



Plan to Achieve:

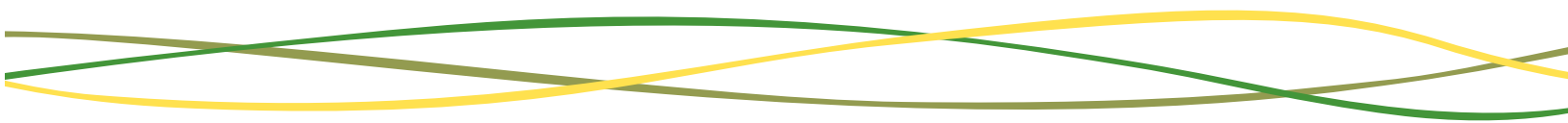
A Review of the Land Needs Assessment Process and the Implementation of the Growth Plan

Prepared for the Friends of the Greenbelt Foundation by Kevin Eby RPP

Nineteen in a Series
Friends of the Greenbelt Foundation Occasional Papers
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Possibility grows here.



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The Friends of the Greenbelt Foundation is committed to promoting awareness and education about Ontario's Greenbelt. To this end we occasionally publish research and general interest papers that explore our three program areas: viable agriculture and viticulture; vibrant rural communities; and, a restored and protected natural environment.

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Executive Summary

The Places to Grow: Growth Plan for the Greater Golden Horseshoe (Growth Plan) came into effect on June 16, 2006 to address the effects associated with more than 40 years of development focused on creating low-density single-use suburban developments. The Growth Plan represents “a new approach to city-building in the Greater Golden Horseshoe (GGH);” concentrating more on making use of our existing infrastructure and less on continuously expanding the urban area, conserving farmland and nature, building complete communities that meet the needs of residents in all stages of their lives, and supporting the early introduction of transit into developing areas.

The Growth Plan seeks to control sprawl through “strict criteria for settlement area boundary expansions” intended to stop the over-designation of land. Key features of the Growth Plan include intensification and density targets for new development located in existing built-up areas and designated greenfield areas (DGA). The Growth Plan also emphasizes the importance of Land Needs Assessment (LNA) processes in preventing the over-designation of land for development.

This paper highlights specific shortfalls in the implementation of the residential LNA process in the first round of municipal conformity updates to official plans. The use of an outdated methodology, excessive take-outs related to the DGA density targets, extended planning horizons and questionable population forecasts have all led to the continued over-designation of land for urban purposes. Over-designation of land can impair the long-term competitiveness and livability of the GGH by resulting in:

- development early in the planning period being unnecessarily spread out over larger areas, thereby delaying achievement of density targets intended to facilitate the early introduction of transit into developing areas;
- failure to achieve intensification targets that are key to maximizing the use of existing infrastructure;
- municipal investment in greenfield infrastructure occurring sooner than otherwise required, with no compensating increase in development charges or other assessment-related revenues;
- potential delays in the implementation of future policy changes necessary to address new or evolving challenges that may arise; and,
- excessive loss of prime agricultural land.

Despite these serious implementation issues, the policy framework in the Growth Plan governing LNAs remains relevant. Most problems that do exist can appropriately be addressed through the Province’s on-going review of the Growth Plan and the review of the population forecasts anticipated following the release of the results of the 2016 Census.

It is important that the Province provide the guidance and oversight necessary to ensure consistent implementation of the Growth Plan across the GGH if the objectives of the Growth Plan are to be achieved. This did not occur during the first round of updates to municipal official plans.

Land Needs Assessments

LNAs determine the amount of new land needed to accommodate forecasted population and employment growth. Put simply, a LNA is a demand-versus-supply analysis, with the demand being the anticipated growth and the supply being existing capacity available (in both the built-up area and DGAs) to accommodate this growth. In order to reduce sprawl, the Growth Plan requires a LNA process that is focused on implementing specific intensification and DGA density targets rather than meeting demands for specific types of housing.

Unfortunately, during the first round of municipal official plan updates many land economists and urban planners appear to have simply ignored the “strict criteria for settlement area boundary expansions” provided by the Growth Plan. Instead, a number of residential LNAs were prepared using an outdated (1995) methodology contained in the Projection Methodology Guideline (PMG), with minor modifications made in an attempt to meet the Growth Plan intensification and DGA density targets.

A PMG-based or ‘housing-by-type’ LNA focuses on identifying and resolving shortfalls for specific types of housing. The PMG-based LNA examines the past housing choices (single- or semi-detached houses, townhouses or apartments) of various groups of people (by age, marital status, number of children, etc.) and extrapolates these trends into the future to determine the number of each type of housing required. Demand is then compared to existing inventories of vacant land (supply) using assumptions about the suitability of this land to accommodate each of the various forms of housing. If a shortfall of any particular type of housing is identified (typically single-detached houses, which have constituted the vast majority of housing in the suburbs over the past 40 years), an expansion to provide for more of this type of housing can proceed despite there being capacity for the other types (typically townhouses and apartments) that will remain unused throughout the planning period.

This also applies to the area of expansion using a PMG-based LNA. Not only is land provided to accommodate the shortfall in the specific type of housing unit identified, but additional land is also provided for other types to ensure a range of housing within the expansion area, despite there being no expectation that these additional units will be needed within the planning period. Tables 1 and 2 (page 38 and 39) in the paper provide an example of this analysis.

While there is no expectation when using a PMG-based LNA that all of the vacant land will be utilized within the planning period, full development of the land (including units anticipated to be built outside the planning period) is used to determine conformity with the Growth Plan DGA density targets, meaning that the density targets are not achieved within the planning period as required by the Growth Plan.

A PMG-based LNA delivers only a slight variation on business-as-usual with respect to planning for residential uses, thereby facilitating the very type of sprawl the Growth Plan seeks to control. In a 2012 decision related to the Town of Port Hope Official Plan, the OMB stated: “While this methodology [1995 Projection Methodology Guideline] may have been previously recognized as a “best practice” for estimating future housing needs, it fails to capture the essence of the Growth Plan legislation.” and that “. . . the Board finds that the market demand argument is more appropriately a challenge of the intent and legislative authority of the Growth Plan.”

In contrast, the Growth Plan target-based LNA requires full compliance with the intensification and density targets, by assuming the entire capacity of the existing DGA is used within the planning period before an expansion is permitted. Housing-type is determined through a separate process. A comparison of the different LNAs is available in the Appendices to this paper.

The Province needs to provide a definitive and standardized methodology for preparing Growth Plan target-based LNAs. The Province has indicated its intent to develop such a standardized LNA methodology as part of its recently proposed revisions to the Growth Plan.

Additional Deviations from Growth Plan Policies

Similar to use of an outdated LNA process, the Growth Plan population forecasts also pose a threat to efforts to control sprawl. The combination of potentially higher-than-reasonable forecasts and a questionable distribution of this growth threaten the long-term financial stability of many municipalities that are left planning for infrastructure to support growth that is unlikely to occur, assuming revenues from development charges and projected assessment increases that are unlikely to be realized.

Deviations from Growth Plan policy directions during the first round of municipal official plan updates have also enabled the over-designation of land. This paper addresses the impacts of three key policy deviations:

- incorrect interpretation of the phrase “planned to achieve” in relation to density targets;
- excessive take-outs related to the calculation of DGA density targets; and,
- longer than permitted planning horizons.

Responding to Changing Housing Needs and Lifestyles

The objectives of the Growth Plan that seek to transform how we build communities also reflect changing housing preferences and lifestyles. This change is happening for many reasons:

- the aging of the baby boomers;
- the improved health of seniors , leading to longer lives and longer retirements;
- a tendency for younger people to delay starting a family;
- economic challenges faced by young people with school-related debt;
- changing lifestyle choices being made by people of all ages; and,
- greater recognition of the importance of protecting natural areas, water resources and agricultural land, including in urban and near urban areas.

The intensification target and minimum DGA density target of the Growth Plan will result in a significant portion of the dwellings to be built (upwards of 60-65 percent) being townhouses and apartments. In the DGA, the minimum density targets will ensure that suburbs dominated by single-detached houses are a thing of the past. The suburbs of the future are to be neighbourhoods that contain a mix of housing types and provide for the needs of residents at all stages of their lives. Younger people choosing to live in the suburbs will not have to mortgage their futures to enter the housing market and transit will be more accessible.

The intensification targets will do the same in existing built-up areas. Encouraging intensification along the outer edges of older suburban neighbourhoods will help create “aging in neighbourhood” options for baby boomers. Development in downtown areas will provide options for the urban lifestyle that many younger people find attractive these days.

Conclusion

The growth-related challenges in the GGH took a long time to develop and will take a long time to solve. Despite the early implementation issues, the Growth Plan is an important first step, but it will take time and unwavering long-term commitment by the Province and municipalities for its objectives to ultimately be realized. If successfully implemented, the Growth Plan will have a significant impact on the quality of life experienced by all of the residents of the GGH.

The Province is currently undertaking a review of the Growth Plan and efforts can and should be made to simplify and clarify the LNA process for the benefit of all the parties involved, as well as to make the LNA process more transparent for the public. This paper identifies a number of changes to achieve these important objectives and recommends that the Province consider the following changes related to the LNA process:

Amendments to the Growth Plan and Supporting Regulations

1. Establish a freeze on any urban expansions for residential purposes in the Greater Golden Horseshoe until after the Growth Plan population and employment forecasts are updated following the release of the results of the 2016 Census by Statistics Canada.
2. Amend reference to the intensification targets in Growth Plan policy 2.2.3.1 to read, "... per cent of population forecast to occupy new residential dwellings units ..." rather than "... per cent of all residential development ..."
3. Clarify that the use of the term "will be planned to achieve" in the Growth Plan means that density targets are intended to be achieved within the planning period and that the capacity of any vacant land in the existing Designated Greenfield Area must be considered as fully utilized within the planning period as part of any land needs assessment analysis.

Preparation of Supporting Materials

4. Develop a definitive and standardized methodology for undertaking land needs assessments including:
 - a. a simplified methodology based on the provisions of Growth Plan policy 2.2.8.2
 - b. a definitive list of permitted take-outs from the Designated Greenfield Area density calculations

Future Legislative Amendments

5. Amend the Planning Act and Places to Grow Act to make the results of calculations undertaken as part of a land needs assessment process that have been approved by the Province exempt from appeal to the Ontario Municipal Board.





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Purpose

On June 16, 2006, the Province of Ontario brought into effect the Growth Plan for the Greater Horseshoe. The Growth Plan was part of a broader package of planning reform initiatives that included the Greenbelt Plan and changes to both the Planning Act and the Provincial Policy Statement (PPS).

These planning reform initiatives were intended to address the growth-related challenges facing the Greater Golden Horseshoe (GGH), including the social, transportation, environmental, and fiscal effects of more than 40 years of low-density, single-use suburban developments created to house the baby boom generation and their families. The Growth Plan sought to address these challenges through the introduction of policy measures that require an increase in intensification (that is, new residential development in existing urban areas), as well as higher densities and a broader range of uses in new suburban areas. These changes represent “a new approach to city-building in the GGH,” one which reins in sprawl, promotes the use of transit, and makes better use of existing infrastructure.

At the tenth anniversary of the Growth Plan, it is time to take a hard look at these policies and their effectiveness in achieving the objectives of the Growth Plan, in particular, the efforts to reduce sprawl.

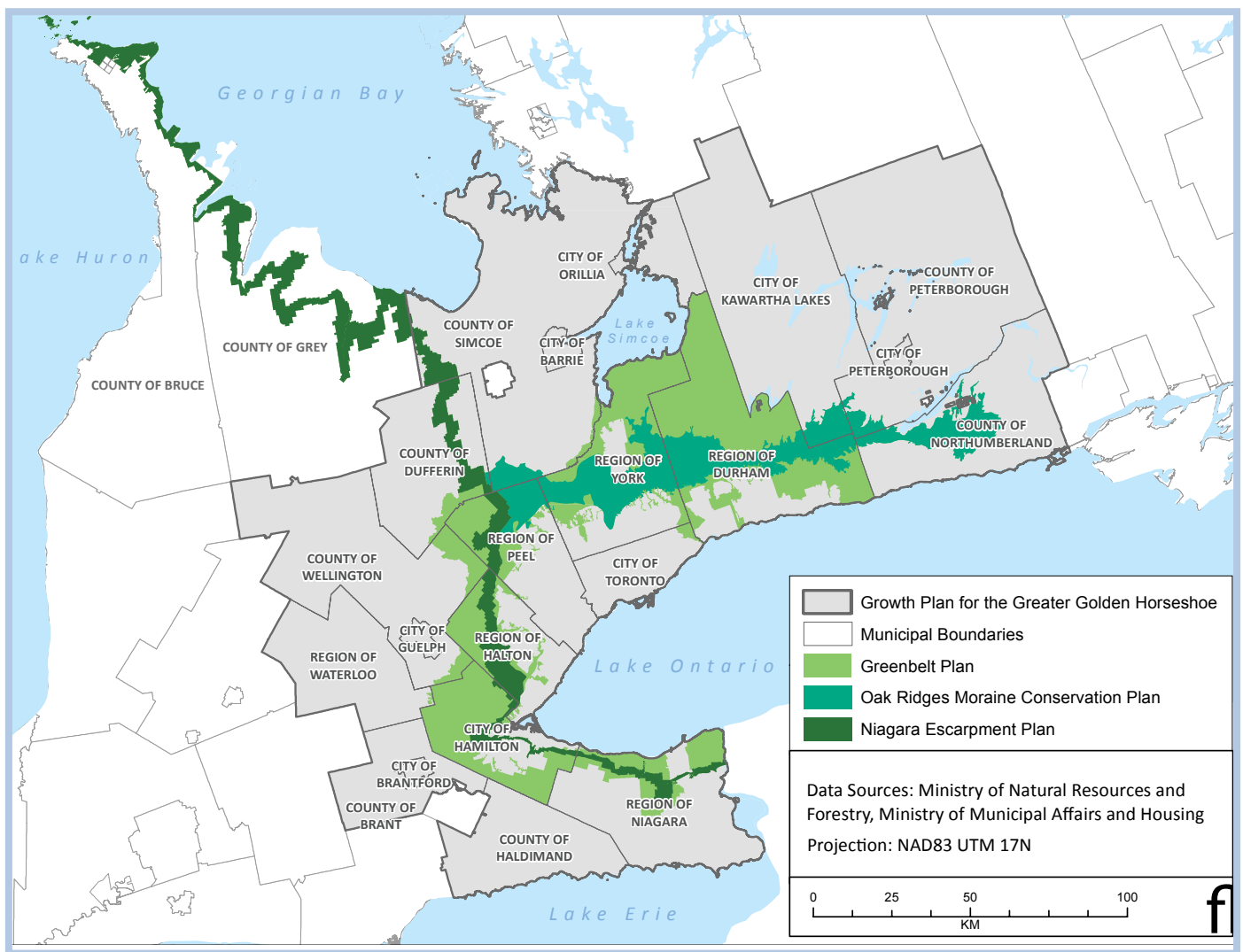
Evidence to date suggests that the Growth Plan has yet to significantly change the patterns of growth, with shifts that are occurring more likely being the result of changing demographics and associated buyer preferences than government policy. While this conclusion may appear troubling, it certainly should not be a surprise, nor is it reason to panic.

Why does it take so long to implement planning changes such as those proposed by the Growth Plan? The main reason is that the provincial planning rules that governed before the Growth Plan came into effect required municipalities to ensure that land was “designated and available” (that is, immediately available for development) to accommodate future growth for a minimum of 10 years. As a result, much of the development that has occurred since 2006 has taken place on lands for which the planning had been completed long before the Growth Plan came into effect. This situation demonstrates why it is important not to over-designate land for urban purposes. The longer it takes to absorb such land, the less responsive the planning system can be to addressing new or evolving challenges, like those being experienced in the GGH today.

On May 10, 2016, the Province released a draft of proposed changes to address issues arising from a review of the Growth Plan, including some related to the preparation of Land Needs Assessments (LNAs). LNAs are studies that determine whether expansions to the urban area are needed to accommodate forecasted growth.

This paper looks in detail at the role of the residential component of LNAs, issues associated with the LNAs undertaken during the first round of updates to municipal official plans, the effectiveness of the changes to the Growth Plan proposed by the Province in addressing these issues, and additional changes that need to be made to simplify the LNA process while continuing to support the objectives of the Growth Plan.

Figure 1. The Greater Golden Horseshoe and Four Land Use Plans



Source: Ministry of Municipal Affairs and Housing, 2015. Our Region, Our Community, Our Home: A Discussion Document for the 2015 Co-ordinated Review. Toronto: Queen's Printer

2

The Role of the Growth Plan

2.1 Challenges Facing the Greater Golden Horseshoe

Over the next quarter century, communities within the GGH will continue to experience the benefits that come with growth, including: vibrant, diversified communities and economies; new and expanded community services; and arts, culture and recreation facilities. However, without properly managing growth, communities will continue to experience the negative aspects associated with rapid growth, such as increased traffic congestion, deteriorating air and water quality, and the disappearance of agricultural lands and natural resources. (Growth Plan section 1.1)

The GGH is forecast to grow by almost four million people over the next 25 years, including workers and families from other provinces and countries attracted by its high quality of life. While such growth brings opportunities, it also brings challenges, many of which were identified in the Growth Plan:

- Increasing numbers of automobiles are travelling over longer distances resulting in clogged transportation corridors...
 - Attractive and efficient public transit is difficult to introduce into sprawling communities...
 - Employment lands are being converted from their intended uses, thereby limiting future economic opportunities;
 - New infrastructure is being built to service lower-density areas, while existing infrastructure in older parts of our communities remains underutilized;
 - Urban sprawl contributes to the degradation of our natural environment, air quality and water resources, as well as the consumption of agricultural lands and other natural resources...
- (Growth Plan section 1.1)

2.2 The Provincial Response to the Challenges of Growth

In February 2002, the Minister of Municipal Affairs and Housing appointed the Central Ontario Smart Growth Panel to advise the government on a long-term growth strategy to address the challenges facing the GGH. In response to the Panel's final report *Shape the Future* (April 2003), the Province embarked on a series of planning reforms to change the way growth was managed in Ontario, in particular within the GGH.

Key to these reforms were the enactment in 2005 of the Places to Grow Act authorizing growth plans for specific areas in the province, and changes to section 3(5) of the Planning Act, to ensure conformity of all planning decisions to these growth plans (see Figure 1). On June 16, 2006, the Province brought into effect the *Growth Plan for the Greater Golden Horseshoe*.

2.3 Key Growth Plan Objectives Related to the Land Needs Assessment Process

Chapter 2 of the Growth Plan establishes the key objectives for the LNA process:

Better use of land and infrastructure can...be achieved by building more compact greenfield communities that reduce the rate at which land is consumed. Communities will need to grow at transit-supportive densities, with transit-oriented street configurations. Compact urban form and intensification efforts go hand in hand with more transit: not only do they support each other, they are all necessary. ...

It is important to optimize the use of the existing land supply to avoid over-designating new land for future urban development. This Plan's emphasis on intensification and optimizing the use of the existing land supply represents a new approach to city-building in the GGH, one which concentrates more on making better use of our existing infrastructure, and less on continuously expanding the urban area.

(Growth Plan section 2.1)

The development of car-oriented suburbs has given way to planning for communities that accommodate residents in all stages of their lives, provide opportunities for the use of alternative modes of transportation (such as bicycling or public transit), reduce the rate at which land is consumed, and make better use of infrastructure. The Growth Plan also seeks a return to the walkable mixed-use communities in which services, shops, workplaces, places of worship, and entertainment that people use every day are close to the places they live.

The Growth Plan emphasizes the importance of the LNA process through the provision of "strict criteria for settlement area boundary expansions" to prevent the over-designation of land. Over-designation of land can impair the long-term competitiveness and livability of the GGH by resulting in:

The Growth Plan represents a new approach to city-building in the GGH, one which concentrates more on making better use of our existing infrastructure, and less on continuously expanding the urban area.

- development early in the planning period being spread out over larger areas, thereby delaying the achievement of density targets intended to facilitate the early introduction of transit into developing areas;
- failure to achieve intensification targets that are key to maximizing the use of existing infrastructure;
- municipal investment in greenfield infrastructure occurring sooner than otherwise required, with no compensating increase in development charges or other assessment-related revenues;
- potential delays in the implementation of future policy changes necessary to address new or evolving challenges that may arise; and,
- excessive loss of prime agricultural land.

Appendix A provides a list of the LNA-related policies of the Growth Plan. The comparable draft policies proposed by the Province in May 2016 are also provided.

Land Needs Assessments

One of the most complex parts of long-range planning for politicians, planners, and the public alike is the LNA process. LNAs translate population and employment forecasts into the amount of land needed to accommodate urban growth. Put simply, the LNA is a demand-versus-supply analysis.

However, the LNA processes used by municipalities during the first round of conformity updates to the Growth Plan were anything but simple. Complications stemmed from the use of an outdated LNA methodology, disagreements over policy interpretations such as what kinds of land to exclude from the density calculations, and confusion over the relationship between the Growth Plan and the PPS.

In the end, one of the most important questions that arose from the first round of Growth Plan conformity updates to municipal official plans was: *Why are we doing this?* This question was not related to the determination of land needs, but to the process required to get there.

As this paper will show, the expense of time and resources resulting from the inconsistent implementation of an appealable LNA process was unnecessary and should not be repeated in future. The Province needs to provide a simple and transparent LNA process for municipalities to follow. The following section describes the evolution of the LNA process, how LNAs should be prepared under the provisions of the Growth Plan, and what changes are required to simplify the preparation and approval of LNAs.

3.1 The 1995 Projection Methodology Guideline (PMG): Housing-by-Type/Market-Based Land Needs Assessments

Land needs assessments have been carried out by municipalities for decades. The preparation of these documents was formalized in 1995 when the Province published the Projection Methodology Guideline (PMG). The PMG was developed to guide implementation of the Comprehensive Set of Policy Statements, the mid-1990s equivalent of today's Provincial Policy Statement (PPS).

The PMG methodology is sometimes referred to as a "housing-by-type" or "market-demand" land needs assessment. A PMG-based assessment relies on the assumption that it is possible to predict with a relatively high degree of certainty the percentage of people in the future that will occupy single-detached, semi-detached, townhouse, apartments, and other types of units, and then uses this information to determine the need for expansions to the urban area.

A PMG-based assessment essentially looks at the housing preferences of people in the past, and extrapolates these

A PMG-based LNA resolves predicted supply shortages for specific housing types (typically for single-detached houses) through urban area expansions regardless of whether the capacity for other types of units remains available on already designated lands within the planning period.

trends forward onto future populations, with minor adjustments to the resulting housing mix being made to accommodate affordability or intensification targets. The outcome is a forecast of the amount of each type of housing required to accommodate expected growth. This represents the demand side of the equation.

On the supply side, municipalities prepare inventories of vacant land using assumptions about the suitability of the land to accommodate various forms of housing. The inventory specifies how many of each type of housing can be accommodated in the existing urban area.

Demand is then compared to supply. If there is a shortfall of any particular type of housing, the PMG-based assessment provides for an expansion to the urban area to alleviate the shortfall.

A PMG-based assessment is not based on the assumption that the full capacity of the existing urban area will be used within the planning period. Rather, an expansion to the urban area is permitted to resolve a projected shortfall of single-detached houses, even if there is capacity for thousands of townhouse and apartment units in the existing designated greenfield area (DGA) that will remain unused.



This methodology does not even assume that the full capacity of the proposed expansion area will be used within the planning period. Where an expansion is proposed, enough land would be provided in the expansion area not only for the type of housing for which the shortfall exists, but also for other forms of housing to ensure a mix of housing types.

As a result, a PMG-based assessment often results in excess capacity for various types of housing units in both the existing DGA and the proposed expansion area. By using a historic housing mix as the basis for future projections (typically identifying shortfalls in single-detached houses), the results of a PMG-based assessment are essentially a slight variation on business as usual and continue to facilitate the very type of sprawl the Province sought to control through the Growth Plan. Appendix B contains a sample PMG-based assessment.

3.2 The Growth Plan and the Provincial Policy Statement

While the Growth Plan relies in part on policy direction in the PPS, section 3(5) of the Planning Act establishes different compliance tests that elevate the “shall conform with” provisions of the Growth Plan over the “shall be consistent with” provisions of the PPS. The relationship between these two documents is spelled out in the Growth Plan.

REGION OF WATERLOO OMB DECISION

In a perplexing policy interpretation issued by the OMB, paragraph 77 of the January 2013 decision on the Region of Waterloo Official Plan Phase 1 Hearing (OMB Case PL110080) stated:

*The language of s.2.2.8.2 of the Growth Plan is an adaptation of policy 1.1.3.9 (a) of the PPS and adds Growth Plan terminology such as Schedule 3 forecasts, density targets and intensification targets. **What s. 2.2.8.2 doesn't do, however, is provide any substantive guidance in the methodology to be used in a land budget analysis.** In our opinion, if the Provincial intent was to do so, clear and unequivocal language would have been used. [emphasis added]*

Policy 2.2.8.2 establishes the “strict criteria for settlement area boundary expansions” in the Growth Plan.

This decision of the OMB ultimately led the Region of Waterloo to file a Motion for Leave to Appeal in Divisional Court. In support of this Motion, the Province submitted a Factum, paragraphs 64 and 65 of which deal directly with this issue:

*64. ... the Board erred in its interpretation of policy 2.2.8.2 by finding that it does not provide guidance on land budget methodology. ... **policy 2.2.8.2 sets out the settlement area expansion test**, which requires a demonstration that the policies directing growth within settlement areas and planning for only the forecasted growth have been fulfilled, and that there will be no adverse effects on achieving those policy directives, before a settlement expansion can occur. [emphasis added]*

*65. By enacting s. 3(5) of the Planning Act and the Places to Grow Act, 2005, **the Legislature clearly and unambiguously expressed its intention to establish growth plans as long-term policy vehicles for implementing provincial policies to constrain inefficient use of land** and existing infrastructure, mandating intensification, and preserving our natural resources. To achieve this, s. 3(5) of the Planning Act and the Places to Grow Act, 2005 **affirmed the primacy of growth plans over other sources of planning policy and imposed a “conformity” standard on decision makers** with jurisdiction for planning decisions in the area to which a growth plan applies. [emphasis added]*

In June 2015, the matter was resolved, in part, through the completion of a revised LNA by the Region of Waterloo that conformed to the provisions of Growth Plan policy 2.2.8.2. The OMB approved the policy and mapping changes that were agreed to as part of the resolution. Once the uncertainty associated with the previous OMB decision had been resolved, the Region of Waterloo withdrew the Motion for Leave to Appeal without the Divisional Court having heard or issued any decision on the question.

As provided for in the Places to Grow Act, 2005, this Plan prevails where there is a conflict between this Plan and the PPS. The only exception is where the conflict is between policies relating to the natural environment or human health. In that case, the direction that provides more protection to the natural environment or human health prevails.

(Growth Plan, page 11 – The Provincial Policy Statement and Provincial Plans)

Appendix C compares the LNA-related provisions of the Growth Plan with those of the PPS. The policy framework governing the preparation of LNAs is found entirely within Growth Plan section 2.2.

3.3 The Growth Plan: Target-Based Land Needs Assessments

The Growth Plan recognizes that the conditions that caused 40 years of sprawl are changing and that the future looks very different from the past. Change is happening for many reasons, including:

- the aging of the baby boomers;
- the improved health of seniors, leading to longer lives and longer retirements;
- a tendency for younger people to delay starting a family;
- economic challenges faced by young people with school-related debt; and,
- changing lifestyle choices being made by people of all ages.

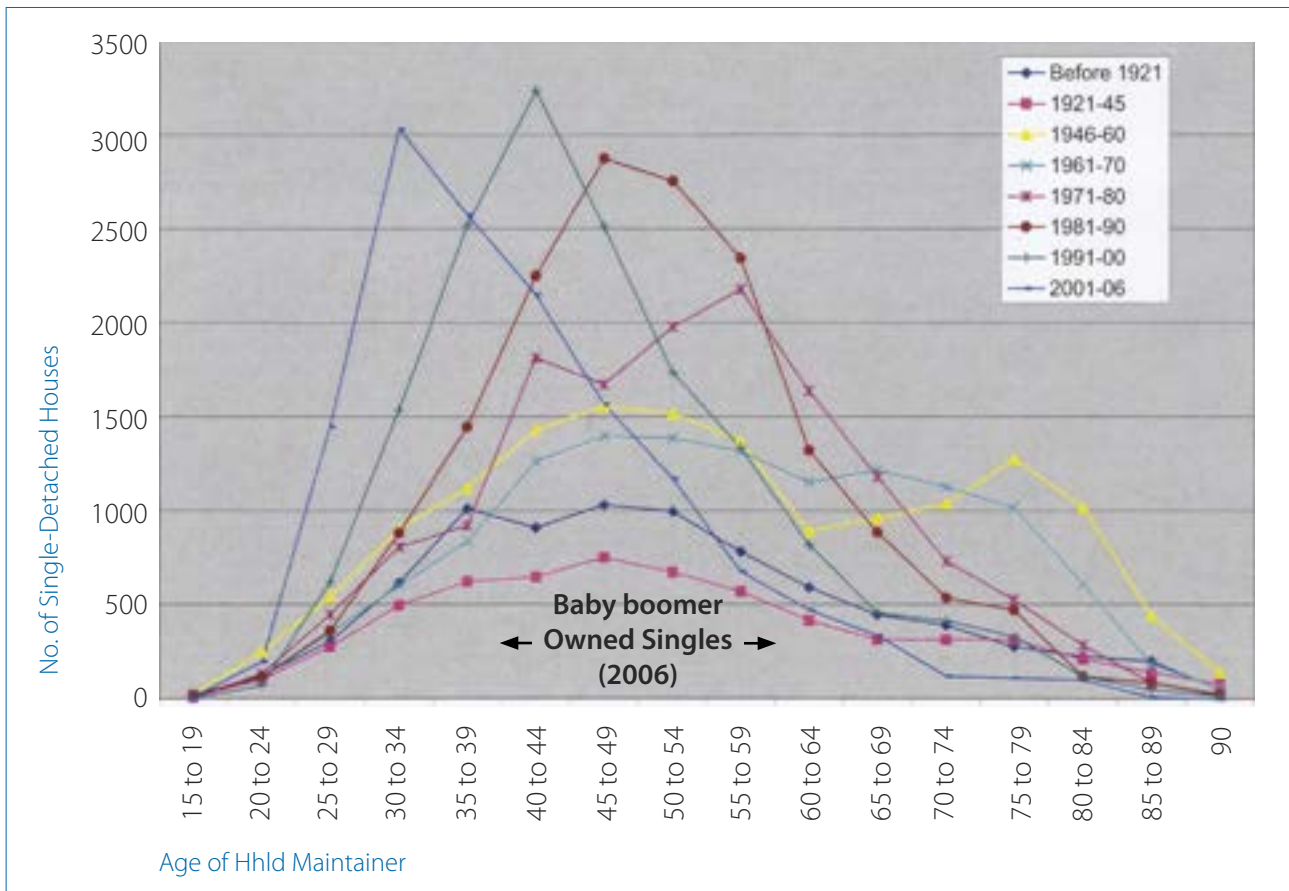
As a result, the housing stock of tomorrow will likely be very different from the housing stock of today. The Growth Plan addresses this reality by separating the determination of the need for settlement area boundary expansions from the provision of a range and mix of housing. These are two distinct processes in the Growth Plan: the preparation of a LNA (policy 2.2.8.2), and the preparation of a housing strategy (policy 3.2.6.6).

The Growth Plan target-based LNA uses the intensification and DGA density targets to determine the need for urban expansions. A target-based LNA assumes the entire capacity of the existing urban area is used before an expansion may be considered.

The LNA determines the amount of land required to accommodate forecasted growth “using the intensification target and density targets.” The housing strategy provides for “the planning and development of a range of housing types and densities to support the achievement of the intensification target and density targets.” While the primary factor for the PMG-based assessment is the number of the individual forms of housing required, the Growth Plan target-based assessment relies on the overall number of units (intensification target) and the number of people occupying new units in the DGA (DGA density target) as the basis for its analysis. The purpose of this change is twofold: first, to reduce urban sprawl by requiring municipalities to meet a defined urban area capacity before considering any expansions, and second, to ensure that densities in the DGA are high enough to support the early introduction of transit.

A target-based assessment assumes that the entire capacity of the urban area is used before any expansion of the urban area can be considered. The use of this assumption ensures that existing infrastructure is utilized to the extent possible before services are extended to new areas, while at the same time minimizing the need for settlement area expansions. Appendix D contains a sample target-based assessment.

Figure 2. Number of Single-Detached Houses by Age of Household Maintainer Showing Period of Construction (Region of Waterloo 2006 Census)



The graph above shows single-detached houses in the Region of Waterloo in 2006 by age of the household maintainer and the period of construction. As of 2006, 57 percent of the household maintainers of single-detached houses built in the 1970s, 1980s and 1990s in the Region of Waterloo were baby boomers. Homes built in these three decades are typically much larger and have more bedrooms than houses built in other time periods. They are also almost all two story. Today, the majority of baby boomers are empty nesters, many with long retirements remaining ahead of them. Will they decide to age-in-place, or will they choose to downsize? The answer to this question will directly impact the number of the various types of housing units needed to accommodate future growth.

Source: Derived from Exhibit 17, Region of Waterloo Official Plan Hearing (OMB Case No. PL110080)

3.4 Providing for a Range and Mix of Housing and Housing Affordability

Housing-by-type forecasts do not play any role in either the supply or the demand analysis in LNAs prepared using the policy direction in the Growth Plan. Does this mean that the Growth Plan fails to address the range, mix, and affordability of housing? No. It just does so in a different and more effective way.

The minimum DGA density target of the Growth Plan ensures that suburbs dominated by single-detached houses are a thing of the past. The suburbs of the future are to be neighbourhoods that contain a mix of housing types that provide for the needs of residents at all stages of their lives (see Figure 2).

No longer will seniors have to move out of their neighbourhood to find housing suitable to their changing health or financial situations; the increase in multiple-unit dwellings required to meet the Growth Plan densities will help ensure that “aging in neighbourhood” is a feasible alternative to “aging in place.” Nor will younger people choosing to live in the suburbs have to mortgage their futures to enter the housing market, as the range of housing required to meet the minimum DGA density targets will help ensure affordable forms of housing are available in the suburbs.

Just as the minimum DGA density targets increase the range of living options for residents of new suburban areas, the intensification targets will do the same in existing built-up areas. Encouraging intensification along the outer edges of older suburban neighbourhoods will help create “aging in neighbourhood” options for baby boomers, while development in downtown areas will provide options for the urban lifestyle that many younger people find attractive these days.

While the PMG-based assessment provides for adjustments to the housing mix in an attempt to ensure that forecasted units meet affordability criteria and targets, the policies of the Growth Plan also support the provision of affordable housing. Across much of the GGH, the only forms of housing that can meet

AFFORDABLE HOUSING IN THE REGION OF YORK

One of the arguments put forward by the Region of York in its LNA-related OMB Hearing (OMB Case PL101128) was that the inclusion of a higher percentage of apartment units ensured the provision of more affordable housing stock. The OMB recognized the benefits of this approach to the provision of affordable housing in its decision:

[89] The Appellants’ assertion that there are insufficient ground-related houses in the Region, and Markham in particular, is based expressly on the assumption that the Region and Markham would continue to provide their historical supply of ground-related housing, 84% of all housing in the Region, and 73% in Markham. The expectation that this trend would continue leads to the Board to conclude that the Appellants gave little heed to the changes required by the Growth Plan towards greater intensification and optimization of land use, and little attention to the need for affordable housing in Markham, as required by the ROP, PPS and the Growth Plan. ...

[93] The Board finds that the situation is contradictory to the Growth Plan’s vision of a complete community.

[94] ... Greater emphasis therefore had to be placed on providing a more balanced mix of unit types by shifting away from single-detached to more apartments and rows, if housing was to become more affordable for the majority of the Region’s population.

The OMB’s decision upheld the position taken by the municipality, as supported at the hearing by the Province, and dismissed the appeals that would have created more single-detached housing in the Region.

affordability criteria are townhouses and apartments. The Growth Plan policies requiring a 40 percent residential intensification rate and a minimum DGA density target of 50 residents and jobs combined per hectare ensure that a significant portion of the dwellings to be built (arguably 60–65 percent or even higher) will be these types of units.

3.5 Sensitivity of PMG-Based Assessments and Target-Based Assessments to Changes in Growth Plan Targets

Increases in either the intensification target or the minimum DGA density target reduce the amount of land that can be justified for expansion using a target-based assessment. However, only an increase in the intensification target has the same impact using the PMG-based assessment.

The PMG-based assessment is not similarly responsive to increases in DGA densities because there is no requirement to assume the full use of the already designated land as part of the determination of land need. Instead, the primary objective of the PMG-based assessment is to resolve supply shortages for specific types of housing (usually single-detached houses), even if lands already planned to accommodate other types of units remain unused throughout the planning period. Using the PMG-based assessment, any increases in density targets such as those proposed by the Province can be complied with simply by adding more apartment units to the mix of housing, even if there is no expectation that these apartments will be constructed within the planning period. If more land is required to provide locations for these additional apartment units, the PMG-based assessment simply provides for it to be added to the urban area. As a result, a higher minimum DGA density target could actually increase rather than decrease the amount of land being brought into the urban area if a PMG-based assessment is used in the preparation of a LNA.

3.6 First Round of Growth Plan Conformity Updates to Municipal Official Plans

Following the coming into effect of the Growth Plan, many land economists and urban planners appear to have simply ignored the “strict criteria for settlement area boundary expansions” contained in policy 2.2.8.2, and instead prepared residential LNAs using the PMG methodology with minor modifications to meet the Growth Plan intensification and DGA targets.

Although both the target-based and the PMG-based assessments use the same basic premise (demand matched against existing supply), these two processes can result in very different outcomes. The PMG-based assessment does not conform to the Growth Plan in that it:

- provides for growth beyond the planning horizon by not assuming the full build-out of the existing DGA within the planning period;
- does not require municipalities to maximize the use of existing infrastructure;
- fails to achieve the density targets within the planning period; and,
- allows for excess capacity in apartment units in the DGA that will compete with apartments inside the built boundary where higher-density development is needed to achieve the intensification objectives of the Growth Plan.

The outcome of a PMG-based assessment is essentially a slight variation on business as usual that fails to deliver the “new approach to city-building in the GGH.”

THE PORT HOPE OFFICIAL PLAN OMB DECISION

In its December 2012 decision on the Town of Port Hope Official Plan Hearing (OMB Case PL070770), the OMB rejected the appellants' use of the 1995 PMG methodology as the basis for the LNA, stating that:

While this methodology [1995 Projection Methodology Guideline] may have been previously recognized as a "best practice" for estimating future housing needs, it fails to capture the essence of the GP [Growth Plan] legislation. Specifically, this methodology is not as responsive to the new Provincial planning policy direction and GP directives aimed at optimizing land use, promoting compact urban form through intensification in built-up areas, and the protection of high quality agricultural lands. ...
(paragraph 81, page 21)

Further, the OMB commented that under the Growth Plan, it is inappropriate for municipalities to predict their future land requirements on the basis of past housing market trends:

The S/V/G [appellant's] approach to meeting future growth demands is firmly grounded in the concept that past housing market performance (as influenced by demographics) is the gauge for predicting how the Municipality can expect to grow over the next twenty years. However, this approach is counter to the GP [Growth Plan's] directives which require Greater Toronto Area municipalities to adopt new growth patterns and land use efficiencies. In this regard, **the Board finds that the market demand argument is more appropriately a challenge of the intent and legislative authority of the GP.** *[emphasis added]*
(paragraph 91, page 24)

The Province appeared as a party in the Town of Port Hope Official Plan Hearing and supported the Town's position. In its decision, the OMB found for the Town of Port Hope and the Province regarding the application of the Growth Plan policies and against the appellant's PMG market-demand approach.

3.7 Simplifying the Land Needs Assessment Process

One action that could be taken to simplify the LNA is a change to Growth Plan policy 2.2.3.1. This policy requires an intensification target of "40 percent of all residential development". Since 2006, this policy has always been interpreted as meaning 40 percent of new dwelling units.

This interpretation requires municipalities to forecast not only the number of new housing units required, but also the average person-per-unit (PPU) values associated with these units. The preparation and defence of these forecasts represent some of the least reliable, and yet most expensive and difficult-to-understand parts of the LNA process.

Growth Plan policy 2.2.3.1 should be amended so that the intensification target is "...per cent of population forecast to occupy new residential dwellings units..." rather than "...per cent of all residential development...".

The cost and complexity associated with the preparation of LNAs would be dramatically reduced as a result of this change. With the exception of two inputs, the amended process would be reduced to little more than a mathematical calculation. Appendix E contains a sample methodology for a Simplified Target-Based Assessment.

Use of the phrase "per cent of population forecast to occupy new residential dwelling units" would result in an increase in the number of residents required to be accommodated in the built-up area (see Appendices D and E). As a result, adjustments to the intensification target may be appropriate to align the intended rate of intensification with the impact of this proposed simplification to the LNA process.

Amending the Growth Plan intensification target to be calculated as a "percent of population forecast to occupy new residential units" would reduce costs and complexity in preparing LNAs.

3.8 Appeals of the Results of a Land Needs Assessment to the Ontario Municipal Board

Municipalities throughout the GGH collectively spent millions of dollars preparing and defending the results of LNAs at the OMB. Hearings related to LNAs in some cases took years to schedule, involved multiple pre-hearings, and often lasted for weeks.

As demonstrated in section 4 of this paper, there is a high degree of uncertainty associated with the long-range population forecasts (the key input into the LNA). Spending huge resources fighting over what usually amounts to only one or two years' worth of land potentially required to accommodate growth 20 years into the future, is simply unproductive.

It is also redundant. Section 26 of the Planning Act requires municipalities to review their official plans at least every five years (10 years after the initial approval of an official plan), meaning any LNA will be reviewed at least twice (and in most cases three times) before development of the land in question occurs.

The lack of clear provincial guidance on how to prepare target-based LNAs, as directed by the Growth Plan, has come at a tremendous cost. Millions of dollars were spent by municipalities defending LNAs at the OMB. The OMB calendar was crowded with LNA-related appeals, while other cases were delayed. Updates to lower-tier official plans were held up for months or even years while upper-tier official plans were before the OMB. Many participants in these hearings used the same lawyers and land economists, so potential hearing dates often conflicted with each other. Provincial and municipal resources were needed to prepare for and participate in hearings, while other initiatives implementing the provisions of the Growth Plan were unable to proceed.

The Province needs to establish a definitive target-based methodology for all parties to follow in the completion of LNAs and eliminate appeals to the OMB associated with LNAs that use the mandated methodology and are approved by the Province. While the location of future growth may appropriately require adjudication before the OMB, the simple calculation of the amount of land to be added should not. Such action by the Province would collectively save participants (municipalities, the Province, developers, and members of the public) time, money, and resources, while freeing up the OMB to deal with more with important near-term issues.

3.9 Conclusions: The Land Needs Assessment Process and Changes Proposed by the Province

While the target-based LNA process appears to achieve the objectives of the Growth Plan when implemented properly, there are improvements that can be made to simplify the preparation of LNAs and enhance transparency:

- the Province needs to mandate the use of a definitive target-based methodology for the preparation of LNAs;
- policy 2.2.3.1, setting a minimum intensification target, should be amended to read “40 per cent of population forecast to occupy new residential dwellings units,” rather than “40 per cent of all residential development”; and,
- the results of LNAs that use the mandated methodology and are approved by the Province should be exempt from appeals to the OMB.

Although the changes proposed by the Province in May 2016 would have a significant impact on the inputs used in LNAs (60 percent intensification target, minimum DGA density of 80 residents and jobs per hectare, increased range of permitted take-outs, and 2041 planning horizon for municipal official plans), they do not appear to significantly alter the LNA process from that of the existing Growth Plan. The draft policies maintain the split between the LNA (draft policy 2.2.8.1) and the required preparation of a housing strategy (draft policy 2.2.1.6), and are predicated on the use of the intensification and DGA density targets as the basis for determining land needs.

In the absence of corresponding changes to the policies of the Growth Plan, it is assumed that the future LNA methodology prepared by the Province (draft policy 2.2.1.5) would reflect a target-based LNA process as described in this paper.

4

How Growth Plan Population Forecasts Affect Land Needs Assessment

This section addresses the relationship between the Growth Plan population forecasts and the Ministry of Finance (MOF) projections, the policy-related redistribution of population across the GGH, the lack of effective provincial policy options to ensure the redistribution of the population as proposed, and the potential impacts of failure to achieve the forecasted populations.

4.1 The Growth Plan Forecasts

Provincially prepared population forecasts were intended to be key tools in the fight against sprawl by preventing what had been perceived as the over-designation of land based on locally prepared forecasts that collectively exceeded the overall regional forecasts. The population forecasts applicable to the GGH are in Schedules 3 and 7 of the Growth Plan.

Issues relating to the accuracy of the Growth Plan population forecasts pose a threat to efforts to control sprawl. The combination of potentially higher-than-reasonable forecasts and a questionable distribution of this growth threaten the long-term financial stability of many municipalities that are left planning for infrastructure to support growth that is unlikely to occur, assuming revenues from development charges and projected assessment increases that are unlikely to be realized.

4.2 Growth Plan Population Forecasts vs. Ministry of Finance (MOF) Projections

The annual MOF population projections are trends-based extrapolations of demographic, immigration, and migration data available at the time they are prepared. They do not reflect policy-based assumptions or preferences for the distribution of growth.

The Growth Plan population forecasts reflect the same basic demographic, immigration, and migration assumptions as the MOF projections for the GGH as a whole, but the population is distributed across the GGH based on the policy objectives of the Growth Plan, aligned where possible with the growth aspirations of individual municipalities.

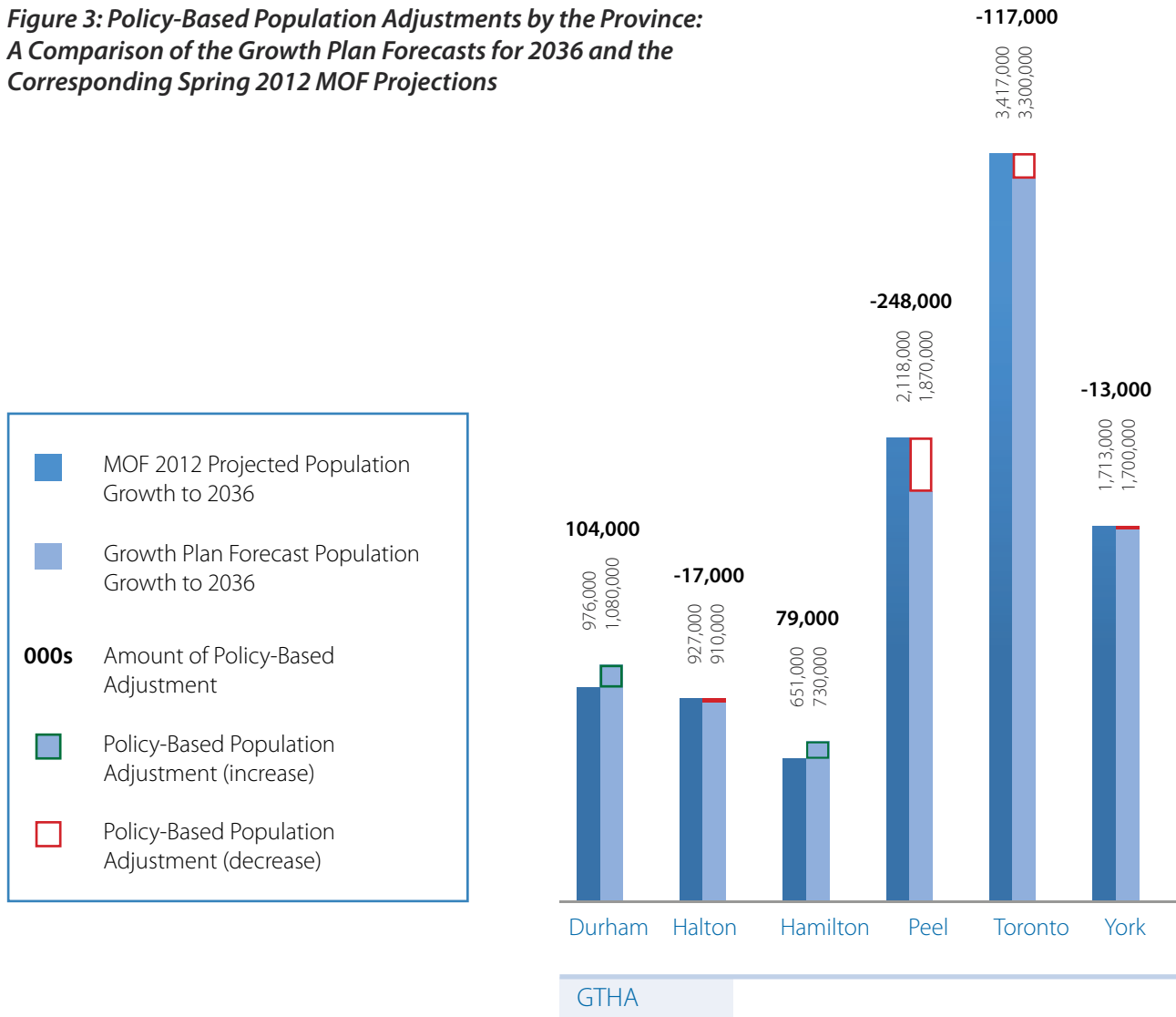
As a result, although the Growth Plan forecast and the MOF projections may not align for individual municipalities, they are intended to generally align at the GGH level at the time the Growth Plan forecasts are prepared. The overall population forecast for the GGH in the Growth Plan differed from the corresponding MOF projection at that time by only 46,000 people, or less than half of one percent (0.36 percent). See comparisons in Appendix F.

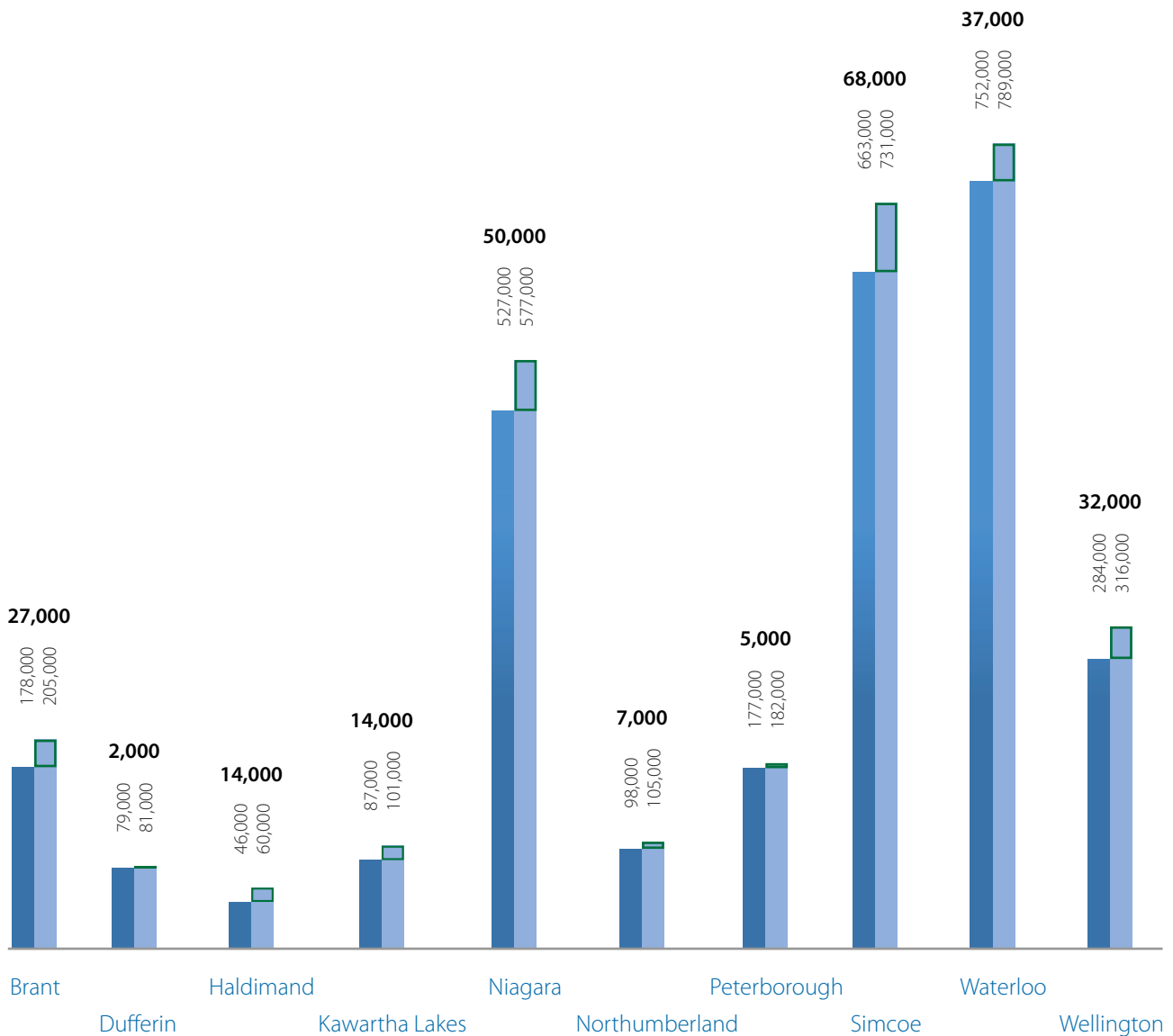
4.3 Policy-Based Population Adjustments in the Growth Plan Forecasts

Given the general overall alignment between the Growth Plan population forecasts and the corresponding MOF projections in the year the Growth Plan forecasts are prepared, any variation in the individual municipal forecasts between the two documents at that time represent policy-based population adjustments made by the Province in consultation with municipalities. Figure 3 compares the Spring 2012 MOF projections and the 2013 Growth Plan population forecasts for individual municipalities to the year 2036 (the horizon year of the MOF projections at that time).

It appears from Figure 3 that it is the intention of the Province to restrict growth in the Region of Peel and the City of Toronto in favour of increased growth in the Regions of Durham, Waterloo, and Niagara, the City of Hamilton, and Simcoe and Wellington Counties. These policy-based population adjustments, which by 2036 seek to push more than 200,000 people out of the Greater Toronto and Hamilton Area across the Greenbelt into the Outer Ring municipalities (many of which have reduced intensification and density targets), do not appear to reflect the objectives of the Growth Plan.

Figure 3: Policy-Based Population Adjustments by the Province: A Comparison of the Growth Plan Forecasts for 2036 and the Corresponding Spring 2012 MOF Projections





Outer Ring

NOTES:

- The population forecasts for the Cities of Brantford, Peterborough, Barrie, Orillia, and Guelph are included in the respective county totals, as the MOF does not provide separate projections for these municipalities.
- The MOF projections combine Haldimand and Norfolk Counties; the MOF applies a factor of 0.42 to its Haldimand-Norfolk projections to determine the population for Haldimand.
- The GTHA is the Greater Toronto and Hamilton Area. The Outer Ring consists of GGH municipalities outside the GTHA and beyond the Greenbelt.

Source: Places to Grow: Growth Plan for the Greater Golden Horseshoe - Schedule 3 and Ministry of Finance Ontario Population Projections (Spring 2012)

4.4 The 2016 Ministry of Finance Projections for Municipalities in the GGH

The MOF revises its projections every year to reflect trends in demographics, immigration, and migration. The MOF projections are also recalibrated every five years to reflect the Census results by Statistics Canada. The Growth Plan forecasts remain static, however, until the Province decides to amend them. Policy 2.1.2 of the Growth Plan provides that “The Minister of Infrastructure will review the forecasts in Schedule 3 at least every five years in consultation with municipalities, and may revise the forecasts.”

The five year review of the Growth Plan population forecasts is generally intended to align with the release of the Census results. The differences between the annually updated MOF projections and the static Growth Plan forecasts therefore change over time. Figure 4 shows a comparison of the Growth Plan population forecasts and the 2016 MOF projections for the year 2041.

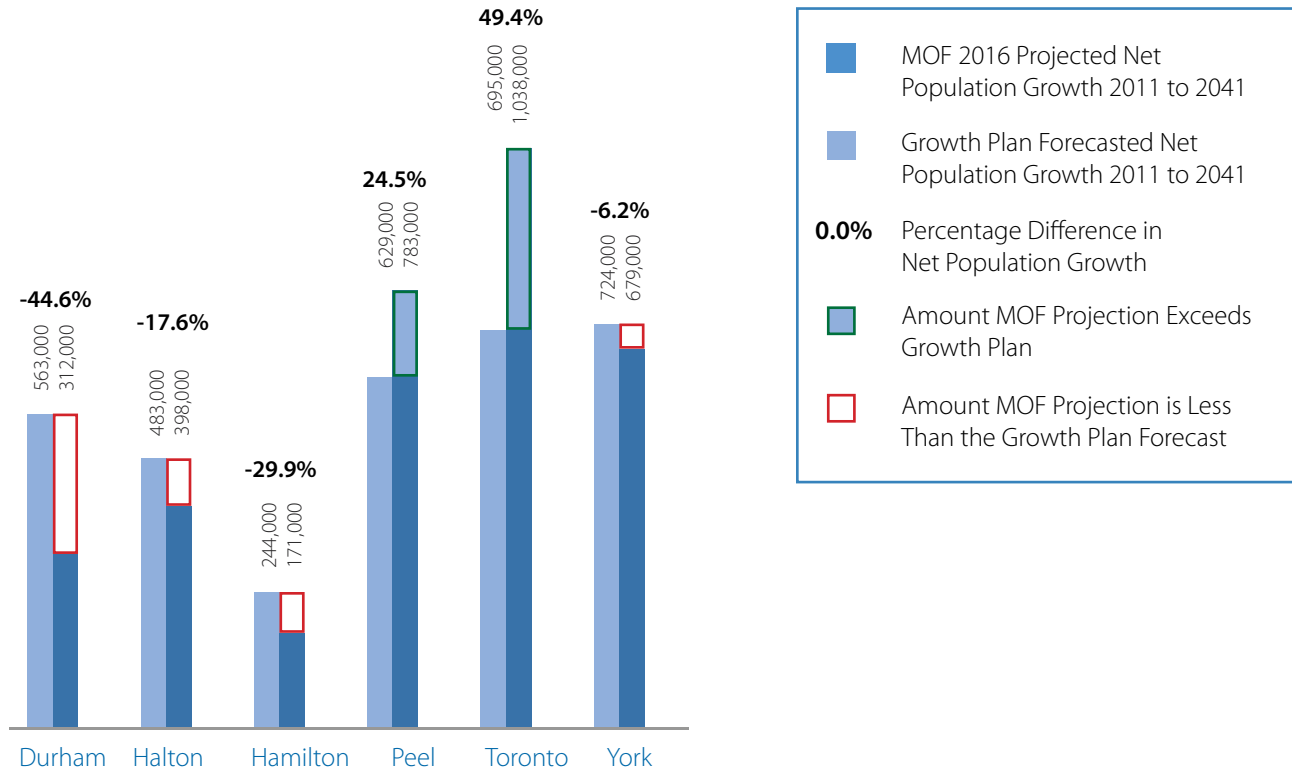
Although the annual MOF projections can vary considerably from year to year, the variations between the Growth Plan forecasts and the 2016 MOF projections are now so large that they represent a significant risk to the achievement of the objectives of the Growth Plan. This risk is especially significant for municipalities in the Outer Ring that are currently required to plan for net population growth over 80 percent higher than that projected by the MOF in 2016.

In 2012, the Province engaged Hemson Consulting Ltd. to prepare an update to the Growth Plan population forecasts. In June 2013, Hemson issued the Greater Golden Horseshoe Forecasts to 2041 – Technical Report (November 2012) Addendum which provides additional context on the variations between the Growth Plan population forecasts and the 2016 MOF projections.

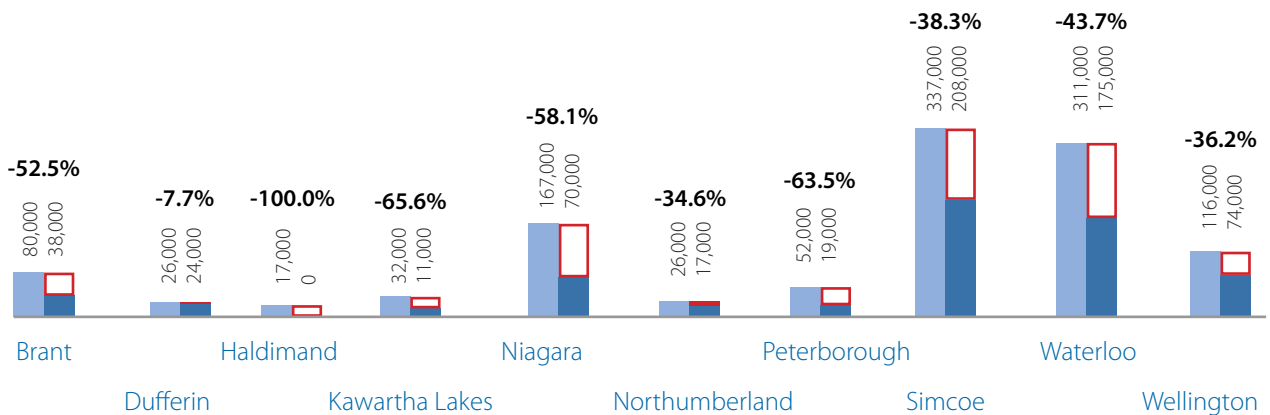
Figure 5 illustrates the potential population ranges that Hemson identified as part of its review of the Growth Plan population forecasts (Low, Reference, and High) in comparison with the MOF 2016 projections. The Reference forecasts from the Hemson report were the forecasts incorporated into the Growth Plan through Amendment No. 2.

The 2016 MOF projections for eight of the ten Outer Ring municipalities fall below the Low Scenario identified by Hemson: Simcoe County and the Regions of Waterloo and Niagara considerably so.

Figure 4 – Comparison of the Net Population Growth Between the Growth Plan Forecasts for 2041 and the 2016 MOF Projections



GTHA



Outer Ring

Figure 5: Comparison of the 2016 MOF Projected Population Growth to 2041 Compared to the High, Reference and Low Hemson Forecasts Supporting Growth Plan Amendment 2 (population forecasts)



Source: Greater Golden Horseshoe Forecasts to 2041 – Technical Report (November 2012) Addendum: Hemson Consulting Ltd. and Ministry of Finance Ontario Population Projections (Spring 2016)

4.5 Policy Options Related to Achievement of Policy-Based Population Adjustments

The policy options available to the Province to achieve the policy-based population adjustments of the Growth Plan are very limited. Short of somehow dictating where new residents may live in the GGH over extended periods of time, the only options realistically available to the Province are: (a) significant investment in transportation and other infrastructure to make outlying areas more attractive to new businesses and residents; and (b) imposing restrictions on land availability in other municipalities.

Unfortunately, the Province is not well positioned to accomplish either option. While the federal government has proposed additional infrastructure spending, the costs of new or upgraded infrastructure to meet the demands of growth across the country far exceed the funds available. With the Provincial government also facing significant fiscal challenges, any policy-related benefits associated with infrastructure investment in the Outer Ring municipalities are likely to be minimal at best.

As for restricting the availability of designated urban land in selected municipalities, three factors weigh against the potential value of this policy approach:

- both the MOF projections and the most recent projections by Statistics Canada indicate that the overall GGH population will not grow as quickly as anticipated, so there will be fewer people to redistribute.
- the increases in the DGA density and intensification targets proposed by the Province would significantly reduce the need to designate additional land.
- more than 55 percent of the anticipated population reductions in the City of Toronto and Region of Peel resulting from the policy-based population adjustments would otherwise occur as intensification and therefore would be unaffected by land restrictions. This amount rises to 73 percent if a 60 percent intensification target as proposed by the Province is used.



It would appear that there is little the Province can do to facilitate achievement of the policy-related population adjustments anticipated by the Growth Plan forecasts. While some outward movement of population can be expected in response to rising housing prices in the Greater Toronto Area (GTA), the potential benefits accruing to those homebuyers are somewhat offset by the costs associated with the increasingly difficult commute into the GTA.

Outlying municipalities are thus left planning for growth with no guarantees and decreasing expectations that growth will actually occur in the amounts forecast.

4.6 What the 2016 MOF Projections would mean for the GGH

How would the 2016 MOF projections affect the need to designate additional urban land if they were to reflect actual growth? Answering this question requires excluding the population of the City of Toronto from the calculations, as all growth in Toronto is intensification:

- the Growth Plan forecasts an increase in population between 2011 and 2041 for the GGH, minus the City of Toronto, of 3,812,000.
- according to the 2016 MOF projections, the growth in population for the same municipalities in the same time period is projected to be 2,983,000.
- between 2011 and 2041, the net population increase forecast for these municipalities by the Growth Plan exceeds the 2016 MOF projections by 27.8 percent.
- between 2011 and 2041, the net population increase forecast for the Outer Ring municipalities by the Growth Plan exceeds the 2016 MOF projections by 82.9 percent.

Although the Province has approved varying intensification and DGA density targets for individual Outer Ring municipalities, the overall percentage increase in the population of the GGH, minus the City of Toronto, generally reflects the requirements for new land. Use of the Growth Plan population forecasts in determining land needs results in over 25 percent more land being designated for urban uses than would be required if the 2016 MOF projections were to reflect actual growth to 2041. If just the Outer Ring is considered, the use of the Growth Plan forecasts would result in over 80 percent more land being designated than required using the 2016 MOF projection.

How would the 2016 MOF projections affect development charge revenue collections if they were to reflect actual growth as opposed to the Growth Plan forecast required to be used in development charge by-laws? While development charge collections in the Region of Peel and the City of Toronto would rise somewhat proportionately to the higher projected populations, many other municipalities in the GGH would experience significant shortfalls.

Municipal development charge by-laws are updated at least every five years and often apply differently in different parts of the municipality depending on water, wastewater and transit availability, as well as exemptions granted by municipal councils. As a result, it is impossible to accurately predict the impact of potential shortfalls in population growth on municipal development charge collections. However, the magnitude of potential shortfalls could reasonably be assumed to be similar in proportion to the percentages of the shortfall in population growth identified in Figure 2, which for some municipalities would amount to several hundred millions of dollars over the next decade unless adjustments are made to both the growth forecasts and associated capital programs.

Use of the Growth Plan population forecasts in determining land needs would result in over 25 percent more land being designated for urban uses than would be required if the 2016 MOF projections were to reflect actual growth to 2041. The difference in the Outer Ring would be 80 percent.

MOF projections can change significantly from year to year and some increase in the projected population for the GGH can be expected, given the economic situation in Alberta. This paper, however, raises significant enough concerns that the Province needs to exercise extreme caution with respect to the continued use of the Growth Plan forecasts. The Province needs to prohibit further expansions to settlement area boundaries until the Growth Plan population forecasts have been reviewed following the release of the 2016 Census results by Statistics Canada.

5

Deviations from Policy Directions and the Land Needs Assessment Process

Deviations from Growth Plan policy directions during the first round of municipal official plan updates have also enabled the over-designation of land. This section focuses on three key policy deviations:

- incorrect interpretation of the phrase “planned to achieve” in relation to density targets;
- excessive take-outs related to the calculation of DGA density targets; and
- longer than permitted planning horizons.

5.1 The Interpretation of the Phrase “Planned to Achieve”

Policy 2.2.7.2 establishes the minimum DGA density target:

The *designated greenfield area* of each upper- or single-tier municipality will be planned to achieve a minimum *density* target that is not less than 50 residents and jobs combined per hectare.

This policy is intended to ensure that the DGA is built at transit-supportive densities within the planning horizon to both facilitate the early introduction of transit and to minimize the need to expand the urban area. This minimum density target is also a key input into the LNA.

However, the interpretation of “planned to achieve” used in PMG-based assessments failed to support these objectives.

5.1.1 The “Planned to Achieve” Interpretation Issue

The interpretive issue associated with “planned to achieve” is described in Paragraph 48 of the Region of Waterloo’s submission to the Chair of the OMB under section 43 of the Ontario Municipal Board Act (a request for reconsideration of the OMB’s original decision):

Given that section 1.4 of the Growth Plan requires that the provisions of section 2.2.7.2 **“are intended to be achieved within the life of this Plan”**, it is then important to consider whether section 2.2.7.2 should be read as:

- a) “... will be **planned [by 2031]** to achieve a minimum density target that is not less than 50 residents and jobs per hectare.” or
- b) “... will be planned to **achieve [by 2031]** a minimum density target that is not less than 50 residents and jobs per hectare.” [emphasis added]

HALTON LNA

A review of the LNA prepared for the Region of Halton (Phase 3 – Sustainable Halton Report 3.07 – Accommodating Growth to 2031 (April 13, 2009) by Hemson Consulting Ltd.) shows how the use of a PMG-based assessment can result in the over-designation of land. This LNA uses a PMG-based methodology to justify an expansion for single-detached, semi-detached and townhouse units, despite capacity remaining for apartment units in the DGA. Capacity for an additional 7,200 apartment units is also provided in the expansion area “to ensure a range of housing types and a complete community”. The LNA states that these apartments are assumed not to be built until **after 2031**.

Despite being anticipated to occur outside of the 2031 planning horizon, the LNA uses the future occupants of these apartments in determining conformity with the minimum DGA density provisions of the Growth Plan. As stated in the LNA:

The planned population for the greenfield density calculation is a capacity measure of housing units, not all of which will be built out within the 2031 planning time frame.

This approach is similar to the treatment of employment lands in the existing DGA and proposed expansion area, with development not anticipated to occur until after 2031 being counted toward the minimum DGA density target.

The combined density for the existing DGA and proposed expansion area at full build out (referred to as “capacity” in the LNA) is reported at **50.5 residents and jobs combined per hectare**. However, if development in the expansion area not anticipated to occur within the 2031 planning horizon is excluded from the calculations, the overall DGA density drops from 50.5 to **47.6 residents and jobs combined per hectare**.

What may at first appear to be a subtle difference in these interpretations has important implications for the outcome of LNAs.

In the Region of Waterloo Hearing the appellants adopted the first interpretation. They argued that this policy requires only that the planning for achievement of the minimum DGA density target - at some point in the future - be completed (the density is planned for by 2031). See Tables 1 and 2 for an example of this analysis. The Region of Waterloo, on the other hand, supported the second interpretation. The Region argued that in determining the need for expansions to the urban area, the capacity of any available land must be considered as fully utilized in the LNA (the density is assumed to be achieved by 2031).

The appellants’ interpretation creates three significant problems in relation to conformity with other parts of the Growth Plan. First, the appellants’ interpretation facilitates the designation of land for population that is not forecasted to occur within the planning period, contrary to policy 2.2.8.2 a).

The second problem relates to the requirements of policy 2.2.8.2 c), which provides that the timing of any expansions will not adversely affect the achievement of the intensification target of the Growth Plan. This issue is addressed in paragraphs 61 and 62 of the Region of Waterloo’s section 43 submission:

“61. ... Approval of an expansion based on the Landowners [appellants'] Land Budget will result in an excess of 13,000 apartment units being provided for in the Designated Greenfield Area that are not required within the life of the Growth Plan. As a result, unless specific staging policies were put in place dictating that these apartment units could not be developed within the life of the Growth Plan, ... these units will compete directly with the apartment sites within the built boundary and thereby potentially adversely affect the achievement of the intensification target of the Growth Plan.

62. As a result, an interpretation of section 2.2.7.2 that provides for excess apartments that will not be built within the Designated Greenfield Area results in non-conformity with the provisions of section 2.2.8.2 c).

The third problem is a policy conundrum described in paragraph 59 of the Region of Waterloo's section 43 submission:

If, as per the Board's interpretation of section 2.2.7.2, the density targets do not need to be met within the life time of the Growth Plan, how are these targets to be used to determine if sufficient land is available to accommodate forecasted growth [as required by policy 2.2.8.2a)]? If the test is that these targets only have to be planned for within the life of the Growth Plan, why are they used in determining the need for expansion?

Despite these policy conformity issues, the OMB supported the appellants' interpretation of the phrase "planned to achieve". This interpretation leads to what Hemson described as an "unintended consequence" associated with the implementation of the Growth Plan in its 2009 report for Halton Region (Phase 3 - Sustainable Halton Report 3.07, pages 21 and 22). As noted in Paragraph 63 of the Region of Waterloo's section 43 submission:

If the Board's Decision on the interpretation of 2.2.7.2 were to stand, staging policies prohibiting the development of the excess apartments in the Designated Greenfield Area would be required to achieve conformity with section 2.2.8.2 c). This would likely result in greenfield development at densities equal to or lower than experienced in the recent past, a time period where some apartments continued to be built within the greenfield areas. **This would mean that the Board would have determined that the goal and objective of the Province in the adoption of the Growth Plan (with respect to greenfield densities and the introduction of transit into such areas) was to potentially make matters worse than existed before the Growth Plan came into effect.**

An interpretation of the phrase "planned to achieve" in Growth Plan policy 2.2.7.2 as only requiring the minimum DGA density targets to be planned for, but not actually be achieved within the planning period, results in the over-designation of land and the continued facilitation of sprawl contrary to the objectives of the Growth Plan.

The unintended consequence associated with the interpretation of "planned to achieve" required to support the use of a PMG-based assessment does not occur if the interpretation supported by the Region of Waterloo is used.

Table 1a. and 1b.
Example of PMG-Based LNA Showing Absorption of Apartment Units Over Time (2006-2031)

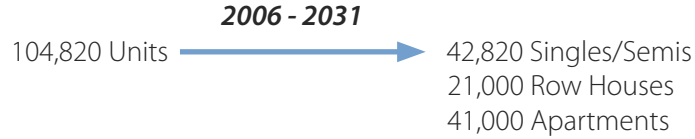


Table 1a.




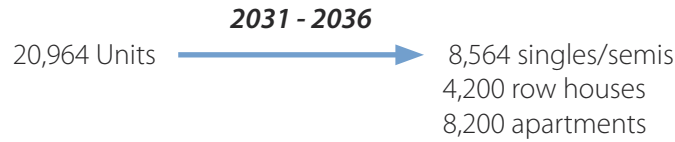
Built-Up Area	Existing Residential DGA (3,134 ha)	Landowner Proposed DGA Expansion (1,053 ha)
1,579 Singles/Semis	27,148 Singles/Semis	14,093 Singles/Semis
6,782 Row Houses	10,195 Row Houses	4,023 Row Houses
38,809 Apartments	2,191 apartment unit capacity used (2006-2031)	
Additional Intensification Capacity	11,389 Apartment Unit Capacity Remains Unused	2,031 Apartment Unit Capacity Remains Unused
Unused Capacity 		

Table 1b.

Built-Up Area	Existing and Expanded Residential DGAs (4,187 ha)
45% Intensification*	41,241 Singles/Semis (71.5%) 14,219 Row Houses (24.7%) 2,191 Apartments (3.8%)
Additional Intensification Capacity	13,420 Apartment Unit Remains Unused
Unused Capacity  Built 2006 - 2031 	

*Note: The Region of Waterloo Official Plan required a 45 percent intensification rate.

Table 2.
Example of PMG-Based LNA Showing Absorption of Apartment Units Over Time (2031-2036)



Built-Up Area	Existing Residential DGA (2031)	Hypothetical Expansion 2031 - 2036 * (660 hectares)
1,234 Row Houses 8,200 Apartments		8,564 Singles/Semis 2,966 Row Houses
Additional Intensification Capacity	13,420 Apartment Unit Capacity Remains Unused	1,153 Apartment Unit Capacity Remains Unused
<p><i>*Assumes same average demand and mix experienced in 2006-2031</i></p> <ul style="list-style-type: none"> • 45% intensification* (9,434 units to BUA) • Assumed same percentage of apartments in expansion area as per Landowner Land Budget for 2006-2031 		<p><i>Unused Capacity</i> </p> <p><i>Built 2006 - 2031</i> </p> <p><i>Built 2031 - 2036</i> </p>

The Tables above, and left illustrate the potential absorption of apartment units over time using a PMG-based LNA. In this example, drawn from the Region of Waterloo OMB Hearing, an interpretation of “planned to achieve” that allows minimum densities to be planned for, but not actually achieved within the planning period results in excess apartment units being provided for in both the existing DGA and in the expansion area. These units are necessary to achieve the minimum DGA density target, but either remain unbuilt throughout the planning period or compete directly with sites inside the built-up area, thereby potentially adversely affecting achievement of the intensification target contrary to Growth Plan policy 2.2.8.2 c). Continuing to use a PMG-based LNA process into the future simply compounds this situation over time. As illustrated in Table 2, by the end of the 2031 to 2036 planning time period the inventory of excess apartment units in the DGA has not been absorbed and instead continues to grow, with the result being that the actual achievement of the minimum density target necessary to support transit is pushed further and further into the future. These unused sites for apartments in the DGA will also continue to compete directly with sites inside the built-up area. As a result, the most likely outcome of the use of a PMG-based LNA process over time is the failure to meet both the intensification and minimum DGA density targets of the Growth Plan.

Source: Derived from Exhibit 17, Region of Waterloo Official Plan Hearing Phase 1 (OMB Case No. PL110080)

The OMB Chair decided against the Region of Waterloo's section 43 appeal, which led the Region of Waterloo to seek leave to appeal this decision to Divisional Court. In June 2015, the appellants and the Region of Waterloo reached a resolution of the matter and the Region subsequently withdrew the Motion for Leave to Appeal before it was heard by Divisional Court. As a result, Divisional Court never adjudicated the interpretation of "planned to achieve." However, the resolution of the appeals was based on a revised LNA that used the interpretation of "planned to achieve [by 2031]" as originally proposed by the Region of Waterloo. This resolution of the appeals was approved by the OMB as conforming to the Growth Plan.

5.1.2 Provincial Resolution of the "Planned to Achieve" Issue – Changes Proposed by the Province

The Province needs to resolve the interpretation issue associated with "planned to achieve" as used in Growth Plan policy 2.2.7.2. Municipalities, the development industry and the OMB need clear, unequivocal direction from the Province on this matter. It is important that this interpretation remain coherent in its relationship with the other policies of the Growth Plan and maintains the objective of reducing sprawl.

The changes to the Growth Plan proposed by the Province in May 2016 do not provide any clear direction in how to interpret "planned to achieve". While the Province has indicated its intent to "establish a methodology for assessing land needs to implement this Plan" (proposed policy 2.2.1.5), an issue of this importance needs to be addressed in policy, not left to an interpretive guideline.

While the overall "planned to achieve" interpretive issue remains outstanding, proposed policy 5.2.4.1, does resolve the policy conundrum, identified earlier in the paper, by requiring the planning horizons of municipal official plans to be the same as those in the Growth Plan.

5.2 Take-outs Permitted from the Growth Plan DGA Density Calculation

One criticism heard during the early implementation of the Growth Plan (particularly for municipalities in the Inner Ring) was that the minimum DGA density target (50 people plus jobs per hectare) was not a high enough standard. In many places, existing development was already at or above this level.

A closer look at municipal LNAs raises the question: Is the minimum DGA density target too low, or is the real problem the way in which municipalities interpreted the provisions about what could and could not be excluded from the density calculation?

5.2.1 Exclusions from the Density Calculations Identified in the Growth Plan

One important factor in determining the minimum DGA density target is the area over which it is to apply. Planners calculating the density of any particular development will arrive at different numbers, depending on what they include in the area.

The density of a development calculated using just the land on which an actual building is built will be much higher than it would be if one includes the associated lawns, driveways, and parking areas in the calculation. The density will decline further if sidewalks, boulevards, roadways, and stormwater management systems are included, and even further yet if the area includes major highways and utility corridors needed to service the development, or environmental features and associated buffers.

The Province clearly delineated the area to which the density target was to apply:

This density target will be measured **over the entire designated greenfield area** of each upper- or single-tier municipality, **excluding the following features** where the features are both identified in any applicable official plan or provincial plan, and where the applicable provincial plan or policy statement prohibits development in the features: **wetlands, coastal wetlands, woodlands, valley lands, areas of natural and scientific interest, habitat of endangered species and threatened species, wildlife habitat, and fish habitat**. The area of the features will be defined in accordance with the applicable provincial plan or policy statement that prohibits development in the features. [emphasis added]
 (Growth Plan policy 2.2.7.3)

The list of areas that may be excluded from the DGA in density calculations is definitive: they are all environmental features. By extension, the density calculations must include all other lands in the DGA – roadways, utility easements, golf courses, cemeteries. If these additional uses are permitted as “take-outs”, the minimum DGA density target must be raised to achieve the objectives of the Growth Plan.

One question that arose during the preparation of LNAs was whether buffers were part of the environmental features exempted from density calculations. Buffers are not part of a natural feature and the PPS has no requirement restricting development in buffers. In addition, the Growth Plan does not specifically mention floodplains, therefore they cannot be excluded from density calculations unless they are contained in a feature identified in policy 2.2.7.3 (such as valleylands).

5.2.2 Take-Outs Approved by the Province in the First Round of Municipal Land Needs Assessments

Figure 6 lists the take-outs reported to have been used in LNAs as part of the first round of municipal official plan conformity updates. This list includes many not permitted by policy 2.2.7.3. The Growth Plan density target was predicated on an average density applied over all the land remaining after the specific take-outs identified in policy 2.2.7.3 were excluded. It is unclear why the Province approved official plans based on LNAs that did not conform to the provisions of Growth Plan policy 2.2.7.3. These approvals contributed to the continuing over-designation of lands.



REGION OF WATERLOO BUFFERS

One of many areas of dispute in the OMB Hearing on the Region of Waterloo Official Plan (OMB Case PL110080) was whether buffers should be excluded from the DGA in density calculations. Paragraph 24 of the OMB's decision describes the position of the appellants:

The Landowners argue that buffers are functionally and integrally related to the features they protect... [and that] excluding them from the DGA ensures a level playing field, in terms of density required, between municipalities with differing amounts of protected features. The Landowners submit that the phrase "The area of the features" in 2.2.7.3 of the Growth Plan should be interpreted to include the entire area on which the development is prohibited, including the buffer.

The OMB ruled that "this position is unsustainable" and listed five reasons for this determination, paraphrased below.

First, the term "buffer" is not mentioned in policy 2.2.7.3 of the Growth Plan.

Second, the term "buffer" is not defined in the PPS.

Third, policy 2.2.7.3 is not intended to provide policy direction for the protection of natural heritage features.

Fourth, a buffer is a development variable subject to modification or reclassification, potentially providing for some form of development on it, and therefore inconsistent with policy 2.2.7.3, which emphasizes the prohibition of development.

Fifth, the Ministry of Natural Resources Natural Heritage Reference Manual for *Natural Heritage Policies* notes that "Buffers should not be treated as extensions of the natural feature; therefore, if a buffer is allowed to become wooded, the natural feature boundary should not be extended to include it." The manual clearly establishes that buffers are not part of a feature and no specific requirement exists within provincial policy that prohibits development within them.

Figure 6: Take-Outs from the DGA Density Calculations Permitted by the Province in the First Round of Growth Plan Conformity Updates, by Municipality

Municipality	Take-Outs from DGA Density Target Calculations
Region of Durham	Major Open Space System, key natural heritage features and hydrologic features and cold water streams (with 30 metre buffers)
Region of Halton	Natural heritage features, buffers, and linkages, including floodplains (ROPPA 38)
City of Hamilton	Major natural features, hydro corridors, and other non-developable land
Region of Peel	Environmental lands, buffers and non-environmental features such as existing hydro transmission corridors; existing water and wastewater facilities; existing rail lines; Trans Canada pipeline; existing 400-series highways; cemeteries, graveyards and burial grounds. Major floodplains coincide with exclusions.
Region of York	Wetlands, watercourses, significant woodlands, ANSIs, ESAs, buffers, engineered floodplains; local natural heritage networks, infrastructure including transmission lines, rail lines, landfill sites, existing and proposed 400 series highways; land uses including cemeteries, golf courses, Holland Landing lagoons, Green Lane West employment area, estate residential subdivisions, various open space lands including the Tompian Lands, Magna lands outside of the employment area, undeveloped lands in the Oak Ridges Moraine
County of Brant	No detailed analysis for residential development. Employment land analysis excluded environmental features and infrastructure including roads, stormwater management areas and easements.
City of Brantford	Natural features, including buffers and floodplains, and cemeteries.
County of Dufferin	Environmentally sensitive policy areas
County of Haldimand	No details provided
City of Kawartha Lakes	No details provided
Region of Niagara	Core natural heritage system and non-developable environmental features, including some floodplains
County of Northumberland	All lands within an Environmental designation in local Official Plans including floodplains
County of Peterborough	All areas zoned hazard lands and all areas identified as Natural Areas and Floodplain in Schedule C of the OP.
City of Peterborough	No LNA.
County of Simcoe	No details in LNA. Simcoe County staff undertook more detailed analysis with local municipalities. Staff confirmed that environmental areas and other non-developable lands were excluded from land supply analysis.
City of Orillia	No LNA.
City of Barrie	Major infrastructure including major highway interchanges and hydro corridors, and the natural heritage system, which includes some floodplains.
Region of Waterloo	Features identified in Growth Plan policy 2.2.7.3
County of Wellington	No LNA.
City of Guelph	Natural heritage features and buffers (including floodplains) identified in the Natural Heritage System report

Source: Derived from an exhibit presented by Paul Lowes, SGL Planning & Design Inc., at the Region of Waterloo Official Plan Phase 1 OMB Hearing (PL110080)

YORK REGION

The York Region 2031 Land Budget (January 2009) states:

The York Region developable area was determined for both Designated Greenfield and Whitebelt Areas by excluding the features listed in the Growth Plan and excluding additional environmental **and infrastructure features as well as existing land uses as identified by York Region.** [emphasis added]

The developable area calculated in this way was used to determine the densities in both the existing DGA and the proposed expansion area in the “Whitebelt” (that is, undesignated lands lying between the major urban areas and the Greenbelt). The results of this analysis were deemed to be in conformity with the minimum DGA density target. Appendix 2 of the York LNA quantifies the difference in developable area for the existing DGA and Whitebelt areas in York Region:

The developable area derived for this analysis differs from that calculated based on items eligible for exclusion permitted in the Growth Plan. **The York Region developable area for Designated Greenfield and Whitebelt areas is approximately 2,850 hectares less than the Growth Plan calculation.** [emphasis added]

In other words, the York Region LNA assumed 2,850 hectares more in take-outs than permitted by the Growth Plan. The document does not, however, explain how the 2,850 hectares were split between the existing DGA, the proposed expansion area, and the Whitebelt and so the impact of these additional take-outs on the achievement of the minimum DGA density target cannot be measured.

5.2.3 The Need to Define Take-outs Permitted from the DGA Density Calculation – Changes Proposed by the Province

The Province’s lack of enforcement of the take-out provisions of policy 2.2.7.3 may help explain why some Inner Ring municipalities appear to have had little problem planning for the minimum density targets of the Growth Plan, while continuing to experience similar forms of development to those that led the Province to impose “strict criteria for settlement area boundary expansions” in the first place.

The Province needs to determine the minimum DGA density required to achieve the objectives of the Growth Plan (given whatever range of take-outs are ultimately permitted) and then ensure that these provisions are implemented consistently throughout the GGH.

The changes proposed by the Province in May 2016 increase the minimum DGA density required (80 residents and jobs per hectare up from 50) and the range of take-outs permitted (which include major infrastructure, as well as natural features and related systems, including floodplains). Also included in the proposed changes is the exclusion of low density prime employment areas from the DGA density calculations.

The combination of these changes will have relatively limited impact on municipalities that complied with the original take-out provisions of the Growth Plan. In such cases, the increase in the minimum DGA density will to a great extent be off-set by the broader range of proposed take-outs and the proposed exemption of

the prime employment areas. For municipalities that barely achieved the minimum DGA density while using a range of take-outs similar to those now being proposed by the Province, very significant changes to the form of development in the DGA will be required to comply with a higher minimum DGA density target.

5.3 Planning Horizons for Municipal Official Plans

Growth Plan policy 2.2.8.2 (b) sets a 20-year maximum for the planning period related to the designation of land for urban uses. This restriction was included in the PPS in the early 1990s and has since helped reduce the potential for sprawl by ensuring that municipalities do not designate more land than is reasonably required to address near- and medium-term growth forecasts. However, the provision was overlooked by most municipalities and the Province during the first round of conformity updates to municipal official plans.

A 20-year maximum planning period helps reduce the potential for sprawl, ensuring municipalities do not designate more land than is reasonably required to address near- and medium-term growth forecasts.

5.3.1 Provincial Approvals of Municipal Land Needs Assessments Related to Planning Horizons

The Places to Grow Act required that every municipality in the GGH bring its official plan into conformity with the Growth Plan within three years of the Plan coming into effect (that is, by June 16, 2009). That meant a maximum 2029 planning horizon should have been used for the first round of conformity updates to municipal official plans.

However, early in the process, the Province indicated a willingness to support a 2031 planning horizon for official plans where no DGA expansions were required. Provincial staff felt it was a reasonable interpretation of the Growth Plan that the 20-year time frame need not apply if a settlement expansion was not required.

Over time, this provincial approach became a general acceptance of the 2031 planning horizon (22 years from the conformity date, June 2009), whether additional lands were to be designated or not. In the end, the only municipality in the GGH that used the 2029 planning horizon in its conformity update was the Region of Waterloo. The 2029 planning horizon was appealed to the OMB. In a February 2012 decision, the OMB stated:

The bare calculation of 20 years from the adoption date to the year 2029 and the use of 2029 as the planning horizon do not conform with the GP. (OMB Case No. PL110080, February 3, 2012 Decision, page 11)

Unfortunately, the OMB provided little rationale for this decision, other than to state that the 20-year requirement in policy 2.2.8.2 (b) did not align with the 2031 planning horizon of the Growth Plan. Notwithstanding this decision by the OMB, in its Technical Backgrounder – Implementation of Amendment 2 (2013) to the Growth Plan for the Greater Golden Horseshoe, 2006, the Province subsequently reiterated its support for the 20-year planning horizon by stating:

Of particular note, municipal settlement area boundaries may be expanded only to make available sufficient lands for a time horizon not exceeding 20 years and this time horizon may be less than the Growth Plan 2041 horizon. (pages 9 and 10)

5.3.2 The Need for Clear Direction Regarding Planning Horizons for Municipal Official Plans – Changes Proposed by the Province

The changes proposed by the Province in May 2016 would eliminate the maximum 20-year planning period by requiring alignment of the horizon year of all municipal official plans with the 2041 horizon year of the Growth Plan. While there is some logic to aligning the planning horizons, the recommendation extends the planning period to between 20 and 25 years depending on how expeditiously a municipality proceeds to update its official plan.

Since the over-designation of land is one of the most substantial threats to achievement of the objectives of the Growth Plan, the Province needs to delay implementation of this provision through a freeze on expansions until, at minimum, all associated guidance documents have been prepared and the population forecasts have been reviewed following the release of the 2016 Census by Statistics Canada.



6

Conclusions and Recommendations

“The significant problems we face today cannot be solved at the same level of thinking we were at when we created them.” (Albert Einstein)

The growth-related challenges in the GGH took a long time to develop and will take a long time to solve. The Growth Plan is an important first step, but like any plan, it is only as effective as its implementation. To date, implementation is where major problems have arisen.

This paper has highlighted specific shortfalls in the implementation of the Growth Plan LNA process. The use of the PMG-based assessment, excessive take-outs related to the DGA density targets, and extended planning horizons have collectively facilitated the over-designation of land for urban purposes.

However, despite serious implementation issues, the policy framework in the Growth Plan governing LNAs remains relevant and most problems that do exist can be appropriately addressed through the Province’s ongoing review of the Growth Plan and the review of the population forecasts anticipated following the release of the 2016 Census by Statistics Canada.

As demonstrated in this paper, there is such a high degree of uncertainty associated with the long-range population forecasts (the key input into the LNA) that spending huge resources fighting over what usually amounts to only one or two years’ worth of land to accommodate growth 20 years into the future is simply unproductive. It is also redundant. Since section 26 of the Planning Act requires municipalities to review their official plans at least every five years (10 years after the initial approval of an official plan), any LNA will be reviewed at least twice (and in most cases three times) before the development of the land in question.

Are the benefits derived from the current LNA processes worth the tremendous costs? The Province needs to consider not only ways to simplify the LNA, but also ways to eliminate appeals to the OMB associated with LNAs approved by the Province. While the location of future growth may appropriately require adjudication before the OMB, the simple calculation of the amount of land to be added should not.

Such action by the Province would collectively save participants (municipalities, the Province, developers, and members of the public) time, money, and resources, while freeing up the OMB to deal with more important near-term issues.

It is recommended that the Province consider the following changes related to the LNA process.

6.1 Amendments to the Growth Plan and Supporting Regulations

1. Establish a freeze on any urban expansions for residential purposes in the Greater Golden Horseshoe until after the Growth Plan population and employment forecasts are updated following the release of the results of the 2016 census by Statistics Canada.
2. Amend reference to the intensification targets in Growth Plan policy 2.2.3.1 to read, "... per cent of population forecast to occupy new residential dwellings units ..." rather than "... per cent of all residential development ...".
3. Clarify that the use of the term "will be planned to achieve" in the Growth Plan means that density targets are intended to be achieved within the planning period and that the capacity of any vacant land in the existing Designated Greenfield Area must be considered as fully utilized within the planning period as part of any land needs assessment analysis.

6.2 Preparation of Supporting Materials

4. Develop a definitive and standardized methodology for undertaking land needs assessments including:
 - a. a simplified methodology based on the provisions of Growth Plan policy 2.2.8.2
 - b. a definitive list of permitted take-outs from the Designated Greenfield Area density calculations

6.3 Future Legislative Amendments

5. Amend the Planning Act and Places to Grow Act to make the results of calculations undertaken as part of a land needs assessment process that have been approved by the Province exempt from appeal to the Ontario Municipal Board.



APPENDIX A:

Applicable Growth Plan Policies Governing the LNA / Changes as Proposed by the Province

A.1 Applicable Growth Plan LNA Policies

The policies that establish the “strict criteria for settlement area boundary expansions” in the Growth Plan are found in section 2.2, with additional guidance provided in policy 3.2.6.6.

A.1.1 Applicable Policy Framework: Primary Policy

Policy 2.2.8.2 is the primary policy guiding the preparation of LNAs under the Growth Plan:

A settlement area boundary expansion may only occur as part of a municipal comprehensive review where it has been demonstrated that –

a) sufficient opportunities to accommodate forecasted growth contained in Schedule 3, through intensification and in designated greenfield areas, **using the intensification target and density targets are not available.** [emphasis added]

i) within the regional market area, as determined by the upper- or single-tier municipality, and

ii) within the applicable lower-tier municipality to accommodate the growth allocated to the municipality pursuant to this Plan

b) the expansion makes available sufficient lands **for a time horizon not exceeding 20 years, based on the analysis provided for in policy 2.2.8.2 (a)** [emphasis added]

c) the timing of the expansion and the phasing of development within the designated greenfield area **will not adversely affect the achievement of the intensification target and density targets, and other policies of this plan...** [emphasis added]

Under the changes proposed to the Growth Plan by the Province, draft policy 2.2.8.1 is the primary policy guiding the preparation of LNAs:

A settlement area boundary expansion may only occur as part of a municipal comprehensive review where it has been demonstrated that:

a) based on the minimum intensification and density targets in this Plan and the land needs assessment provided for in policy 2.2.1.5, sufficient opportunities to accommodate forecasted growth to the horizon of this Plan are not available through intensification and in designated greenfield areas:

i. within the upper- or single-tier municipality, and

ii. within the applicable lower-tier municipality to accommodate the growth allocated to the municipality under this Plan;

b) the expansion makes available sufficient lands not exceeding the horizon of this Plan, based on the analysis provided for in policy 2.2.8.1 a), while minimizing land consumption; and

c) the timing of the expansion and the phasing of development within the designated greenfield areas will not adversely affect the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan.

Under the changes proposed to the Growth Plan by the Province, draft policy 2.2.1.5 addresses the development of a methodology guiding the preparation of LNAs:

The Minister will establish a methodology for assessing land needs to implement this Plan. This methodology will be used for the purposes of assessing land needs to accommodate forecasted growth to the horizon of this Plan.

A.1.2 Applicable Policy Framework: Policies Governing Inputs

The Schedule 3 population and employment forecasts used as part of a LNA are authorized by policy 2.2.1.1:

“Population and employment forecasts contained in Schedule 3 for all upper- and single-tier municipalities will be used for planning and managing growth in the GGH.”
[emphasis added]

Under the changes proposed to the Growth Plan by the Province, draft policies 2.2.1.1, 5.2.4.1 and 5.2.4.3 require the use of the Schedule 3 forecasts:

2.2.1.1 Population and employment forecasts contained in Schedule 3 will be used for planning and managing growth in the GGH to the horizon of this Plan in accordance with the policies in subsection 5.2.4.

5.2.4.1 All upper- and single-tier municipalities will, at the time of their next municipal comprehensive review, apply the forecasts in Schedule 3 for planning and managing growth to the horizon of this Plan.

5.2.4.3 All references to forecasted growth to the horizon of this Plan are references to the population and employment forecasts in Schedule 3.

The density target for development in the DGA used in LNAs is found in policy 2.2.7.2, with its application guided by policy 2.2.7.3:

2.2.7.2 The designated greenfield area of each upper- or single-tier municipality will be planned to achieve a minimum density target that is **not less than 50 residents and jobs combined per hectare.** [emphasis added]

2.2.7.3 This density target will be measured over the entire designated greenfield area of each upper- or single-tier municipality, excluding the **following features** where the features are both identified in any applicable official plan or provincial plan, and where the applicable provincial plan or policy statement prohibits development in the features: wetlands, coastal wetlands, woodlands, valley lands, areas of natural and scientific interest, habitat of endangered species and threatened species, wildlife habitat, and fish habitat. The area of the features will be defined in accordance with the applicable provincial plan or policy statement that prohibits development in the features. [emphasis added]

Under the changes proposed to the Growth Plan by the Province, the density target for development in the DGA used in LNAs is found in draft policy 2.2.7.2, with its application guided by policy 2.2.7.3:

2.2.7.2 The designated greenfield area of each upper- or single-tier municipality will be planned to achieve a minimum density target that is not less than 80 residents and jobs combined per hectare within the horizon of this Plan.

2.2.7.3 The minimum density target will be measured over the entire designated greenfield area of each upper- or single-tier municipality, excluding the following:

- a) natural heritage features and areas, natural heritage systems and floodplains, provided development is prohibited in these areas;
- b) rights-of-way for:
 - i. electricity transmission lines;
 - ii. energy transmission pipelines;
 - iii. freeways, as defined by and mapped as part of the Ontario Road Network; and
 - iv. railways; and
- c) prime employment areas that have been designated in official plans in accordance with policy 2.2.5.5.

The intensification target used in LNAs is found in policy 2.2.3.1:

“By the year 2015 and for each year thereafter, a **minimum of 40 per cent of all residential development occurring annually within each upper- and single-tier municipality will be within the built-up area**”. [emphasis added]

Under the changes proposed to the Growth Plan by the Province, the intensification target used in LNAs is found in draft policy 2.2.2.3:

2.2.2.3 All upper- and single-tier municipalities will, at the time of their next municipal comprehensive review, increase their minimum intensification target such that a minimum of 60 per cent of all residential development occurring annually within each upper- and single-tier municipality will be within the built-up area.

A.1.3 Applicable Policy Framework: Policy Guidance

Growth Plan policy 3.2.6.6 establishes the relationship between housing types and densities and the intensification and density targets:

“Upper- and single-tier municipalities will develop a housing strategy in consultation with lower-tier municipalities, the Minister of Municipal Affairs and Housing and other appropriate stakeholders. The housing strategy will set out a plan, including policies for official plans, to meet the needs of all residents, including the need for affordable housing – both home ownership and rental housing. The housing strategy will include **the planning and development of a range of housing types and densities to support the achievement of the intensification target and density target**.” [emphasis added]

Under the changes proposed to the Growth Plan by the Province, draft policies 2.2.6.1 and 2.2.6.2 establish the relationship between housing types and densities, and the intensification and density targets:

2.2.6.1 Upper- and single-tier municipalities, in consultation with lower-tier municipalities, the Province and other appropriate stakeholders, will each develop a housing strategy that:

- a) aligns with applicable housing and homelessness plans required under the Housing Services Act, 2011;
- b) identifies policies for official plans, including *affordable* housing targets, that address the needs of all residents, including through *affordable* ownership housing and rental housing; and,
- c) plans for a diverse range of housing types and densities, including secondary suites, to support the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan.

2.2.6.2 Notwithstanding policy 1.4.1 of the PPS, 2014, to provide for a range and mix of housing types and densities municipalities will:

- a) plan to accommodate forecasted growth to the horizon of this Plan;
- b) plan to achieve the minimum intensification and density targets in this Plan;
- c) consider the range of housing types and densities of the existing housing stock; and,
- d) plan to diversify their overall housing supply to achieve *complete communities*.

APPENDIX B: Sample PMG-Based Assessment

This sample PMG-based LNA presented below is derived from an example provided in the witness statement of Jeanette Gillezeau, Altus Group Economic Consulting (Exhibit 25) from the Region of Waterloo Official Plan OMB Hearing (OMB Case No. 110080).

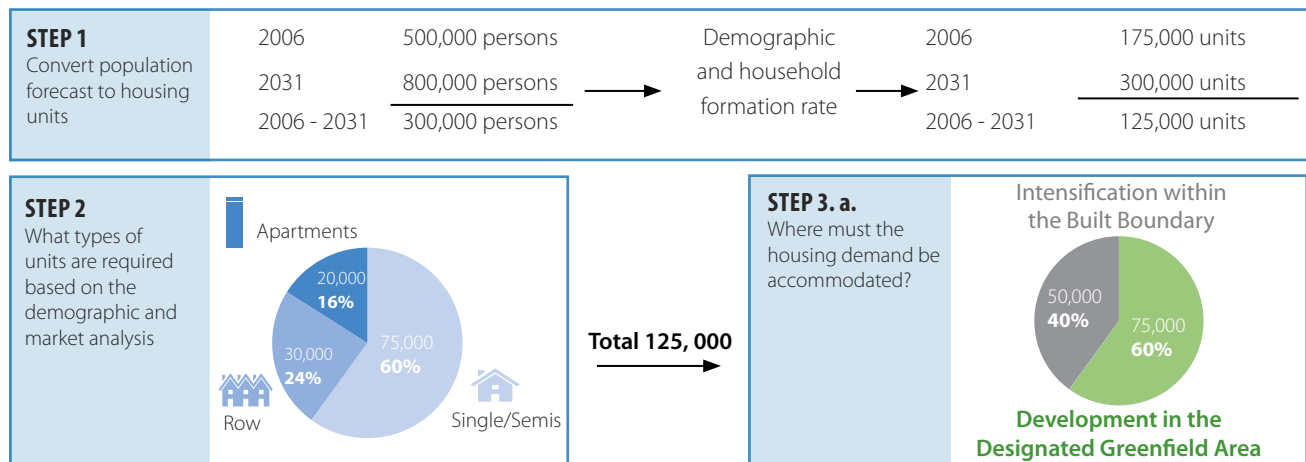
The sample LNA does not directly assess the results against the minimum DGA density target of the Growth Plan. However, this analysis would conceivably be included in the additional work associated with the statement: "May be necessary to plan for more row and apartment units in the new DGA to address other planning objectives."

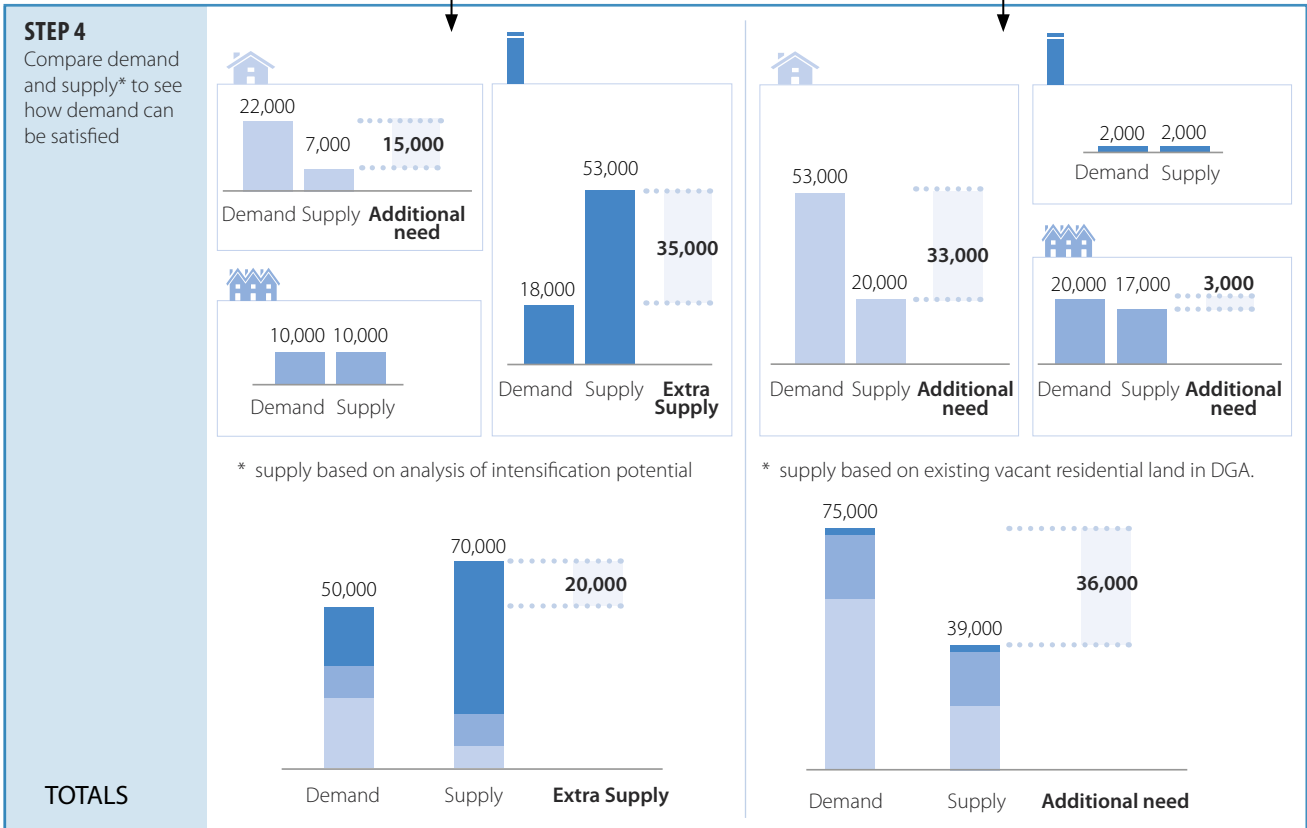
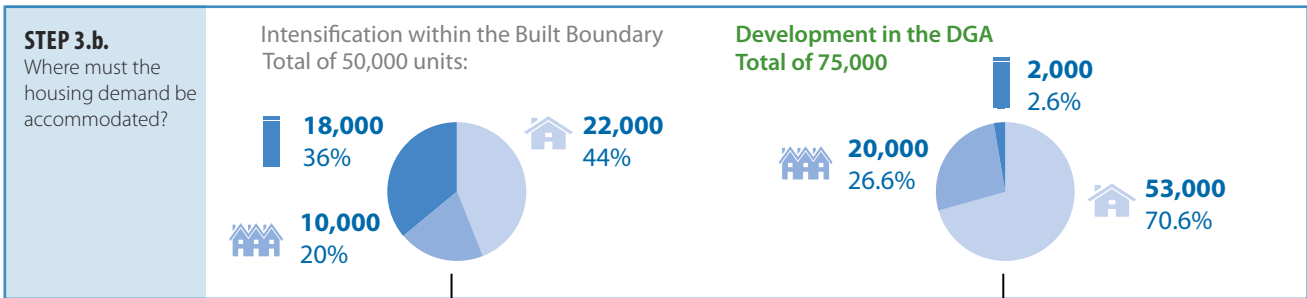
B.1 Assumptions Required in the Sample PMG-Based Assessment (2031 Planning Horizon)

1. Forecast of number of housing units to 2031
2. Mix of housing proposed for 2031 using a historical market-based assessment extrapolating past housing preferences forward onto 2031 population
3. Appropriate split of proposed mix of housing between DGA and BUA
4. Nature of adjustment required to meet intensification targets
5. Units per gross hectare in expansion area

B.2 Additional Assumptions Required to Assess the Results of the Sample PMG-Based Assessment Against the Growth Plan Minimum DGA Density Target

1. PPU (persons per unit) values for DGA unit types
2. Mix of additional row and apartment units required to meet minimum DGA density targets in the combination of existing DGA and the expansion area
3. Population-serving employment in the residential DGA





STEP 5
Make adjustments in housing requirements to address intensification target

	Single/Semis	Row	Apartment	TOTAL
Intensification	7,000	10,000	33,000	50,000
DGA	53,000	20,000	2,000	75,000
Total Adjusted Requirements	60,000	30,000	35,000	125,000
Unadjusted Housing Demand	75,000	30,000	20,000	125,000
	← 15,000 shift		→ 15,000 shift	

STEP 6
Need for additional residential land

TOTAL	36,000
Apartment	-
Row	3,000
Single/semis	33,000

At an assumed 20 units per gross hectare this would require **1,800** additional hectares. **May be necessary to plan for more row and apartment units in the new DGA to address other planning objectives.**

Source: Derived from example provided in Exhibit 25, Region of Waterloo Official Plan Hearing (OMB Case No. 110080)

APPENDIX C:

Comparison of the LNA-Related Provisions of the Growth Plan and the PPS

Another area of contention in some of the OMB hearings was the relationship between the policies in the PPS and the policies in the Growth Plan. The following is a comparison of the provisions of the PPS and the Growth Plan related to the preparation of a LNA.

C.1 When can an expansion be considered?

- **PPS** – "... only at the time of a comprehensive review ..." (policy 1.1.3.8)
- **Growth Plan** – "... only occur as part of a municipal comprehensive review ..." (policy 2.2.8.2)
- **Which Applies?** The definition of a "municipal comprehensive review" and the test triggered by the associated policy is different from that of a "comprehensive review"; therefore the provisions conflict. The policies of the Growth Plan apply.

C.2 What is the growth forecast to be used?

- **PPS** – no forecast is provided by the PPS with municipalities responsible for determining the "... projected needs over the identified planning horizon;" (policy 1.1.3.8 a)
- **Growth Plan** – "... to accommodate forecasted growth contained in Schedule 3, ..." (policy 2.2.8.2)
- **Which Applies?** No population forecast is provided through the PPS, whereas the Growth Plan requires the use of the Schedule 3 forecasts; therefore the policies and forecasts of the Growth Plan apply.

C.3 What if the test to be used to determine is sufficient land exists?

- **PPS** – "Sufficient land shall be made available **to accommodate an appropriate range and mix of land uses to meet projected needs** ..." (policy 1.1.2) and "... only where it has been demonstrated that a) sufficient opportunities for growth are not available through intensification, redevelopment and designated growth area **to accommodate the projected needs** ..." (policy 1.1.3.8 a) [emphasis added]
- **Growth Plan** – "... sufficient opportunities **to accommodate forecasted growth** contained in Schedule 3, through intensification and within designated greenfield areas, **using the intensification target and density targets**, are not available within: i) the regional market area as determined by the upper- or single tier municipality, and ii) within the applicable lower tier municipality to accommodate growth allocated to the municipality pursuant to this Plan." (policy 2.2.8.2 a) [emphasis added]
- **Which Applies?** Determination of the amount of additional land required under the Growth Plan depends entirely on an analysis "using the intensification and density targets." The Growth Plan does not require an analysis of range and mix of uses as an input in determining the amount of land required to accommodate forecasted growth; therefore the provisions conflict. The policies of the Growth Plan apply.

C.4 What is the planning horizon for official plans?

- **PPS** – “... for a time horizon of up to 20 years.” (policy 1.1.2) and, “... over the identified planning horizon;” (policy 1.1.3.8 a) and “maintain at all times the ability to accommodate residential growth for a minimum of 10 years ...” (policy 1.4.1a)
- **Growth Plan** – “... for a time horizon not exceeding twenty years, based on the analysis provided for in 2.2.8.2 (a)” (policy 2.2.8.2 b)
- **Which Applies?** The two documents both require the planning horizon to be a maximum of 20 years. There is no conflict, but the “shall conform with” test applicable to the Growth Plan would supersede the “shall be consistent with” test applicable to the PPS with the Growth Plan being the applicable policy.

C.5 What are the rules regarding the provision of a range and mix of housing?

- **PPS** – Policies 1.1.1 b), 1.1.4.1, 1.4.1, and 1.4.3 in the PPS address the issue of the range and mix of housing
- **Growth Plan** – Growth Plan Policies 2.2.2 h), 2.2.3 i) and 3.2.6.6 and the definition of “complete communities” address issues related to the range and mix of housing
- **Which Applies?** There are no policies in the PPS relating to range and mix of housing that address the LNA process. As a result, there appears to be no conflict between the two documents with respect to range and mix of housing. Therefore, both policy frameworks would apply within the context of Growth Plan policy 3.2.6.6, which requires the development of a housing strategy that “... will include the planning and development of **a range of housing types and densities to support the achievement of the intensification target and density targets.**” [emphasis added]










There are no provisions of the PPS that affect a LNA process that are not superseded by policies in the Growth Plan.

APPENDIX D: Sample Target-Based Assessment

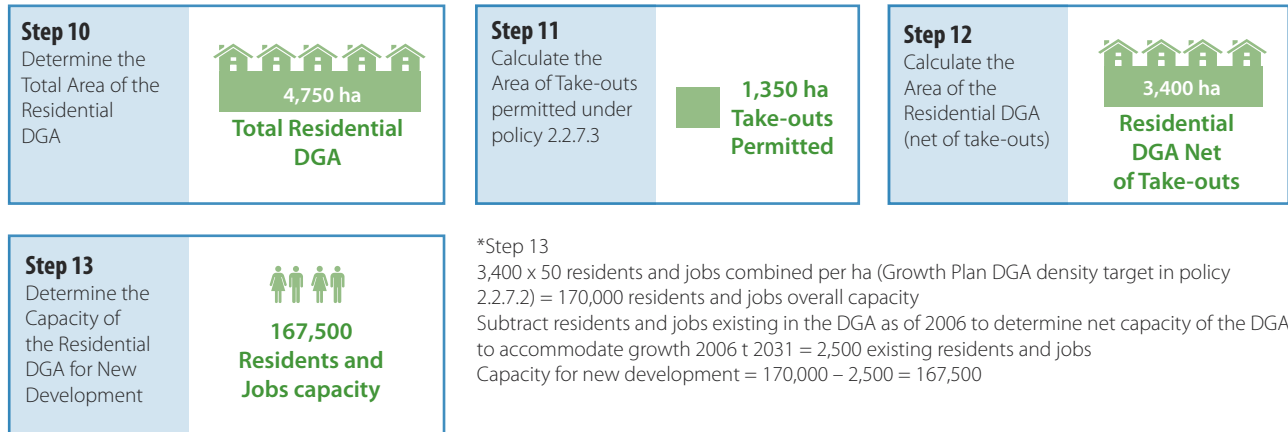
This example uses the same population and household data as the sample PMG-based assessment, where feasible. However, additional information is required in a density/intensification-based assessment that is not presented in the sample PMG-based assessment. As a result, care should be taken in comparing the results of the LNAs in Appendix B and Appendix D. Although they use the same base population and household data, it is not entirely clear whether the land areas of the existing DGAs assumed in the different analyses are comparable. This uncertainty arises as a result of the varying take-outs used by land economists and urban planners in completing the analysis. These two sample methodologies are provided simply to illustrate the steps involved in the analysis.

D.1 Determining Residential DGA Demand

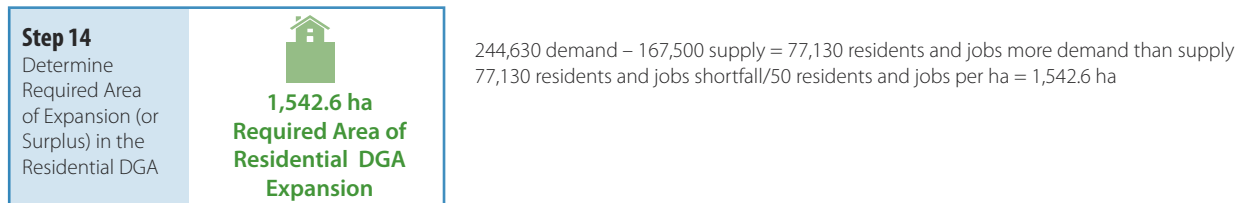
2006 existing population = 500,000 2006 households = 175,000
 2031 forecasted population = 800,000 2031 forecasted households = 300,000

<p>STEP 1 Determine the total population to be housed in new dwellings</p>	 317,500 To be housed in New Dwellings	<p>* STEP 1 Population in 2006 = 500,000 Households in 2006 = 175,000 Average PPU in existing households in 2006 = 2.86 Determine decline/increase in average PPU in existing households 2006 to 2031 = - 0.1 Forecasted decline in PPU x households in 2006 = 17,500 (population shifting from existing to new housing within the 2006 to 2031 planning period) Net increase in population 2006 to 2031 = 300,000 Total Population to be housed in new dwelling units = 317,500</p>
<p>STEP 2 Determine the total number of new dwelling units</p>	 125,000	<p>* STEP 2 Forecasted households (300,000) – existing households (175,000)</p> <p>* STEP 3 125,000 new dwelling units x .4 (Growth Plan 40% intensification target in policy 2.2.3.1)</p>
<p>STEP 3 Determine the number of new dwellings in the Built-up Area</p>	 50,000 New Dwellings in Built-up Area	<p>STEP 4 Determine the Average PPU Value for New Dwelling Units in the Built-up Area</p>  2.2 <p>* STEP 4 based on anticipated mix of housing with the Built-up Area from 2006 to 2031 being 65% apartments (1.85 PPU), 25% townhouses (2.65 PPU) and 10% singles and semis (3.3 PPU) = 1.20 + 0.66 + 0.33</p>
<p>STEP 5 Determine the Population to be housed in New Dwelling Units in the Built-up Area</p>	 110,000 in Built Area	<p>STEP 6 Determine the number of new dwelling units in the Designated Greenfield Area</p>  75,000 New Dwellings in DGA <p>* STEP 5 New units (50,000) x PPU (2.2)</p> <p>* STEP 6 Total new units (125,000) – units in the Built-up Area (50,000)</p>
<p>STEP 7 Determine the Population to be housed in New Dwelling Units in the DGA (step 1 - step 5)</p>	 207,500 to be housed in New Dwellings in DGA	<p>STEP 8 Determine the New Work at Home and Population Serving Employment in the DGA</p>  37,130 Jobs in the Residential DGA <p>* Step 8 Work at Home = 2.8% of population in new dwellings (based on place of work data) = 6,580 Population Serving Employment = 13% of population in new dwellings (based on data for comparable existing suburban area) = 30,550</p> <p>STEP 9 Determine the Total New Residential DGA Demand (Step 7 + Step 8)</p>  244,630 Residents and Jobs in the Residential DGA

D.2 Determining the Residential DGA Capacity



D.3 Determining the need for an expansion by matching up DGA demand and DGA capacity



As a result of this calculation, justification exists for settlement area expansions for residential purposes of 1,542.6 ha net of permitted take-outs.

D.4 Assumptions Required in a PMG-based Assessment (2031 Planning Horizon)

1. Forecast of number of housing units to 2031
2. Decline in PPU in existing housing units over the planning horizon
3. Average PPU of new units in the BUA to 2031
4. Population serving employment within the residential DGA


APPENDIX E: Simplified Target-Based Assessment

This example uses the same data as the sample density/intensification based assessment presented in Appendix D. The differing results between two processes results directly from the 40 percent intensification in this analysis being applied to the population forecasted to occupy new dwellings rather than to the number of dwelling units.

The residential DGA demand can be determined as follows:

2006 existing population = 500,000
2031 forecasted population = 800,000


STEP 1
Determine the Total Population to be Housed in New Dwelling Units



317,500
to be housed in New Dwellings

*Step 1
Population in 2006 = 500,000
Households in 2006 = 175,000
Average PPU in existing households in 2006 = 2.86
Determine decline/increase in average PPU in existing households 2006 to 2031 = -0.1
Forecasted decline in PPU x households in 2006 = 17,500 (population shifting from existing to new housing within the 2006 to 2031 planning period)
Net increase in population 2006 to 2031 = 300,000
Total Population to be housed in new dwelling units = 317,500


STEP 2
Determine the Population to be housed in New Dwelling Units in the DGA



190,500 to be housed in New Dwellings in DGA

*Step 2
317,500 (total Population to be housed in new dwelling units) x 60% of population to be located in DGA assuming a 40% intensification rate

STEP 3
Determine the New Work at Home and Population Serving Employment in the DGA



30,009
Jobs in the Residential DGA

*Step 3
Work at Home = 2.8% of population in new dwellings in DGA (place of work data) = 5,334
Population Serving Employment = 13% of population in new dwellings in DGA (based on data for comparable existing suburban area) = 24,765
5,334 + 24,765 = 30,099


STEP 4
Determine the Total New Residential DGA Demand



220,599
Residents and Jobs in the Residential DGA


The residential DGA capacity can be determined as follows:

STEP 5
Determine the Total Area of the Residential DGA




4,750 ha
Total Residential DGA

STEP 6
Calculate the Area of Take-outs permitted under policy 2.2.7.3 = 1,350 ha




1,350 ha
Take-outs Permitted

STEP 7
Calculate the Area of the Residential DGA (net of take-outs)



3,400 ha
Residential DGA Net of Take-outs


STEP 8
Determine the Capacity of the Residential DGA for New Development



167,500
Residents and Jobs capacity

*Step 8
3,400 x 50 residents and jobs combined per ha (Growth Plan DGA density target in policy 2.2.7.2) = 170,000 residents and jobs overall capacity
Subtract residents and jobs existing in the DGA as of 2006 to determine net capacity of the DGA to accommodate growth 2006 to 2031 = 2,500 existing residents and jobs
Capacity for new development = 170,000 - 2,500 = 167,500

The need for an expansion is then determined by matching up the DGA demand from Step 4 and the DGA capacity from Step 8:

<p>STEP 9 Determine Required Area of Expansion (or Surplus) in the Residential DGA</p>	 <p>1,062 ha Required Area of Residential DGA Expansion</p>
---	--

*step 9
 $220,599 \text{ demand} - 167,500 \text{ supply} = 53,099 \text{ residents and jobs more demand than supply}$
 $53,099 \text{ residents and jobs shortfall} / 50 \text{ residents and jobs per ha} = 1,062 \text{ ha}$

As a result of this calculation, justification exists for settlement area expansions for residential purposes of 1,062 ha net of permitted take-outs

Assumptions Required in a Simplified Target-Based Assessment (2031 Planning Horizon)

1. Decline in PPU in existing housing units over the planning horizon
2. Population-serving employment in the residential DGA

APPENDIX F:

Growth Plan Population Forecasts and MOF Projections

Table 1. Policy-Based Population Adjustments by the Province: A Comparison of the Growth Plan Forecasts for 2036 and the Corresponding Spring 2012 MOF Projections

Census Division/Region	MOF Projected Growth 2011 to 2036 (000s) Prepared Spring 2012	Growth Plan Forecast Growth 2011 to 2036 (000s)	Variation Between the MOF Growth Projections (Spring 2012) and the Growth Plan Growth Forecasts from 2011 to 2036 (Policy-Based Population Adjustment) (000s)
Durham	976	1,080	104
Halton	927	910	-17
Hamilton	651	730	79
Peel	2,118	1,870	-248
Toronto	3,417	3,300	-117
York	1,713	1,700	-13
GTHA Total*	9,803	9,590	-213
Brant	178	205	27
Dufferin	79	81	2
Haldimand	46	60	14
Kawartha Lakes	87	101	14
Niagara	527	577	50
Northumberland	98	105	7
Peterborough	177	182	5
Simcoe	663	731	68
Waterloo	752	789	37
Wellington	284	316	32
Outer Ring Total*	2,891	3,150	259
GGH Total*	12,694	12,740	46

* Totals may not add up due to rounding

NOTES:

- The population forecasts for the Cities of Brantford, Peterborough, Barrie, Orillia, and Guelph are included in the respective county totals, as the MOF does not provide separate projections for these municipalities.
- The MOF projections combine Haldimand and Norfolk Counties; the MOF applies a factor of 0.42 to its Haldimand-Norfolk projections to determine the population for Haldimand.
- The GTHA is the Greater Toronto and Hamilton Area. The Outer Ring consists of GGH municipalities outside the GTHA and beyond the Greenbelt.

Table 2. Comparison of the Net Population Growth Between the Growth Plan Forecasts for 2041 and the 2016 MOF Projections

Census Division/Region	2011 Census Population (000s)	Growth Plan 2041 Forecast (000s)	Growth Plan Forecast Net Population Growth 2011 - 2041 (000s)	June 2016 MOF 2041 Projections (000s)	June 2016 MOF Projected Net Population Growth 2011-2041 (000s)	Variation in Forecasted Growth between the Growth Plan and the June 2016 MOF Projection (2011 to 2041)	
						(000s)	(%)
Durham	627	1,190	563	939	312	-251	-44.6
Halton	517	1,000	483	915	398	-85	-17.6
Hamilton	536	780	244	707	171	-73	-29.9
Peel	1,341	1,970	629	2,124	783	154	24.5
Toronto	2,705	3,400	695	3,743	1,038	343	49.4
York	1,066	1,790	724	1,745	679	-45	-6.2
GTHA Total*	6,792	10,130	3,338	10,173	3,381	43	1.3
Brant	140	220	80	178	38	-42	-52.5
Dufferin	59	85	26	83	24	-2	-7.7
Haldimand	47	64	17	47	0	-17	-100.0
Kawartha Lakes	75	107	32	86	11	-21	-65.6
Niagara	443	610	167	513	70	-97	-58.1
Northumberland	84	110	26	101	17	-9	-34.6
Peterborough	139	191	52	158	19	-33	-63.5
Simcoe	459	796	337	667	208	-129	-38.3
Waterloo	524	835	311	699	175	-136	-43.7
Wellington	215	331	116	289	74	-42	-36.2
Outer Ring Total*	2,183	3,350	1,164	2,821	636	-528	-45.3
GGH Total*	8,973	13,480	4,502	12,994	4,017	-485	-10.8

* Totals may not add up due to rounding

Table 3. Comparison of the 2016 MOF Projected Population Growth to 2041 Compared to High, Reference and Low Hemson Forecasts Supporting Growth Plan Amendment 2 (population forecasts)

Census Division/Region	June 2016 MOF 2041 Projection (000s)	Hemson 2041 Low Scenario (000s)	Hemson 2041 Reference Scenario (000s)	Hemson 2041 High Scenario (000s)
Durham	939	927	1,190	1,410
Halton	915	789	1,004	1,215
Hamilton	707	657	776	838
Peel	2,124	1,723	1,968	2,301
Toronto	3,743	3,106	3,400	3,727
York	1,745	1,543	1,788	1,993
GTHA Total*	10,173	8,745	10,127	11,484
Brant	178	188	220	248
Dufferin	83	78	85	91
Haldimand	47	57	64	75
Kawartha Lakes	86	87	107	134
Niagara	513	544	610	762
Northumberland	101	95	110	134
Peterborough	158	163	191	237
Simcoe	667	702	796	982
Waterloo	699	729	835	889
Wellington	289	300	331	352
Outer Ring Total*	2,821	2,943	3,349	3,904
GGH Total*	12,994	11,688	13,476	15,389

* Totals may not add up due to rounding

Source: Greater Golden Horseshoe Forecasts to 2041 - Technical Report (November 2012) Addendum: Hemson Consulting Ltd. and Ministry of Finance Ontario Population Projections (Spring 2016)

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