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# Impacts of Streamlining Construction Approval Processes in Ontario

## A Socioeconomic Analysis

November 2020

In September, the Canadian Centre for Economic Analysis (CANCEA) conducted a province-wide analysis to determine the economic impact of reducing delays in the residential construction process. The analysis found that reducing delays in the construction approvals process by six months could enable an additional 33,100 units above what's expected to be built in Ontario over the next five years, with current levels of investment. This would be equivalent to increasing investment in the housing market by almost 10 per cent with the current approvals process. By 2040, a six-month reduction in the approvals process plus a 10-per-cent increase in investment could result in almost 176,000 total units above baseline trends. This highlights how reducing delays in the construction process can result in significant benefits in the short term, while setting the stage for greater long-term benefits by attracting higher levels of investment.

A follow-up to this original analysis was conducted to determine these trends on a regional scale. This supplementary analysis, which looks at different regions in Ontario, shows how the potential benefits of reducing delays are distributed at a regional level. Each region in Ontario could see thousands of additional units and attract millions of dollars in additional investment.

The GTA by itself could see 100,700 additional units by 2040, with the City of Toronto seeing 21,100 additional units by 2025, if there was a reduction in delays in the construction approvals process by six months and a 10-per-cent increase in investment (see Figure 1 for full regional results). This additional housing stock can play a key role in meeting the provincial population growth targets and could serve to reduce housing affordability pressures by increasing the supply of housing.

The economic impact of adding to Ontario's regional housing stock extends well beyond the economic activity of the construction activity itself. Housing, like many other infrastructure and capital investments, facilitates ongoing economic activity even after it is constructed. In particular, there is considerable economic activity associated with housing whether it be rent, utilities, maintenance or renovations. In addition, the availability of housing allows the population to grow – one of the key drivers of economic growth in Canada.

Below is a regional breakdown for the results of a six-month reduction in delays in the approval process combined with a 10-per-cent increase in investment. Shown below are the additional annual GDP, annual jobs and total housing units generated, as well as the additional population that could be housed in those units.

**Figure 1** Regional Results

Year	Additional Annual GDP (\$M)	Additional Annual Jobs	Additional Population	Additional Stock
Central Ontario				
2025	1,000	9,300	16,800	6,400
2030	1,100	9,400	24,000	9,100
2040	1,500	13,200	38,600	14,700
Eastern Ontario				
2025	1,600	14,200	25,500	9,800
2030	1,600	14,300	36,500	14,100
2040	2,300	20,100	58,700	22,600
GTA				
2025	6,700	60,100	100,400	43,700
2030	6,800	58,800	144,000	62,700
2040	9,700	81,800	231,300	100,700
Northern Ontario				
2025	100	1,300	2,300	900
2030	100	1,300	3,300	1,200
2040	200	1,800	5,200	2,000
Southwestern Ontario				
2025	2,500	22,500	40,000	15,500
2030	2,600	22,500	57,500	22,200
2040	3,700	31,600	92,300	35,700

The different regions are:

- Eastern Ontario: Frontenac, Hastings, Lanark, Leeds and Grenville, Lennox and Addington, Northumberland, Ottawa, Peterborough, Prescott and Russell, Prince Edward, Renfrew, Stormont, Dundas and Glengarry
- Northern Ontario: Algoma, Cochrane, Greater Sudbury / Grand Sudbury, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay, Timiskaming
- Southwestern Ontario: Brant, Chatham-Kent, Elgin, Essex, Haldimand-Norfolk, Hamilton, Huron, Lambton, Middlesex, Niagara, Oxford, Perth, Waterloo
- GTA: Durham, Halton, Peel, Toronto, York
- Central Ontario: Bruce, Dufferin, Grey, Haliburton, Kawartha Lakes, Muskoka, Simcoe, Wellington

Below are the results of a six-month reduction in delays combined with a 10-per-cent increase in investment for selected municipalities. Shown here are the additional annual GDP, annual jobs and total housing units generated, as well as the additional population that could be housed in those units.

**Figure 2** Selected Municipalities

Year	Additional Annual GDP (\$M)	Additional Annual Jobs	Additional Population	Additional Stock
Durham				
2025	600	5,000	9,000	3,400
2030	600	5,000	12,900	4,900
2040	800	7,100	20,800	7,900
Halton				
2025	600	5,800	10,100	4,000
2030	700	5,700	14,500	5,800
2040	900	8,000	23,300	9,300
Peel				
2025	1,000	9,400	16,800	6,500
2030	1,100	9,400	24,100	9,300
2040	1,500	13,200	38,700	14,900
Toronto				
2025	3,100	27,600	42,900	21,100
2030	3,100	26,300	61,600	30,200
2040	4,300	36,200	98,900	48,600
York				
2025	1,400	12,400	21,600	8,700
2030	1,400	12,300	31,000	12,400
2040	2,000	17,200	49,800	20,000
Hamilton				
2025	300	2,900	5,300	2,000
2030	300	3,000	7,700	2,900
2040	500	4,200	12,300	4,600
Niagara				
2025	400	3,300	6,000	2,200
2030	400	3,300	8,600	3,200
2040	500	4,700	13,900	5,100
Ottawa				
2025	1,000	8,900	15,700	6,200
2030	1,000	8,900	22,500	8,900
2040	1,500	12,500	36,200	14,300