Report to Planning and Environment Committee

To: Chair and Members
Planning and Environment Committee
From: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Planning and Economic Development
Subject: 2022 Annual Development Report
Date: February 21, 2023

Recommendation

That, on the recommendation of the Director, Planning and Development, the 2022 Annual Development Report, attached as Appendix “A”, **BE RECEIVED** for information.

Executive Summary

An Annual Development Report provides annual update and commentary on development activity in the City of London. The Annual Development Report monitors historic and forecasted near-term growth of residential, commercial, institutional and industrial development; development application statistics; the Permit Ready Lot status of subdivision applications; and Planning and Development process improvement initiatives.

The 2022 Annual Development Report is the fourth report prepared by the City and is attached into Appendix A of this report.

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, a staff report recommending that a regular reporting tool to communicate development statistics and progress on continuous improvement initiatives be developed and published on an annual basis was submitted to the Planning and Environment Committee. The recommendation was approved by Council.

Previous Annual Development Reports for 2019, 2020 and 2021 were submitted to Planning and Environment Committee.

Similar to previous years, the attached 2022 Annual Development Report covers historic and forecasted near-term growth by development type, 2020-2022 development application activity, an update on Permit Ready Lots, and continuous improvement initiatives that were taken in 2022, as well as the percentage of new residential units located within the Built-Area Boundary.

The 2022 edition of the Annual Development Report includes statistics of total dwelling units and Additional Residential Units. Additional Residential Units are self-contained residential units within, and ancillary to, an existing dwelling.

Key Findings

In 2022, total new residential units were down 34% in the City over 2021. Of new residential units in 2022, 27.3% were single detached and semi-detached dwellings, 27.4% were rowhouses and townhouses and 45.3% were apartments. In addition, permits for 210 new Additional Residential Units were issued in 2022. The intensification rate which means new units created within the 2016 Built-Area Boundary as identified in The London Plan was 22.1% in 2022.

For non-residential development, new commercial (retail and office) growth was up 105.1% in 2022 as a result of store and restaurant projects. Institutional growth increased 183.3% after a very low 2021 due to permits for new post-secondary buildings and school additions. Industrial growth in 2022 was up 120.9% in response to new manufacturing projects and additions to existing buildings.

Overall, staff vacancies and complex applications impacted processing times while several application types meeting timelines have improved. Provincial legislative changes introduced in 2022 have impacted and will continue to impact processing timelines for several application types including Zoning By-law Amendments in future years.

An extensive review of development application processes is currently underway as part of the Streamlining Development Approvals Project. Next steps include improvements to data collection, performance measures and a detailed tracking of the status of proposed lots and units. Following the completion of this work, a new approach to reporting on the status of permit ready lots will be presented as part of next year's Annual Development Report.

Over the next year, it is also intended to develop reporting metrics with the City's Housing Supply Action Plan to track progress on the City's Housing Pledge for the provincial municipal housing target of 47,000 units for London. These metrics may be reported separately or incorporated into next year's Annual Development Report.

In addition, several process improvement initiatives are underway to improve service delivery, submission quality and application processing times. Those include changes to application processes in response to Provincial legislative changes.

Conclusion

The attached 2022 Annual Development Report provides a summary of historic and forecasted near-term growth, 2020-2022 development application activity, an update on Permit Ready Lots, and continuous improvement initiatives that were undertaken in 2022.

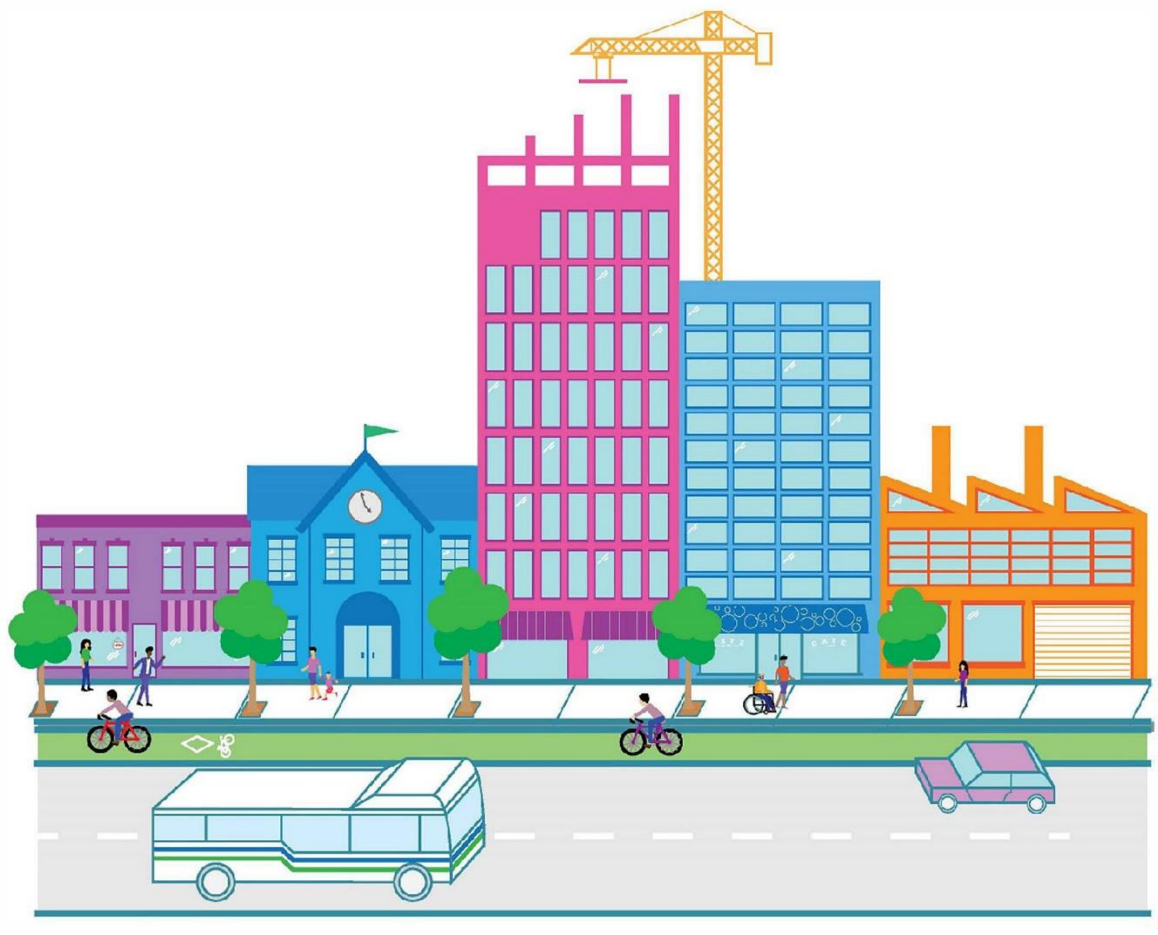
Staff anticipate that the Annual Development Report will be a helpful monitoring tool for Council as well as a reference for market analysis studies undertaken by members of the community. It will also provide an enhanced input into the Growth Management Implementation Strategy and recommendations for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

Prepared by:	**Joanne Lee** **Planner I, Long Range Planning Research**
Reviewed by:	**Justin Adema, MCIP, RPP** **Manager, Long Range Planning and Research**
Reviewed by:	**Kevin Edwards, MCIP, RPP** **Manager, Long Range Planning, Research and Ecology**
Recommended by:	**Heather McNeely, MCIP, RPP** **Director, Planning and Development**
Submitted by:	**Scott Mathers, MPA, P.Eng.** **Deputy City Manager, Planning and Economic Development**

Attachment: Appendix A

2022 Annual Development Report
Planning & Development

London CANADA



February 2023

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Planning and Development
2022 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 down 35.1% in the City of London in 2022.
- 27.8% of London new residential units were single- and semi-detached dwellings.
- 27.9% of London new residential units were rowhouses and townhouses.
- 44.3% of London new residential units were apartments.
- Permits for 210 new Additional Residential Units (ARUs) were issued in 2022.
- The intensification rate (new units within the Built-Area Boundary) was 20.8%.

Non-Residential Development:

- Commercial development increased in 2022 due to new restaurants and retail stores and additions to existing retail and office buildings.
- Institutional development increased in 2022 after a very low 2021 due to permits for new post-secondary buildings and school additions.
- Industrial development increased in 2022 primarily due to new manufacturing projects and additions to existing buildings.

Development Application Activity:

- Development application levels slightly decreased in 2022 from 2021. Overall, staff vacancies and complex applications impacted application processing times while several application types meeting timelines have improved.
- Processing times for several application types including Zoning By-law Amendments may be impacted in future years due to Provincial legislative changes introduced in 2022.

Permit Ready Lot:

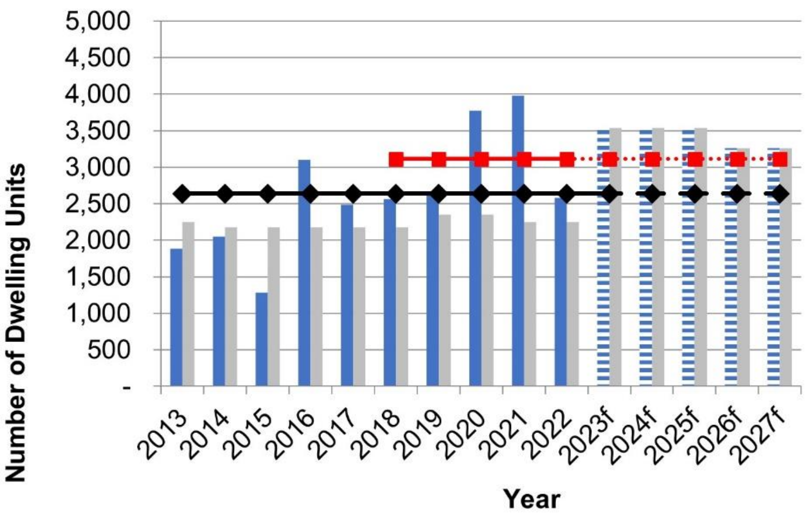
- The working group has monitored current permit ready lot supply.
- Next steps include improvements to data collection, performance measures, detailed tracking of proposed lots and units and a new approach to reporting on permit ready lots.

Continuous Improvement Initiatives:

- Several continuous improvement initiatives are underway to improve service delivery, submission quality and application processing times. Those includes changes to application processes in response to Provincial legislative changes.

Building Permit Activity
Total New Dwelling Units

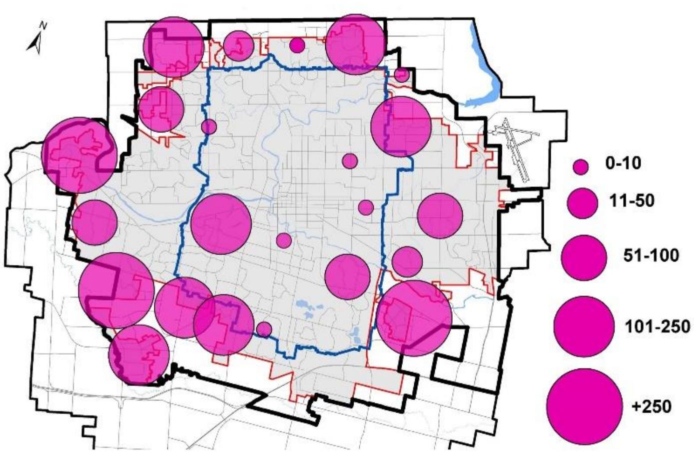
Total Projected Growth and Actual Growth: 2013 - 2027



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	*2023f*	*2024f*	*2025f*	*2026f*	*2027f*
Altus/Watson Forecast	2,244	2,176	2,176	2,176	2,176	2,176	2,348	2,348	2,250	2,250	*3,538*	*3,538*	*3,538*	*3,258*	*3,258*
Actual/Forecast	1,887	2,051	1,280	3,104	2,482	2,563	2,664	3,770	3,983	2,583	3,538	3,538	3,538	3,258	3,258
10 Year Average	2,637														
5 Year Average	3,113														

Note: Totals include LDR, MDR, HDR and ARUs

2022 Total Units by Location

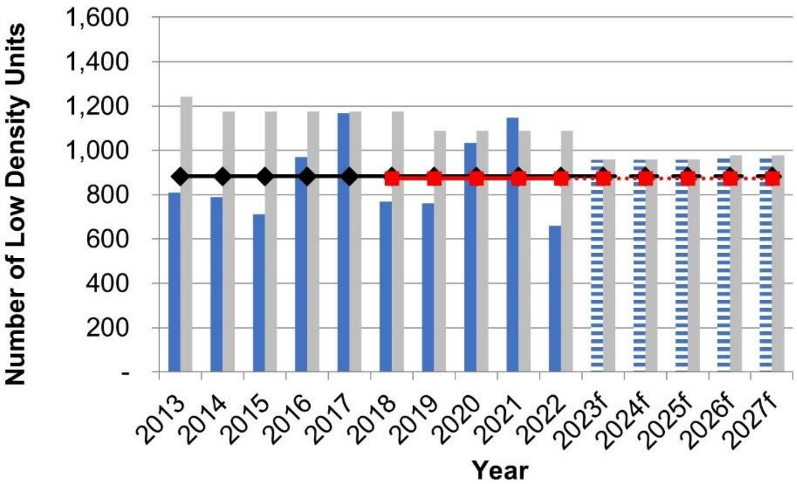


Observations:

- The total number of new residential units decreased 35.1% in 2022 after a strong 2021.
- Similar new dwelling unit decreases were experienced in municipalities surrounding London and across the Province in 2022.
- In response to forecasted population growth, Watson's revised near- to medium-term demand is forecasted to exceed the 5- and 10-year historical averages.

Building Permit Activity
Low Density Residential Development (LDR)

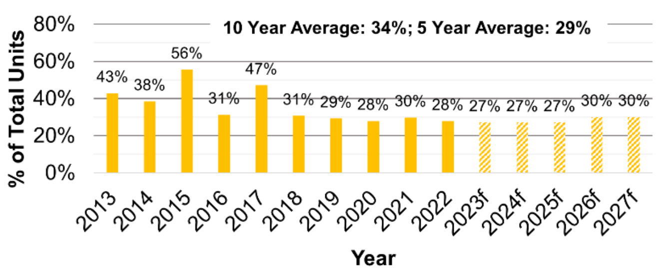
LDR Projected Growth and Actual Growth: 2013 - 2027



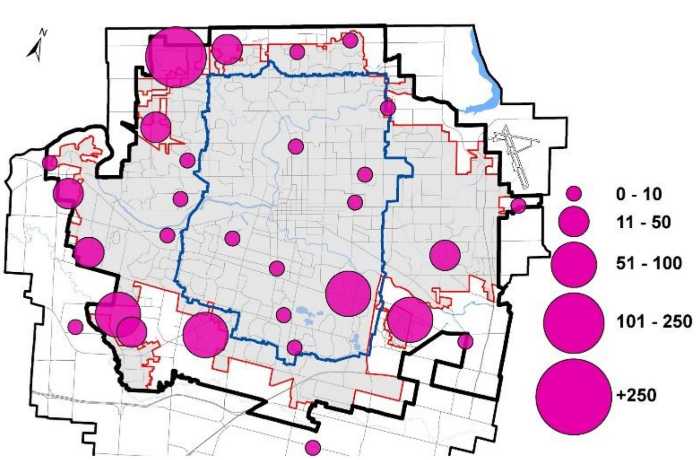
	2013	2014	2015	2016	2017	2018	2019	2020	2021	*2022*	*2023f*	*2024f*	*2025f*	*2026f*	*2027f*
Altus/Watson Forecast	1,244	1,176	1,176	1,176	1,176	1,176	1,088	1,088	1,088	1,088	*958*	*958*	*958*	*978*	*978*
Actual/Forecast	809	788	711	970	1,168	768	761	1,034	1,148	*659*	*958*	*958*	*958*	*978*	*978*
10 Year Average	882														
5 Year Average	874														

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 Permits



2022 LDR Units by Location

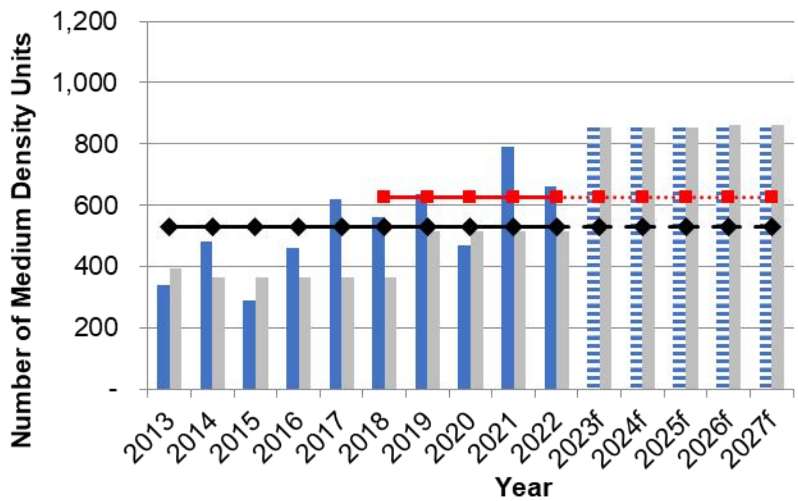


Observations:

- The number of new LDR permits decreased in 2022 after strong levels in 2020 and 2021.
- The proportional share of LDR units was remained similar to previous years in 2022. This is attributable to relatively high levels of MDR and HDR permits in 2022.
- The percentage of LDR units outside the Built-Area Boundary decreased in 2022. 79.2% of LDR units were located in the greenfield area in 2022.
- The number of new LDR units is forecasted to increase over the near term based on the anticipated pace of development and available greenfield land supply.

Building Permit Activity
Medium Density Residential Development (MDR)

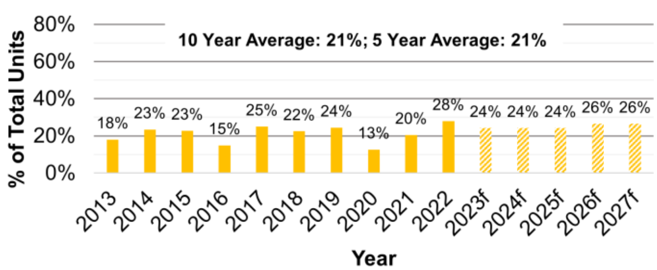
MDR Projected Growth and Actual Growth: 2013 - 2027



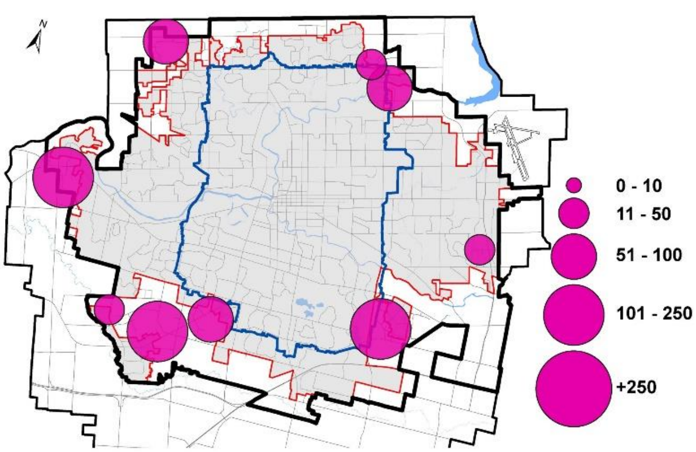
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023f	2024f	2025f	2026f	2027f
Altus/Watson Forecast	340	364	364	364	364	364	517	517	517	*517*	*854*	*854*	*854*	*862*	*862*
Actual/Forecast	340	480	291	464	620	562	636	469	790	662	*854*	*854*	*854*	*862*	*862*
10 Year Average	531														
5 Year Average	624														

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 Permits



2022 MDR Units by Location

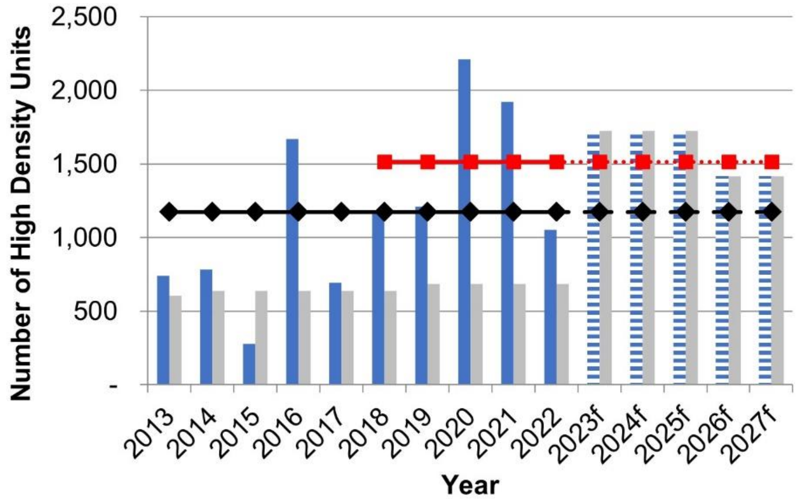


Observations:

- MDR units decreased in 2022 over 2021 levels but remained above historic levels.
- The MDR share of total units increased to 28% in 2022.
- New MDR units are expected to remain elevated and increase over the near to medium term based on the updated Watson forecast and recent and anticipated MDR development approvals.

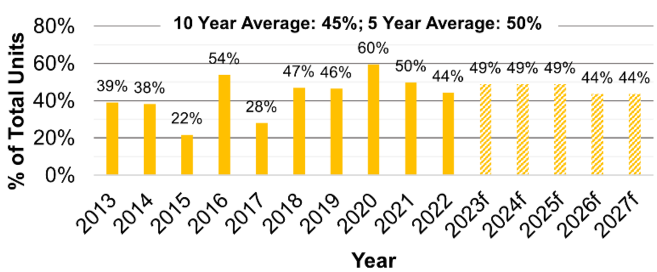
Building Permit Activity
High Density Residential Development (HDR)

HDR Projected Growth and Actual Growth: 2013 - 2027

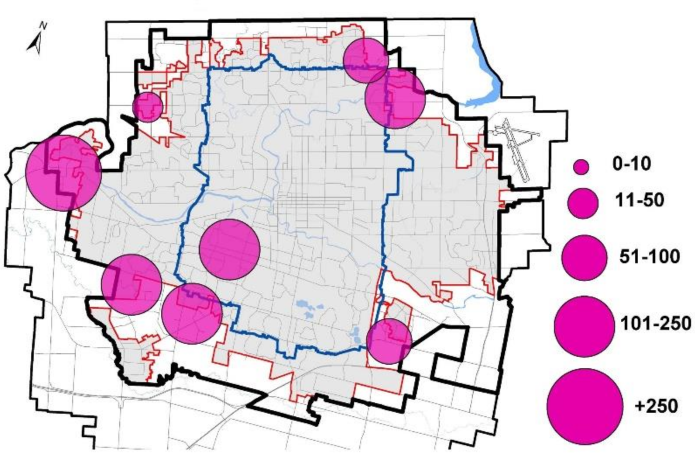


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023f	2024f	2025f	2026f	2027f
Altus/Watson Forecast	716	636	636	636	636	636	684	684	684	684	1,726	1,726	1,726	1,418	1,418
Actual/Forecast	738	783	278	1,671	694	1,177	1,209	2,210	1,924	1,052	1,726	1,726	1,726	1,418	1,418
10 Year Average	1,174														
5 Year Average	1,514														

HDR Share of Total Residential Permits



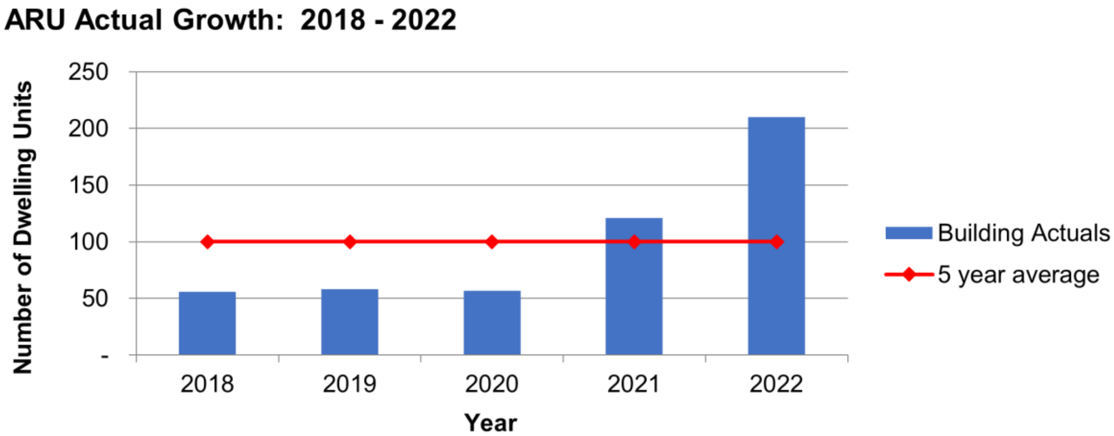
2022 HDR Units by Location



Observations:

- In 2022, new HDR units was reduced nearly by half. Permits were issued for 13 apartment buildings ranging in size from 32 units to 211 units.
- New HDR units are forecasted to remain elevated over the near to mid term based on the revised Watson forecast and given recent and anticipated HDR development approvals.
- The percentage of HDR units within the Built-Area Boundary decreased to 19.9% in 2022. A significant factor was previous greenfield HDR approvals receiving building permits in 2022. Based on current applications, HDR intensification levels are anticipated to return to previous levels in future years.

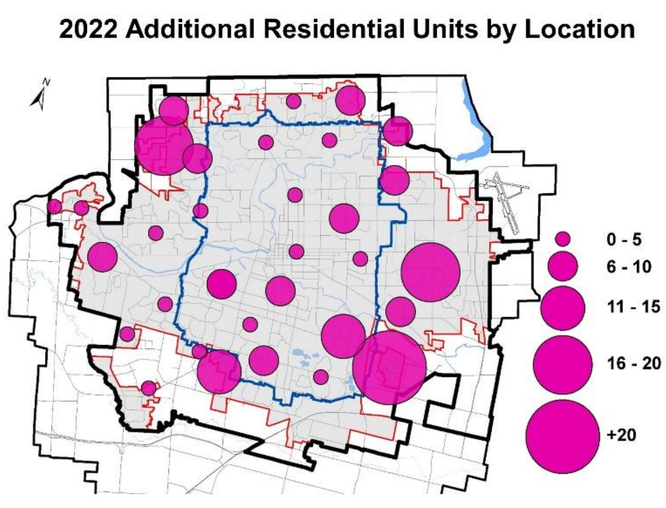
Building Permit Activity
Additional Residential Units (ARUs)



	2018	2019	2020	2021	*2022*
Actual	56	58	57	121	210
5 Year Average			100		

Note: ARUs do not include garden suites, lodging houses or converted dwellings.

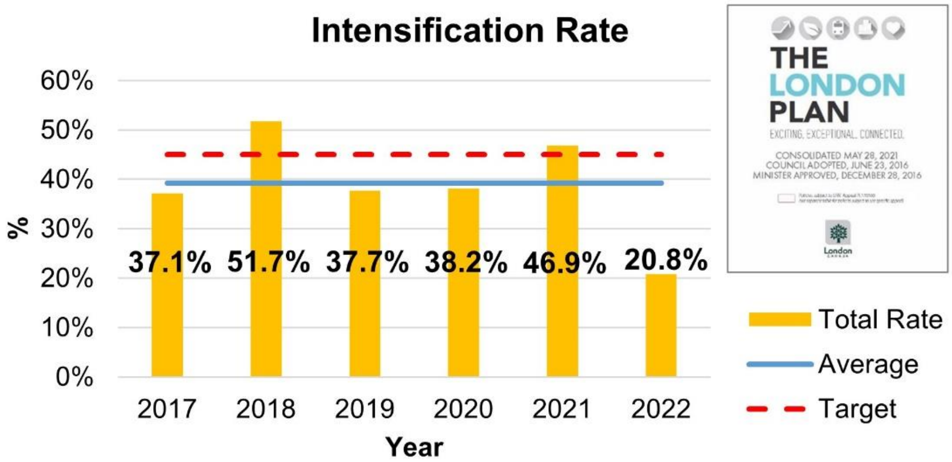
Additional Residential Units
An additional Residential Unit (ARU) is a self-contained residential unit with kitchen and bathroom facilities within, and an ancillary to, an existing dwelling. A maximum of one ARU is permitted within a single-detached, semi-detached or street townhouse primary dwelling and one ARU in an accessory structure. ARUs are a form of residential intensification which means the development of a property, site or area at a higher density than currently exists.



Observations:

- 210 new ARUs were built in 2022, nearly doubling the 2021 level.
- In 2022, 71% of new ARUs were located within the Built-Area Boundary.
- Permits for ARUs have elevated since 2021, mainly driven by London Plan and Zoning changes in 2020 that provide greater flexibility for additional dwelling units.
- New ARUs are expected to increase in 2023 based on recent applications.

Residential Intensification Rate

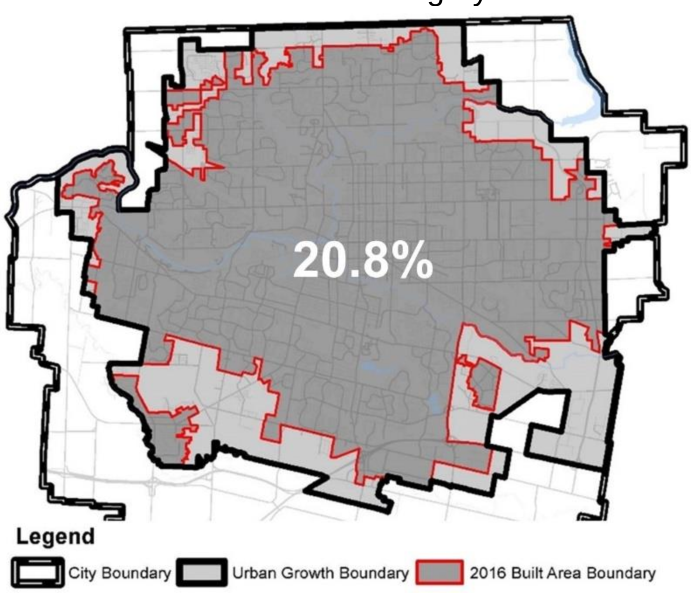


Note: The 2022 intensification rate includes ARUs.

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:

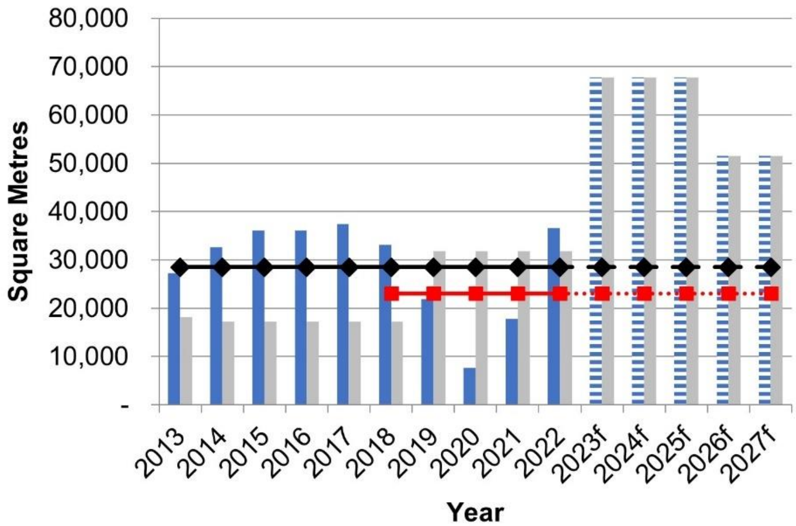


Observations:

- The intensification rate in 2022 was 20.8% which is below the 45% target in The London Plan.
- Higher intensification rates are typically driven by high levels of HDR permits are generally located within the Built-Area Boundary.
- The lower intensification rate in 2022 is primarily due to fewer HDR unit permits being located within the Built-Area then is typically experienced. Of 1,052 HDR units in 2022 only 209 were within the Built-Area Boundary.
- The average intensification rate since 2016 is 39.2%.

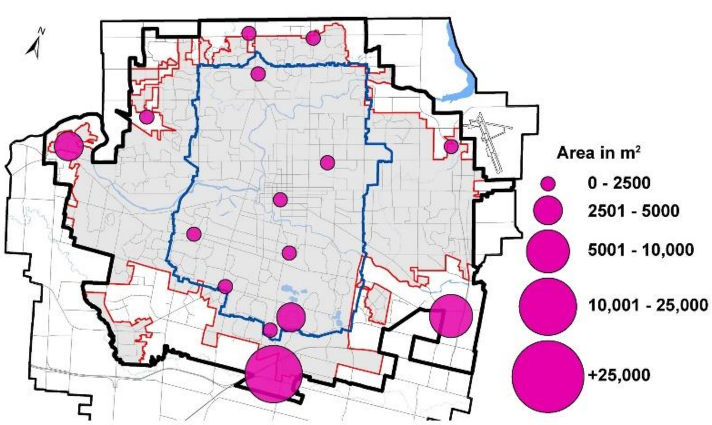
Building Permit Activity
Commercial Development

Commercial Projected Growth and Actual Growth: 2013-2027



(m²)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023f	2024f	2025f	2026f	2027f
Altus/Watson Forecast	18,208	17,242	17,242	17,242	17,242	17,242	31,829	31,829	31,829	*31,829*	*67,734*	*67,734*	*67,734*	*51,520*	*51,520*
Actual/Forecast	27,253	32,612	36,104	36,125	37,430	33,059	21,846	7,672	17,809	*36,524*	*67,734*	*67,734*	*67,734*	*51,520*	*51,520*
10 Year Average	28,462														
5 Year Average	23,018														

2022 Commercial Permits by Location

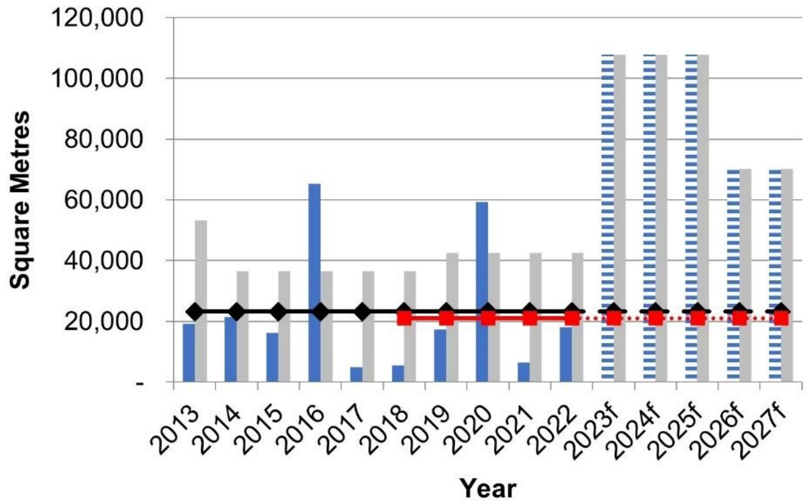


Observations:

- Commercial development returned to historic levels in 2022 after three years below forecasted levels. This increase was due to restaurants and retail stores including Costco Wholesale and additions to existing offices and shops.
- In response to forecasted population growth, demand for new commercial space over the near to medium term is forecasted by Watson to greatly exceed the 5- and 10-year historical averages.

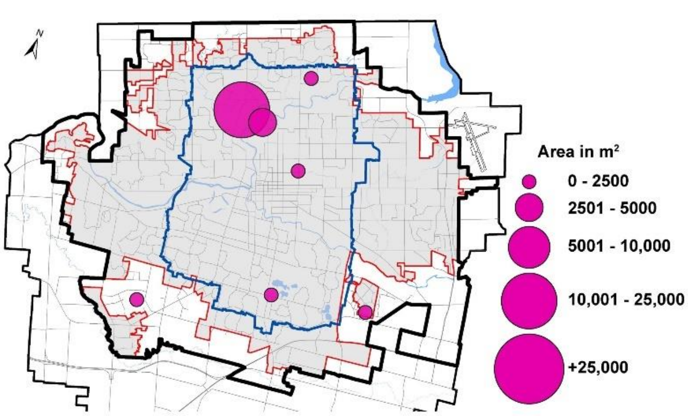
Building Permit Activity
Institutional Development

Institutional Projected Growth and Actual Growth: 2013- 2027



(m^2)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023f	2024f	2025f	2026f	2027f
Altus/Watson Forecast	53,325	36,491	36,491	36,491	36,491	36,491	42,512	42,512	42,512	*42,512*	*107,853*	*107,853*	*107,853*	*70,235*	*70,235*
Actual/Forecast	19,121	21,374	16,232	65,245	4,871	5,514	17,232	59,204	6,379	*18,070*	*107,853*	*107,853*	*107,853*	*70,235*	*70,235*
10 Year Average	23,220														
5 Year Average	21,071														

2022 Institutional Permits by Location

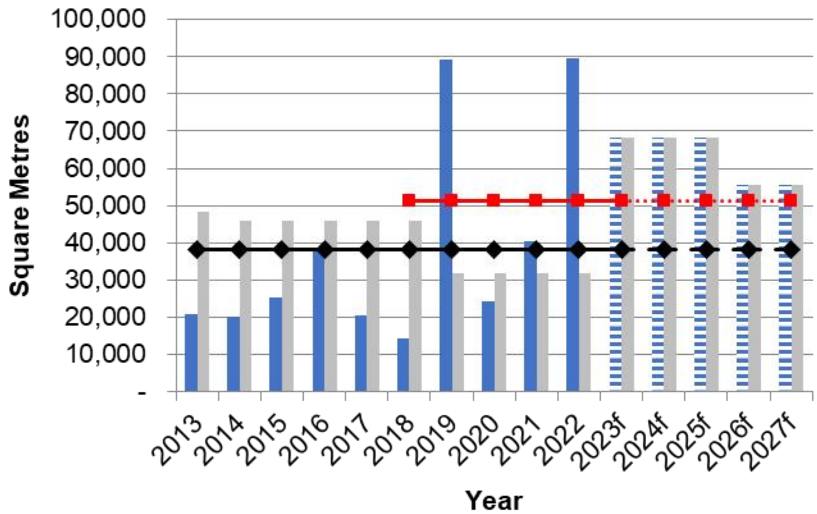


Observations:

- Institutional growth has a cyclical pattern related to funding from higher orders of government.
- After a decrease in 2021 over 2020 levels, institutional development increased due to post-secondary construction and additions to school buildings.
- As a result of forecasted population growth, demand for increased space for institutional uses such as schools, hospitals and retirement home and long-term care facilities are forecasted by Watson to greatly exceed the 5- and 10-year historical averages.

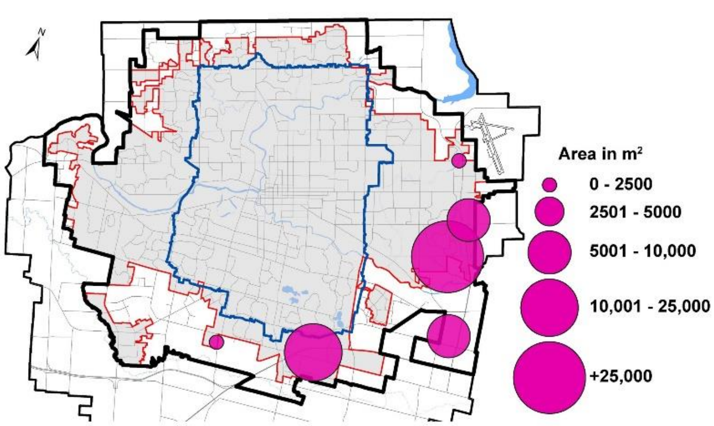
Building Permit Activity
Industrial Development

Industrial Projected Growth and Actual Growth: 2013-2027



(m^2)	2013	2014	2015	2016	2017	2018	2019	2020	2021	*2022*	*2023f*	*2024f*	*2025f*	*2026f*	*2027f*
Altus/Watson Forecast	48,308	45,855	45,855	45,855	45,855	45,855	31,894	31,894	31,894	*31,894*	*68,377*	*68,377*	*68,377*	*55,556*	*55,556*
Actual/Forecast	20,806	20,171	25,270	37,780	20,433	14,216	89,142	24,393	40,578	*89,653*	*68,377*	*68,377*	*68,377*	*55,556*	*55,556*
10 Year Average	38,063														
5 Year Average	51,234														

2022 Industrial Permits by Location



Observations:

- In 2022, permits for the highest level of new Industrial gross floor area over the past 10 years due to permits for new manufacturing plants and additions to existing buildings.
- Given their macro-economic outlook and recent development activity, Watson has forecasted new Industrial gross floor area to remain elevated over the near to medium term.

2022 Development Application Activity

2020-2022 Applications Received and Processed within Planning Act Timeframes

Application Type	2020			2021			2022		
	Applications Received	Statutory Period (Days)	%*	Applications Received	Statutory Period (Days)	%*	Applications Received	Statutory Period (Days)	%*
OPA and ZBA	16	120	56%	24	120	58%	12	120	33%
Zoning By-law Amendment (ZBA)	27	90	56%	38	90	24%	50	90	36%
Temporary Use	2	90	100%	3	90	33%	1	90	0%
Removal of Holding Provision	31	90	58%	37	90	78%	20	90	60%
Draft Plan of Subdivision	3	120	33%	8	120	50%	4	120	25%
Draft Plan of Condominium	14	120	93%	21	120	67%	8	120	75%
Condominium Conversion Plans	0	120	0%	1	120	100%	0	120	0%
Part Lot Control Exemption	5	n/a	n/a	10	n/a	n/a	5	n/a	n/a
Consent	38	90	61%	43	90	74%	42	90	100%
Minor Variance	142	30	24%	170	30	12%	158	30	11%
Site Plan	113	30	86%	120	30	65%	117	30/60**	93%
TOTAL APPLICATIONS	**391**	-	-	**475**	-	-	**417**	-	-
Pre-Application Consultations	118	n/a	n/a	138	n/a	n/a	128	n/a	n/a
Site Plan Consultations	162	n/a	n/a	212	n/a	n/a	224	n/a	n/a
GRAND TOTAL	**671**	-	-	**825**	-	-	**769**	-	-

* % of applications considered by Planning and Environment Committee/Committee of Adjustment within Planning Act Timeframe.
* % Includes applications put on hold at the request of the applicant.
** Revised Bill 109 statutory timeline applies to applications received on or after July 1, 2022.

Recent and Anticipated Trends

- Total application activity in 2022 slightly decreased from 2021. It is anticipated that application levels experienced in 2022 will continue through 2023 based on the number of pre-consultations that were completed. The overall number of pre-consultations in 2022 was similar to 2021.
- Zoning By-law Amendment (ZBA) applications increased from 38 in 2021 to 50 in 2022. 36% of ZBAs were considered within 90 days in 2022, increasing from 24% in 2021.
- While the number of Site Plan applications in 2022 was similar to 2021, processing timelines have improved. In 2022, 88% of applications received decisions within 30 days and 100% within 45 days.
- Consent applications meeting timelines have improved. All decisions on Consents were made within 90 days in 2022.
- The percentage of Minor Variance applications that met timelines remained stable in 2022. Similar to 2021, 87% of Minor Variances were heard within 50 days in 2022. The turnaround timelines have improved since London's new Official Plan was fully in force in May 2022 which no longer required policy analysis on two Official Plans.
- It is expected that the mandatory refund provisions introduced through Bill 109 and the limitations placed on urban design and site plan applications through Bill 23 will have a significant impact on the number of site plan applications and the decision timelines for rezoning applications over 2023 and beyond.

Observations

- Staff vacancies and complex applications impacted the ability of various application types to meet the *Planning Act* timeframes in 2022.
- 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 Minor Variances.

Permit Ready Lots

Since 2018, the City has tracked the number of units based on unit type, development application status and building permit activity as plan of subdivision applications work their way through the approvals process. The original intent was to better understand current and anticipated supply, and recognize that developers, consultants, contractors, suppliers, and the City all have a significant role to play in bringing new units to market.

To understand historic trends and provide a starting point to assess and establish future performance measures, existing unit counts for each category are compiled. Per the categories below, *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. A key limitation to this approach is that the reported supply only reflects lands that are advancing through, or have completed, the plan of subdivision process.

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.

Streamlining Development Approvals

In 2020, as part of the Streamlining Development Approvals project, the City began an extensive review of development application processes that has included significant industry engagement. In 2022, works were accelerated through a one-time investment from the Province. Next steps in the project include improving data collection, performance measures, and detailed tracking of proposed lots and units, which will result in a greatly enhanced monitoring program. Improved metrics will be prepared over 2023 and reported out through next year's Annual Development Report.

To maintain consistency with previous reporting, the 2022 statistics presented below are based on the 2018 approach.

LDR Lots (Single/Detached) by Category

	2018	2019	2020	2021	2022
Future Opportunity	5,116	4,647	4,631	4,237	3,487
On The Market	965	1,031	243	289	1,054
Permit Ready Lot	803	1,043	1,364	1,001	671

As of January 1 for each year.

MDR Lots (Rowhouse/Townhouse) by Category

	2018	2019	2020	2021	2022
Future Opportunity	11,324	11,256	9,048	9,092	9,099
On The Market	1,012	1,061	1,264	2,233	2,444
Permit Ready Lot	743	682	838	455	519

As of January 1 for each year.

Process 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 2022, 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.

New Legislation – In 2022, the Province introduced a number of legislative and regulatory changes (Bill 13, Bill 109 and Bill 23) that have impacted/will impact *Planning Act* application processes. Actions required to conform with the legislative changes are being undertaken including streamlined application processes, new delegated approval authority for minor Zoning By-law Amendments, and changes to related by-laws or other documents. Planning and Development staff will monitor the impacts of the legislative changes while continuing ongoing efforts to improve existing service delivery.

Application Approvals – Interviews with internal and development industry stakeholders were facilitated over 2022 to better understand the opportunities. Changes to the Official Plan Amendment and Zoning By-law Amendment application processes will be piloted in February 2023, including a more structured approach with submission requirements and more in-depth pre-application consultation. Staff will continue to monitor the application processes and explore possible adjustments or improvements over 2023.

Urban Design Review – Terms of Reference (TOR) related to urban design review are being reviewed to align with the application processes. Changes to the Urban Design Peer Review Panel TOR and the Urban Design Brief TOR will be introduced in 2023 to make improvements to the Urban Design Peer Review Panel process and provide clarity on required submission materials and contents.

Site Plan Continuous Improvement Initiatives – A review of the Site Plan resubmission process was undertaken by EZ Sigma to establish clear standards and improve the quality of submissions with process changes to be piloted in January 2023. Data from the pilot will be analyzed to help project resubmissions. In addition, a review of the Site Plan Control By-law is underway to incorporate both regulatory and guidelines or performance-based standards for site development.

Heritage Planning – A *Heritage Act* Timeline Waiver was developed to allow mutually agreed extension between developers and the City where it is beneficial to have further discussions. Over 2023, a framework will be established to guide the proactive evaluation of heritage listed properties to either designate or de-list in response to legislative changes to the *Ontario Heritage Act* and to add greater certainty to future development.