

Neighbourhood Intensification Research Bulletin

Date: May 26, 2025

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

The Neighbourhood Intensification Research Bulletin (**Attachment 1**) examines the theoretical potential for new housing units in Toronto's *Neighbourhoods* land use designation, as part of the Expanding Housing Options in Neighbourhoods (EHON) initiative.

The Bulletin aligns with the Official Plan time horizon by reporting on the estimated uptake to 2051 for EHON initiatives recently adopted by Council: Laneway Suites, Garden Suites, Multiplexes, and Major Streets projects. The estimates quantify how EHON initiatives can contribute to Toronto's housing goals, including the Housing Action Plan and the Municipal Housing Target. Through spatial analysis and the creation of a Neighbourhood Typology model, the research includes detailed analysis of Building Permits and the Development Pipeline to understand where new housing is being added in *Neighbourhoods* and where housing is likely to increase.

These estimates represent an assessment of the first phase of EHON initiatives up to the end of 2024. The modelling and analyses included in the Bulletin were conducted using data available up to this time.

It is important to note that the Bulletin represents a theoretical uptake of housing units resulting from the EHON initiative. A multitude of factors can influence actual uptake, which will be reported on through City Planning's regular Development Pipeline and EHON monitoring reports, including Multiplexes and Garden Suites.

The Bulletin estimates the uptake of citywide residential units resulting from the EHON initiatives by 2051 at 163,785 units. The estimated uptake is 9,180 Laneway Suite units, 26,388 Garden Suite units, 87,134 Multiplex units and 41,083 units in Major Streets projects. If realized, this would represent an average of 1.37% of *Neighbourhood* parcels experiencing intensification annually and an overall 13% increase in total dwelling units from the 1.25 million dwelling units in Toronto reported in the 2021 Census to just over 1.4 million units by 2051.

The Bulletin's findings highlight that as a component of Toronto's Housing Action Plan and Housing Accelerator Fund commitments, EHON initiatives could contribute approximately 54,600 units or almost one-fifth (19%) of the new housing required to achieve the Building Faster Fund and Municipal Housing Target of 285,000 units by 2031.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning recommends that:

1. Planning and Housing Committee receive this report for information.

FINANCIAL IMPACT

City Planning confirms that there are no financial implications resulting from the recommendations included in this report in the current budget year or in future years.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

DECISION HISTORY

On July 16, 2019, City Council adopted Member Motion MM9.36 entitled "Expanding Housing Options in Toronto - Tackling the Missing Middle and the Yellowbelt". The Motion directed City Planning to report on options and a timeline to increase housing options and planning permissions in areas of Toronto designated as Neighbourhoods in Toronto's Official Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM9.36>

On July 28, 2020, City Council endorsed the Expanding Housing Options in Neighbourhoods (EHON) Work Plan Report and endorsed City Planning proceeding with several priority initiatives in 2020-2021, including policy and regulatory permissions for new types of accessory housing such as Garden Suites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH15.6>

On November 25, 2021, Planning and Housing Committee received the Neighbourhood Change and Intensification Bulletin. The results provided an understanding of demographic characteristics across Toronto's low-rise neighbourhoods to inform new policy approaches that could increase housing diversity in lands designated as Neighbourhoods.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH29.8>

BACKGROUND

Context for the Neighbourhood Intensification Research Bulletin

This Bulletin is part of an arc of work undertaken by City Planning to estimate future housing supply in Toronto. Additionally, this Bulletin advances recent housing and demographic research to support City initiatives focused on housing need and in response to changes in Provincial planning policy. Focusing on *Neighbourhoods* and their potential for added density and investment in housing, this research builds on previous analyses in the Neighbourhood Change Bulletin (2021) and the Land Needs Assessment (2023). **Attachment 2** of this report highlights each of these work streams.

EHON Program Overview

On July 28, 2020, City Council endorsed the EHON Work Plan Report which included the below priority projects to enable more variety in the type and form of housing that can be built in the City's *Neighbourhoods* to increase housing choice and access for current and future residents of Toronto. As of 2024, these priority projects have been adopted by Council:

- **Laneway Suites** and **Garden Suites**: citywide permissions for new types of accessory housing were adopted in July 2019 and February 2022 respectively and are both in force.
- **Multiplexes**: citywide permissions allowing up to four residential units in forms compatible with existing houses, such as duplexes and triplexes, where they were not previously permitted were adopted in May 2023, and are in force.
- **Major Streets**: permission to allow more housing options on residential major streets, including apartment buildings up to 6 storeys, were adopted in May 2024, but are under appeal at the Ontario Land Tribunal.
- **Beaches-East York Ward 19 Pilot Project**: site-specific permissions for a missing middle demonstration project on City-owned land were adopted in November 2024 and are in force.

The EHON initiatives approved to-date have enabled new housing opportunities via incremental development for more equitable and sustainable growth to meet the needs of current and future residents.

COMMENTS

Purpose of Neighbourhood Intensification Research

Toronto is experiencing a housing crisis in which residents are facing increasing difficulty finding and affording housing that meets their needs. This crisis is characterized by a shortage of affordable housing options, rising home prices and high

rents. In response, City Council directed City Planning to report on options to increase housing options in Toronto's *Neighbourhoods*, a land use designation in the Official Plan. The Expanding Housing Options in Neighbourhoods (EHON) work plan was adopted by City Council in 2020 to explore adding more housing to *Neighbourhoods* through priority projects. These initiatives included Laneway Suites (adopted 2019), Garden Suites (adopted 2022), Multiplexes (adopted 2023), and gentle density along Major Streets (approved 2024, under appeal).

The attached Bulletin analyzes the theoretical potential of these EHON initiatives to add new housing over the next thirty years through to 2051, in coordination with the Official Plan time horizon. The purposes of this research are: to calculate housing potential in Toronto arising from recent changes to planning policy; to estimate the potential number of units via EHON initiatives in regard to targets of the Housing Action Plan, the Municipal Housing Target and the Official Plan; and to serve as a monitoring and evaluation tool for EHON initiatives. The Bulletin illustrates the significant extent to which the EHON initiatives can contribute to Toronto's housing goals.

Neighbourhoods in the Official Plan

Neighbourhoods is a land use designation defined in Toronto's Official Plan, described as "physically stable areas made up of residential uses in lower scale buildings such as detached houses, semi-detached houses, duplexes, triplexes and townhouses, as well as interspersed walk-up apartments". The Official Plan recognizes that areas designated *Neighbourhoods* are not static and will evolve over time. Chapter 1 of the Official Plan was updated in 2024 and establishes key priorities for Toronto, including diverse housing choices, varied building heights and form, and thriving *Neighbourhoods* for daily life. Toronto's *Neighbourhoods* cover just over one-third of the city's total land area and house almost 1.5 million people, just over half of Toronto's population. While *Neighbourhoods* are home to many Torontonians today, they have the potential to accommodate more housing and more people in the years to come.

Neighbourhood Intensification since EHON

Though much of the recent development and growth in Toronto has occurred outside *Neighbourhoods*, these areas have also experienced change. From 2011 to 2023, almost 16,000 Building Permits were issued in *Neighbourhoods* that proposed new units. About two-thirds of these were "Replacement" Permits where existing units were replaced, but no net new units were added. Over 5,000 Building Permits resulted in intensification within *Neighbourhoods*, adding just over 6,000 new housing units. These "Intensification" Permits are distributed throughout Toronto but especially in *Neighbourhoods* west and east of Downtown.

Prior to 2019, applications for Intensification Building Permits were increasing by an average of approximately 10% per year. Since the adoption of Garden Suites in 2022, there has been a rise of intensification units by an absolute increase of 400 units per year, suggesting the beginning of a strong uptake trend. Five- and ten-year average increases in Intensification Permits are about 30%, which suggests that while long-term growth trends remain consistent, the recent adoption of EHON initiatives and

legalization changes to Secondary Suite permissions have driven an increase in residential intensification efforts.

Neighbourhoods are also intensifying through larger developments that are subject to the Planning Application and development approval processes. There were 141 small-scale intensification projects (projects with four or less storeys and more than one proposed unit) approved or built in *Neighbourhoods* in the 2023 Q4 Development Pipeline, with just over 5,400 proposed units.

Housing Potential in Neighbourhoods

Toronto's *Neighbourhoods* hold significant potential to house more Torontonians. This potential has grown with the adoption of EHON initiatives, including new or expanded permissions to build Laneway Suites, Garden Suites, Multiplexes, and Major Streets projects.

Calculations were undertaken to create an estimate of the potential for each citywide residential EHON initiative over time, which serves as a ceiling of potential uptake. A multi-criteria decision analysis was conducted to assess the overall potential of *Neighbourhoods* based on the EHON initiatives to-date, involving:

- Citywide geospatial analysis of existing *Neighbourhood* parcels and building characteristics, such as lot area, building footprints and lot coverage, as well as lot frontage and depth for selected parcels;
- The application of existing Official Plan policies and zoning permissions for EHON projects;
- Consultation with architects, developers and planning consultants of typical EHON project parameters and factors impacting viability;
- Review of supporting materials developed for EHON initiatives such as financial feasibility studies;
- Review of issued Building Permits meeting EHON initiative criteria, and their corresponding parcel and building characteristics; and
- Consultation with City staff leading each residential EHON initiative.

Estimating the theoretical uptake of EHON initiatives in Toronto was a methodologically complex and iterative process. The work began with reviewing research on patterns of intensification of other cities which have made zoning changes to encourage more housing. This research informed the development of a Neighbourhood Typology model that identified six distinct Neighbourhood Types: parts of the city that share common characteristics and may be expected to develop in similar ways.

Neighbourhood Types were evaluated against criteria for the uptake of each EHON initiative, and an uptake score was determined based on how many criteria were met. These scores were applied to base intensification rates selected from the academic literature, and unit yields were calculated as a linear estimate for each EHON initiative and Neighbourhood Type to the year 2051.

The estimated combined total theoretical uptake of all EHON initiatives to 2051 is 163,785 units. The estimated uptake is 9,180 Laneway Suites, 26,388 Garden Suites,

87,134 Multiplex units and 41,083 units in Major Streets projects. If realized, this would represent an average of 1.37% of *Neighbourhood* parcels experiencing intensification annually and an overall 13% increase in total dwelling units from the 1.25 million dwelling units in Toronto reported in the 2021 Census. See Table 1.

Table 1: Theoretical Estimated EHON Initiative Unit Uptake to 2051

Laneway Suites	9,180 units
Garden Suites	26,388 units
Multiplex	87,134 units
Major Streets	41,083 units
Combined Total	163,785 units

Separately, a "business as usual" scenario was created using recent Building Permits. Given that real estate development and housing construction is subject to many economic, market and other factors, the purpose of this scenario was to create an independent comparative model that makes fewer assumptions about the factors contributing to net new units. This provided a projection of the likelihood of intensification under "business as usual" conditions, and a benchmark for testing the validity of the multi-criteria decision analysis. This approach in turn depends on assuming that the future will be like the past, using past trends in Building Permit activity to project construction activity in future years.

Based on Building Permits in *Neighbourhoods* between 2019 and 2023, almost 119,000 new units were projected from 2024 to 2051. Including actual units created in 2022 and 2023, this represents almost 121,000 new units or about 74% of the total uptake estimated by the multi-criteria decision analysis. This indicates that if recent Building Permit trends continue in a "business as usual" scenario over the next thirty years, *Neighbourhoods* could add almost 10% of total Toronto dwellings counted in the 2021 Census. Together, the two results (121,000 - 163,785) provide a range of estimates of EHON uptake by 2051.

The estimates of intensification in *Neighbourhoods* demonstrates the ability for *Neighbourhoods* to contribute meaningfully to housing targets and choices in Toronto through gentle intensification. In comparison to the total number of *Neighbourhood* parcels, the estimated uptake to 2051 would represent a yearly rate of 1.37% of these parcels experiencing intensification. The yearly projected combined total of EHON initiatives would result in an additional 25% of new housing by comparison to the current average number of units approved per year through the Development Pipeline. As one of the components of Toronto's Housing Action Plan, EHON initiatives could contribute approximately 54,600 units or almost one-fifth (19%) of the new housing required to achieve the Municipal Housing Target of 285,000 units by 2031.

It is important to note that the Bulletin represents a theoretical uptake of housing units resulting from the EHON initiative. A multitude of factors can influence actual uptake, which will be reported on through City Planning's regular Development Pipeline and EHON monitoring reports, including Multiplexes and Garden Suites.

NEXT STEPS

Neighbourhood Intensification Research Next Steps

This Bulletin provides a resource for the EHON initiatives and related monitoring to assess policy options and evaluate potential regulatory changes. City Planning will continue to monitor trends in as-of-right housing completions and intensification through Building Permits and Planning Applications in *Neighbourhoods*.

The findings of this Bulletin are based on the policy context at the time of research and are subject to change as policies evolve. Continued monitoring and evaluation of these estimates is necessary to provide the most accurate representation of the future of housing in Neighbourhoods, as well as tracking the efficacy of the EHON initiatives.

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ATTACHMENTS

Attachment 1: Neighbourhood Intensification Research Bulletin
Attachment 2: Housing Supply Research and Targets

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Neighbourhood Change Bulletin (2021):

- Reviewed *Neighbourhoods* by residential zone type, comparing population density, demographic characteristics, Building Permit and development activity in more and less permissive zone types to understand the changes that could result from expanding residential zoning permissions and to inform emerging EHON initiatives.

Right-Sizing Housing and Generational Turnover Bulletin (2021):

- City Planning's Right-Sizing Housing and Generational Turnover bulletin reviewed population and housing trends to analyze how Toronto's housing stock was meeting the needs of its residents, and the anticipated demand for different types of housing to 2051.
- The research identified persistent unmet demand for ground-related housing and larger rental units, as part of the housing spectrum between smaller apartment units and larger detached homes.

Land Needs Assessment (2023):

- As part of the Official Plan Review and Municipal Comprehensive Review of the Official Plan with respect to the Provincial Growth Plan for the Greater Golden Horseshoe 2020, City Planning undertook a Land Needs Assessment to determine the quantity of land required to accommodate forecasted population, household and employment growth to 2051.

Housing Occupancy Trends 2001-2021 (2024):

- The Housing Occupancy Trends bulletin highlights generational shifts in Toronto's housing preferences and availability over the past twenty years.
- The research concluded that younger households (15–34 years old) predominantly lived in mid/high-rise apartments (65.5% in 2021) in part due to the limited availability and affordability of ground-related housing, such as houses and low-rises. At the same time, Baby Boomers tended to age in place while occupying much of the existing ground-related stock, contributing to a mismatch between housing preferences and attainability for younger generations.

Provincial Planning Changes and Municipal Housing Target (2019 - Present):

- The Province of Ontario has introduced several changes to planning policy and legislation over the past few years, including the Ontario Housing Supply Action Plan (Bill 108, More Homes, More Choice Act), More Homes for Everyone Act (Bill 109), More Homes, Built Faster Act (Bill 23) and the Provincial Planning Statement 2024.
- City Council adopted a housing pledge of 285,000 homes by 2031. This Municipal Housing Target is part of a broader effort to address the housing crisis and align with

the Provincial goal of increasing housing supply. The City is tracking progress quarterly towards this target.

- The Province recently issued an interpretation of legislation related to additional residential units, including Laneway Suites, Garden Suites, and Multiplexes, via Ontario Regulation (O.Reg.) 462/24. The impact of this new regulation is more permissive built form standards for structures with additional residential units, to a maximum of three units per lot, potentially contributing to greater uptake of these initiatives.

HousingTO Action Plan 2020-2030 (2020) and Housing Action Plan 2022-2026:

- The HousingTO Action Plan 2020-2030 is a comprehensive long-term strategy designed to address housing needs across Toronto, from homelessness to affordable and market housing.
- The Housing Action Plan (HAP) 2022-2026 focuses on more immediate actions, outlining a 'made-in-Toronto' approach to increasing housing supply, choice and affordability for current and future residents. This Plan guides the City's efforts in meeting the Municipal Housing Target of 285,000 new Toronto homes by 2031.
- The four citywide residential EHON initiatives are identified in the Housing Action Plan Work Plan and will support the City's goal of accelerating the supply of housing within complete, inclusive and sustainable communities by increasing opportunities for ground-related housing across Toronto.