Report to Planning and Environment Committee

To: Chair and Members
Planning & Environment Committee
From: George Kotsifas P. Eng.,
Deputy City Manager, Planning and Economic Development
Subject: 2021 Annual Development Report
Date: February 7, 2022

Recommendation

That, on the recommendation of the Director, Planning and Development, the 2021 Annual Development Report **BE RECEIVED** for information.

Previous Report Pertinent to This Matter

February 8, 2021	"Development Services Annual Development Report", Planning and Environment Committee
February 3, 2020	"2019 Annual Development Report", Planning and Environment Committee
June 17, 2019	"Housing Supply: Defining Permit Ready Lots", Planning and Environment Committee

Linkage to the Corporate 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 that included a recommendation that a regular reporting tool to communicate development statistics and progress on continuous improvement initiatives be developed and published within the first quarter of 2020. The recommendations were approved by PEC and Council.

The first (2019) Annual Development Report and the 2020 Annual Development Report were received by PEC on February 3, 2020 and February 8, 2021, respectively.

Similar to previous years, Staff have compiled the attached 2021 Annual Development Report that provides historic and forecasted near-term growth by development type, 2019-2021 development application activity managed by Planning and Development, an update on Permit Ready Lots, and process-based continuous improvement initiatives that were undertaken in 2021, as well as the percentage of new residential units located within the Built-Area Boundary.

Key Findings

In 2021, total new residential units were up 4.0% in the City in 2021 over 2020. Of new residential units in 2021, 30% were single/semi-detached dwellings, 20% were rowhouses and townhouses and 50% were apartments. The 2021 intensification rate (meaning new units created within the 2016 Built-Area Boundary as identified in The London Plan) was 46.9%.

For non-residential development, new commercial (retail and office) growth was up

132.1% in 2021 to half of forecasted levels after a very low 2020. Institutional growth decreased 89.2% after an increase in 2020 due to several long-term care, post-secondary, and elementary school projects. New industrial growth in 2021 was up 66.4% in response to new manufacturing projects and additions to existing buildings.

Development approvals in 2019 and 2020 provided the inventory to allow for increased levels of residential permits in 2021. Development application activity levels in 2021 increased 20% from 2020. Overall, a higher volume of applications, staff vacancies and increasingly complex applications impacted application processing times.

The Permit Ready Lot Working Group has established definitions and a process to monitor current permit ready lot supply.

In addition, several continuous improvement initiatives are underway to improve service delivery, submission quality and application processing times.

Conclusion

The attached 2021 Annual Development Report Staff provides a summary of historic and forecasted near-term growth, 2019-2021 development application activity managed by Planning and Development, an update on Permit Ready Lots, and process-based continuous improvement initiatives that were undertaken in 2021.

Staff anticipate that the Annual Development Report will be a helpful monitoring tool for Council as well as a reference 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:	**Joanne Lee, M. Pl** **Planner 1, Long Range Planning and Research**
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Reviewed by:	**Kevin Edwards, MCIP, RPP** **Manager, Long Range Planning, Research and Ecology**
Recommended by:	**Gregg Barret, AICP** **Director, Planning and Development**
Submitted by:	**George Kotsifas, P. Eng.** **Deputy City Manager, Planning and Economic Development**

2021 Annual Development Report

Planning and Development

February 2022

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Planning and Development
2021 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
- Planning and Development process-based continuous improvement initiatives.

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

HIGHLIGHTS

Residential Development:

- Total new residential units were up 4.0% in the City of London in 2021.
- 30% of London new residential units were single- and semi-detached dwellings.
- 20% of London new residential units were rowhouses and townhouses.
- 50% of London new residential units were apartments.
- The intensification rate (new units within the Built-Area Boundary) was 46.9%.

Non-Residential Development:

- Commercial growth was up 132.1% in 2021 after a very low 2020. Despite the increase, commercial growth remains less than forecasted levels.
- Institutional growth was down 89.2% over 2021 after a strong 2020 that was boosted by permits for new long-term care facilities and post-secondary and school additions.
- New industrial development was up 66.4% from 2020 primarily due to new manufacturing projects and additions to existing buildings.

Development Application Activity:

- Development application levels in 2021 increased 20% from 2020. Overall, a higher volume of applications, staff vacancies and more complex applications impacted application processing times.
- Application activity in 2019 and 2020 provided the inventory to allow for increased levels of residential permits in 2021.

Permit Ready Lots:

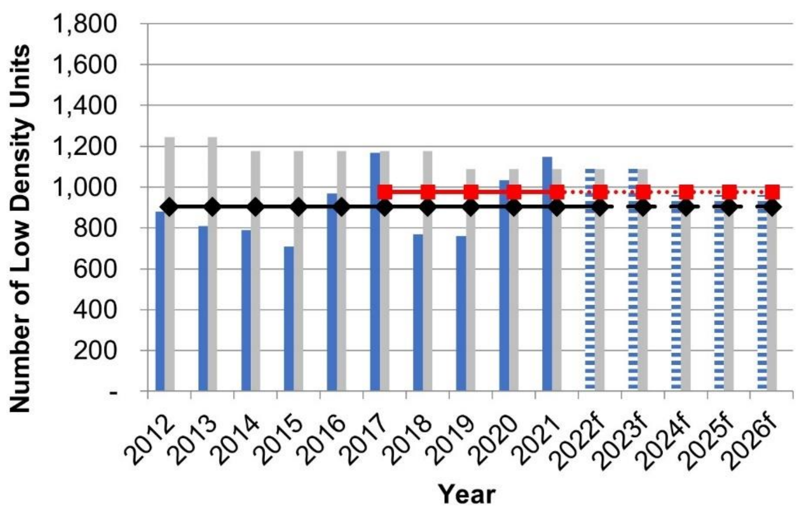
- The working group has established definitions and a process to monitor current permit ready lot supply.

Continuous Improvement Initiatives:

- Several continuous improvement initiatives are underway to improve service delivery, submission quality and application processing times.

Building Permit Activity
Low Density Residential Development (LDR)

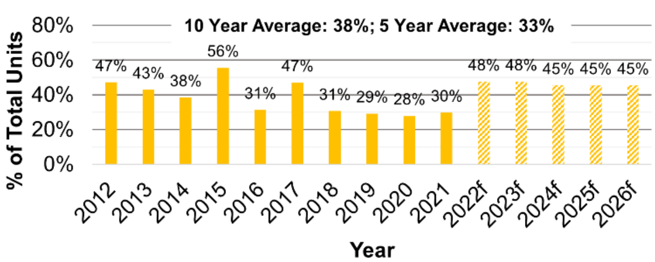
LDR Projected Growth and Actual Growth: 2012 - 2026



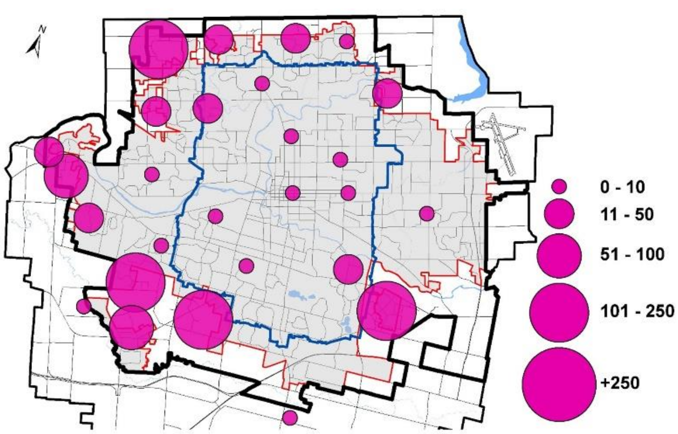
	2012	2013	2014	2015	2016	2017	2018	2019	2020	*2021*	*2022f*	*2023f*	*2024f*	*2025f*	*2026f*
Altus/Watson Forecast	1,244	1,244	1,176	1,176	1,176	1,176	1,176	1,088	1,088	*1,088*	*1,088*	*1,088*	*961*	*961*	*961*
Actual/Forecast	880	809	788	711	970	1,168	768	761	1,034	*1,148*	*1,088*	*1,088*	*961*	*961*	*961*
10 Year Average	904														
5 Year Average	976														

Note: Totals include single detached cluster units in Vacant Land Condominiums; Building Division Report counts these as MDR Townhouse/Rowhouses.

LDR Share of Total Residential Units



2021 LDR Units by Location

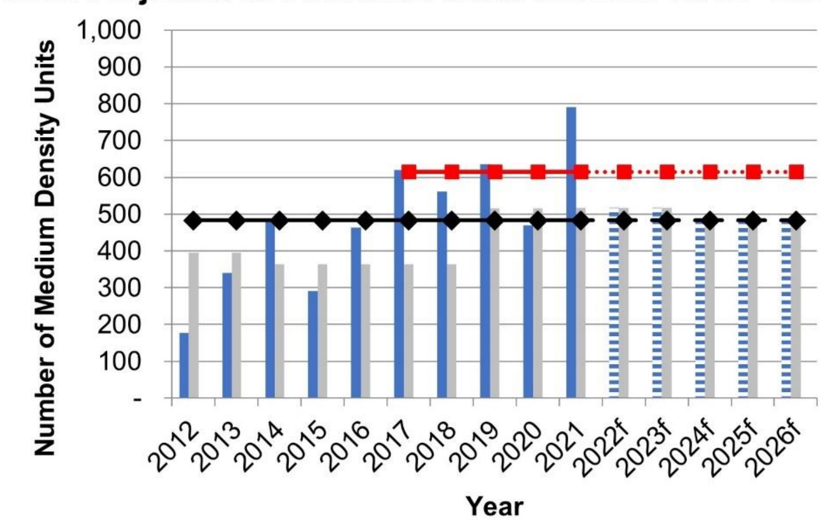


Observations:

- 2021 saw the second highest number of LDR units over the past 10 years.
- While the number of new LDR units increased over 2021, its proportional share remained stable. This is attributable to high levels of MDR and HDR permits in 2021.
- In 2021, the percentage of LDR units outside the Built-Area Boundary decreased. 85.1% of LDR units were located in the greenfield area in 2021.
- The number of new LDR units is forecasted to remain similar to 2021 levels over the near-term based on the anticipated pace of development and available greenfield land supply.

Building Permit Activity
Medium Density Residential Development (MDR)

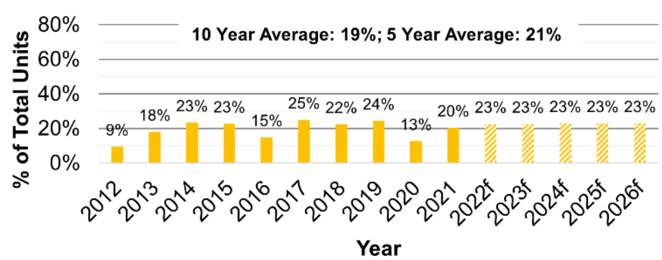
MDR Projected Growth and Actual Growth: 2012 - 2026



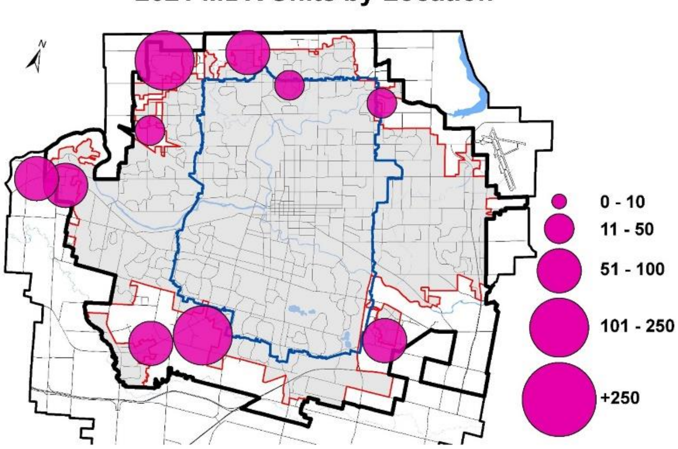
	2012	2013	2014	2015	2016	2017	2018	2019	2020	*2021*	*2022f*	*2023f*	*2024f*	*2025f*	*2026f*
Altus/Watson Forecast	340	340	364	364	364	364	364	517	517	*517*	*517*	*517*	*486*	*486*	*486*
Actual/Forecast	177	340	480	291	464	620	562	636	469	*790*	*517*	*517*	*486*	*486*	*486*
10 Year Average	483														
5 Year Average	615														

Note: Totals excludes single detached cluster units in Vacant Land Condominiums; Building Division Report counts these as MDR Townhouse/Rowhouses.

MDR Share of Total Residential Units



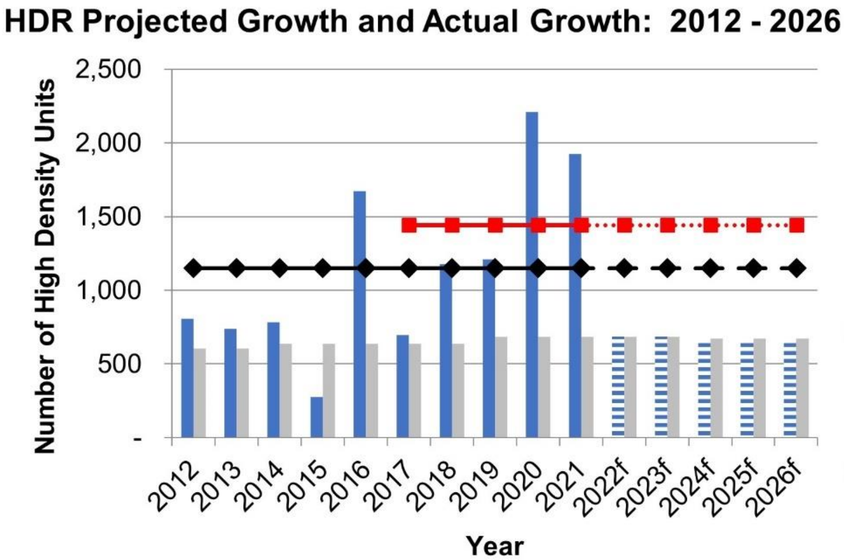
2021 MDR Units by Location



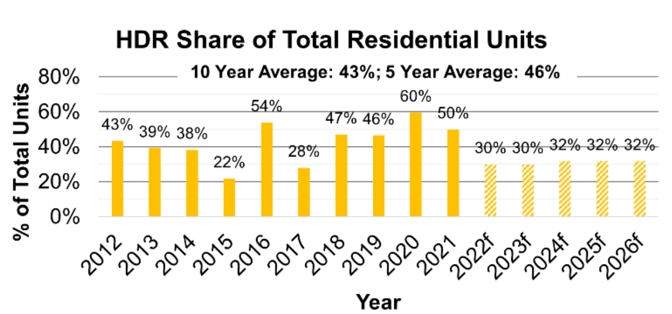
Observations:

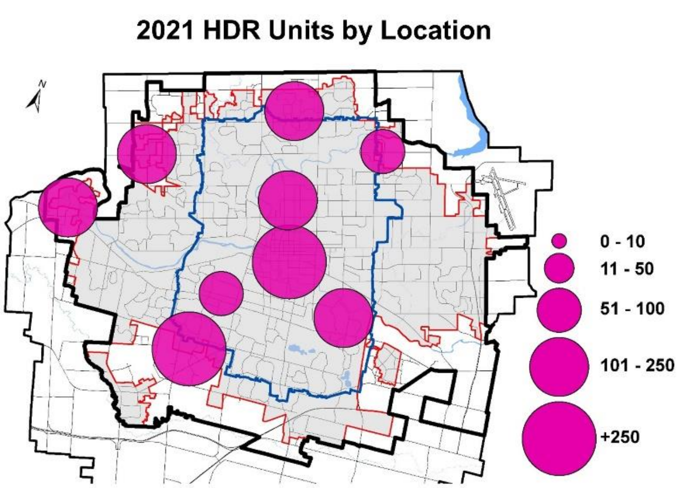
- In 2021, the highest number of new MDR units over the past 10 years was recorded.
- The share of MDR units increased to 20% in 2021 after falling in 2020.
- New MDR units are expected to remain elevated over the near to medium term based on recent and anticipated MDR development approvals.
- Similar to previous years, new MDR units in 2021 were predominantly located in greenfield areas. 7.1% of MDR growth occurred within the Built-Area Boundary.

Building Permit Activity
High Density Residential Development (HDR)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	*2021*	*2022f*	*2023f*	*2024f*	*2025f*	*2026f*
Altus/Watson Forecast	716	716	636	636	636	636	636	684	684	*684*	*684*	*684*	*670*	*670*	*670*
Actual/Forecast	808	738	783	278	1,671	694	1,177	1,209	2,210	*1,924*	*684*	*684*	*670*	*670*	*670*
10 Year Average	1,149														
5 Year Average	1,443														

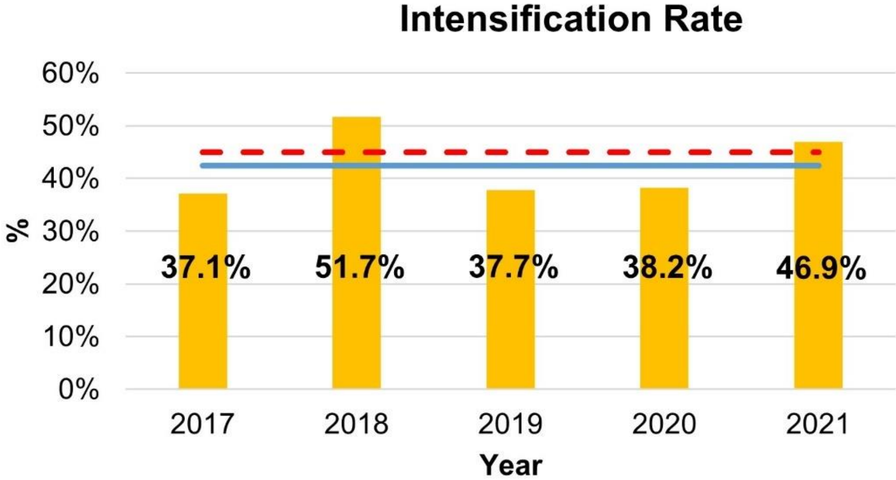




Observations:

- New HDR units decreased slightly in 2021, but the second highest number of new HDR units over the past 10 years was recorded. Permits were issued for 17 apartment buildings ranging in size from 39 units to 560 units.
- New HDR units are forecasted to remain stable over the near to mid term, given recent and anticipated HDR development approvals. These forecasts are being monitored.
- In 2021, 82.3% of new HDR units were located within the Built-Area Boundary. However with recent HDR greenfield applications, HDR intensification levels are anticipated to decrease in future years.

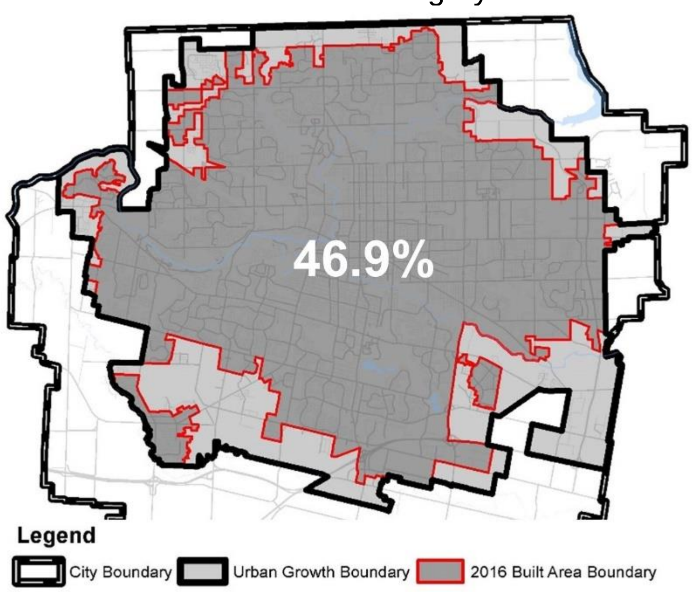
Residential Intensification Rate



Built-Area Boundary

A Built-Area Boundary is a fixed line that acts as an important land use planning tool to measure intensification and redevelopment. The London Plan targets a minimum of 45% of all new residential units to be constructed within the 2016 Built-Area Boundary of the city, meaning the lands that were substantially built out as of 2016.

The 2016 Built-Area Boundary identified in the London Plan is shown in dark grey below:

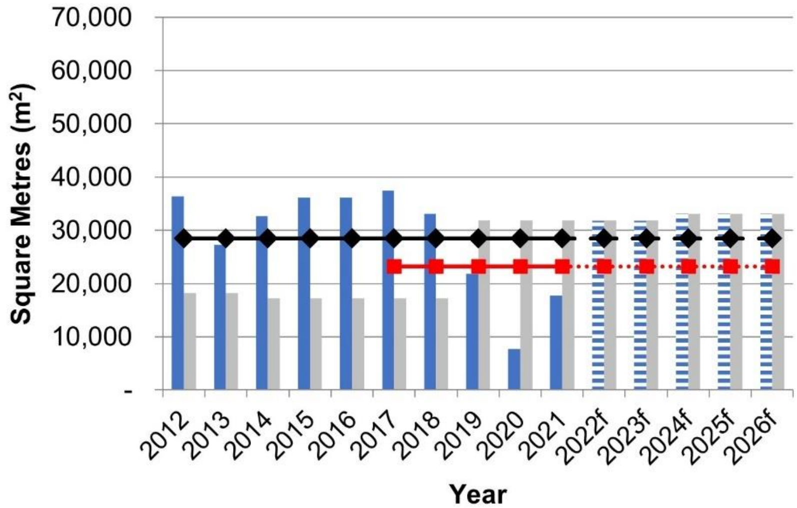


Observations:

- The average intensification rate since 2016 is 42.4%.
- The intensification rate in 2021 was 46.9% which exceeded the 45% target in The London Plan.
- Due to an increased number of LDR and HDR units in the Built-Area Boundary in 2021, the intensification rate in 2021 increased from 2020.

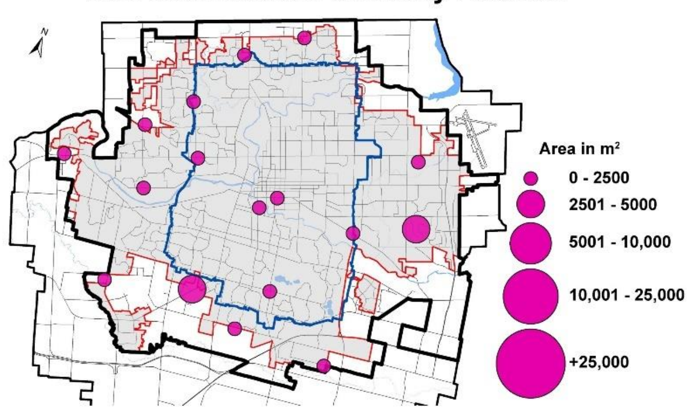
Building Permit Activity
Commercial Development

Commercial Projected Growth and Actual Growth: 2012 - 2026



(m^2)	2012	2013	2014	2015	2016	2017	2018	2019	2020	*2021*	*2022f*	*2023f*	*2024f*	*2025f*	*2026f*
Altus/Watson Forecast	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*	*33,051*	*33,051*
Actual/Forecast	36,353	27,253	32,612	36,104	36,125	37,430	33,059	21,846	7,672	*17,809*	*31,829*	*31,829*	*33,051*	*33,051*	*33,051*
10 Year Average	28,444														
5 Year Average	23,199														

2021 Commercial Permits by Location

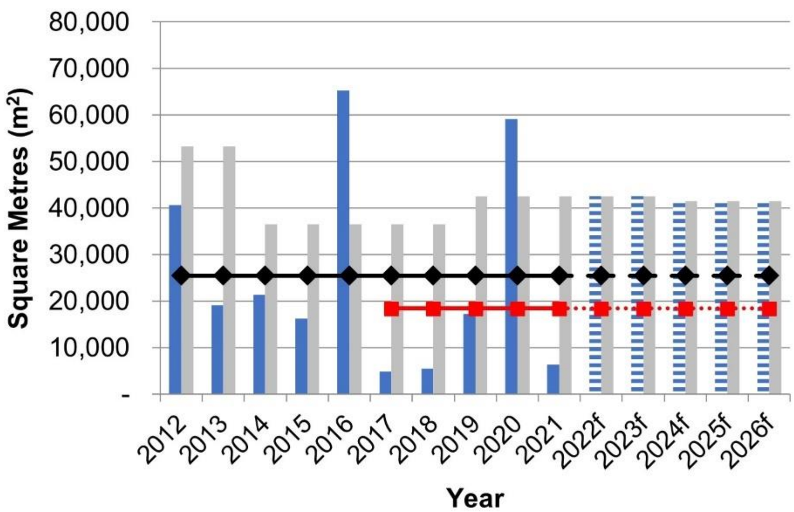


Observations:

- New commercial gross floor area increased 132.1% in 2021 after a significant decline in 2020, however it is still at half of forecasted levels.
- Changes to the retail market have been highlighted through the pandemic. It is anticipated that the commercial sector will continue to be challenged over the near to medium term in relation to pandemic recovery.
- Near to medium commercial demand forecasted by Watson is anticipated to return to 5- and 10-year historical averages. These forecasts are being monitored.

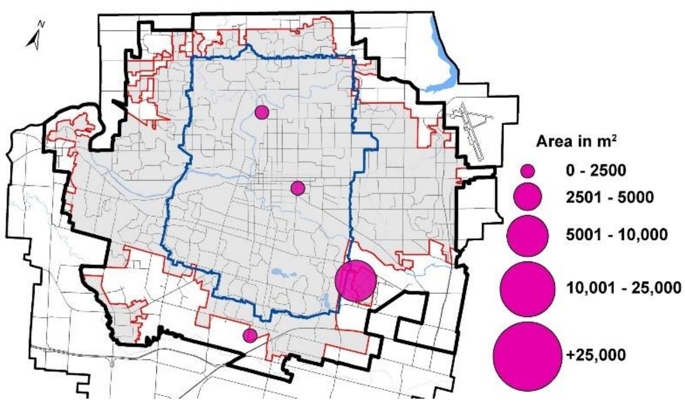
Building Permit Activity
Institutional Development

Institutional Projected Growth and Actual Growth: 2012 - 2026



(m^2)	2012	2013	2014	2015	2016	2017	2018	2019	2020	*2021*	*2022f*	*2023f*	*2024f*	*2025f*	*2026f*
Altus/Watson Forecast	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*	*41,565*	*41,565*
Actual/Forecast	40,587	19,121	21,374	16,232	65,245	4,871	5,514	17,232	59,204	*6,379*	*42,512*	*42,512*	*41,565*	*41,565*	*41,565*
10 Year Average	25,472														
5 Year Average	18,432														

2021 Institutional Permits by Location

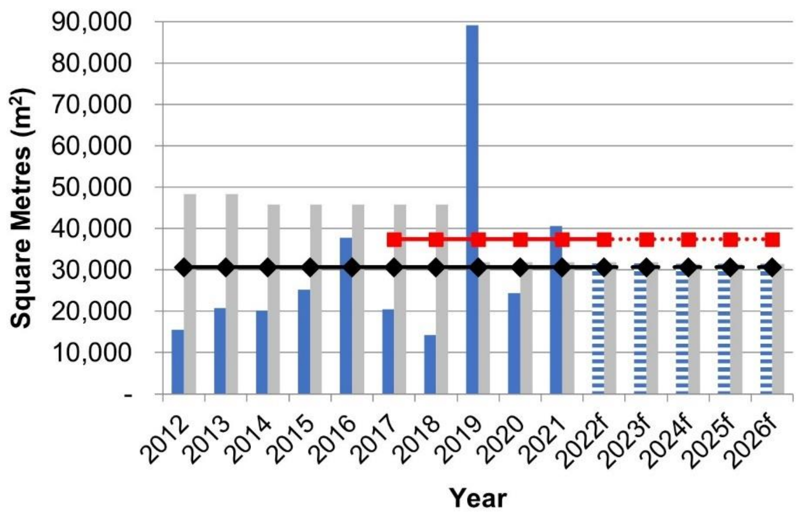


Observations:

- Institutional growth has a cyclical pattern related to funding from higher orders of government.
- Institutional development was lower in 2021 after a significant increase in 2020 due to new long-term care facilities and additions to school buildings.
- An 89% decline in new gross floor area was reported in 2021, less than 40% of the 5-year historic average and 30% of the 10-year historic average.
- Demand for Institutional uses is forecast to increase over the medium term. This is dependent on investments by higher orders of government.

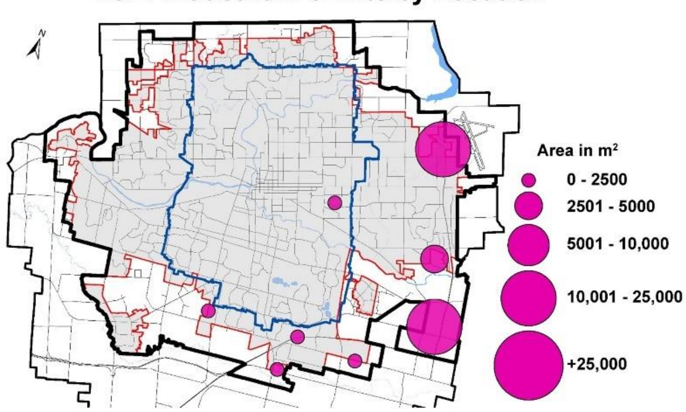
Building Permit Activity
Industrial Development

Industrial Projected Growth and Actual Growth: 2012 - 2026



(m^2)	2012	2013	2014	2015	2016	2017	2018	2019	2020	*2021*	*2022f*	*2023f*	*2024f*	*2025f*	*2026f*
Altus/Watson Forecast	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*	*31,448*	*31,448*
Actual/Forecast	15,482	20,806	20,171	25,270	37,780	20,433	14,216	89,142	24,393	*40,578*	*31,894*	*31,894*	*31,448*	*31,448*	*31,448*
10 Year Average	30,646														
5 Year Average	37,390														

2021 Industrial Permits by Location



Observations:

- Permits for new manufacturing plants and additions to food processing facilities resulted in industrial development in 2021 increasing 66.4% from 2020.
- New Industrial gross floor area is forecasted to remain similar to 2021 levels due to recent industrial development application activity.

Planning and Development
2021 Development Application Activity

2019-2021 Applications Received and Processed within Planning Act Timeframes

Application Type	2019			2020			2021		
	Applications Received	Statutory Period (Days)**	%*	Applications Received	Statutory Period (Days)	%*	Applications Received	Statutory Period (Days)	%*
OPA and ZBA	19	210/120	89%	16	120	56%	24	120	58%
Zoning By-law Amendment (ZBA)	41	150/90	88%	27	90	56%	38	90	24%
Temporary Use	3	150/90	100%	2	90	100%	3	90	33%
Removal of Holding Provision	36	150/90	94%	31	90	58%	37	90	78%
Draft Plan of Subdivision	2	180/120	0%	3	120	33%	8	120	50%
Draft Plan of Condominium	17	180/120	88%	14	120	93%	21	120	67%
Condominium Conversion Plans	2	180/120	100%	0	120	0%	1	120	100%
Consent	58	90	53%	38	90	61%	43	90	74%
Minor Variance	143	30	5%	142	30	24%	170	30	12%
Site Plan	117	30	71%	113	30	86%	120	30	65%
TOTAL APPLICATIONS	**438**	-	-	**386**	-	-	**465**	-	-
Pre-Application Consultations	124	n/a	n/a	118	n/a	n/a	138	n/a	n/a
Site Plan Consultations	192	n/a	n/a	162	n/a	n/a	212	n/a	n/a
GRAND TOTAL	**754**	-	-	**666**	-	-	**815**	-	-

* % 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

- Total application activity in 2021 increased 20% from 2020. The total number of applications increased in every category over 2020.
- It is anticipated that 2021 application levels will continue through 2022 based on the number of pre-consultations that were completed. The number of pre-application consultations and site plan consultations increased 25% from 2020.
- Official Plan (OPA) and Zoning By-law (ZBA) amendment applications increased to 62 in 2021 from 43 in 2020.
- The number of Site Plan applications in 2021 was similar to 2020, of which 62% were approved within 30 days and 85% within 35 days.
- Consent applications meeting timelines have improved. The number of Consents which were granted with or without conditions within 90 days increased from 53% in 2019 to 74% in 2021.
- Minor Variance applications increased 20% over 2020. Timelines met have decreased from 24% in 2020 to 12% in 2021.
- However timelines markedly improved after July. 57% of Minor Variance applications after July were heard within 35 days, 80% within 40 days, and 88% within 50 days.

Observations

- A higher volume of applications, staff vacancies and increasingly complex applications impacted the ability of various application types to meet the *Planning Act* timeframes in 2021.
- Time for resubmissions and applications put on hold at the request of an applicant are counted within timelines. Time associated with these are beyond the City's control but still impact timeframes.
- *Planning Act* timeframes are measured in calendar days, which is not consistent with actual working days. This has an impact mainly on application types with short timeframes like Site Plans and Minor Variances.

Permit Ready Lots

Permit-ready lots are tracked to support the local development industry (developers, home builders, contractors and suppliers) in making business decisions associated with new residential construction. The City tracks these numbers based on unit type, development application status and building permit activity. As applications work their way through the approvals process, the number of associated low-density and medium-density units are reported and tracked.

The permit-ready lot strategy anticipates a 1- to 3-year supply that is contingent on all parties involved in the approval process working together to bring units to market. Developers, consultants, contractors, suppliers and the City all have a significant role to play in building new homes in an affordable way.

For more information, a report was presented to Planning and Environment Committee on June 17, 2019 that outlines working group's process and provides an overview of Permit Ready Lots.

Working Group Categories, Timing and Definitions

Category	Subdivision Approval Process	Time in Years[1]	Definition
Unknown	No Application	4	Developable Land
Future Opportunity (FO)	Under Review	3	under review and draft approved subdivisions; site plan consultation
	Draft Approved	2.5	
On the Market (MO)	Subdivision Agreement	1	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 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. Per the categories above, *Future Opportunity*, *On the Market* and *Permit Ready* counts are provided to reflect units advancing as active planning applications. The *Unknown* category is excluded as these lands have no existing planning application.

LDR Lots (Single/Detached) by Category

	2017	2018	2019	2020	2021
Future Opportunity	5,062	5,116	4,647	4,631	4,237
On The Market	950	965	1,013	243	289
Permit Ready Lot	1,046	803	1,043	1,364	1,001

As of January 1 for each year.

MDR Lots (Rowhouse/Townhouse) by Category

	2017	2018	2019	2020	2021
Future Opportunity	5,062	5,116	4,647	9,048	9,092
On The Market	950	965	1,013	1,264	2,233
Permit Ready Lot	1,046	803	1,043	838	455

As of January 1 for each year.

Process-Based Continuous Improvement Initiatives

A key principle of Council's Strategic Plan is to increase the efficiency and effectiveness of service delivery by promoting and strengthening continuous improvement practices. Throughout 2021, Planning and Development has continued to move forward on measures to improve service delivery, submission quality and application processing times. The following are some on-going projects that are being undertaken.

Realignment of Corporate Resources and Staff – In May 2021, as part of the broader city-wide restructuring, Staff from Planning Services and Development Services came together as the new Planning and Development Department. This restructuring has enabled the integration of the former Current Planning and Site Plan sections into a new consolidated Current Development section that allows for better continuity and knowledge transfer through the application process from amendments to the Zoning By-law through to detailed site plan review and development agreements. Ecology, urban design and heritage staff from different divisions were also brought together to establish a one-window resource for expertise and professional advice in these specialized areas. These realignments create a more efficient and responsive approach to address planning and development issues.

Digital Application Tracking – Planning and Development is currently reviewing organizational impacts associated with project delivery, including the retention of an implementation and change management partner. All business processes associated with *Planning Act* applications will be reviewed for efficiencies and overall effectiveness as part of the new system.

Committee of Adjustment – The Committee of Adjustment meeting structure was reformatted to increase the number of applications considered by the Committee. This resulted in clearing the backlog of Consent and Minor Variances applications and improved meeting flow.

Site Plan Continuous Improvement Initiatives – In 2021, the Development and Business Portal began receiving digital submissions for Site Plan Consultation applications. The e-portal allows for Site Plan Consultation application submissions, including all documents and payment of fees to be submitted under one process.

Ontario Heritage Act Regulation and Process Changes – In June 2021, changes to the *Ontario Heritage Act* and regulations came into effect. The new requirements and timelines for various heritage applications have been integrated into existing processes and materials, including the creation of a new *Ontario Heritage Act* timeline waiver form to address the new heritage processing timelines related to *Planning Act* applications.

Review and Release of Development Securities – In 2021, development security implementation was moved from Financial Planning and Policy to Planning and Development. Over 2022, development security tracking and release processes will be reviewed and activities will be integrated within the Development Inspections team.