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TO: Chair and members of the Planning and Housing Committee

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DATE: August 16, 2023

16 août 2023

FILE NUMBER: ACS2023-PRE-EDP-0040

SUBJECT: Residential Dwelling Approval Pipeline – Q2 2023

OBJET: Processus d'approbation des projets d'habitation – T2 de 2023

PURPOSE

The Residential Dwelling Approval Pipeline provides an update on housing unit approvals, building permits issued, and other residential development indicators on a quarterly and year-to-date basis.

BACKGROUND

This update follows direction from Council per Motion No. 2022-03/20 on December 7, 2022, and is an effort to track progress towards municipal and provincial housing supply targets for the city of Ottawa. Staff have been tasked with tracking and reporting on the number of units approved through *Planning Act* applications, excluding Committee of Adjustment, and the number of building permits issued by the City of Ottawa.

The Residential Dwelling Approval Pipeline provides an update on these two items, along with other residential development indicators such as housing starts, dwellings under construction, and housing completions on a quarterly basis. This report will be available on ottawa.ca and data will be posted to Open Ottawa. On August 16 2023, Planning and Housing Committee received an update on Q1 2023.

EXECUTIVE SUMMARY

This update reports on residential development data for Q2 2023, which covers April, May, and June. A year-to-date report is also attached which excludes double counting of housing units approved through multiple development applications at the same location.

In Q2 2023, there were:

- 5,400 dwellings granted land use permissions through Official Plan or Zoning By-law Amendments
- 3,841 dwellings approved through Plan of Subdivision, Plan of Condominium, Site Plan Control, Minor Variance, and Severance applications
- 1,327 net dwellings issued building permits
- 1,688 housing starts
- 14,646 dwellings under construction
 - 522 of which are not-for-profit dwellings
- 1,972 dwellings where construction was completed
 - 57 of which are not-for-profit dwellings

While there was a 99 percent increase in dwellings granted land use permissions in Q2 2023 from Q1 2023 (5,400 dwellings from 2,716 dwellings), there was also a 17 percent decrease in dwellings approved (3,841 from 4,621) and a 58 percent decrease in

dwelling units issued building permits (1,327 from 3,187). These decreases are largely due to a decline in apartment dwelling approvals (down 35 percent from 4,379 to 2,829) and fewer permits issued for rowhouse and apartment dwellings (down 50 percent from 539 to 268 and 65 percent from 2,457 to 870, respectively). A decrease in building permits coincides with other external factors such as rising interest rates, limited resources in the construction sector, and a decrease in housing sales year-over-year.

CMHC Housing Starts and Completions Survey

CMHC conducts their own monthly survey for selected urban areas throughout the country (Census Metropolitan Areas and Census Agglomerations) and enumerates dwelling units placed on new, permanent foundations only designed for non-transient, year-round occupancy. As such, CMHC starts do not include all forms of new dwelling units that are created on existing building foundations, such as apartments in houses and conversions. Housing starts therefore understate the total number of units created compared to building permits. Commonly cited “housing starts” for municipalities are from this survey, along with those “under construction” and those that are “completed”.

Regarding Ottawa housing starts, a 4 percent increase from 1,626 to 1,688 was observed from Q1 to Q2 2023, despite a 39 percent decrease in apartment starts from 1,316 to 801. Apartment starts made up 47 percent of all starts in the quarter, with 65 percent intended as rental units and 35 percent as condominium. The share of intended rental apartment starts in Q2 2023 was higher than what was observed in Q2 2022 (39 percent).

Q2 2023 saw a 2 per cent decrease in dwellings under construction compared to Q1 from 14,945 to 14,646. Completed dwellings were almost 8% less than in Q1 from 2,135 to 1,972.

Municipal Housing Pledge

For the first six months of 2023, the City granted land use permissions and development application approvals for 16,237 new dwellings and issued building permits for 4,514 net new dwellings. To date, the City is fulfilling its role to the annual 15,100 target by providing ample opportunities to issue building permits for the housing industry to build new houses; however, only 30 per cent of the target has resulted in issued building permits. Fulfilling Ottawa’s municipal housing pledge of issuing 15,100 building permits annually will require additional contributions from other stakeholders and supportive economic conditions to build this many houses.

CONCLUSION

Staff will continue to track housing unit approvals, building permits issued, and other residential development indicators and report back to the Planning and Housing Committee on a quarterly basis.

Original signed by

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cc: Wendy Stephanson, Interim City Manager

Don Herweyer, Interim General Manager, Planning, Real Estate and Economic Development Department

SUPPORTING DOCUMENTATION

Document 1 – Residential Dwelling Approval Pipeline Q2 2023

Document 2 – Residential Dwelling Approval Pipeline YTD 2023