

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and Economic Development

Subject: London's Housing Pledge: A Path to 47,000 units by 2031
Update

Date: October 31, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions **BE TAKEN** with respect to the City of London Municipal Housing Target:

- (a) This staff report **BE RECEIVED** for information; and
- (b) Civic Administration **BE DIRECTED** to give priority to development applications and building permits that serve to accelerate and support an increase to housing supply, including initiatives and projects related to the Housing Accelerator Fund.

Executive Summary

On February 14, 2023, Council adopted the Province's pledge to accelerate the housing supply of 47,000 units by 2031. This report provides an update on the work to date along with the timeline of upcoming initiatives and deliverables. This report also provides an outline of how the housing target will be reported and monitored. Finally, an analysis is provided of the current state of building activity in the City of London.

A newly created figure has been included as Appendix 'A' to report out on London's total housing supply. The figure highlights a timeline that shows the average time for land to progress through the land development process and provides details on the number of units in each stage of the development process. Currently, there is approximately 69,000 units in the current land supply in different stages of development. This value does not include the majority of the supply available in the form of intensification. Of these 69,000 units, 15,271 have been approved by Council and are ready for site plan or registration. Approximately 19,270 units (Approved Lots and Blocks: 6,225 plus Open Site Plans and Condos: 13,045) are registered or are in the site plan process.

On October 23rd, London received a letter from the Province outlining London's annual targets for the years 2023-2025. This letter has been included as "Appendix 'B' October 23, 2023 Housing Target Letter". The province has outlined London's targets as:

- 2023: 3,447,
- 2024: 3,917, and
- 2025: 4,700.

The letter provides details on the Province's \$1.2 billion program that will provide up to \$400 million per year to municipalities that meet or exceed their annual housing targets. On October 26th, the Province released on its website a table highlighting Ontario's housing supply progress. London's data was presented as follows:

Table 1: London's Housing Supply Target Data (Source: Province of Ontario)

10-year housing target	Total housing starts since 2022	2023 target	2023 housing starts	2023 progress	Housing target status
47,000	3,755	3,447	1,260	37%	Not met

The performance against the Provincial targets above is based on housing starts, as defined by Canada Mortgage and Housing Corporation's (CMHC) Starts and Completions Survey. The additional units including Additional Residential Units and other institutional housing types noted in the Province's letter have not been included at this time.

Although there has been an across-the-board reduction in housing building activity, there has been substantial work done to support achieving the 47,000-unit pledge. In 2023, by the end of June, the number of units submitted has dropped significantly to 58% below the same time period in 2022. As of the Council Meeting on October 17th, Council has approved 3,061 units in 2023. These approved units are significantly outpacing the number of units constructed over the same time frame. This results in a significant surplus in new units that can be constructed quickly once macro-economic conditions improve. These macro-economic factors have a major influence on London's housing marketplace. Civic Administration will continue to monitor these changes and continue to accelerate the supply of housing units for Council approval and construction.

Linkage to the Corporate Strategic Plan

London's Housing Pledge will contribute to the Strategic Plan areas of focus, including the following under Housing and Homelessness:

- The City of London demonstrates leadership and builds partnerships to increase quality, affordable, and supportive housing options that promotes access to a range of quality, affordable, and supportive housing options that meet the unique needs of Londoners.
- A well-planned and growing community that promotes faster/ streamlined approvals and increasing the supply of housing with a focus on achieving intensification targets.

Discussion

1.0 Background Information

1.1 Previous Reports Related to this Matter

- SPPC February 7, 2023, London's Housing Pledge with respect to the City of London Municipal Housing Target of 47,000 units
- February 16, 2023 – Mayor Morgan's letter to the Province for the City of London's Housing Pledge to facilitate and accelerate the housing supply of 47,000 units in our community by 2031
- PEC February 21, 2023, The London Plan Comprehensive Review: Preliminary Approach and Timeline
- PEC June 19, 2023, ReThink Zoning – progress update
- PEC June 19, 2023, Building Division Staffing Enhancements: A Path to 47,000 Units by 2031
- PEC-July 17, 2023, Update on Comprehensive Review of The London Plan
- SPPC September 19, 2023, London's Approved Housing Accelerator Fund Application
- PEC October 3, 2023, Amendment to Increase Additional Residential Unit Permissions (OZ-9651)

- PEC October 23, 2023, ReThink Zoning – Progress Update

1.2 Context

In May 2019 the government of Ontario released *More Homes, More Choice, Ontario's Housing Supply Action Plan*, which identified that Ontario was in the midst of a housing crisis and included strategies to increase supply, in the hopes that doing so would allow all Ontarians to find a home that meets their needs and their budget.

Objectives of the Action Plan were to:

- “Cut red tape to make it easier to build the right types of housing in the right places,
- Make housing more affordable, and
- Help taxpayers keep more of their hard-earned dollars”

To achieve these objectives numerous changes to legislation were introduced, particularly to the *Planning Act* and *Development Charges Act*.

In 2022 the government found that additional actions had to be taken to address the housing supply shortage and so it prepared *More Homes Built Faster: Ontario's Housing Supply Action Plan 2022-2023* to support housing development. Along with the Action Plan a new suite of legislation changes was passed in Bill 23. The new Action Plan includes a goal of building 1.5 million homes across the province within 10 years, and to achieve the goal each municipality is assigned a Municipal Housing Target and asked to demonstrate its commitment to accelerating housing supply by developing a Municipal Housing Pledge. London's assigned housing target is 47,000 units.

On February 14, 2023, Council adopted the following directions to Civic Administration:

That, on the recommendation of the Director, Planning and Development, the following actions be taken with respect to the City of London Municipal Housing Target:

- a) the staff report BE RECEIVED for information;*
- b) a pledge to accelerate the housing supply of 47,000 units in our community by 2031 BE ADOPTED in response to the Minister of Municipal Affairs letter dated October 25, 2022;*
- c) the Mayor BE DIRECTED to complete a letter in response to the Minister of Municipal Affairs, by March 1, 2023, highlighting Council's pledge and the strategies and actions that the City will take to accelerate the supply of new housing;*
- d) the Civic Administration BE DIRECTED to develop a Housing Supply Action Plan working with the Housing Supply Reference Group described in Appendix 'B' Housing Supply and Affordability Framework; it being noted that the Housing Supply Reference Group may expand to include additional members as may be appropriate, including but not limited to a member from the not-for-profit housing sector and a member involved in housing supply/housing research; and,*
- e) the Civic Administration BE DIRECTED to establish an Affordable Housing Reference Group described in Appendix 'B' Housing Supply and Affordability Framework to support the ongoing Roadmap to 3000 Affordable Units.*

2.0 Major Housing Initiative Updates

2.1 Additional Provincial Changes

On April 6, 2023, the Province released a new draft “Provincial Planning Statement” (2023 PPS) on the Environmental Registry of Ontario (ERO number: 019-6813). The new Provincial Planning Statement [emphasis added] is intended to replace the Provincial Policy Statement, 2020 [emphasis added] and the Growth Plan for the

Greater Golden Horseshoe, noting that London is located outside of the Greater Golden Horseshoe and is not subject to that Growth Plan. The 2023 PPS is intended to increase housing supply by removing barriers to housing and providing greater flexibility in the planning process.

Key changes to the 2023 PPS are grouped into the following 11 themes:

1. Extended planning horizon

The 2020 PPS requires municipalities to designate a supply of available lands that is sufficient to accommodate growth and development for a time period of up to 25 years. The draft 2023 PPS proposes to reverse this approach and require the planning horizon to be a minimum of 25 years and consequently removes the maximum timeframe. The proposed PPS also allows for planning for infrastructure, public service facilities, strategic growth areas and employment areas extend beyond the planning horizon.

2. Settlement area expansion

The proposed 2023 PPS allows new settlement areas or settlement area expansions to be considered at any time and includes less stringent tests for expansions. The definition and criteria to be considered in a comprehensive review are deleted. The proposed criteria for settlement area expansion include sufficient infrastructure capacity, compliance with minimum distance separation, and avoidance of impacts on agricultural lands and operations through an agricultural impact assessment. The criteria eliminate the requirement for an evaluation of alternative locations for expansion in prime agricultural areas.

3. Intensification targets

The proposed 2023 PPS includes general support for intensification in principle but eliminates the mandatory requirement of intensification targets. Noting that the current 2020 PPS prioritizes intensification and redevelopment within built-up areas over greenfield growth. Current PPS policy 1.1.3.5 requires municipalities to establish and implement minimum targets for intensification and redevelopment within built-up areas based on local conditions.

4. Affordable housing

The proposed 2023 PPS expands the definition of "housing options" to provide a greater range of housing types, such as laneway housing, garden suites, rooming houses, low- and mid-rise apartments, and supportive, community and transitional housing. However, the proposed PPS removes all references to affordable housing, including the definitions of "affordable" and "low- and moderate-income households". The proposed PPS also eliminates the requirement to include minimum targets for housing that is affordable to low and moderate income households.

5. Employment land

A new policy direction on "lands for employment" outside of employment areas is proposed to permit residential, employment, public service facilities and other institutional uses. Further, a new directive policy restricts municipalities from enacting policies that limit permitted uses on "lands for employment" outside of "employment areas" identified in the proposed PPS except public health and safety issues.

6. Prime agricultural land

Proposed changes to the agricultural policies allow for the creation of up to three residential lots in prime agricultural areas. The changes also prohibit municipalities from restricting residential lot creation through provisions in official plans or zoning by-laws except for the purposes of public health and safety.

The proposed PPS also provides a broader permission of additional residential units in agricultural areas. A maximum of two additional residential units may be permitted subject to the proximity to the principal dwelling, compliance with the

minimum distance separation formulae, compatibility with surrounding agricultural operations and adequate provision of sewage and water services. Further, the additional residential units can be severed in accordance with proposed policy 4.3.3.1 which allows for residential lot creations.

7. Infrastructure

The proposed 2023 PPS removes the language “servicing hierarchy” and replaces it with “servicing options”. The proposed language remains prioritizing municipal services as the preferred form of servicing for settlement areas, but provides greater flexibility for partial or private services as an option in order to encourage new residential development in rural areas. A new policy direction is proposed to allow development proponents to leverage their capacity when planning for infrastructure and public service facilities.

In addition, new directions on general planning for infrastructure are proposed. The proposed PPS requires the integration of sewage, water and stormwater services with source water protection and prioritizes planning and investments in infrastructure and public service facilities in strategic growth areas as focal areas for growth and development.

8. Cultural heritage and archaeology

The current 2020 PPS directs municipalities to conserve significant built heritage resources and significant cultural heritage landscapes. The definition of “significant” encompasses properties that have been determined to have cultural heritage value or interest; however, has been removed from the proposed 2023 PPS. Instead, the proposed PPS directs municipalities to conserve only protected heritage properties.

The term “protected heritage properties” is redefined as properties designated individually or as part of a Heritage Conservation District and those with known archaeological resources under the *Ontario Heritage Act*. Such properties do not include listed/non-designated properties and natural elements, such as vegetation or visual setting (e.g., view or vista) that municipalities believe to be of cultural heritage value or interest.

9. Implementation and municipal official plans

The draft 2023 PPS proposes to maintain the language in the “How to Read this Policy Statement” section of the 2020 PPS, which states that policies of the PPS represent minimum standards and municipalities “may go beyond these minimum standards to address matters of importance to a specific community”. In addition, certain proposed policies prohibit municipalities from enacting official plan or zoning by-law policies that are more restrictive than the 2023 PPS (e.g., residential development in employment lands and residential lot creation in prime agricultural areas).

10. Climate change

The proposed 2023 PPS requires municipalities to prepare for the impacts of a changing climate and develop approaches to reduce greenhouse gas emissions that supports growth and development.

11. Natural heritage

There are no changes to the Natural Heritage section in the proposed 2023 PPS; however, minor changes have been included related to definitions (e.g., “significant” and “water resource systems”), which align with the Province’s recent legislative changes. The definition of “significant” is proposed to reflect the removal of the Ministry of Natural Resources and Forestry’s role in identifying provincially significant wetlands through changes to the Ontario Wetland Evaluation System.

2.2 Building Division Enhancements

A report was brought forward June 23, 2023 highlighting a series of enhancements underway in the Building Division. These enhancements including hiring additional staff as well as short-term and long-term strategies to enhance the level of service provided by the City’s Building Division. The following sections provide an update on this work

Increasing Capacity & Capability

The process of hiring additional Building Division staff members is currently underway. To date, two of the eleven positions have been filled. As these positions are often difficult to fill, our People Services area has developed a recruiting plan and engaged a recruiter to assist in filling several of these positions.

As noted in the June 23rd report, Civic Administration would undertake further work in the short term to identify opportunities to better support the Building Division. An operational review was undertaken considering the management resources supporting front line and management staff within the area. In addition to these 11 positions, the building division will also add three management positions. These positions include an additional Manager, Building Inspections and Manager, Plans Examination and a new Senior Manager, Building Services position. The new Manager, Building Inspections and Manager, Plans Examination positions will double the management capacity in the building inspection and plans examination area providing more support to staff and additional capacity to handle application escalation. The new Senior Manager, Building Services will lead key strategic initiatives including an overhaul of our staff training program, leading the standard operating procedures and procedures manual initiatives, and driving our operational and performance improvements. These positions are currently in the recruitment process.

In addition, this operational review resulted in a re-alignment of staffing resources in the Planning and Economic Development area to better support the Building Division. This realignment changed a number of reporting relationships within the service area but most significantly it provided a manager and staff team with a dedicated focus on supporting the Building Division reporting directly to the Director, Building Services and Chief Building Official.

Building Division Process Improvements

A change to the method of notifying permit applicants of any deficiencies found during plan reviews has been implemented. Applicants no longer wait to receive a full list of deficient items on a per-discipline basis (i.e., architectural, structural, fire protection, mechanical). Instead, as each review has been completed, an email notification is sent out to the applicant thus allowing revisions or additional documentation to be submitted earlier on in the review process.

Enhanced Customer Experience

With respect to enhanced customer service experience, the creation of public facing service hub on the second floor at City Hall is currently underway. The hub will be staffed by a ‘on duty’ plans examiner, during work hours, that will assist with general permit application processing and building inspection inquiries. The hub will facilitate in-person inquiries. A zoning staff member as well as Customer Service Representatives will also be available at the hub. The creation of the hub is in progress and is scheduled

to open Q1-2024.

2.3 Comprehensive Review Approach

As noted above, the draft 2023 PPS includes significant changes to the Provincial approach to growth management that require changes to the Comprehensive Review process. The proposed changes related to the Comprehensive Review include:

- The reference to “Comprehensive Review” is no longer a defined term or process guiding municipal land need assessments for municipal management of growth and infrastructure.
- The planning horizon for settlement boundaries and designated lands in municipal official plans has been increased from a 25-year maximum to “at least 25 years” (draft 2023 PPS policy 2.1.1).
- Settlement area expansions are permitted subject to criteria that municipalities “should consider” (draft 2023 policy 2.3.4).
- Employment land conversions to non-Industrial land use designations are not required to occur during a Comprehensive Review of employment land and the long-term need for employment lands to meet projected growth (draft 2023 PPS policy 2.8.2.4).
- Built Area Boundaries are not defined, and intensification targets are not required for redevelopment across the entire existing built area. Under the new draft PPS, intensification targets are only required for the Projected Major Transit Station Area portion of the existing built area (i.e. the Downtown, Rapid Transit Corridor, and Transit Village Place Types in The London Plan). Minimum densities are recommended for new lands added to the Urban Growth Boundary (minimum 50 residents and jobs per gross hectare).

It is acknowledged that the proposed changes to the 2023 PPS may require an alternative approach to the work plan of the City of London’s Comprehensive Review terms of reference that were approved by Council on April 25, 2023. However, one of the proposed changes to the 2023 PPS is to permit the review of a settlement area boundary outside of the broader Comprehensive Review.

In July 2023, Council directed Civic Administration to close the Section 26 (*Planning Act*) Comprehensive Review file until the approval of a new Provincial Planning Statement, so that a separate amendment can be initiated that focuses on land needs over the planning horizon. A new scope of work will be presented to Council after a new planning framework is approved by the Province. This approach allows for the Land Needs Assessment component of the review to continue. This work is currently underway and regular feedback is received through the Housing Supply Reference Group.

2.4 Rethink Zoning

ReThink Zoning is the project of delivering a new comprehensive zoning by-law that will implement *The London Plan* and replace the current *Zoning By-law No. Z.-1*. A public engagement program for the project is currently underway. Consultation with members of the public is designed to accommodate general feedback as well as targeted feedback from community groups, equity deserving groups, and the development industry.

Several sample zone “factsheets” have been prepared and uploaded to the ReThink Zoning Get Involved webpage (<https://getinvolved.london.ca/rethink-zoning>) that provides a preliminary outline of the new zoning by-law structure, including permitted uses and permitted building types for the Downtown, Neighbourhoods, Commercial Industrial, Light Industrial, and Heavy Industrial Zones. In addition, a community

workshop was held on September 28, 2023 seeking feedback on the sample zone factsheets, as well as general feedback to be incorporated into the working draft zoning by-law. Additional consultation with the general public and interested parties, including the development industry will be held over the final months of 2023 and will be used to inform the first draft of the by-law. Input received that is related to aspects of the zoning by-law, to be implemented in the short term, will also be considered in the recommended amendments to the current zoning by-law.

With the City's recent approval of the CMHC Housing Accelerator Fund, (HAF) the priority to advance certain housing initiatives have ignited a change to the ReThink Zoning work plan and project schedule. This innovative change is a departure from the typical approach to rolling out a new zoning bylaw. This new approach will implement the ReThink Zoning bylaw in a series of phases. The first of these phases will include the zoning changes with the highest impact on accelerating new housing as proposed in the City's Housing Accelerator Fund Application. This change will reduce the time required to roll-out the zoning bylaw amendments with the greatest impact on providing new housing in London.

Several of the elements of Rethink Zoning that will be accelerated and implemented through a proposed amendment to the current Z.-1 Zoning By-law include:

- Zoning changes to promote additional residential units and other forms of gentle intensification within neighbourhoods by identifying and removing obstacles within the current zoning regulations.
- Preparing new zones for key intensification areas along the planned rapid transit corridors that incentivize redevelopment through as-of-right zoning for high-density development.
- Identifying common issues with the current zoning by-law that result in the need for minor variance or zoning by-law amendment applications and removing unnecessary regulations where possible.

These short-term projects are already underway and are expected to be completed within the first half of 2024. The impact on the overall project timeline for ReThink Zoning is that a first draft of the new by-law, which incorporates the changes described above, is targeted to be presented to Council in the third quarter of 2024. The feedback received from the community workshop on September 28, 2023 and any subsequent consultation will help inform the final version of the working draft zoning by-law.

2.5 Roadmap to 3,000 Affordable Units

A future Roadmap to 3,000 Affordable Units update is planned; however, there are many activities occurring to support the delivery of new affordable units.

Short-Term Focus

- Building a secondary suite and Additional Residential Unit program.
- Fall 2023 commence a staged procurement process to secure partnerships in the affordable housing space.
 - Complements the Duluth and Hyde Park development applications where the City is preparing land for development.
 - Creates a pre-qualified list of proponents that can contribute to affordable housing construction in the city.
- Alignment of former Housing Development Corporation systems and processes with those of the City of London, including a formalized wind-down.

Medium-Term Focus

- Development of a strategy to maximize end of mortgage and opportunities to capitalize social housing properties to build more affordable units, while retaining rent-geared-to-income units and re-establishing sound financial footing.

- Multi-Year Budget business cases to support proactive and adaptive housing programs.
- Housing Stability Action Plan update.
- Affordable Housing Community Improvement Program – updating to reflect local context following Bill 23, inflationary and global economic pressures, Roadmap programs, etc.
- Local Urban Indigenous-led Housing Plan – working with our urban Indigenous leaders to coordinate a plan within the Roadmap funding envelope.
- Second stage of partnership procurement to identify projects and sites.

Ongoing Activities

- Regular meetings with Affordable Housing External Reference Group.
- Strategic land purchases – surplus land (City, Federal and Provincial).
- Transition of Bonus Zones to constructed units.
- Management of existing contributions and agreements with affordable housing providers.
- System alignment and business process enhancements.
- Work with Community housing and LMCH to intensify existing housing sites.

3.0 Housing Reference Groups Update

The February 47,000 unit pledge report proposed a framework to support the increase of housing supply and affordability in London. The Housing Supply and Affordability Framework aligns the efforts of existing internal teams and external engagement groups with the overall goal of providing more housing to all Londoners. This framework includes a series of groups undertaking complementary work related to housing and the housing development process. Updates from three of these reference groups are included in the following sections.

3.1 Housing Supply Action Plan Reference Group Update

The Housing Supply Action Plan Reference Group has held nine meetings since the February report. The group has been involved chiefly in the development of the Housing Supply Action Plan. They have also been an important resource in providing feedback on London's Housing Accelerator Fund submission. One of the key discussion points during these meeting has centred on the need to ensure a sufficient supply of developable lands is available to meet long-term housing demand.

In addition, the need for openly available housing and vacant land data was highlighted as important. The City's new "Housing Open Data Initiative" was initiated through these discussions. London will be the first City to provide detailed GIS data related to housing, approved development lands, and vacant developable lands. This data is being made available in the spirit of accountability and collaboration and will be hosted on the City's Open data platform. The hope is that this data will be used by industry, academic, and community partners to drive further innovation in the field of housing.

The Housing Supply Action Plan group is currently working to develop the draft action plan. The group has made it a goal to submit a final plan for council consideration and approval in Q1-2024.

3.2 Customer Service and Process Improvement Reference Group Update

Customer Service and Process Improvement reference group is providing industry partner feedback to guide the process improvement work to support more housing supply. This team has met five times and has developed a list of over 30 prioritized improvements provided by industry partners. The group is now implementing the highest priority improvements and working with industry partners throughout implementation process. The improvements ranked highest by the reference group are:

- Streamlining the review process.
- Set requirements for agency comment response times.
- Improve website navigation, access to information.
- Review draft approval process to expedite approval.
- Review Building Code interpretation differences between London and other municipalities.
- Review 5-bedroom limit.

Over the course of several meetings, individual improvements are discussed and solutions are proposed. This back and forth ensures that the proposed change aligns with the intention of the improvement from industry's perspective. This group continues to meet monthly, adding, and re-prioritizing items and keeping informed of ongoing Planning and Development and Building initiatives.

3.3 Affordable Housing External Reference Group

The Affordable Housing External Reference Group has met three times since May and is providing valuable insight into the opportunities and challenges of the affordable and community housing sector. The group has developed a local definition for affordable housing and ownership that can be used consistently by all engaged in the process. Civic Administration will be using this definition to support any of the programs and associated agreements to ensure a consistent approach city-wide.

At the September meeting, city-staff made a high-level presentation on the upcoming procurement process that will help align partners interested in affordable housing development. Additionally, the group heard a presentation on opportunities for tiny home manufacturers, prefabricated units and modular multi-family construction opportunities. The group's feedback, work and information on the procurement and prefabricated housing will be incorporated back into the work (noted in Section 2.5) to deliver on the Roadmap to 3,000 and affordable housing funding provide by the Housing Accelerator Fund.

3.4 Building and Planning and Development Fee Review

Two fee review studies are currently underway for Building Permit Fees and Planning and Development Application Fees. Watson & Associates Economists Ltd. have been retained to develop costing models to assess the full costs of processing development applications and to make fee structure recommendations to provide for reasonable cost recovery. Industry partners are being engaged throughout this process.

The first introductory meeting with industry was held on August 9, 2023 with industry partners. The final report on the Building Permit Fees is anticipated to be completed in Q4-2023 with the Planning and Development Application Fee reports targeted for completion in Q1-2024.

3.5 Multi-year Budget Business Cases

As part of the multi-year budget process there will be a series of business cases coming forward that relate to housing. Significant effort has been expended to develop these business cases. As part of the multi-year budget deliberations, Council will have the opportunity to deliberate on a series of business cases to provide additional resources in the following areas:

- Affordable Housing Development,
- Planning & Development and building staffing to meet the requirements of the new housing legislation, and
- Enhancements to housing-related Community Improvement Plans.

These business cases will be presented to Council as part of the multi-year budget roll-out commencing in December 2023.

3.6 Housing Accelerator Fund Program

On September 13, 2023, Prime Minister Trudeau announced London’s successful application of the Housing Accelerator Fund (HAF) for the amount of \$74 million. Since this time, staff have moved forward with the work highlighted in the HAF action plan including an increase in additional residential unit permissions (OZ-9651) to provide more opportunity for missing-middle forms of development. Work on the seven initiatives has begun and will roll-out over the next year in the form of zoning and official plan changes, Community Improvement Plan updates, new programs, and process improvement initiatives. The Housing Accelerator programs will be included as foundational elements in the Housing Supply Action Plan currently under development.

4.0 47,000 Unit Pledge Supply and Target Reporting

Working with the Housing Supply Reference Group, a prototype diagram has been created to report out on the supply available to create new housing units and is included as “Appendix ‘A’: 47,000 Unit Pledge Supply”. Along the bottom of the figure is a timeline that shows the average time for land to progress through the land development process. The land development process can take as long as 10 years from servicing of the land to the first home being constructed. This figure is the first prototype of a 47,000-pledge supply reporting diagram and may evolve over time.

The following sections highlight the individual parts of the process diagram and provide details about the various stages of the development process. The unit counts provided below are as of June 30, 2023. Several values shown on the figure are not currently available and are show as TBD (To be determined). These values require changes in how we collect and track applications and will be shown on future updates. Currently there is a supply of approximately 69,000 units in the current land supply. This value does not include the majority of the capacity available in the form of intensification. The available supply of housing units in the form intensification is under development.

4.1 Un-Serviced Housing Unit Supply: 15,000 Units

The first item in the process figure depicts the amount of units within the Urban Growth Boundary and designated in the Official Plan for development but require servicing. This servicing may include stormwater management ponds, large trunk sewers and watermains. These large servicing projects are funded through the collection of development charges and are constructed by the City. The timing of these projects is determined through annual updates to the Growth Management Implementation Strategy. The primary party with control on this component of the process is the City.

The total number of units have been broken into two categories: greenfield and intensification. Greenfield units are an estimate of the number of units that would result following the land subdivision process. The intensification units value in this figure includes lands with a high potential for redevelopment where insufficient capacity exists to allow the development to proceed. Ongoing work is underway to calculate the un-serviced intensification unit supply value.

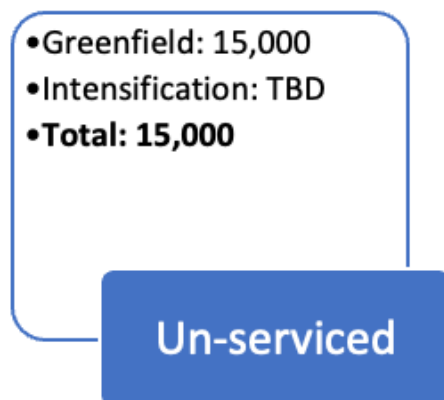


Figure 1: Un-serviced Housing Unit Supply.

4.2 Serviced Housing Unit Supply: 19,000 Units

The second item in the process figure depicts the amount of units designated for growth that have been serviced and are awaiting submission of a development application. These lands have all of the required servicing infrastructure in place including stormwater management ponds, and the large trunk sewers and watermains required for a property to be developed. The next step would be for a private party to bring forward a planning application to develop these lands. The primary party with control on this component of the process is the property developer.

The intensification units listed in this graphic will include an estimate of the number of housing units that can be created through the redevelopment of lands that have existing servicing capacity. Ongoing work is underway to calculate the serviced intensification unit supply value.

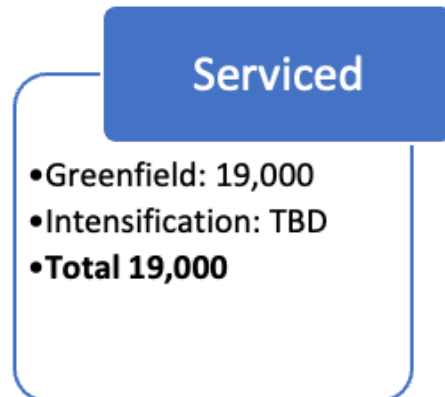


Figure 2: Serviced Housing Units Supply.

4.3 Council Approved Unit Supply: 15,271 Units

The third item in the process figure depicts the number of units that have Council approved zoning and Draft Plan approval. When staff bring forward an application to rezone a property or increase the allowed density for a property, the number of "Council Approved Units" increases. The same is true when Council approves a new draft plan of subdivision. Processing of these applications is managed by Civic Administration but also requires timely engagement by the applicant. Once Council Approval is achieved the applicant must take the lead to move forward to the site plan or subdivision registration process.



Figure 3: Planning Underway Housing Units.

4.4 Approved Lots and Blocks: 6,255 Units

The fourth item in the process figure depicts the number of units that have already been approved by Council and are now in a registered subdivision as an individual building lot or a multi-unit block. The next step is to submit a building permit application for individual lots or a site plan application for block. The primary party with control on this component of the process is the property owner.

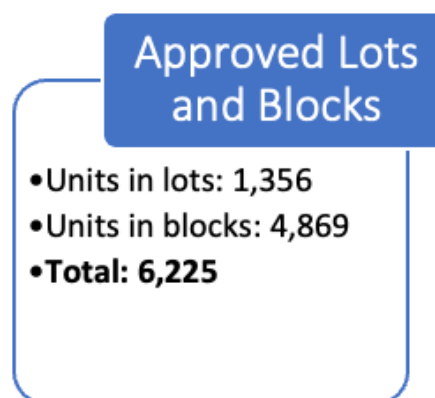


Figure 4: Approved Lots and Blocks Housing Unit Supply.

4.5 Open Site Plans and Condos: 13,045 Units

The fifth item in the process figure depicts the number of units in open site plans and condominium applications. To move beyond this stage the applicant’s site plan must be reviewed and approved by Civic Administration. Processing of these applications is managed by Civic Administration but also requires timely engagement from the applicant. Work is currently underway to identify the number of units in active application and those application that have become inactive. Once this approval is received the applicant can submit a building permit application.

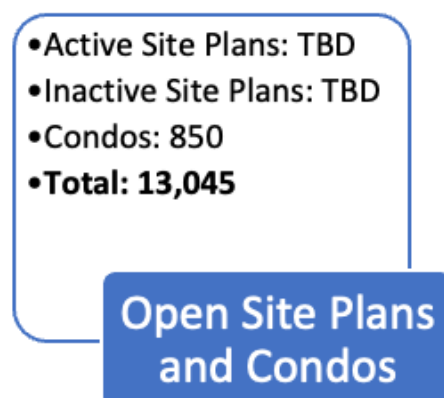


Figure 5: Open Site Plans and Condos Housing Unit Supply.

4.6 Permit and Inspection Unit Supply: 1,134 Units

The final item in the process figure depicts the number of units in building permit applications submitted to the City’s Building division. These units are ready to be constructed subject to drawing review and can be occupied following building inspections. This item includes reporting on the number of on-the-clock and off-the clock permits.

Items in the queue that are “on-the-clock” are applications submitted with no deficiencies and are subject to statutory timelines. Permits that are off-the-clock are applications that have had one or more deficiency. It is a City of London innovation to begin to report off-the-clock permit applications. There is no statutory requirement to report off-the-clock permits. The Civic Administration will be reporting on these permits to provide improved transparency and as a key performance metric that can be monitored and improved over time. The building permit process is managed by the City but also requires timely engagement from the applicant.

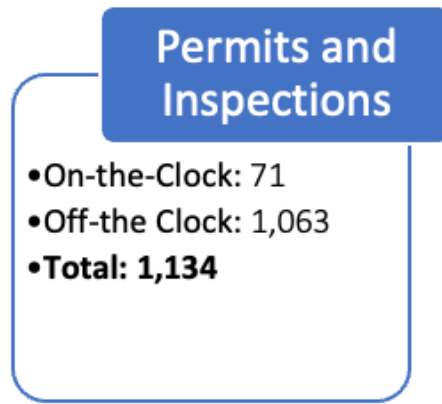


Figure 6: Permit and Inspection Housing Unit Supply.

As of June 30, 2023, there were 71 units in process associated with on-the-clock permit applications and 1,063 units associated with off-the-Clock permit applications for a total of 1,134 units.

4.7 Housing Open Data Initiative

As noted above in the Housing Supply Reference Group update, the need for openly available housing and vacant land data was highlighted as important by industry partners. The City’s new “Housing Open Data Initiative” was initiated through these discussions. London will be the first City to provide detailed GIS data related to housing, approved development lands, and vacant developable lands. This data is being made available in the spirit of accountability and collaboration and will be hosted on the City’s Open data platform. The hope is that this data will be used by industry, academic, and community partners to drive further innovation in the field of housing.

This effort will also allow for improved validation of the City’s current list of approved housing units. To confirm the accuracy of the City’s data set and to further identify opportunities to accelerate new housing, a detailed list that includes the number of units and the related corporate ownership will be brought forward as part of a future update. This will allow time to reach out to those Owners of lands with approved units and ensure the approved unit list is complete and accurate.

4.8 Regular Building Permit Updates

Monthly reports are prepared by the Building Division that provide details related to the building permits issued and building & plumbing inspections conducted. In order to simplify how this information is reported the following figure will be included in future Building Division updates.

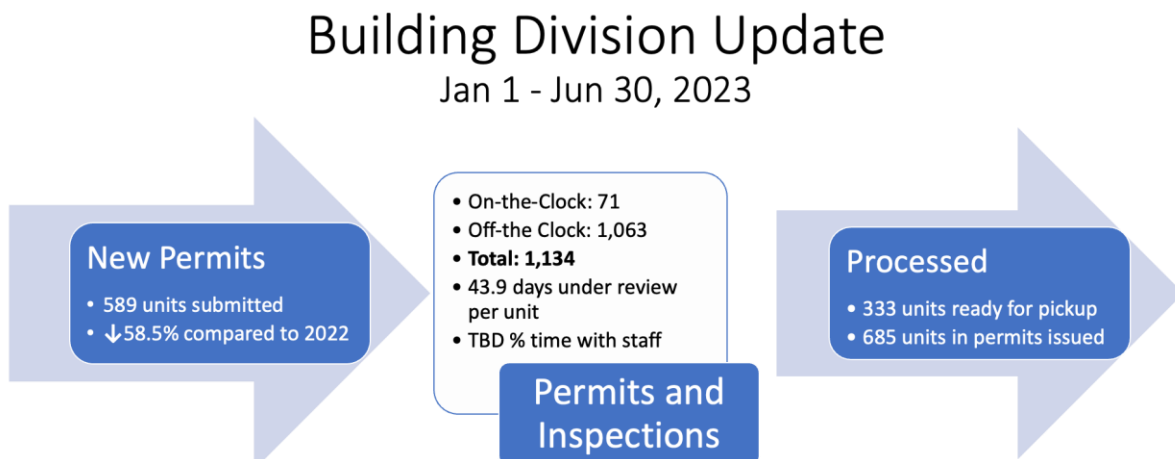


Figure 7: Building Division update Jan 1-Jun 30, 2023.

This figure provides a deeper dive into the Permits and Inspections Housing Unit Supply number discussed in the previous section. It shows the inflow and outflow of housing unit permits through the building area on a year-to-date basis. The Civic Administration

will be bringing back a future report with strategies to reduce the number of off-the-clock permits.

4.9 Annual Housing Unit Targets

Prior to receiving the Province’s October 23rd letter, work was undertaken to develop annual housing targets for the City of London. The following table “Table 2: Annual Housing Unit Targets and 2022 actuals” was created. It includes an annual target and provides details of the actual number of units based on building permits issued, the number of Council approved units, and an annual target ramping up to 4,700 units per year within 5 years. The annual targets were developed by:

- Starting in 2022 with London’s prior 3-year average number of constructed units,
- Ensuring the period from 2024-2026 aligns with the Housing Accelerator Fund Targets, and
- Finally ramping up to 4,700 by 2027 (approximately 50% higher than London’s three-year average number of units).

It is critical to consider both the number of units in permits issued every year and the substantial amount of effort by Staff, Committee, and Council that go into the planning process to generate Council approved units each year. The following table provides the targets and the actual values for 2022.

Table 2: Annual Housing Unit Targets and 2022 Actuals

Year	Council Approved Units (1)	Units in Permits Issued (2)	Annual Housing Unit Target
2022	4,097	2,598	3,100
2023	-	-	3,180
2024	-	-	3,500
2025	-	-	3,820
2026	-	-	4,300
2027	-	-	4,700
2028-2031	-	-	24,400

(1) The number of new units approved by Council in zoning and subdivision applications over the respective year.

(2) The number of units in building permits issued in 2022. The Province’s letter highlights a different approach for tracking the number of constructed units.

For 2023, a total of 690 units have been constructed as of June 30th and as of the Council Meeting on October 17th, there have been 3,061 units approved in 2023 by Council through zoning amendments and subdivision applications. The number of units approved by Council is significantly outpacing the number of units being constructed over the same timeframe. It is anticipated that by the end of 2023, Council will have approved in excess of the 2023 target but the actual units constructed will fall well below the 2023 target.

4.10 October 23rd Letter and October 26th Webpage Posting

On October 23rd, London received a letter from the Province outlining London’s annual targets for the years 2023-2025. This letter has been included as “Appendix ‘B’ October 23, 2023 Housing Target Letter”. The letter provides details on the Province’s \$1.2 billion program that will provide up to \$400 million per year to municipalities that meet or exceed their annual housing targets. The targets provided in this letter are presented in following table.

Table 3: Provincial Annual Housing Unit Targets

Year	Provincial Annual Target
2023	3,447
2024	3,917
2025	4,700

On October 26th, the Province posted a new “Tracking housing supply progress” webpage. This tracker compares yearly new home construction starts in municipalities against the Province’s housing targets for 2031. The following table provides the values posted for the City of London.

Table 4: London's Housing Supply Target Data (Source: Province of Ontario)

10-year housing target	Total Housing Starts Since 2022 (1)	2023 Target	2023 Housing Starts (2)	2023 Progress	Housing Target Status
47,000	3,755	3,447	1,260	37%	Not met

(1) This value is the total of CMHC’s housing completion value for 2022 plus the 2023 housing starts value.

(2) This value is the number of “housing starts” based on CMHCs Housing Starts and Completions Survey.

The letter indicated that Additional Residential Units and institutional housing types created in a given calendar year will also count against the provincial target. The Province notes that this data will be added at a later date and is not currently included in the table above.

The housing unit data comes from the CMHC Starts and Completions Survey. The Starts and Completions Survey is conducted through site visits. These visits are used to confirm that new residential units have reached set stages in the construction process. The CHMC also uses issued building permits as an indication of where construction will likely to take place.

London will not meet the 2023 Housing Target provided by the Province. To meet the 2024 target, London will need to match its peak year of building activity of 3,999 units in 2021.

4.11 Building Unit Performance Analysis

There has been a significant slowdown of housing unit construction in the City of London over 2022 and in 2023 to date. CMHC’s October Housing Supply Report provides the following commentary on the current housing market in Canada:

- Total housing starts across the country’s largest census metropolitan areas (Toronto, Vancouver) increased slightly in the first half of 2023.
- In most other large centres (including London), meanwhile, they were below these levels.
- Elevated rates of apartment construction are not likely to be sustainable due to various challenges facing developers. These challenges include higher construction costs and higher interest rates.
- Significant increases in construction productivity are critical to addressing the country’s affordability and housing supply crisis over the longer term. The level of new construction activity remains too low.

The drop in building activity was also discussed at a recent meeting of the Housing Supply Reference Group. It was the consensus of this group that in London:

- Consumer demand has dropped due to higher mortgage rates and the increasing difficulty in consumers to meet the requirements of mortgage stress tests.

- Higher construction costs and higher interest rates are making it more difficult to acquire financing for large construction projects.
- Due to substantial and increasing fixed costs for components of midrise buildings, many forms of midrise style buildings are not financially viable at this time.

It should be noted that from January 1, 2022 to date, Council has approved 7,158 units (4,097 in 2022 and 3,061 in 2023 to date). These approved units are significantly outpacing the number of units constructed over the same time frame. This results in a significant number of new units that can be constructed quickly once macro-economic conditions improve.

These macro-economic factors have a major influence on the housing marketplace. Civic Administration will continue to monitor these changes and provide further analysis in future updates.

Conclusion

London's Housing Pledge consists of developing a Housing Supply Action Plan that will be based on three pillars, each including specific actions designed to accelerate housing development. This report provides an update on the work to date and provides details on the how the housing target will be reported and monitored.

The City of London is committed to accelerating housing supply and taking necessary steps to facilitate 47,000 new homes by 2031. London is leading the way in housing innovation and will continue to develop new and progressive ways to create new housing opportunities. The Housing Supply Action Plan that is currently under development in collaboration with industry partners will continue this work and ensure London remains at the forefront of providing housing for those that need it.

**Prepared and
Submitted by:**

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Recommended by:

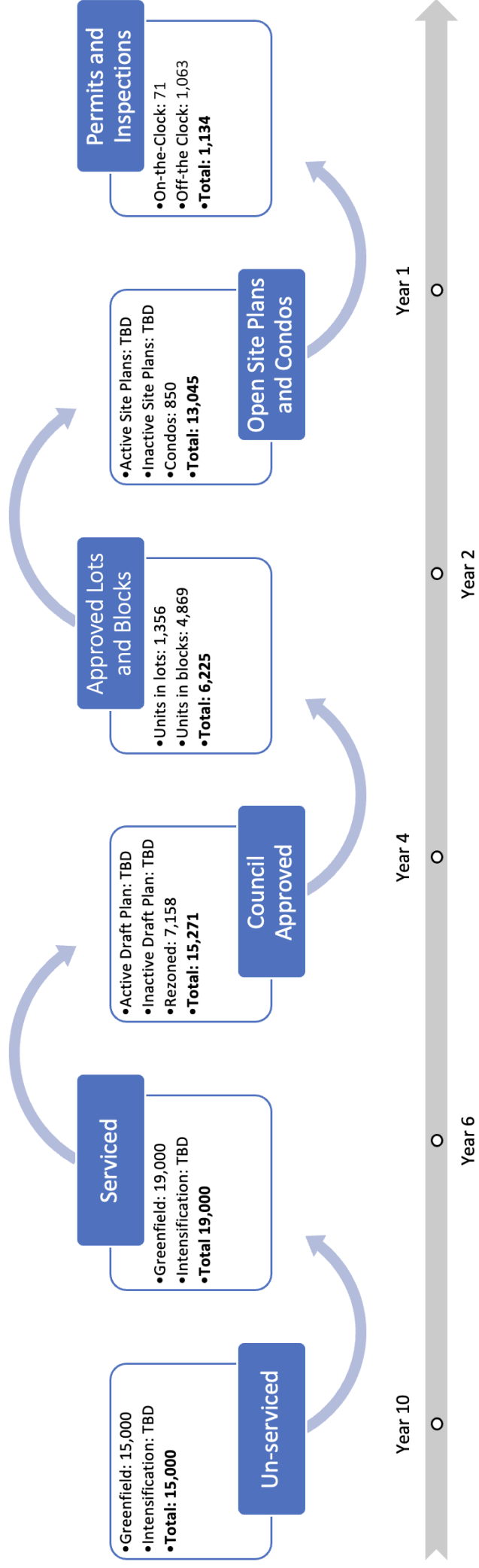
**Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and Economic
Development**

**Appendix 'A': 47,000 Unit Pledge Supply
Appendix 'B' October 23, 2023 Housing Target Letter**

Appendix 'A': 47,000 Unit Pledge Supply

47,000 Unit Pledge Supply

June 30, 2023



Appendix 'B' October 23, 2023 Housing Target Letter

**Ministry of
Municipal Affairs
and Housing**

Office of the Minister

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**Ministère des
Affaires municipales
et du Logement**

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Toronto (Ontario) M7A 2J3
Tél. : 416 585-7000



234-2023-5137

October 23, 2023

Your Worship
Mayor Josh Morgan
City of London
mayor@london.ca

Dear Mayor Morgan:

As you know, on August 21, 2023, Ontario announced the Building Faster Fund, a new three-year, \$1.2 billion program that will provide up to \$400 million per year to municipalities that meet or exceed their annual housing targets. Ten per cent of the overall funding will be reserved for small, rural and northern communities that have not yet been assigned a housing target.

This program is currently in the final stages of program design, informed by consultations underway with the Association of Municipalities of Ontario, the City of Toronto, and the Housing Supply Action Plan Implementation Team. However, I am writing today to provide details on your municipality's annual housing targets to inform municipal planning for the year ahead.

These are the targets that would apply under the Building Faster Fund provided you commit in writing as head of council to your overall municipal housing target if your municipality has not already previously pledged to meet this housing target and have provided feedback on the recommendations of the Housing Affordability Task Force by October 16, 2023. We also hope and expect that municipalities will submit a council-approved pledge by December 15, 2023, if they have not already done so, outlining the steps they will take to achieve their housing targets, but approval of this pledge is not a condition for accessing funding under the Building Faster Fund.

Annual targets will be determined by taking each municipality's proportion of the overall 1.5 million home goal and applying that proportion against province-wide annual targets, which will increase each year over the course of the Building Faster Fund. For example, if a municipality's target represents 5% of 1.5 million homes, the annual targets for that municipality would be 5% of the province-wide targets for 2023, 2024 and 2025. This ambitious and realistic approach will provide time for municipalities to ramp up approvals processes to the necessary levels.

For the first year of the program, 2023, province-wide annual housing targets will start at 110,000 new housing starts. From there, housing targets will ramp up to 125,000 in 2024, 150,000 in 2025 and 175,000 beginning in 2026 (one year beyond the end of the BFF program period). 175,000 units per year beginning in 2026 would be the pace needed to achieve 1.5 million homes by 2031.

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For your municipality, this means your annual housing targets under the BFF would be:

Target	2023	2024	2025
Provincial	110,000	125,000	150,000
City of London	3,447	3,917	4,700

Performance against these targets will be evaluated based on housing starts, as defined by Canada Mortgage and Housing Corporation's Starts and Completions Survey, as well as Additional Residential Units (for example, basement suites) and other institutional housing types (such as Long-Term Care beds) created in a given calendar year. Please note that the data source for Additional Residential Units is to be determined and more information on what counts will be available once consultations are completed and a final program design is announced.

For additional details on the design of the Building Faster Fund at this stage, please refer to the Backgrounder at this link: <https://news.ontario.ca/en/backgrounder/1003396/ontario-providing-new-tools-to-municipalities-to-build-more-homes-sooner>

Finally, please note that beginning in October 2023, the Ministry of Municipal Affairs and Housing will begin publishing on its website each municipality's annual housing targets, as well as progress towards those targets to date based on housing starts data, on our ministry website. Other data types, such as Additional Residential Units, will be added as they become available in the future.

I look forward to continuing our work together to ensure that more people can afford a place to call home.

Sincerely,



Hon. Paul Calandra
Minister of Municipal Affairs and Housing

c: Lynne Livingstone, CAO, llivings@london.ca
Michael Schulthess, City Clerk, mschulth@london.ca
Hon. Rob Flack, Associate Minister of Housing
Michael Klimuntowski, Chief of Staff, Minister's Office
Martha Greenberg, Deputy Minister
Joshua Paul, Assistant Deputy Minister, Market Housing Division
Sean Fraser, Assistant Deputy Minister, Planning and Growth Division
Caspar Hall, Assistant Deputy Minister, Local Government Division