

**Subject: 2021 Annual Development Report**

**File Number: ACS2022-PIE-EDP-0028**

**Report to Planning Committee on 25 August 2022**

**Submitted on August 9, 2022 by Don Herweyer, Director, Economic Development and Long Range Planning, Planning, Real Estate and Economic Development Department**

**Contact Person: Maddie Harreman-Fernandes, Planner I, Economic Development and Long Range Planning**

**613-580-2424, 16936, Maddie.Harreman-Fernandes@ottawa.ca**

**Ward: Citywide**

**Objet : Rapport annuel sur l'aménagement de 2021**

**Dossier : ACS2022-PIE-EDP-0028**

**Rapport au Comité de l'urbanisme le 25 août 2022**

**Soumis le 25 juillet 2022 par Don Herweyer, Directeur, Développement économique et Planification à long terme, Direction générale de la planification, de l'immobilier et du développement économique**

**Personne ressource : Maddie Harreman-Fernandes, Urbaniste I, Développement économique et planification à long terme**

**613-580-2424, 16936, Maddie.Harreman-Fernandes@ottawa.ca**

**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATIONS**

**That Planning Committee receive this report for information.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité de l'urbanisme prenne connaissance du présent rapport.**

## **EXECUTIVE SUMMARY**

The Annual Development Report (ADR) monitors several key objectives of the Official Plan (OP), including:

1. Population growth in comparison to OP projections
2. Housing market trends, including housing starts and the percentage of starts by dwelling type
3. Residential intensification rates within target areas and across the urban area

## **Population**

The estimated actual population of the city of Ottawa for mid-2021 was 1,032,900 and 1,046,400 by the end of 2021, representing 2.3% growth from the end of 2020. The OP projection of 1,064,100 mid-2021 is 3.0% higher than the actual estimate.

## **Housing**

There were 9,402 new housing starts in the city of Ottawa in 2021, which is a 1.8% increase from 2020, representing the most starts in a year since 2001. By dwelling type, the proportion of starts were:

- Single-detached: 29.5%
- Semi-detached: 2.3%
- Rowhouse: 27.9%
- Apartments: 40.3%

## **Intensification**

Using the new OP definition of intensification, a 44.9% intensification rate was achieved from mid-2020 to mid-2021. Since mid-2018, an intensification rate of 49.4% was achieved.

## **RÉSUMÉ**

Le Rapport annuel sur l'aménagement permet de surveiller plusieurs objectifs clés du Plan officiel (PO), notamment :

1. la croissance démographique par rapport aux prévisions du PO;
2. les tendances du marché de l'habitation, y compris les mises en chantier résidentielles et le pourcentage de mises en chantier par type de logement;
3. les taux de densification résidentielle dans les secteurs cibles et dans le secteur urbain en général.

## **Population**

La population sur le territoire de la Ville d'Ottawa était estimée à 1 032 900 habitants en milieu d'année 2021 et à 1 046 400 habitants à la fin de 2021, soit une croissance de 2,3 pour cent par rapport à la fin de 2020. La population réelle estimée était inférieure de 3,0 pour cent aux projections du PO pour le milieu d'année 2021, qui se chiffraient à 1 064 100 habitants.

## **Logement**

On a compté à Ottawa 9 402 mises en chantier de logements en 2021, soit une hausse de 1,8 pour cent par rapport à 2020. Il s'agit là du plus grand nombre de mises en chantier en une année depuis 2001. Voici la proportion de mises en chantier par type de logement :

- maisons unifamiliales : 29,5 pour cent
- maisons jumelées : 2,3 pour cent
- maisons en rangée : 27,9 pour cent
- appartements : 40,3 pour cent

## **Densification**

Selon la définition qu'en fait le nouveau PO, un taux de densification de 44,9 pour cent a été atteint entre le milieu d'année 2020 et le milieu d'année 2021. Depuis le milieu d'année 2018, un taux de densification de 49,4 pour cent a été atteint.

## **BACKGROUND**

The Annual Development Report (ADR) is produced each year by the Planning, Real Estate, and Economic Development Department to review demographic and economic statistics and related development activity for the past year in the City of Ottawa. Where applicable, this data is measured against the City's planning policy objectives for intensification and housing.

## **DISCUSSION**

The Annual Development Report (ADR) monitors the following objectives of the Official Plan (OP):

## Population

The estimated actual population of the city of Ottawa for mid-2021 was 1,032,900 and 1,046,400 by the end of 2021, representing 2.3% growth from the end of 2020. The OP projection of 1,064,100 mid-2021 is 3.0% higher than the actual estimate. The difference is mostly attributed to Ottawa experiencing less immigration than projected between 2020 and 2021 as a result of the COVID-19 pandemic. The difference in annual population growth from mid-2020 to mid-2021 was about 1.5% according to the City's estimate and 0.8% according to Statistics Canada's estimate. Statistics Canada placed the larger Ottawa-Gatineau metropolitan area as the sixth largest in Canada in 2021, with a population of 1,476,756.

## Housing

Ottawa households grew at a slightly higher rate than the population in 2021. At the end of 2021, there were 447,211 households in Ottawa, 2.6% more than the year before. This growth is reflected by 9,402 new housing starts, which is a 1.8% increase from 2020 and the most starts in a single year since amalgamation in 2001. Single-detached starts increased to 29.5% in 2021 from 26.4% in 2020. The proportion of semi-detached and row-house starts saw a slight decrease from 2.7% to 2.3% and 29.6% to 27.9%, respectively, between 2020 and 2021. The proportion of apartment starts also decreased slightly to 40.3% in 2021 from 41.3% in 2020.

The OP includes a policy that restricts conversions of rental buildings with six or more units to condominium or freehold ownership unless the rental vacancy rate exceeded 3% for two consecutive years, and rents in the building to be converted are above the zone average (by unit type). The rental vacancy rate decreased in 2021 to 3.4% from 3.9% in 2020. The vacancy rates in 2020 and 2021 allow for the consideration of conversions.

Housing starts decreased overall by 1.7% across the Greater Ottawa-Gatineau area in 2021, while the City of Ottawa experienced a slight increase of 1.8%. Gatineau and Ontario municipalities adjacent to Ottawa saw an 11.1% and 14.7% decrease in starts, respectively.

Average resale house prices in the Ottawa real estate area rose 22.0% in 2021 to \$645,976. The local market was considered a seller's market in 2021.

## 2021 Housing in Context: 2017 to May 2022

Combining 2021 results with prior years and year-to-date information provides a glimpse of the housing market prior to the pandemic and during pandemic recovery.

Within the city of Ottawa over this period there were 42,484 total housing starts. Apartments had the largest share with almost 39% of starts (16,382), followed by single-detached and row-houses at 29% each (12,467 and 12,356 respectively), and semi-detached at 3% (1,279). Of the total apartment starts, 57% were condominium (9,360) and 43% non-condominium (7,022), the bulk of which were rental apartments.

At the Ottawa-Gatineau CMA scale, there were 61,675 housing starts. Apartments had the largest share at over 44% (27,743), followed by single-detached at 28% (17,497), row-houses at 22% (13,619), and semi-detached at 5% (3,086). In contrast to the City of Ottawa, apartment condominium starts in the CMA only represented 36% (10,015) of total apartment starts in the CMA, with the remaining apartment starts (17,458) mostly represented by rental apartments.

Due to different construction times for dwelling types, housing completions provide a different share profile than housing starts. Within the city of Ottawa there were 34,341 housing completions represented by single-detached at 33% (11,345), row-houses at 32% (11,128), apartments at 31% (10,679), and semi-detached at 3% (1,189). The number of completions for ground-oriented units are very similar to starts over this same period, but apartment completions are different, mostly reflected in the relatively longer construction timeframe required for apartments.

However, unlike apartment starts, most apartment completions were rental at 70% (7,459) rather than ownership at 30% (3,220). This is also reflected in new home sales data<sup>1</sup> over this period with 4,015 apartment<sup>2</sup> sales. The number of apartment rental units, including “luxury rental” projects, are not reflected in new home sales data.

Ontario municipalities adjacent to Ottawa also experienced growth over this period, with a 133% growth in residential dwelling permits from 2016 to 2020. Over the same period, the City of Ottawa saw an 84% growth. However, due to strong growth within Ottawa as well, only a 3% share of this combined area shifted to outside of Ottawa. In 2021, the Ontario municipalities adjacent to Ottawa saw a 14.7% decrease in residential dwelling permits from 2020, while Ottawa saw a 1.8% annual increase. Net intraprovincial

---

<sup>1</sup> PMA Brethour, Greater Ottawa New Home Report, December editions for 2017, 2018, 2019, 2020, 2021; May edition for 2022.

<sup>2</sup> City of Ottawa considers Stacked Townhouses as an apartment dwelling unit.

migration is the largest component of movers to municipalities adjacent to Ottawa, averaging an increase of 3,300 persons annually from 2016 to 2021. Net intraprovincial migration also plays a role for growth in Ottawa with an annual average of 2,500 persons from 2016 to 2021, showing more people moving to Ottawa than leaving from within the province. However, more people are moving from other parts of the country (3,100 annual average) and internationally (9,500 annual average).

### **Intensification**

A new OP was adopted by Council on October 27, 2021. The 2021 ADR provides results of intensification tracking under the previous OP and the new OP. The previous OP had a target of 40.0% intensification share of growth for the 2017-2021 five-year period. Using the previous OP definition of intensification, a 52.0% intensification share was achieved in 2021, the five-year average intensification share was also 52.0%; higher than the OP target of 40.0%.

The recently adopted new OP provides an alternate intensification calculation to better align with the growth projections. This requires shifting the measurement of intensification from a calendar year to mid-year basis and to include only private dwellings within the urban area that is built-up as of mid-2018. With this revised intensification method, a 44.9% intensification rate was achieved from mid-2020 to mid 2021. Since mid-2018 an intensification rate of 49.4% was achieved. The new OP intensification rate is slightly lower than the previous OP intensification rate mostly due to the difference in the reporting time periods, where the existing OP includes permits before COVID-19 and the new OP includes permits mostly throughout the COVID-19 pandemic. While the achieved intensification is higher than the new OP target, the number of ground-oriented dwellings, such as single-detached, semi-detached, townhouses, and other low-rise apartments with larger dwelling units, was about 1,150 dwellings lower over the 2018 to 2021 period, or about 385 dwellings a year, than the target in the new OP.

To facilitate an increase in ground-oriented and large dwelling unit growth within the built-up area, the new OP sets targets for minimum proportions of large dwellings as part of intensification and infill development. Moving forward, the new Zoning By-law will provide a framework to implement ground-oriented targets in current R1 and R2 zones, and permit “missing middle” low-rise infill apartments in not only the downtown and inner urban neighbourhoods, but also in the outer urban and suburban areas so that all neighbourhoods provide opportunities for new residents in their communities. After approval and when in full-force and effect, staff expects the new Zoning By-law will

provide opportunities for an increase in the number of large dwellings through intensification development.

### **Non-residential**

Other development indicators monitored and reported through the ADR are employed residents; office, industrial, and retail markets; and an index of commercial services around transit stations.

Ottawa experienced an increase of 5.7% or 31,600 employed residents in 2021 according to Statistics Canada's Labour Force Survey. All six employment clusters, except Retail, experienced growth in 2021. The Industrial & Resource Cluster saw the most growth by adding 12,900 employed residents, followed by the Office cluster with 7,800 new employed residents. Meanwhile, the Retail cluster experienced a decline of 3,000 employed residents year-over-year. The Knowledge cluster maintained the largest employment numbers with 182,900 employed residents. The unemployment rate decreased to 6.3% in 2021 from 7.4% in 2020.

Ottawa has a commercial office space inventory of approximately 3.9 million square metres (41.9 million square feet). Ottawa's overall office vacancy rate increased to 9.7% in 2021 from 8.4% in 2020. Available office space was almost split evenly between Class 'A' and Class 'B' offices, with Class 'C' space making up 10% of available space.

Retail vacancies decreased to 3.1% in 2021 from 5.2% in 2020. All retail formats experienced a decline in vacancy rates between 2020 and 2021, with Neighbourhood Shopping Centres and Mini-Plazas seeing the greatest decline from 6.0% vacancies in 2020 down to 3.5% in 2021.

The growth management strategy of the new OP directs growth to areas with amenities and services, including locations that are easily accessible by transit, making Ottawa's rapid transit stations key areas to accommodate new development. Commercial service density, or the amount of commercial services in proximity to transit stations, is a measure of how many amenities are close to transit stations and how this amount might change over time.

The Index of Commercial Services around Transit Stations was included for the fifth time in this year's ADR. The Index of Commercial Services is calculated using Walk Score. Despite the name, Walk Score measures commercial services that are within their database, close to a given point rather than how walkable an area is in terms of infrastructure capacity and design.

For all stations, the average index increased slightly to 65.3, which means some errands can be accomplished within transit station areas. Line 1's Rideau and Parliament Stations both had indices in the 90s, meaning that daily errands can be accomplished within transit station areas. The lowest index of 30 was Confederation Line's Tremblay Station, meaning most errands are outside transit station areas.

### **New OP Monitoring**

Growth management in the previous OP is monitored throughout different reports from Planning, Real Estate and Economic Development Department to Planning Committee and Agricultural and Rural Affairs Committee. The ADR currently monitors population, housing, intensification, and high-level employment from the previous OP, but also includes other development and economic activity within the city that is not necessarily directly related to growth management policies within the OP.

For 2022 to 2023, staff will develop a new report that is solely dedicated to the new OP. The new OP monitoring report is intended to include some of the growth indicators currently within the ADR, as well as other objectives of the new OP. Staff will investigate what aspects of the new OP can be monitored and report back to Planning Committee, and Agricultural and Rural Affairs Committee, on the scope for monitoring based on available data and required resources. Through this report, staff will identify overlaps with other OP indicator reports, including the ADR, and provide recommendations on potential scope changes and structures to future ADRs.

### **RURAL IMPLICATIONS**

There are no direct rural implications associated with this report.

### **CONSULTATION**

This report deals with research and analysis matters which do not require consultation or public notification.

### **COMMENTS BY THE WARD COUNCILLORS**

This is a City-wide report – not applicable.

### **LEGAL IMPLICATIONS**

There are no legal impediments to receiving this report



## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **ASSET MANAGEMENT IMPLICATIONS**

There are no direct asset management implications associated with the recommendations of this report, however the information provided in this report aligns with the City's [Comprehensive Asset Management \(CAM\) Program](#) objectives by providing data to support informed decision making which enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This can also be done in a manner that minimizes the lifecycle cost of that infrastructure, and in a socially, culturally, environmentally, and economically conscious manner.

## **FINANCIAL IMPLICATIONS**

There are no direct financial implications.

## **ACCESSIBILITY IMPACTS**

As Ottawa continues to be developed, the City is committed to ensuring accessibility for persons with disabilities and older adults. All City-controlled projects follow the City of Ottawa Accessibility Design Standards and the Accessibility for Ontarians with Disabilities Act (2005).

The 2021 Annual Development Report will be available in accessible format on the City website.

## **TERM OF COUNCIL PRIORITIES**

This project addresses the following Term of Council Priorities:

- Economic Growth and Diversification

## **SUPPORTING DOCUMENTATION**

Document 1 2021 Annual Development Report

## **DISPOSITION**

That Planning, Real Estate, and Economic Development staff continue to monitor, and report change on the city's population, housing, and economy on an annual basis. The structure and indicators of future ADRs will be determined through the forthcoming

report on new OP monitoring to Planning Committee and Agricultural and Rural Affairs Committee.