

Report to Planning and Environment Committee

To: Chair and Members
Planning & Environment Committee

From: George Kotsifas P. Eng.,
Managing Director, Development & Compliance Services and
Chief Building Official

Subject: 2019 Annual Development Report

Recommendation

That, on the recommendation of the Director, Development Services, the 2019 Annual Development Report **BE RECEIVED** for information.

Previous Reports Pertinent to This Matter

June 17, 2019 "Housing Supply: Defining Permit Ready Lots", Planning and Environment Committee

Link to the Strategic Plan

This report supports the 2019-2023 Strategic Plan for the City of London through the Building a Sustainable City strategic area of focus by advancing the growth and development policies of the London Plan through enhanced implementation tools and infrastructure. The creation and implementation of a framework for an Annual Development Report is a specific action of the strategic plan.

Background

On June 17, 2019, the Planning and Environment Committee (PEC) received a staff report on the definition of Permit Ready Lots. As part of this report, Staff recommended that a regular reporting tool to communicate development statistics and progress on continuous improvement initiatives be developed and that the initial report be published within the first quarter of 2020. PEC approved the following recommendation:

That, on the recommendation of the Director, Development Services, the following actions be taken:

- a) *this report outlining the output and analysis reviewed as part of the Permit Ready Lot Working Group **BE RECEIVED** for information; and,*
- b) *Civic Administration **BE DIRECTED** to prepare an Annual Development Report as an information and monitoring tool, summarizing development metrics for the previous year, forecasts of near-term growth and progress regarding continuous improvement initiatives, it being noted that the first Annual Development Report will be published by the end of the first quarter of 2020.*

Staff has compiled the attached 2019 Annual Development Report that provides historic and forecasted near-term growth by development type, 2017-2019 development application activity managed by Development Services, an update on the Permit Ready Lot Working Group activities, and process-based continuous improvement initiatives that were undertaken in 2019.

Key Findings

In 2019, new dwelling permits were up 3.9% in the City in 2019 over 2018. Of new dwelling unit permits in 2019, 29.2% were single/semi-detached dwellings, 24.4% were rowhouses and townhouses and 46.4% of new dwelling unit permits were apartments.

For non-residential development, new commercial construction was down 30.1% in 2019 after several years of elevated growth, and Institutional growth increased due to new long-term care and school projects. New industrial growth in 2019 was up markedly in response to permits being issued for a large food processing facility in the southeast area of the City.

Development application activity levels in 2019 were similar to those in 2017 and 2018. Overall, application processing times are improving. Reduced *Planning Act* statutory periods for several application types came into force in 2019. As a result, this may challenge the ability to meet statutory period timelines in future years.

Over 2019, the Permit Ready Lot Working Group established definitions and a process to monitor current permit ready lot supply. Over 2020, the group will be engaged in creating benchmarks and actionable performance measures.

In addition, several continuous improvement initiatives are underway to improve the quality of development application submissions and application processing times.

Conclusion

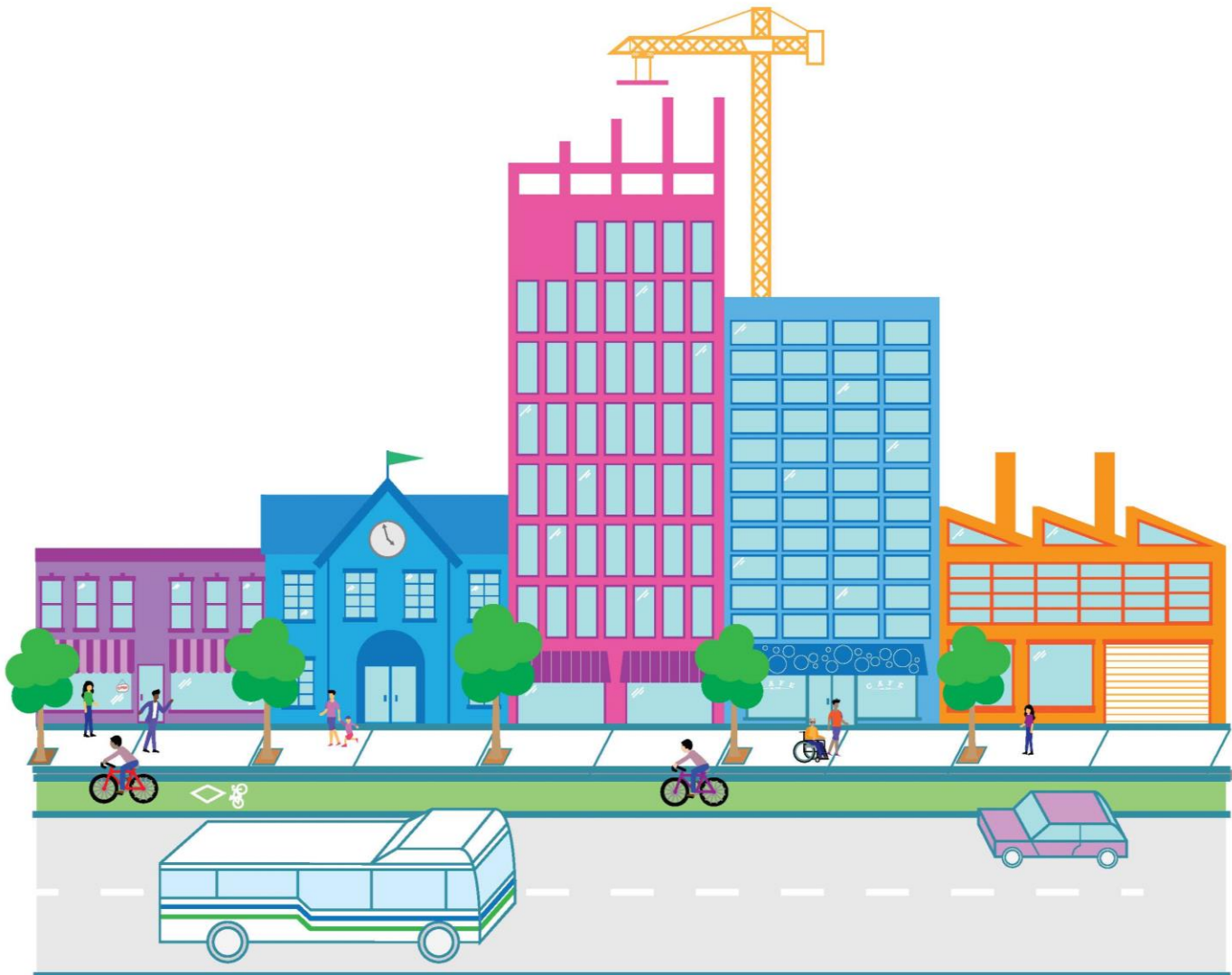
The attached 2019 Annual Development Report Staff provides a summary of historic and forecasted near-term growth, 2017-2019 development application activity managed by Development Services, an update on the Permit Ready Lot Working Group activities, and process-based continuous improvement initiatives that were undertaken in 2019.

Staff anticipate that the Annual Development Report will be a helpful monitoring tool for Council as well as a reference document for market analysis studies undertaken by members of the community. It will also provide an enhanced input into the Growth Management Implementation Strategy and recommendations for infrastructure planning.

Prepared by:	Kevin Edwards, MCIP, RPP Manager, Development Finance, Development Services
Recommended by:	Paul Yeoman, RPP, PLE Director, Development Services
Submitted by:	George Kotsifas, P.ENG Managing Director, Development and Compliance Services and Chief Building Official



2019 Annual Development Report



January 2020
Development & Compliance Services

Development Services

2019 Annual Development Report

The Annual Development Report (ADR) provides updates and commentary on development activity in the City of London. The ADR monitors:

- residential, commercial, institutional and industrial development;
- development application statistics;
- the 'permit ready' lot status of subdivision applications; and
- Development Services process-based continuous improvement initiatives.

For each section, the report contains tables and brief commentary.

HIGHLIGHTS

Residential Development:

- New dwelling permits were up 3.9% in the City of London in 2019
- 29.2% of London new dwelling permits were single-detached dwellings
- 24.4% of London new dwelling permits were rowhouses and townhouses
- 46.4% of London new dwelling permits were apartments

Non-Residential Development:

- After several years at elevated levels, commercial growth was down 30.1% in 2019
- Institutional growth was up 285% in response to new long-term care and school projects
- New industrial development was up 1,716% over 2018 primarily due to permits being issued for a very large food processing facility in the southeast.

Development Application Activity:

- Development application levels in 2019 were similar to 2017 and 2018. Overall, application times are improving. Reduced Planning Act statutory periods for several application types came into force in 2019; this may challenge the ability to meet statutory periods in future years.

Permit Ready Lots:

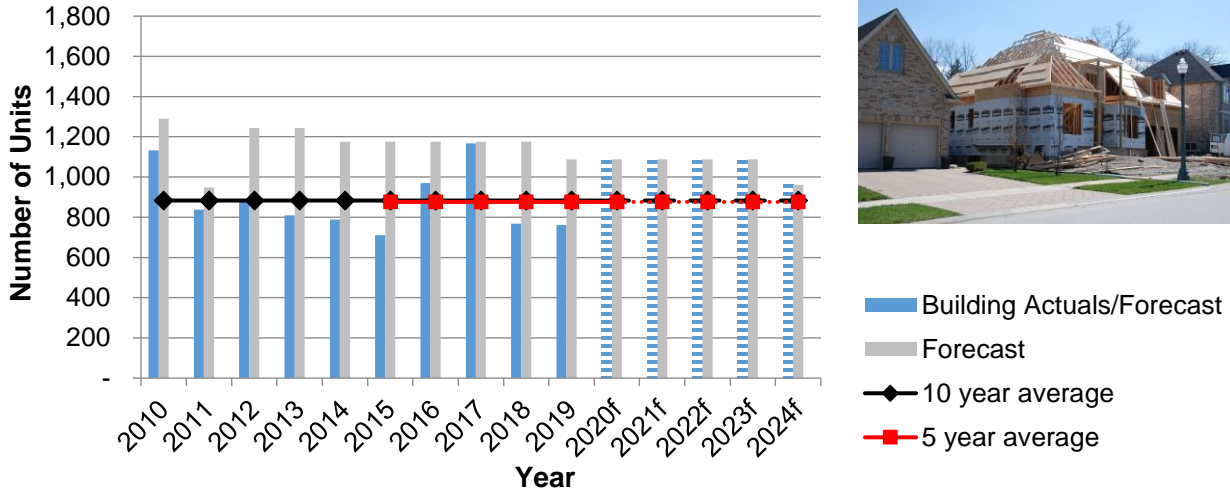
- The Permit Ready Lot Working Group has established definitions and a process to monitor current supply. Over 2020, the group will be engaged in creating benchmarks and actionable performance measures.

Continuous Improvement Initiatives:

- Several continuous improvement initiatives are underway to improve the quality of development application submissions and application processing times.

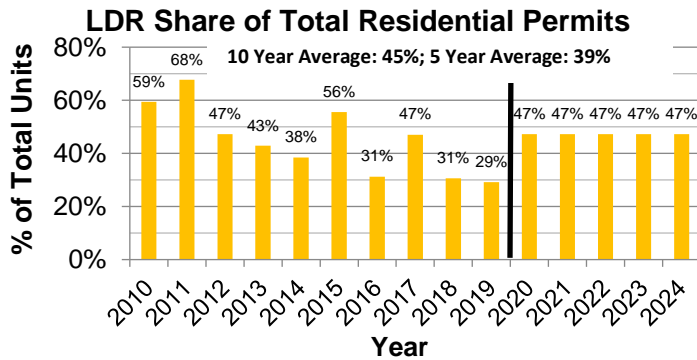
Building Permit Activity Low Density Residential Development (LDR)

LDR Projected and Actual Growth 2010-2024

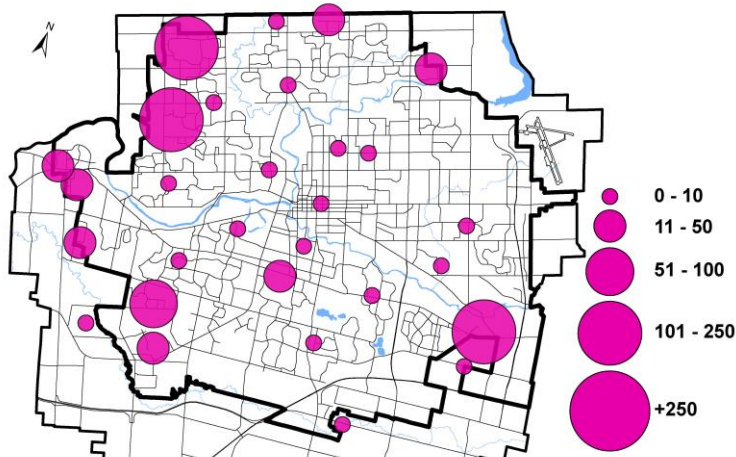


	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Altus/Watson Forecast	1290	948	1244	1244	1176	1176	1176	1176	1176	1088	1,088	1,088	1,088	1,088	961
Actual/Forecast	1133	838	880	809	788	711	970	1168	768	761	1,088	1,088	1,088	1,088	961
10 Year Average	883														
5 Year Average	876														

Note: Totals includes cluster single detached units in Vacant Land Condominiums; Building Division report count as MDR Townhouse/Rowhouses.



2019 LDR Permits by Location

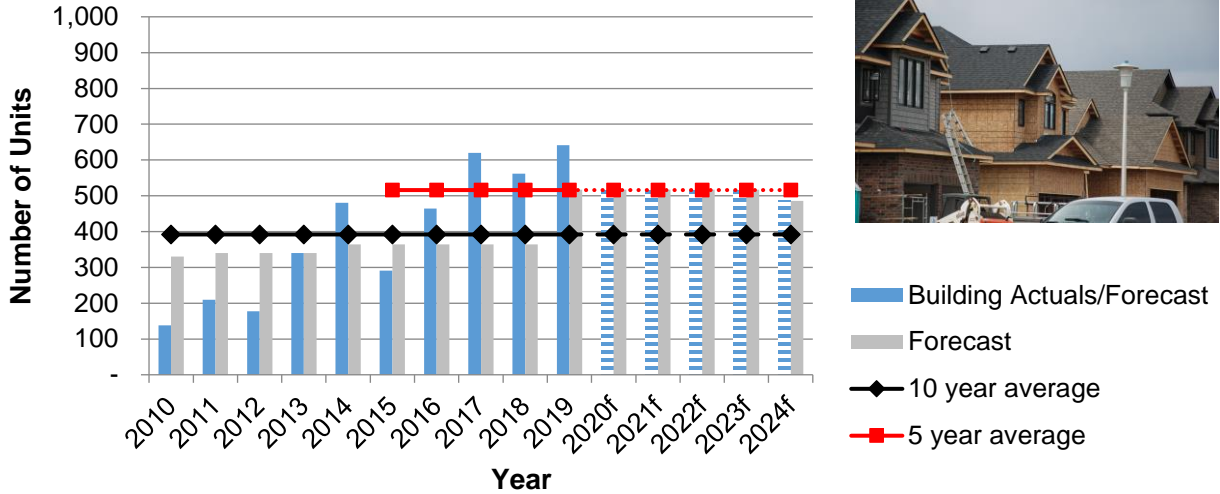


Observations:

- Over the past two years, LDR permits have remained consistent at rates below forecasted levels.
- The number of LDR permits is forecasted to increase over the near to medium term based on the pace of development anticipated for available greenfield land supply. These forecasts are being monitored.
- The share of LDR permits has been gradually decreasing over the past 10 years. The reduced share is attributable to increases in total MDR and HDR permits consistent with long-term trends.
- Consistent with previous years, 95% of LDR permits were located in greenfield areas.

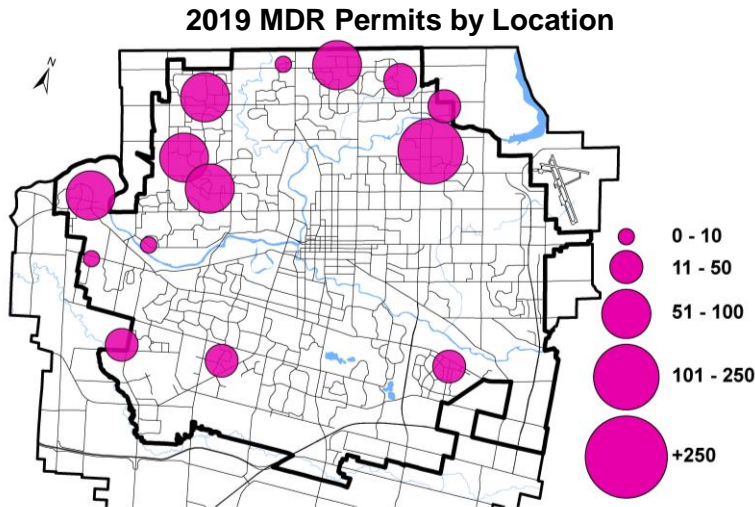
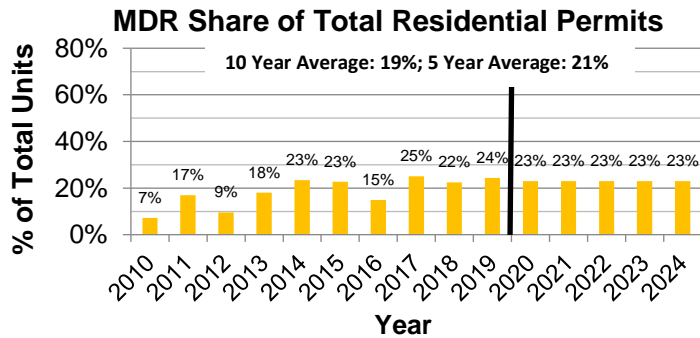
Building Permit Activity Medium Density Residential Development (MDR)

MDR Projected and Actual Growth 2010-2024



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Altus/Watson Forecast	330	340	340	340	364	364	364	364	364	517	517	517	517	517	486
Actual/Forecast	138	210	177	340	480	291	464	620	562	636	517	517	517	517	486
10 Year Average	392														
5 Year Average	515														

Note: Total excludes cluster single detached units in Vacant Land Condominiums; Building Division report count as MDR Townhouse/Rowhouses.

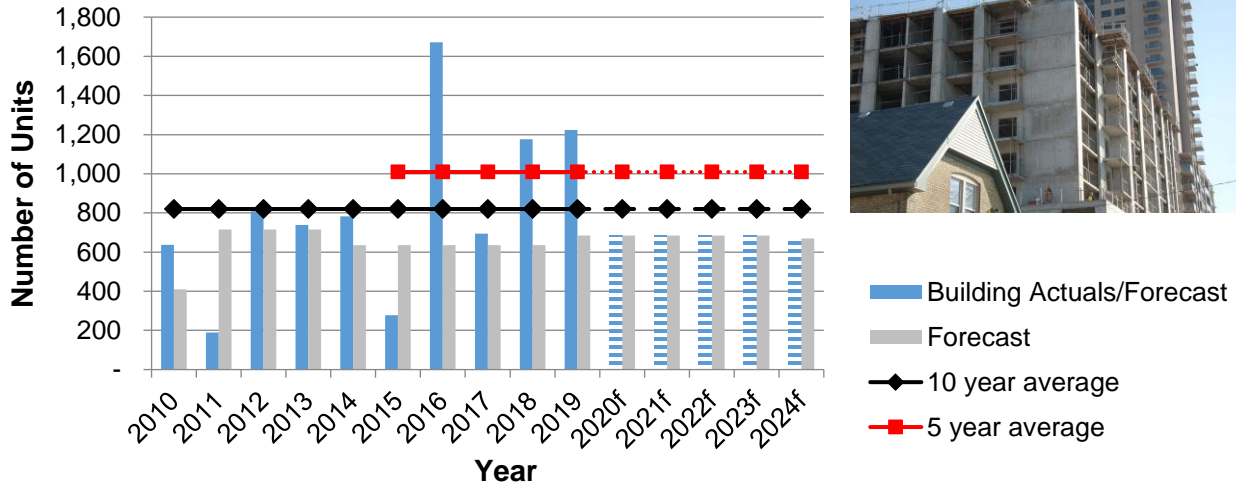


Observations:

- MDR permits have been at higher levels over the past three years.
- MDR permits are forecasted to maintain current levels over the near to medium term.
- Over the past 10 years, the proportion of MDR permits as a percentage of total permits has been gradually increasing.
- 2019 MDR permits were predominantly located in greenfield areas as part of new subdivision development.
- Significant infill MDR development is also occurring on former institutional sites.

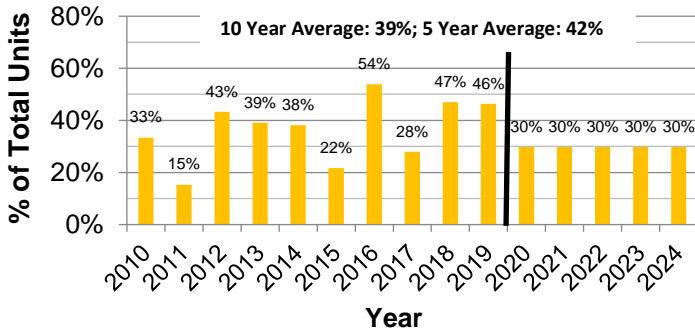
Building Permit Activity High Density Residential Development (HDR)

HDR Projected and Actual Growth 2010-2024

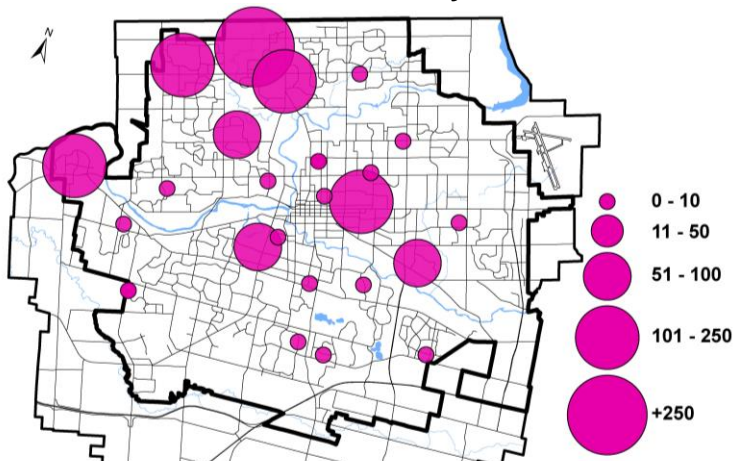


	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Altus/Watson Forecast	410	716	716	716	636	636	636	636	636	684	684	684	684	684	670
Actual/Forecast	637	190	808	738	783	278	1671	694	1177	1209	684	684	684	684	670
10 Year Average											819				
5 Year Average											1006				

High Density Share of Total Residential Permits



2019 HDR Permits by Location

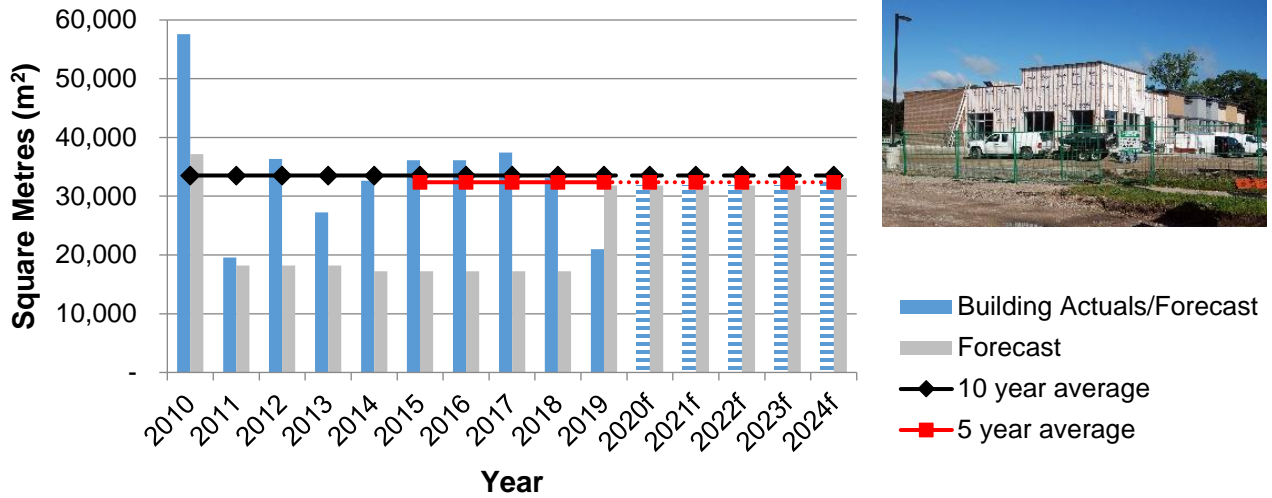


Observations:

- HDR construction experiences large fluctuations on a year over year basis.
- 2019 HDR permits were similar to 5-year averages for this dwelling type.
- In the London CMA, the purpose-built apartment vacancy rate declined to 1.8%.
- HDR permits are forecasted to decline over the near to mid-term. However given recent and anticipated HDR construction activity, these forecasts are being monitored.
- In 2019, HDR construction predominantly occurred as infill. However it is noted that with recent greenfield area approvals, the proportion of built area HDR construction may decrease in future years.

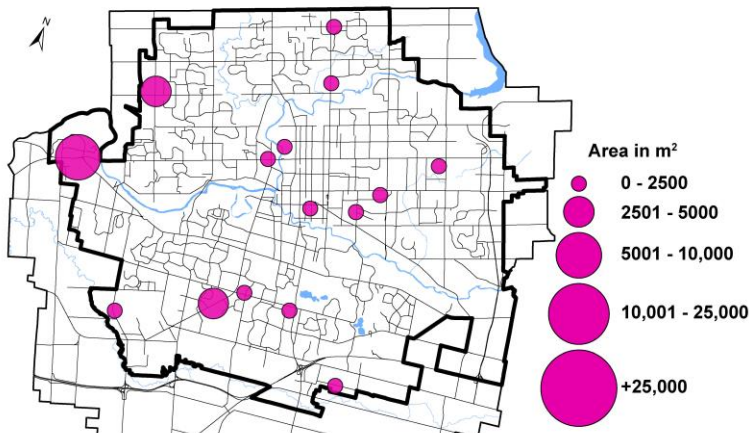
Building Permit Activity Commercial Development

Commercial Projected and Actual Growth 2010-2024



(m ²)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Altus/Watson Forecast	37,160	18,208	18,208	18,208	17,242	17,242	17,242	17,242	17,242	31,829	31,829	31,829	31,829	31,829	33,051
Actual/Forecast	57,587	19,566	36,353	27,253	32,612	36,104	36,125	37,430	33,059	21,846	31,829	31,829	31,829	31,829	33,051
10 Year Average	33,612														
5 Year Average	32,549														

2019 Commercial Permits by Location

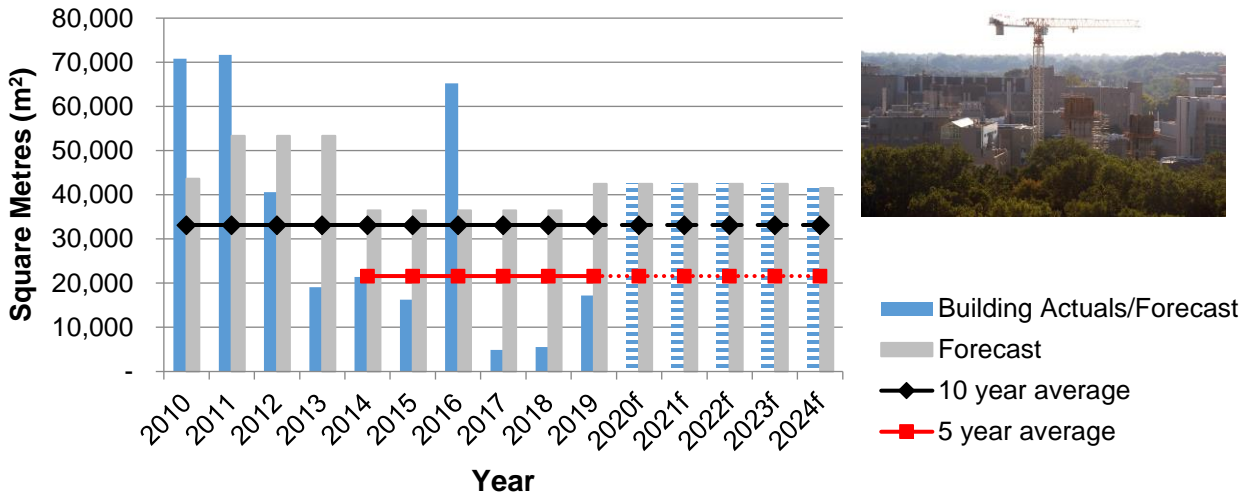


Observations:

- Commercial construction in 2019 declined after several years of similar increases in gross floor area.
- After several years of exceeding previous forecasts, the commercial space forecasts were revised in 2019.
- Near- to medium forecasted demand for commercial uses is anticipated to return to 5- and 10-year historical averages.

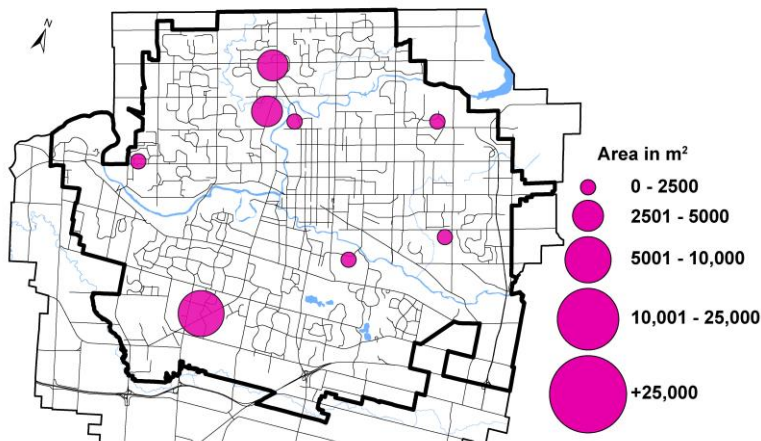
Building Permit Activity Institutional Development

Institutional Projected and Actual Growth 2010-2024



(m ²)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Altus/Watson Forecast	43,663	53,325	53,325	53,325	36,491	36,491	36,491	36,491	36,491	42,512	42,512	42,512	42,512	42,512	41,565
Actual/Forecast	70,846	71,707	40,587	19,121	21,374	16,232	65,245	4,871	5,514	17,232	42,512	42,512	42,512	42,512	41,565
10 Year Average	33,169														
5 Year Average	21,610														

2019 Institutional Permits by Location

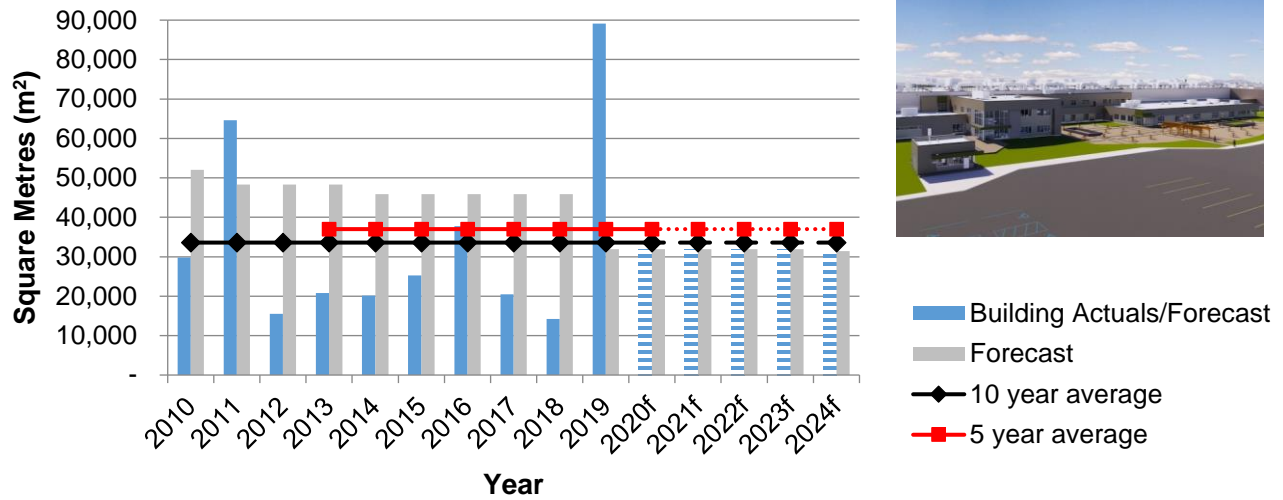


Observations:

- Institutional growth has a cyclical pattern related to funding from higher orders of government.
- There are a limited number of institutions that contribute to Institutional growth in the City.
- After two years of minimal institutional construction, 2019 saw an increase due to permits for long-term home construction, post-secondary construction and an elementary school addition.
- Demand for institutional uses in forecasted to increase above current levels over the near- to medium term. However, given historic trends and anticipated higher-order government investment, this forecast is being monitored.

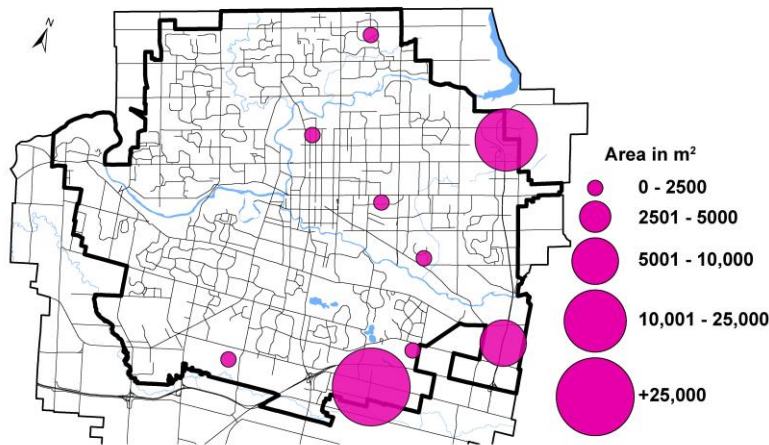
Building Permit Activity Industrial Development

Industrial Projected and Actual Growth 2010-2024



(m ²)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Altus/Watson Forecast	52,024	48,308	48,308	48,308	45,855	45,855	45,855	45,855	45,855	31,894	31,894	31,894	31,894	31,894	31,448
Actual/Forecast	29,800	64,600	15,482	20,806	20,171	25,270	37,780	20,433	14,216	89,142	31,894	31,894	31,894	31,894	31,448
10 Year Average	33,589														
5 Year Average	37,006														

2019 Industrial Permits by Location



Observations:

- Industrial permits have remained below forecasted levels over the past several years.
- The large increase in 2019 is due to the permit for the new Maple Leaf food processing facility on Wilton Grove Road which will contain nearly 60,000m² in new space.
- Demand is forecasted to be similar to the 5- and 10-year historical average over the near to medium-term.

Development Services

2019 Development Application Activity

2017-2019 Applications Received and Processed within Planning Act Timeframes

Application Type	2017			2018			2019		
	Applications Received	Statutory Period (Days)	%*	Applications Received	Statutory Period (Days)	%*	Applications Received	Statutory Period (Days)**	%*
OPA and ZBA	12	180/120	67%	13	210	92%	19	210/120	95%
Zoning By-law Amendment (ZBA)	31	120	61%	31	150	74%	41	150/90	88%
Temporary Use	4	120	100%	2	150	100%	3	150/90	100%
Removal of Holding Provision	35	120	71%	36	150	72%	36	150/90	94%
Draft Plan of Subdivision	3	180	33%	6	180	83%	2	180/120	0%
Draft Plan of Condominium	11	180	91%	16	180	81%	17	180/120	88%
Condominium Conversion Plans	0	180	n/a	0	180	n/a	2	180/120	100%
Part Lot Control Exemption	6	n/a	n/a	1	n/a	n/a	7	n/a	n/a
Consent	53	90	43%	56	90	36%	58	90	53%
Minor Variance	203	30	29%	158	30	30%	143	30	5%
Site Plan	122	30	61%	142	30	66%	117	30	71%
TOTAL APPLICATIONS	480	-	-	461	-	-	445	-	-
Pre-Application Consultations	94	n/a	n/a	96	n/a	n/a	124	n/a	n/a
Site Plan Consultations	205	n/a	n/a	216	n/a	n/a	192	n/a	n/a
GRAND TOTAL	779	-	-	773	-	-	761	-	-

* % of applications considered by Planning and Environment Committee within Planning Act Timeframe

* % Includes applications put on hold at the request of the applicant

** Revised Bill 108 Statutory Periods came into force on September 3rd 2019

Recent and Anticipated Trends



Reduced *Planning Act* statutory periods for several application types came into force in 2019. This may challenge the ability to meet statutory periods in future years.



The number of Official Plan (OPA) and Zoning By-law (ZBA) amendments are increasing. From 2018 to 2019, the number of OPA's increased by 46% and ZBA's increased by 32%.



Site Plan turnaround times are improving. From 2016 to 2019 review periods have improved 23% - or 8 days. In 2019, 91% of applications were approved within 34 business days.



Subdivision applications were lower in 2019 as landowner business plans have been adjusted to complete environmental reviews and establish development limits prior to applications.



Following completion of floodplain mapping refinements in 2020, it is anticipated that several new Plan of Subdivision applications will be submitted in the southwest area of the City.

Observations:

- Overall, total application activity has remained relatively stable over the past 3 years.
- *Planning Act* timeframes are in calendar days, however the City is limited to operating during business days. This has an impact mainly on application types with short timeframes like Site Plan and Minor Variances.
- In 2019, 44% of Minor Variance applications were heard within 35 calendar days, 76% within 40 days and 93% within 50 days.
- The Committee of Adjustment hears Minor Variance and Property Standards Appeals. Minor Variance application times have been getting longer to accommodate an increase in the number of Property Standards Appeals resulting from Residential Rental Unit Licensing (from 5 appeals in 2016 to 102 in 2019).

Permit Ready Lot Working Group

Since 2018, a working group, including City staff and members of the local development industry, have been engaged in defining and developing performance measures related to permit-ready lot supply. Work to date includes establishing consistent definitions and a process to monitor current supply. In 2020, the working group will be engaged in creating benchmarks and actionable performance measures. A report prepared in June 2019 that explains in detail the group's process, findings and next steps is available [here](#).

Working Group Objectives:

- use current lot supply by category to anticipate near-term (1-3 year) future permit ready lot supply;
- assess Developer, Home Builder and the City's effectiveness in moving applications through the process;
- provide data for Development Services to make level of service and resource allocation decisions;
- provide information for the development industry to make business decisions; and
- monitor broader land supply policy/system implications.

Working Group Categories, Timing and Definitions

Category	Subdivision Approval Process	Time in Years ¹	Definition
Unknown	No Application	4.0	Developable Land
Future Opportunity (FO)	Under Review	3.0	under review and draft approved subdivisions; site plan consultation
	Draft Approved	2.5	
On the Market (MO)	Subdivision Agreement	1.0	subdivision agreement and final approval without clearance; site plan application,
	Final Approval Clearance not Granted	1.0 – 0.1	
Permit Ready (PRL)	Final Approval Clearance granted	Today	final approval granted; site plan agreement in place

¹ "Time in Years" reflects the amount of time anticipated before Permit Ready Lots are available.

Historic Permit Ready Statistics

To understand historic trends and provide a means to assess and establish future performance measures, existing unit counts for each category have been compiled. Only *Future Opportunity*, *On the Market* and *Permit Ready* counts are provided as these categories reflect units advancing through active planning applications. The *Unknown* category is excluded as these lands have no planning application.

LDR Lots (Single/Semi Detached) by Category

	2015	2016	2017	2018	2019
Future Opportunity	6,641	6,643	5,062	5,116	4,647
On The Market	528	638	950	965	1,031
Permit Ready Lot	1,171	1,225	1,046	803	1,043

As of January 1 for each year.

MDR Blocks (Rowhouse/Townhouse) by Category

	2015	2016	2017	2018	2019
Future Opportunity	12,964	12,249	12,025	11,324	11,256
On The Market	924	576	578	1,012	1,061
Permit Ready Lot	590	376	747	743	682

As of January 1 for each year.

Permit Ready Supply Measures

Low Density Residential (LDR)

Future Opportunity - On the Market Ratio

2019 FO	4,647	Measure: 4.5
2019 MO	1,031	

Market Opportunity - Permit Ready Ratio

2019 MO	1,031	Measure: 1.0
2019 MO	1,043	

Medium Density Residential (MDR)

Future Opportunity - On the Market Ratio

2019 FO	11,256	Measure: 10.6
2019 MO	1,061	

Market Opportunity - Permit Ready Ratio

2019 MO	1,061	Measure: 1.6
2019 MO	682	

Next steps include developing additional metrics within the context of the following:

- An examination of near-term availability and opportunity with market absorption;
- Assessment of conversion of designated lands to applications; and
- An understanding of historic activity relative to current activity.

Process-Based Continuous Improvement Initiatives

A key strategy of Council's strategic plan is to increase the efficiency and effectiveness of service delivery by promoting and strengthening continuous improvement practices. In 2019, Development Services initiated a number of continuous improvement initiatives that intended to improve the quality of submissions and application processing times. The following are some on-going projects that are being undertaken.

Site Plan Continuous Improvement Initiative – The Site Plan process was comprehensively reviewed in 2019 with improvements made to consultation and application processes and timelines. An additional focus was on bridging the gap between approvals and compliance. The Continuous Improvement initiative is currently in the 'sustain' phase with a focus on sustaining and improving the process enhancements.

Zoning Continuous Improvement Initiative – Over 2019, Staff engaged and partnered with the development industry to address reduced provincial application timelines. Next steps include reviewing community engagement timing to provide opportunities for earlier public input to help refine development proposals prior to submission. Process changes to integrate site plan processes with zone changes, and reduce redundancy in consultation and submission requirements will also be explored.

Digital Application Tracker – A Multi-Year Budget Business Case has been submitted that allocates funding and resources for this initiative. The goal is to implement a software system to track comments and work activities for planning applications as they move through the entire development review, approvals, assumption and public engagement lifecycle for both internal and external stakeholders.

Subdivisions Continuous Improvement Initiative – Continuous improvement reviews of holding provisions and the condominium application processes initiated in 2019 are nearing completion; digital drawing review was also implemented. Over 2020, smaller process changes will continue to progress including a transition to digital drawing acceptance and circulation. Incremental changes support the broader software implementation program proposed in the Multi-Year Budget.

Consents and the Committee of Adjustment – A new Committee of Adjustment and Consent Authority By-law has been prepared that includes the delegation of Consents to the Committee of Adjustment to improve community engagement and allow for decisions on related Consent and Minor Variance applications by a single decision-making body. In 2020, a new Committee of Adjustment Terms of Reference will be prepared and separate hearings officers provided for Property Standards Appeals.