target to be eligible for the BFF. Table 4

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<sup>1</sup> As previously reported in staff report SRPI.23.033 Richmond Hill's 2031 Municipal Housing Target Pledge and based on background work for the 2022 Community Benefits Charges Strategy.

<sup>2</sup> According to the background work for the 2022 Community Benefits Charges Strategy.

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below shows the 80 percent threshold that the City needs to meet in the years 2023, 2024 and 2025.

**Table 4 The City of Richmond Hill's Assigned Annual Housing Target and the Related 80% Threshold (units)**

<b>Richmond Hill</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and subsequent years (beyond BFF)</b>
Annual target	1,980	2,250	2,700	3,150
80% threshold	1,584	1,800	2,160	2,520

According to the Ontario housing supply progress tracker, 24 of the 50 largest or fastest growing municipalities, including the City, did not meet the threshold for their assigned targets for 2023. In York Region, seven of the nine local municipalities did not meet their threshold for 2023.

**Table 5 2023 Housing Target Status in York Region by Local Municipality**

<b>Municipality</b>	<b>2023 Housing Progress</b>	<b>Housing Target Status</b>
Aurora	40%	Not Met
East Gwillimbury	60%	Not Met
Georgina	92%	On Track
Markham	46%	Not Met
Newmarket	33%	Not Met
Richmond Hill	39%	Not Met
Vaughan	60%	Not Met
Whitchurch-Stouffville	239%	Exceeded

Based on the City's historical Building Permit data and the time lag between planning approvals and Building Permit issuance, the City is unlikely to achieve its annual housing target for the BFF over the next three years. The 11-year historical residential Building Permit data (2012-2023) shows the City has only met the required 80 percent threshold three times during its peak years in 2012, 2016, and 2021 with residential

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permits issued for 1,714 units, 1,979 units and 2,528 units respectively. As discussed in the section above, the estimated average housing construction trend of 1,382 units per year between 2022 and 2032 would not meet the 80 percent threshold.

### Factors Affecting the City’s Eligibility for Funding

#### Performance Measures Do Not Provide Full Picture

The Province’s performance measure is based on the Canada Mortgage and Housing Corporation’s (CMHC) definition of housing starts, which is defined **as “the beginning of construction work on a building”**. This is usually when the concrete has been poured for the whole of the footing around the structure or an equivalent stage where a basement will not be part of the structure.” City staff is of the opinion that using CMHC’s definition of what constitutes a “housing start” as the performance measure to evaluate a municipality’s eligibility for the BFF is not an accurate reflection of the volume of housing units approved by the City and its efforts to support housing. Although the City’s planning application data shows the City is likely to approve 27,000 new housing units by 2031, it is anticipated that the majority of those units will not be reflected in the CMHC housing starts over the next three years based on its definition.

According to the Province’s tracker, the City had 769 units of housing starts in 2023. However, the City’s residential Building Permit data indicates the issuance of permits for over 1,150 units (including ARUs) in 2023, which clearly shows a discrepancy between the CMHC’s housing starts data and the City’s Building Permit records. Regardless of which number is more accurate, the use of Building Permits or construction starts only tells part of the story.

The City’s housing target and associated housing pledge were established in the early part of 2023. Measuring construction starts in 2023 did not recognize the substantial investments and improvements made by the City in 2023 to facilitate housing, nor did it reflect the housing units approved by the City in 2023. Although the CMHC housing starts data provides information about what is currently going into the ground, this measure does not consider the time lag between planning approvals/registration of development projects, Building Permit issuance, and the start of construction. For more complex, multi-residential development, the lag between planning approvals and construction starts tends to be even longer.

To illustrate how extensive delayed construction starts can be, as of December 2023, York Region has an approved housing supply of approximately 66,000 units. Development applications within York Region that received approval more than three years ago have been reviewed, confirming that over 38 percent of approved applications with committed/reserved servicing capacity allocation (representing 21,988 housing units) have not proceeded to Building Permit. Of the 21,988 units, 3,100 units are in Richmond Hill.

Despite having received draft approval and committed servicing allocation through the municipal planning process, it appears that proponents of these developments have yet

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to apply for Building Permits. The reason for these delays could be attributable to several reasons such as speculation, the economy, interest rates, labour shortage, supply chain issues and so forth – all significant factors that influence the housing market and the pace of construction beyond a municipality's control.

### **Municipalities Do Not Build Houses**

Since municipalities are not responsible for constructing houses, their eligibility for receiving BFF should not be based solely on this measure. Broad-scale organizations and networks such as the Association of Municipalities of Ontario and the Ontario Big City Mayors Forum have voiced similar concerns to the Province. A more accurate measure of municipal performance to support increased and accelerated provision of housing would be to look at the number of units approved, processing times due to streamlining, or policies/initiatives that resulted in an increased number of housing units approved by municipalities.

Despite the City's best efforts to facilitate housing through land use policy and process improvements, the long-term benefits of those initiatives will not immediately be realized and captured through CMHC housing starts in the next three years. The planning and approval of new housing units by municipalities and the construction of new housing units by developers are two vastly different matters. Using the latter as the performance measure for municipalities' eligibility for funding ignores many contributing factors outside of a municipality's control and is not a true reflection of municipal efforts to facilitate and accommodate housing within its boundaries.

### **How the City Continues to Support Housing**

Notwithstanding the challenge of meeting the Province's threshold for funding eligibility, the City will continue to grow and attract more housing as it urbanizes and intensifies along its centres and corridors. The City is committed to implementing initiatives under its housing target pledge so it can be ready to accommodate and facilitate more housing, including affordable housing, in the future. Knowing the City's planned areas for growth can accommodate the 27,000 new housing units mandated by the Province, the City has been focusing its efforts on factors that it can control – mainly the planning approvals process and policies and programs to facilitate housing approvals.

In this regard, the City implemented the Collaborative Application Process (CAP) in the second quarter of 2023, alongside revisions to the City's Site Plan Control and Tariff of Fees By-laws in support of Bills 109, 23 and 97. The City's CAP is a streamlined development review process comprised of three phases including a Submission Requirements Meeting (Phase 1); Pre-Application Submission (Phase 2); and, Submission of a Complete *Planning Act* Application (Phase 3). The focus of CAP is to provide additional clarity and efficiency in the development review process, as well as to improve the quality of submissions to achieve faster development approvals. This process has established greater flexibility and transparency and has strengthened communication and collaboration between all parties involved.

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Further, City staff continue to streamline and improve the development review and approval process to expedite housing approvals through the use of additional planning tools such as Condominium Exemptions and Holding (H) symbol provisions, as well as planning for the delegation of various administrative planning matters, including:

- municipal servicing allocation;
- request for comments for Site Plan applications for proposals on Regional roads;
- Municipal Street Naming (where the proposed street names are already approved);
- removal of Holding (H) symbols; and,
- minor alterations to properties designated under Part IV or Part V of the *Ontario Heritage Act* (i.e. alterations to hard landscaping features, minor repairs for damage, exterior painting, etc.).

The City has also embarked on a number of policy planning and program initiatives to facilitate housing including:

- developing a Community Improvement Plan for affordable housing and sustainable design to provide incentives for affordable housing developments;
- amending the Official Plan and Zoning By-laws to allow four units as-of-right where single-detached, semi-detached, and townhouses are permitted, and to allow up to four storeys in major transit station areas (MTSA) along Yonge Street or Highway 7, and the Richmond Hill GO Station MTSA where the lands are designated centres or corridors;
- exploring increased height and densities in the centres and corridors as appropriate through the Official Plan Update;
- implementing Richmond Hill's Affordable Housing Strategy through initiatives such as an examination of surplus lands for affordable housing and updating the City's housing needs assessment; and,
- exploring the possibility of establishing inclusionary zoning in the City's MTSA's.

Despite the current housing downturn, Richmond Hill and the rest of southern York Region is still growing due to its central location and its abundant access to services and amenities. Measuring progress among municipalities to advance Ontario's housing agenda should not be based on a one-size-fits-all approach. Unlike other municipalities that reached their targets in 2023, Richmond Hill is no longer approving large-scale greenfield developments. As its transformation to a more urbanized municipality continues, the City's expertise and resources are being adapted to address more complex issues associated with multi-residential development and the integration of those developments with transit.

The City's housing starts may be slower at this time in comparison to other municipalities and its own past trends, but it is anticipated that once the market rebounds and the subway advances north to Richmond Hill, that the City will experience many more peak years of housing construction. All of the updated land use planning policies and process improvements the City is putting in place now will better prepare

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Richmond Hill (beyond the three-year BFF timeframe) to respond to the inevitable increase in housing demand and supply and to direct and shape that growth effectively.

### **Summary**

The City's Official Plan already plans for the growth of 27,000 units with most of this growth focused within the centres and corridors. However, to meet the Provincially assigned housing target by 2031, it requires growth to be accelerated by half the time it was originally planned to reach the same growth target. It is unlikely that the City will meet the Province's annual housing targets because using housing starts (poured foundation) to determine eligibility is not an accurate nor a fair measure of municipal efforts within that same given year. While acknowledging these challenges, the City has undertaken several initiatives to support housing and will continue its best efforts to work with all stakeholders to support the Province's goal.

### **Financial/Staffing/Other Implications:**

There are no direct financial or staffing impacts resulting from this staff report.

### **Relationship to Council's Strategic Priorities 2020-2022:**

This staff report relates to the Strategic Priorities of 'Promoting a Sense of Belonging' and 'Balancing Growth and Green'. The City's housing initiatives demonstrate Richmond Hill's commitment to community building and ensuring everyone feels welcome while also balancing economic development and intensification with sustainability.

### **Climate Change Considerations:**

Encouraging walkable, complete communities is a climate change consideration embedded in the City's approach to accommodating future housing units through intensification along the transit-supported centres and corridors approved under the City Structure of the Official Plan.

The co-benefits of energy efficient land use patterns and less automobile dependency help to mitigate greenhouse gas emissions per capita.

### **Conclusion:**

The majority of the Provincially assigned housing target of 27,000 new units for the City will be accommodated primarily in the centres and corridors. However, the City is unlikely to meet the Province's annual targets for the BFF due to a number of factors including, but not limited to, the performance measures used not being an accurate reflection of municipal efforts, and developers' decisions on when to start construction which are influenced by market conditions, interest rates, labour force and more. Notwithstanding, the City will continue to find efficiencies and develop policies/initiatives to support housing now and in the future.

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### **Attachments:**

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

Attachment 1 – Extract from Council Meeting C#43-23, December 13, 2023

Attachment 2 – Schedule A1 of the City of Richmond Hill Official Plan – City Structure

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### Report Approval Details

Document Title:	SRPBS.24.038 Feasibility of Meeting Provincial Housing Targets in Richmond Hill.docx
Attachments:	- Attachment 1_SRPBS.24.038_Council Meeting_Dec 13,23 - Extract.pdf - Attachment 2_SRPBS.24.038_City Structure.pdf
Final Approval Date:	Mar 5, 2024

This report and all of its attachments were approved and signed as outlined below:

**Maria Flores - Mar 4, 2024 - 5:45 PM**

**Gus Galanis - Mar 4, 2024 - 6:27 PM**

**Darlene Joslin - Mar 5, 2024 - 11:18 AM**