

Technical Memorandum



To: Mike Puopolo and Joseph Puopolo, Polocorp. Inc.
From: Antony Lorius
Date: March 26, 2025
Subject: County Official Plan Amendment (OPA) 126 Urban Boundary Expansion
Our File: 24-9291

The purpose of this memorandum is to describe the results of our review of the Land Needs Assessment (LNA) work completed for the County of Wellington Official Plan (OP) and Municipal Comprehensive Review (MCR) to 2051, the follow-up assessment of alternative growth scenarios for the Township of Centre Wellington, and subsequent County adjustments to land need.

Our conclusion is that further Settlement Area Boundary Expansions (SABE) are warranted, above and beyond those currently identified by the County. In our view, these additional expansion lands are suitable and appropriate to reflect the primary intent of new Provincial planning policies, which is to increase the supply of housing and address the current affordability challenge.

Providing the appropriate and necessary land supply for housing to accommodate forecast demand within the County is especially important for areas where significant growth is expected to the plan horizon, in particular the Township of Centre Wellington and Fergus Urban Centre.

Taking into account the most recent adjustments incorporated by the County to the land needs identified by Centre Wellington, we find that additional urban expansion lands are required to accommodate the growth forecast in Fergus to 2051, ranging from a modest additional 25 ha based on the approach taken by the Township to forecasting land needs to a somewhat greater amount of over 100 ha based on the current Ministry of Finance projections.

1.0 Background and History of the Assignment

Dillon Consulting Limited ("Dillon") was retained in 2024 by Polocorp Limited ("Polocorp") to undertake this assignment. Our review of the County LNA and growth management work has been undertaken from the perspective of land economics and urban land needs in the context of broader growth trends within the Greater Golden Horseshoe (GGH). The review also takes into account the new Provincial planning framework, which has introduced a series of legislative and other policy changes intended primarily to increase housing supply in an effort to address current affordability challenges.

The preliminary results of this review and assessment are previously set out in our letter to County staff dated November 29, 2024, and attached to this memorandum for reference.

As explained in our November 2024 letter, the County of Wellington is forecast to grow significantly in population over period to 2051: a conclusion that is well-explained and supported in the Phase 1 *Urban Structure and Growth Allocations Report*, (the “County Growth Analysis”) prepared by Watson and Associates Economists Ltd. (“Watson”) in June 2021. The initial estimate of urban land need is provided in the follow up Phase 2 M.C.R. Report: *Urban Land Needs Assessment County of Wellington*, (the “County LNA”) also prepared by Watson, in August 2022.

In 2023, the Township of Centre Wellington retained Watson to undertake additional analysis on the matter of land needs, including the consideration of additional density and intensification scenarios to mitigate the total expansion lands identified. The specified objective of this work, at the time, was to reduce the consumption of Prime Agricultural Lands.

Based on this instruction, Watson ultimately recommended adoption of a preferred growth scenario with a higher rate of residential intensification and higher greenfield density target than applied to the original analysis of growth and land need. Also included in the preferred growth scenario was the removal of approximately 34 ha of Employment Area lands from the South Fergus Secondary Plan and compensating for that shortfall in a new expansion area, the basis for which is not made apparently clear in either the Watson or Township reporting on the matter.

2.0 Land Needs in Context

One thing that is clear, however, is that the estimate of urban land needs or quantum of SABE has evolved during the MCR process. The various adjustments to the land need for Centre Wellington are summarized below in Table 1, drawn from the March 3rd, 2025, Public Open house presentation on the draft OPA 126 Urban Boundary Expansions.

Table 1

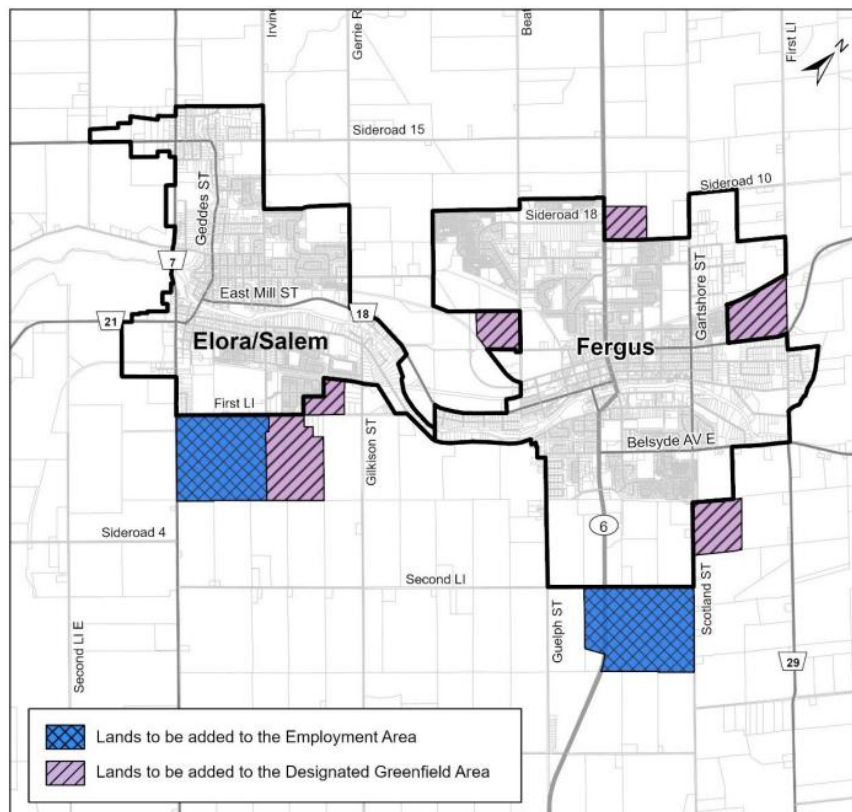
Township of Centre Wellington Land Need	Community Area¹	Employment Area²	TOTAL
County MCR Phase 2 Results	238 ha	160 ha	398 ha
South Fergus Secondary Plan Adjustment	204 ha	194 ha	398 ha
Township Scenario Review Adjustment (Basis for Township Recommendation)	132 ha	194 ha	326 ha
County Adjustments (Basis for OPA 126)	169 ha	195 ha	364 ha

¹ Community Areas is mainly residential, but also commercial, office and institutional

² Employment Area is industrial designated land

For the Township of Centre-Wellington, these adjustments serve a specified Council-directed objective to reduce land needs by way of increasing the intensification and density targets (the “Township Scenario Review Adjustment”) and the “South Fergus Secondary Plan Adjustment” noted above.

As noted, the South Fergus Secondary Plan adjustment reduces overall Community Area land needs within the community by roughly 34 ha in an apparent ‘Swap’ with designated Employment Area lands that are then replaced as expansion lands south of Second Line: illustrated in the graphic below, also drawn from the March 3rd, 2025, Public Open house presentation.



Since 2024, the County has added approximately 37 ha to the draft OPA 126 boundaries through “minor rounding out” and addressing land-locked areas, indicated as the “County Adjustments” in Table 1. This addition serves to compensate arithmetically for the shortfall in Community Area lands within the existing Settlement Area boundary originally created by the South Fergus Swap

In our November 2024 letter, the conclusion was that urban land needs are understated over the period to 2051, on a County-wide basis, and that further SABE is appropriate. Based on the current Ministry of Finance projections, in part, as well as the 2024 PPS policy directions to increase housing supply (among others) a **need for up to 320 ha was identified**. We remain of the view that further expansion lands are warranted in the Fergus urban centre within the current economic and policy context, though to a somewhat lesser degree given the adjustments to land need noted above.

3.0 Interpretation of Provincial Planning Policy

As noted in our November 2024 letter, a primary objective of the 2024 PPS is to accelerate housing supply. In our view, the change in policy approach is a fundamental shift away from what has historically been a restrictive approach to managing growth and urban expansion to one now focused on facilitating the provision of new housing and land supply in all suitable locations.

In our view, a stronger emphasis is now placed on providing a suitable supply of lands to accommodate all segments of housing demand, including the vision to provide “sufficient supply with the necessary mix of housing options” to support a growing population to the plan horizon. The direction to provide lands to accommodate all housing types from a “market” perspective, without mandating shifts in the mix of housing growth to achieve intensification targets is a fundamental change: and one that has important implications for urban land needs as discussed below.

Direction to Provide a Full Range of Housing Types

The direction for municipalities to provide for a full range of housing options is identified in various sections of the 2024 PPS, including Section 2.1.4.2 *Planning for People and Homes*, Section 2.2 *Housing*, Section 2.3.1 *General Policies for Settlement Areas* and Section 6.2 *Coordination*. “Housing Options” is also a specifically defined term so there is no confusion or debates over meaning. The wording of the 2024 PPS definition is reproduced below for convenience.

Housing options: means a range of housing types such as, but not limited to single-detached, semidetached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, laneway housing, garden suites, rooming houses and multi-residential buildings, including low- and mid-rise apartments. The term can also refer to a variety of housing arrangements and forms such as, but not limited to, life lease housing, co-ownership housing, co-operative housing, community land trusts, land lease community homes, *affordable* housing, *additional needs housing*, multigenerational housing, student housing, farm worker housing, culturally appropriate housing, supportive, community and transitional housing and housing related to employment, educational, or *institutional uses*, such as long-term care homes.

It is important to point out that this definition refers specifically to housing structure types, among other metrics, which include both ground-related (single and semi-detached, rows and townhouses) and apartments as commonly understood, as well as emerging “missing middle” forms like laneway housing and garden suites and a variety of housing arrangements. The key point to be taken, however, is that the definition of housing options refers to all types including both ground-related units that tend to drive greenfield land needs and higher density apartment units, which tend to be the primary source of intensification from a built form perspective.

Intensification Remains an Important Planning Objective

The 2024 PPS introduces new policies and definitions, carries forward and in some cases modifies policies and definitions from the 2020 PPS and incorporates and modifies a number of *Growth Plan* (2019, as amended) policies and definitions. Although the wording may differ, the broad policy directions related to intensification are carried forward into the 2024 PPS. These include:

- Supporting general intensification and redevelopment to as part of the development of compete communities (Section 2.3.1.3),
- Establishing and implementing minimum targets for intensification and redevelopment within built-up areas, based on local conditions (Section 2.3.1.4) and
- The concept of “Strategic Growth Areas” as a focus for accommodating growth and development (Section 2.4 Strategic Growth Areas) including intensification.

While intensification clearly remains an important objective, our interpretation of the 2024 PPS is that municipalities are primarily directed to make sufficient lands available to provide for the entire range of housing types that is necessary to accommodate demand from a market perspective. This policy direction includes the need to accommodate demand for greenfield (i.e. mainly ground-related) housing units as well as higher-density units such as apartments and laneway houses, which tend to occur through intensification within the existing urban area.

These general policy directions are well-established in Provincial planning policy. Intensification also continues to be embedded in municipal planning objectives, including supporting increased levels of transit ridership (where this is relevant) providing a full range of housing types including more affordable housing (mainly because apartments are smaller and cost less) and generally contributing to higher levels of urban amenity and more active and animated streetscapes. What is not the same, however, is how these directions are now to be implemented from a land need perspective.

Targets are no Longer Required to be Achieved at the Expense of Other Unit Types

Previously under the *Growth Plan* and associated implementation guidance (“The LNA Methodology”), the residential intensification target functioned primarily as mechanism to constrain the greenfield land supply. Historically this approach has been an impediment to the provision of new housing supply that the new 2024 PPS (among other legislation) is now seeking to remove.

The prior *Growth Plan* intensification target required that most municipalities plan for a substantial shift to denser housing forms, which had the effect of limiting the total new units allocated to the designated greenfield area, and their associated land needs. To guide implementation, the mandated Provincial LNA methodology required that municipalities balance the need for a ‘market-based’ supply of housing while still conforming to the targets of the *Growth Plan*. It was also recognized that striking this balance may involve adjustments to the forecast mix of housing “to the extent possible”.

Generally speaking, no market-based scenario will be dense enough to achieve the prior *Growth Plan* targets. With few exceptions, a substantial shift to denser forms of housing must be assumed in the land need analysis to conform to this requirement. This assumed shift in housing demand by type, in turn, had the effect of reducing the number units allocated as greenfield demand, quite literally cutting this amount in half under the minimum 50% rule.

As a result, the mandated intensification target served primarily to limit the additional lands that may be required outside the existing urban area to the plan horizon, along with the range of different housing unit types available to meet demand. But this policy shift in no way either guaranteed that or provided planning permission for the calculated intensification housing units to actually be built.

With the *Growth Plan* now largely repealed and superseded by the 2024 PPS, along with the associated implementation guidance, in our view the achievement of municipal residential intensification goals and objectives is no longer tied to the forecast of housing growth by type. Municipalities are now directed to provide a sufficient supply of land to accommodate growth across all structure types and in all locations to the plan horizon, including greenfield and intensification areas, even if this approach results in an oversupply of certain types of units such as apartments.

In other words, while the 2024 PPS continues to encourage planning authorities to support intensification and establish minimum targets for units within the built-up area, these targets are no longer required to be implemented at the expense of other unit type (i.e. ground-related housing) as a mechanism to restrict the designation of new greenfield lands and housing supply.

4.0 The Housing Forecast

As noted in our November 2024 letter, the 2024 PPS directs municipalities to base their growth forecasts on the population projections prepared by the Ministry of Finance but may also continue to forecast growth using the population and employment forecasts “previously issued by the Province for the purposes of land use planning” (Section 2.1.1, Section 2.1.2).

With the *Growth Plan* now largely repealed, the forecasts previously issued by the Province include the prior Schedule 3 totals and the associated details provided in the Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing, *Greater Golden Horseshoe: Growth Forecasts to 2051*, dated August 26, 2020. Of particular note are the forecasts of housing by type shown in Appendix B – Detailed Forecast Results, to the 2020 report.

The County LNA adopts the prior *Growth Plan* population forecasts as described in the County Growth Analysis. For the purposes of residential land needs, this is the forecast for a total population of 160,000 in 2051. The County Growth Analysis does not contemplate the feasibility of achieving higher population forecasts in terms of LNA results, and the County recognizes that OPA 126 does not address broader issues of consistency with the 2024 PPS. Nevertheless, municipalities must still make decisions consistent with the 2024 PPS in these circumstances as set out in Section 6.1.7 (*General Policies for Implementation and Interpretation*) that is reproduced below for convenience.

Where a planning authority must decide on a planning matter before their official plan has been updated to be consistent with the Provincial Planning Statement, or before other applicable planning instruments have been updated accordingly, it must still make a decision that is consistent with the Provincial Planning Statement. (PPS, 2024)

It may also be helpful to add that the Province consulted on possible transition for the new Provincial Planning Statement, and ultimately decided that there would be no transition. All planning decisions now must be consistent with the 2024 Provincial Planning Statement requirements.

For the County LNA, an updated housing forecast is prepared by Watson to achieve the *Growth Plan 2051* forecast as described in the County Growth Analysis. The housing forecast is prepared using age-specific household formation rates and occupancy patterns, similar to the approach taken to the Hemson 2020 Technical Report, but with two important differences:

- Relatively stronger net migration of young adults to the County, anticipated to drive stronger population growth in younger age groups which, in turn, results in a slightly younger population overall than in the previous Provincial forecasts; and
- Forecast occupancy patterns by structure type that are based on recent market trends, rather than longer-term demographic patterns: notably the shift towards medium and higher-density housing forms in response to affordability challenges.

According to the County Growth Analysis, the shift in housing occupancy patterns is based primarily on short term trends in the residential market including recent permit activity, completions, trends in applications and post-Census (2016) migration trends to the County. It is also recognized by Watson in the Phase 1 reporting that other factors also have a bearing on future housing demand by type, such as incomes, affordability, lifestyle decisions and planning policy considerations.

The Hemson 2020 Technical Report, on the other hand, does not forecast housing mix based on short term market trends, but rather on a consideration of longer-term demographic patterns over a 15 to 20 year period. The intent of this approach is to capture a full market cycle of demand for all unit types and estimate the future housing mix that would occur in the absence of the *Growth Plan*, and therefore the absence of the adjustments to the forecast mix of housing growth that was previously required to conform to the *Growth Plan* minimum intensification target of 50% of new units.

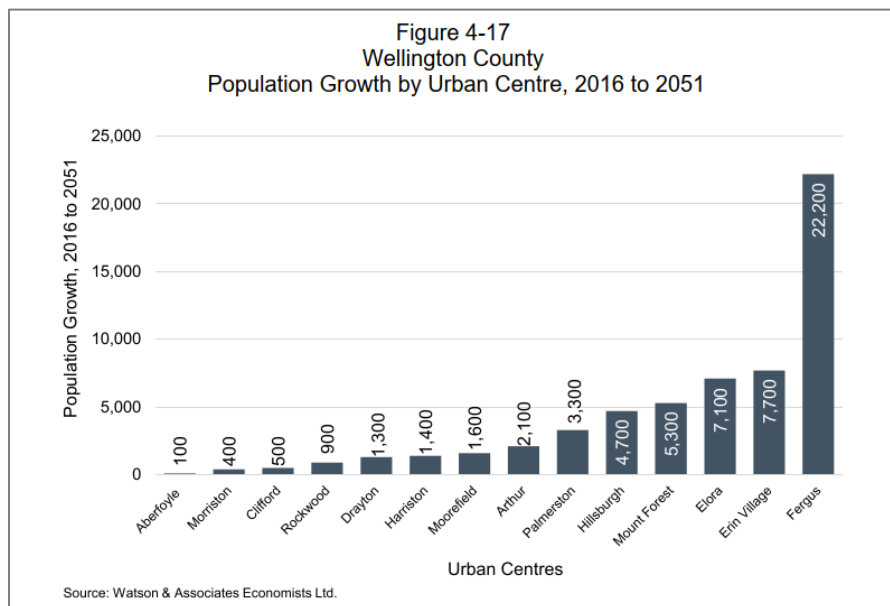
5.0 Demand for Housing by Type

The updated housing forecast prepared for the County LNA is for a total of 57,900 units in 2051 for the County as a whole. Total housing growth over the 2021-2051 period is approximately 21,900 units which is roughly 3,100 units lower than in the Hemson 2020 Technical Report. This difference arises from the estimate of the 2021 base, which is higher than actual Census totals, and somewhat younger population growth over the period to 2051 than the Provincial forecasts, as noted above.

Affordable Ground-Related Forms Will be in High Demand

More important than total housing demand from a land needs perspective is the forecast of demand for housing by type, especially single and semi-detached units that drive demand for greenfield locations. Within the Greater Golden Horseshoe (GGH) there is a well established and long-standing demographic pattern of younger adults migrating from Toronto to the '905' municipalities. In recent years, this pattern has been moving further afield within the extended commuter shed of the broader metropolitan region to the Counties and Regions at the edge of GTHA, as noted in our November 2024 letter: many of which have been experiencing some of their highest growth in decades.

These overall migration trends are recognized in the County Growth Analysis, which translates into the expectation that Centre Wellington will accommodate a significant amount of growth over the period to 2051. Based on its strategic location and overall attraction for development, the Township is forecast to grow by roughly 9,300 units which is close to half of the growth of 21,900 units for the County overall. In particular, Fergus is anticipated to grow by over 22,000 people, which represents one third of the County's total growth over the 2016-2051 period as shown in Figure 4-17 replicated below from the Phase 1 *Urban Structure and Growth Allocations Report* (June 16, 2021).



It is recognized in the County Growth Analysis that most of this growth will be driven by demand for affordable ground related housing (single and semi-detached units), including starter homes, from “millennials” that are now entering peak family formation as well as “move-up” buyers with growing families. As a result, housing demand is anticipated to be primarily for ground-related housing across the County, and largely in the Urban Centres, which are strategically located within the County relative to major employment centres in the Toronto region.

County LNA Assumes a Denser Mix of Housing

As explained in the County Growth Analysis, low-density housing has historically made up the majority of housing demand from a historic perspective, with single and semi-detached units making up fully 85% of overall demand since 2001. And as noted previously, the prior *Growth Plan* intensification target made it necessary in most cases to plan for a long-term shift in housing demand away from these ground-related forms and towards higher density apartments of all types.

Accordingly, the County LNA, to conform with the prior *Growth Plan* directions, anticipates a denser mix of growth: approximately 67% single and semi-detached (low density) units, 18% rowhouse (medium density) units and roughly 15% apartment (high density) units, as shown below in Table 2.

Table 2

County of Wellington Mix of Housing Growth by Unit Types 2021 - 2051				
Comparison of County LNA to Prior Growth Plan 2020 Technical Report				
Source	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
Previous Provincial	76%	8%	15%	100%
County LNA	67%	18%	15%	100%
Variance	-9%	10%	0%	0%

Source: Dillon Consulting Ltd. based on the Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing, *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020, and Phase 1 Urban Structure and Growth Allocations Report, Watson and Associates Economists Ltd, June 16, 2021)

For Centre Wellington and the Fergus Urban Centre, where the most significant amounts of the County's forecast growth are allocated, the shift towards denser forms is even more pronounced. To achieve the increased 23% intensification rate assigned to the Fergus Urban Centre, the forecast mix of housing growth must be shifted to an even denser pattern of growth: from the current 2021 Census base of mainly low-density units (roughly 80%) to approximately 55% low density, 25% medium and 20% high density units, shown below in Table 3.

Table 3

Fergus Urban Centre Mix of Housing Growth by Unit Types 2021 - 2051				
Comparison of County LNA to 2021 Census Existing Occupied Units				
Source	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
2021 Census Base	77%	6%	17%	100%
County LNA	55%	24%	20%	100%
Variance	-22%	18%	3%	0%

Source: Dillon Consulting Ltd. based on the Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing, *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020, and Phase 1 Urban Structure and Growth Allocations Report, Watson and Associates Economists Ltd, June 16, 2021)

Achieving the Forecast Growth in Intensification will be a Challenge

As explained in our November 2024 letter, achieving this high level of intensification and shift in housing growth by type will be a challenge from a demand perspective. Land use planning (even at the Provincial level) cannot force the production of certain housing structure types, in this case high density apartments over ground related homes. Planning policy is important to identify and coordinate opportunities for intensification to occur but cannot (itself alone) alter the nature and timing of the development process. Intensification is driven by demand, not land use planning policy.

The amount of intensification that *actually occurs* in any given location is driven by a range of factors primarily relating to the community's attraction for investment within the broader regional marketplace, as well as local conditions such as planning policy, existing or planned services (especially transportation) and others. In the case of Centre Wellington and the Fergus Urban Centre, the key attraction is the ability to provide affordable ground-related housing units not apartments.

From a planning perspective, housing units built as intensification are generally not a direct substitute for ground-related housing in greenfield areas for many reasons, most importantly the cost of construction and affordability compared to grade-related forms. As noted, Apartments are only more affordable than ground-related homes because they are smaller:

- According to Altus, in 2024, the construction cost for single detached housing in the GTA ranged from \$210 to \$285 per square foot.
- Apartment construction costs on the other hand, are much higher: ranging from \$285 to \$390 per square foot for buildings up to 12 stories, including common areas.
- The increased cost of apartment construction is mostly because poured concrete structures are generally more expensive than wood-frame construction, but also includes the cost of acquiring development sites, which tends to be higher in already built-up areas.
- Since common area space is typically 20% of the building total, the cost of the actual living space in units is increased by a further 25%, meaning that the real construction cost per square foot of new apartment unit space ranges from \$356 to \$490 per square foot, or nearly double the cost of construction for single detached units. It is also understood that the total cost of providing below grade parking is an additional \$60,000 to \$70,000 per unit.
- Taking an illustrative mid-point unit cost of \$420 per square foot and adding land acquisition and underground parking would mean that a new 'family-sized' apartment about the same size as a typical single-detached starter home in Fergus (roughly 2,500 square feet) **would cost well over \$ 1 million:** making it difficult for these units to compete for new buyers and, in turn, achieve the very high intensification target.

Economics aside, property owners must also have an interest in redevelopment. Simply because a site may appear to have potential does not mean intensification will occur. The physical characteristics of sites must allow for viable redevelopment including site size, configuration, access and surrounding land uses. In other words, the overall likelihood of intensification occurring depends on the ‘fit’ between a range of factors, and while one factor alone may present a potential, the probability of intensification actually taking place is low if the other factors are not in place.

Accordingly, an ample supply of development opportunities is typically required for most communities to maximize the likelihood of success in capturing intensification. This does not appear to be the case for the Fergus Urban Centre. According to the County LNA report, there are many constraints to accommodating growth in the existing urban area, including large concentrations of built heritage resources that limit opportunities available as discussed in our November 2024 letter.

Compared to other urban centres, Fergus is shown in the County LNA to have the largest shortage of supply for intensification, which calls into question the feasibility of delivering the units required to achieve the intensification target from a supply perspective.

Since there are challenges to achieving the intensification target from a demand and supply perspective, and since Fergus is set to accommodate such a large share of overall County growth, there is a real risk that the forecast mix of housing will not be delivered to market. If the necessary level of intensification cannot be achieved, the County and Centre Wellington will effectively be planning for a lower amount of growth than mandated by the 2024 PPS, which is not permitted under the forecasts previously issued by the Province or the current Ministry of Finance projections.

6.0 The Evolving Economic and Market Context

There is no question that substantial shifts have occurred in the housing market in recent years, especially the well-documented shift to high density apartments in centrally located urban centres, such as the Cities of Toronto and Hamilton and other emerging transit nodes in southern Peel, Halton and York regions (for example Square One in Mississauga and the Vaughan Metropolitan Centre).

Recent Shift to Higher Density Forms Driven Mostly by Pricing

In some respects, the shift towards higher density housing forms relates to prior *Growth Plan* policies and targets. From its inception in 2006, the *Growth Plan* sought to limit the amount of urban land used for greenfield development. As noted, the policy approach to achieve this goal was plan for a shift away from lower density housing (i.e. greenfield areas) to higher levels of intensification. And the tool or mechanism for implementation was the requirement that a specific share of total housing growth (a minimum of 50% of new units) be planned to occur within the built-up area.

This policy change, among others, over time led to delays in bringing new housing supply to market and, in turn, limited options available to meet market demand. Strong demand in relation to supply over the last number of years contributed to increased housing costs which, in part, led to a shift to smaller housing units and more people living in denser housing forms.

However, most of the changes to household formation and shifting patterns of occupancy by structure type have arisen from the steadily increasing cost of ground-related housing over the past decade or so (until recently) including a surge in pricing during the pandemic, where low rates and high demand pushed home prices to record highs. Towards the peak of the housing crisis in the early 2020s, affordability had worsened to the point that high prices were actually dampening the level of household formation and overall unit growth, with the result that prospective new home buyers were pushed further afield in the metropolitan region, including to the County of Wellington.

Significant Market Correction Now Underway

In any event, a market correction is now well underway, largely the result of a series of interest rate hikes introduced by the Bank of Canada beginning in early 2022. These rate hikes affected growth in the real estate sector overall including a significant price correction in the residential sector especially in 2023 and 2024. The correction has been particularly severe in the high-rise residential (Condo) apartment market, with the current marketplace generally characterized by record low levels of sales activity and high numbers of unsold units.

The average or “benchmark” pricing for all unit types has declined, although on a comparative basis the decline in apartment pricing has been greater. This market slowdown has delayed the launch of many new projects, primarily in central urban locations like the Cities of Toronto and Hamilton, along with other emerging nodes in the ‘905’ areas. Significant additional apartment units are also under construction in these locations, and others within the Greater Toronto and Hamilton Area (GTHA) a result of the very high unit starts at the peak of the market around 2022/2023, suggesting that the current challenges facing the apartment market are far from over.

Changes have also been made to Federal immigration targets in more recent years that will likely mean a period of slower population growth, at least in the short-term. And, of course, the recent tariff threats from the U.S. Administration and potential countermeasures from the Canadian government have already created an additional drag on investment, especially for key industrial sectors such as Steel and Aluminum products and the Automotive Industry in Ontario.

Good Land Use Planning Keeps Long Term Options Open

The degree to which the recent market trends are price-related versus policy-driven outcomes may be debatable. There are also factors that may have a bearing on the near-term economic and market outlook. However, the longer-term growth outlook remains positive, and the 2024 PPS is clear that municipalities shall base their planning and land need decisions on the longer-term view of between 20 and 30 years, based either on the projections published by the Ministry of Finance or, in the case of Wellington County, the forecasts previously issued by the Province.

In our view, the forecast of housing growth should be structured to provide a sufficient land supply to accommodate all housing types. In the current economic context, the approach taken to the County LNA where long-term shifts in housing occupancy patterns are based largely on short term trends (those being unit pricing and building activity) may no longer be applicable. In our view, a longer-term perspective that is based on well-established demographic patterns of housing demand by type is a more reasonable and appropriate basis for long range planning.

From a methodological perspective, the incorporation of specific changes to internal forecast assumptions to generate a housing mix with proportionally more high-density apartment units that would be expected under a market-based approach to delay or understate urban expansion requirements may also need to be reconsidered. In our view, limiting the amount of new urban land designations by way of a higher than achievable forecast of intensification and high-density apartment units is not sound growth management nor consistent with new Provincial planning requirements.

7.0 Implications for Land Needs

As noted in our November 2024 letter, a need for up to 320 ha of additional residential lands is estimated across the County based on the current Ministry of Finance projections. In any event, the County LNA report and draft OPA 126 rely instead on the forecasts previously issued by the Province, those being the prior *Growth Plan* Schedule 3 figures as the control total for the County Growth Analysis, as well as the details in the Hemson 2020 Technical report. Compared to the Provincial forecast, the overall County housing forecast to 2051 is lower and the forecast of housing demand by structure assumes a much denser pattern of growth over time, as noted above.

In our view, it is a more reasonable expectation that housing growth more closely reflect well-established demographic patterns of demand from a market perspective, rather than short term trends in pricing and permit activity, both of which are in the process of substantial correction on a broader basis. The market correction, at the moment, is especially pronounced for the higher density housing forms on which the County LNA relies to accommodate a sizeable proportion of future growth allocated to the Township of Centre Wellington and Fergus Urban Centre.

It is also worth reiterating, as explained in our November 2024 letter, that planning for such an increase in the development of higher density forms represents a significant change to the character of the Fergus Urban Centre. To achieve a 23% intensification from a development perspective: **between 5 to 7 new apartment buildings will need to be under construction within the Fergus Built-up Area – at all times -- beginning in mid-2021.** This level of new building activity would have a significant impact on the overall ‘feel’ of the community. It also represents a major shift in the local real estate market in relation to historic trends of intensification across the County and the broader geography of intensification within the GGH which tends to be focused in the more central urban areas noted previously.

Forecasts Previously Issued by the Province

As noted, the forecasts previously issued by the Province include the former *Growth Plan* forecast totals used in the County Growth Analysis and the accompanying details that are shown in the Hemson 2020 Technical Report. The growth outlook is based on the forecast age structure of the population, including age-specific housing occupancy patterns from a long-term market-based perspective. The forecasts take into account key demographic trends such as fertility and mortality, the ageing of the population, patterns of immigration, the migrant age structure and others.

Forecast housing demand is tied to lifestyle patterns by age, which is by far the best predictor of demand for specific housing types. Age and lifestyle-related housing demand follows a well established pattern, beginning with young adults in apartments. Leading up to and following the family-formation years, housing preference shifts to larger units to accommodate the need for more living space and then begins to move back to apartments later as the elderly “downsize”, and more single-person households are created through divorce or widowhood.

Over the last 15 or 20 years, some shifts have occurred in the housing market that affected the rate of household formation for young adults, as they continue living at home and occupy apartments longer prior to ‘moving-up’ to larger, ground-related forms. As well, and contrary to the more common land use planning perception, seniors have been staying in their homes longer, which reduces the supply of larger family-sized housing for younger generations. Otherwise, housing demand by type continues to be driven strongly by young families seeking ground-related units.

County-wide Impacts on Land Need

The housing mix expected to 2051 is set out in the Hemson 2020 Technical Report, noted previously, and shown in Table 1: nearly 80% single and semi-detached units, with the remaining 20% or so of growth in rows and towns and apartments. In our view this is a more reasonable market-based mix for the purposes of long-range planning in the context of the 2024 PPS.

A comparison of the forecast housing growth by unit type in the County LNA to the forecast shown in the previous Provincial forecasts, along with the associated residential land demand, is provided below in Table 4. On a County-wide basis, a **need for up to 350 ha of additional residential land** is shown.

Table 4

County of Wellington Total Residential Land Demand 2021-2051				
Comparison of County LNA to Prior Growth Plan 2020 Technical Report				
County LNA	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
Forecast Unit Growth	14,654	3,963	3,248	21,865
Density Units per net ha	19	36	67	23.5
Net Land Need (ha)	771	110	48	930
Previous Provincial	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
Forecast Unit Growth	19,100	2,100	3,800	25,000
Density Units per net ha	19	36	67	22.3
Net Land Need (ha)	1,005	58	57	1,120
Summary and Comparison (net ha)				
County LNA Demand				930
Previous Provincial Demand				1,120
Variance (net land)			-	190
Variance (gross buildable at 45% net to gross factor)			-	346

Source: Dillon Consulting Ltd. based on the Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing, *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020, and the Phase 1 Urban Structure and Growth Allocations Report (June 16, 2021) and Phase 2 M.C.R. Report: Urban Land Needs Assessment County of Wellington (August 29, 2022) both prepared by Watson and Associates.

This figure is considered a somewhat conservative estimate given that the County LNA forecast is roughly 3,100 units lower than the Hemson 2020 Technical Report. This difference has the effect of lowering demand for all housing units to the plan horizon. Most importantly however, the County LNA forecasts a denser mix of growth which has a significant impact on land need. Although the difference in area-wide density shown above may not seem that much – 22.3 versus 23.5 units per net ha– the resulting variance in land needs is greater because of the mix of forecast housing growth.

The Fergus Urban Centre

Similar to County-wide impacts, a higher residential land need is shown for the Fergus Urban Centre if a more reasonable market-based mix is applied. The additional requirement is illustrated below in Table 4 by applying the mix of housing growth forecast in the Hemson 2020 Technical Report (shown in Table 2) to the total housing growth forecast for Fergus in the County LNA. This approach yields a relatively modest but still **need for approximately 23 ha of additional residential lands**.

Table 4

Fergus Urban Centre Total Residential Land Demand 2021 - 2051				
Comparison of County LNA to Prior Growth Plan 2020 Technical Report				
County LNA	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
Forecast Unit Growth	3,750	1,640	1,375	6,765
Housing Mix	55%	24%	20%	100%
Net Density (units per ha)	22	40	70	29.3
Net Land Need (ha)	170.5	41.0	19.6	231.1
Previous Provincial	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
Forecast Unit Growth	5,168	568	1,028	6,765
County-wide Housing Mix	76%	8%	15%	100%
Net Density (units per ha)	22	40	70	25.6
Net Land Need (ha)	234.9	14.2	14.7	263.8
Summary and Comparison				
Variance (net land)	-64.5	26.8	5.0	-32.7
Variance (gross buildable at 45% net to gross factor)				-59.5
County Adjustments				37.0
Net Variance (gross ha Land Demand)				-22.5

Source: Dillon Consulting Ltd. based on the Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing, *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020, and the Phase 1 Urban Structure and Growth Allocations Report (June 16, 2021) and Phase 2 M.C.R. Report: Urban Land Needs Assessment County of Wellington (August 29, 2022 (both prepared by Watson and Associates.

As noted at the outset in Table 1, the total amount of Community Area SABE lands to be added in Centre Wellington is 169 ha, including the South Fergus Swap and compensating expansion lands added by the County in their subsequent adjustments to the Township figures. Of this total, approximately 79 ha are to be added to Elora and 90 ha to the Fergus Urban Centre, from which we can show a range of potential residential land need:

- The low or “Base Case” scenario is **90 ha**, which is the current (County adjusted) Community Area lands added to Fergus as a basis for OPA 126,
- The mid-range scenario is **113 ha**, which is the Base Case plus the roughly 23 ha of additional lands required by applying the mix of housing growth forecast in the Hemson 2020 Technical Report to the total housing forecast for Fergus in the County LNA, and

- The high scenario is **220 ha**, which is based on the Ministry of Finance projections. This figure is estimated by applying the share of Community Area lands added to Fergus as a basis for OPA 126 (roughly 40% of the total) to the County-wide need for 320 ha of additional residential lands estimated previously and as described in our November 2024 letter and adding this amount (approximately 130 ha) to the Base Case land need above.

The range of potential land needs for Fergus is summarized below in Table 5.

Table 5

Range of Estimated Residential Land Demand 2021-2051	
Fergus Urban Centre, Land Needs in Gross ha	
Source	Gross ha
County LNA (base case) for current OPA 126	90
County LNA based on Previous Provincial Housing Mix	113
Ministry of Finance Projections	220

Dillon Consulting Limited 2025

Role of the City of Guelph in Accommodating Growth

As with County-wide impacts, the range of land needs above is considered conservative since the County LNA housing forecast is lower than the Hemson 2020 Technical Report. It also does not take into account the role the City of Guelph will play in accommodating growth within the regional market area, which has significant implications for both the County and Fergus Urban Centre.

It is understood that the City of Guelph, like Wellington County, is also planning for a substantial shift to denser housing forms which, in turn, limits the number of new housing units allocated to the designated greenfield area and their associated land needs. Particularly in the case of greenfield land, where demand outstrips available supply, the evidence is that the ground-related market tends to simply move to the next location rather than shifting into high-rise apartment units. To address this dynamic in the context of housing affordability, Section 2.2.1 of the 2024 PPS states that:

Planning authorities shall provide for an appropriate range and mix of housing options to meet the projected needs of current and future residents of the *regional market area*: (emphasis added).

The term “Regional market area” is defined, in part, as “an area that has a high degree of social and economic interaction. The upper or single-tier municipality, or planning area, will normally serve as the regional market area.” The City of Guelph is a separated municipality that is located within and entirely surrounded by Wellington County, similar to the City of Barrie in Simcoe County.

The appropriate Regional market area from a land needs perspective, therefore, is the Wellington County geographic area including the City of Guelph. This market area is also the unit or “planning area” adopted by the Ontario Ministry of Finance for the purposes of its projections noted above.

As a result, any shortfall in meeting the housing market needs under Section 2.2.1 in the City of Guelph would translate into a need for additional land supply in Wellington County under the 2024 PPS. To the extent that Guelph is unable to accommodate the full range of housing demand, including ground-related homes, any components of unmet demand would likely seek (and find) other locations in the County that may not be as well-suited to accommodate growth. Preliminary analysis indicates that the potential scale of this spillover demand from Guelph could be substantial, translating into a **need for over 500 ha of additional residential lands**, as shown in Table 6 below.

Table 6

County of Wellington Residential Land Demand 2016-2051				
Estimated Potential 'Spillover' Demand from the City of Guelph				
Source	Single and Semi-Detached	Rows and Townhouse	Apartments (all types)	Total Units
City of Guelph GMS	3,870	8,480	21,240	33,590
Previous Provincial Demand	10,200	8,600	14,100	32,900
Variance by Unit Type	-6,330	-120.0	7,140	690
Summary and Comparison (net ha)				
Net Density (units per ha)*	22	40	70	n/a
Variance (net land area)	-288	-3	n/a	-291
Variance (gross buildable at 45% net to gross factor)				-529

Source: Dillon Consulting Ltd. based on the Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing, *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020, and the *Growth Management and Strategy and Land Needs Assessment Report, Shaping Guelph: Growth Management Strategy* report, City of Guelph, December 2021. *Note: net density factors by unit type are drawn from the County LNA report for the Fergus Urban Centre, to illustrate high-level land needs for comparison purposes.

Of specific concern with this outcome is the risk of negative regional impacts on Prime Agricultural Areas in other locations in Wellington County, particularly smaller communities that are not anticipated to grow much over the period to 2051 and would likely receive this additional development pressure. In our view, and one which is supported by the County Growth Analysis, the Township of Centre Wellington and Fergus Urban Centre is very well-suited to accommodate housing demand based on its overall attraction for development and strategic location relative to major employment centres within the broader commuter shed of the central and west GGH.

Summary of Land Needs Conclusions

Based on the foregoing, we remain of the view that further urban boundary expansions, though somewhat more limited in light of recent County adjustments, are still appropriate and warranted as part of OPA 126 and should be given serious consideration. Under the Ministry of Finance projections and should the City of Guelph be unable to accommodate the full range of housing demand anticipated, land needs would be considerably higher than the range shown in Table 5 above.

In light of new Provincial policy directions to increase housing supply and considering that, in our view, Municipalities are no longer required to implement intensification targets at the expense of other unit types (i.e. ground-related housing), we also remain of the view that planning for an ample supply of lands is preferred to understating future land needs. This approach is particularly important for locations where such substantial growth is expected, like the Fergus Urban Centre.

And although it is recognized that OPA 126 may not address broader issues of consistency with the 2024 PPS, municipalities are still required to make decisions consistent with the 2024 PPS even in cases where the official plan or other applicable land use planning instruments have yet to be updated.

We trust this overview and analysis of land needs is helpful. If you have questions or require any additional information, please do not hesitate to contact our office.

ATTACHMENT

Letter to County of Wellington dated November 29, 2024



November 29, 2024

County of Wellington
Planning and Development Department
74 Woolwich Street Administration Centre
Guelph, ON
N1H 3T9

51 Breithaupt Street
Suite 200
Kitchener, Ontario
Canada
N2H 5G5
Telephone
519.571.9833
Fax
519.571.7424

Attention: Sarah Wilhelm, Manager of Policy Planning

Re: County Official Plan Amendment (OPA) 126 Urban Boundary Expansion

Dear Ms. Wilhelm,

Dillon Consulting Limited ("Dillon") has been retained by Polocorp Limited ("Polocorp" or the "Client") to review the Land Needs Assessment (LNA) work undertaken as part of the County of Wellington Municipal Comprehensive Review (MCR) as well as the follow-up assessment of alternative density scenarios for the Township of Centre Wellington to 2051.

Our review has been undertaken from the perspective of land economics and urban land needs within the context of broader growth trends within the Greater Golden Horseshoe (GGH) and the new Provincial planning framework, which has introduced many legislative and other policy changes intended primarily to increase housing supply and address the current affordability challenge.

In particular, the new Provincial Planning Statement (PPS) provides municipalities with greater flexibility in their growth management and long-range planning strategies, including the ability to plan for higher growth and associated urban land needs to accommodate demand for all segments of the housing market. Other things being equal, use of higher forecasts will increase the overall amount of growth and urban lands required over the planning horizon to 2051.

Within this context, and for the reasons set out in this letter, our conclusion is that further Settlement Area Boundary Expansions (SABE) are warranted and appropriate. In our view, this approach is required to reflect the intent of the new PPS, especially in locations where significant shares of growth have been allocated, in the Township of Centre Wellington and Fergus Urban Centre.

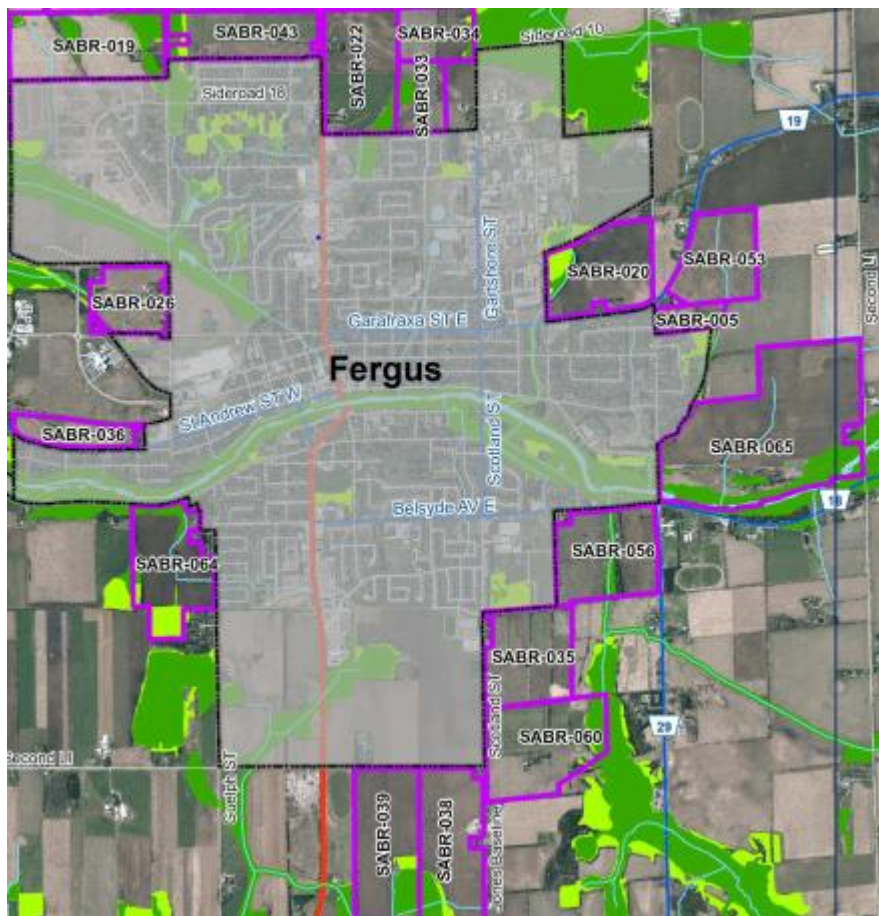
Summary of Key Conclusions

- **Wellington County is forecast to grow significantly** in population over the period to 2051.
- **Increasing housing supply** is the primary objective of new Provincial planning policies to address the current affordability crisis and housing shortage. A **need for up to 320 ha of additional residential lands** is shown across the County based on the Ministry of Finance forecasts that municipalities in Ontario are directed to use for long-range planning purposes.
- **Strong demand for housing in Fergus is anticipated**, driven primarily by young families seeking affordable ground-related homes (single and semi-detached housing), including starter homes, and “millennials” that are now entering their peak family formation years.
- The **intensification target of 23% will be a challenge to achieve** for the Fergus Urban Centre. Land use planning (even at the Provincial level) cannot force the production and delivery of specific housing unit types.
- If the expected intensification units are not delivered to market, the County will be **effectively planning for a lower amount of growth** than mandated by Provincial policy, which is not permitted.
- To achieve a 23% intensification rate to 2051 from a development perspective: **5 to 7 new apartment buildings will need to be under construction within the Fergus Built-up area – at all times -- beginning in mid-2021**, which means considerable change and impacts within the Fergus community.
- For these reasons, in our view the **land needs for Centre Wellington and the Fergus Urban Centre are understated**. Additional settlement area expansions should be accommodated as part of OPA 126 to better reflect the intent of new Provincial policy and ensure demand for all segments of the housing market can be accommodated to the plan horizon.
- There are also **strategic planning advantages** to designating an appropriate if not somewhat generous supply of lands: mainly that this tends to **limit the incentive for speculation** at the rural margin and **avoid the risk of the County and local municipality losing control of their growth management** process by way of appeals to the implementing planning instruments and associated site-by-site pressure for expansion in other, unplanned locations.

Background and Understanding

Polocorp is the owner of lands in the north Fergus Urban Centre (the “Subject Lands”) within the Township of Centre Wellington. The Subject Lands are 36.3 ha in size and contiguous to the current urban area shown in Figure 1 as SABE-022 below.

Figure1 - Location of Subject Lands (SABE-022)



The Client has requested that the entirety of its lands be included within the settlement area boundary throughout the MCR process. It is understood that on April 11, 2023, Wellington OPA 119 was approved as modified by the Minister to include all the lands. This approval was reversed by the *Official Plan Adjustments Act* on December 6, 2023. The Township of Centre Wellington Council endorsed the inclusion of approximately half of the Subject Lands on October 28, 2024.

Context for the Land Needs Analysis

The County of Wellington completed a LNA in 2022 to identify the overall amount of new Community and Employment Area lands required to accommodate forecast growth to the plan horizon to 2051. The LNA work was prepared by Watson and Associates Economists Ltd. (Watson). The results are set out in the *Phase 1 Urban Structure and Growth Allocations Report* June 16, 2021 (the County Growth Analysis) and the *Phase 2 M.C.R. Report: Urban Land Needs Assessment* County of Wellington, Final Report, dated August 29, 2022 (the County LNA report)

The 2022 County LNA report indicated a total SABE requirement of 398 ha for the Fergus and Elora-Salem Urban Centres: 238 ha are required for Community Area lands (primarily residential) and 160 ha are required for Employment Lands. This amount of new urban land designations would have allowed or the inclusion of the Subject Lands, among others, within the expanded urban boundary.

After the release of the County LNA report, in early 2023 the Township of Centre Wellington retained Watson to consider additional density and intensification scenarios to mitigate the amount of land required for the SABE. The specified objective of this work was to reduce the consumption of Prime Agricultural Lands.

Based on this revised LNA work, Watson recommended adoption of a growth scenario with a Township-wide intensification target of 20% (23% for the Fergus Urban Centre) and a greenfield density of 53 residents and jobs per ha (Scenario 3). Also included in the preferred scenario is the removal of approximately 34 ha of Employment Area lands from the South Fergus Secondary Plan Area and replacing these lands as part of a new expansion area south of Second Line. The basis for the removal of Employment Lands from the South Fergus Secondary Plan is unclear.

The net result of all changes is a reduction in residential land need from the 398 ha originally identified in the County's LNA work to 326 ha in Watson's Preferred Scenario. Community Area land need for the Fergus Urban Centre is reduced from approximately 170 ha to 89 ha. There are some concerns with the outcomes of this work, particularly in light of the broader growth context and recent changes to the Provincial planning policy, especially the new Provincial Policy Statement (PPS, 2024) that seeks to increase the supply and mix of housing options.

The Broader Growth Context

The Greater Golden Horseshoe (GGH) and Greater Toronto and Hamilton Area (GTHA) is forecast to remain one of the fastest growing urban areas within Canada and the United States. The primary source of population growth (and associated demand for housing) will continue to be international migration, driven by the economic region's continued attraction to newcomers.

Within the Greater Golden Horseshoe (GGH) there is a long-standing pattern of growth with young adults moving to the "Big City" for education and employment (historically the City of Toronto) and older adults, along with their children, moving out of Toronto to the regional '905' municipalities. In recent years, housing demand has been moving even further afield within the extended commuter shed of the GGH, in the various Counties and Regions at the edge of the metropolitan area.

The pattern of rapid growth in population occurring at the edge of the metropolitan area is now well-established. Many of these communities have been experiencing some of the highest growth in decades, including Simcoe, Grey and Bruce Counties, the Region of Waterloo, Wellington, Oxford, Brant and Niagara Region to the west and Hastings and Northumberland to the east. As explained in the Watson LNA work, Wellington County is expected to experience the same significant outward growth pressure, mainly from the western and northern GTHA.

Housing affordability will continue to remain a challenge in the foreseeable future, especially within the more mature and established areas of the GTHA. As these areas continue to build out, municipalities outside the GTHA will be drawn effectively closer to the existing metro area including Wellington County. For these reasons, we are of the view that the long-term growth for communities outside the GTHA will outpace current expectations, including the forecasts to 2051 that underpin the LNA work that informs the County OPA 126 SABE allocations.

Provincial Planning Policy - Facilitating Housing Supply

In addition to strong demand, a number of changes to the Provincial planning policy have been made, which have as their primary objective the acceleration of housing supply to address the current affordability crisis and housing shortage. Most recently, the new Provincial Policy Statement has come into force which introduces significant changes to the way municipalities plan for growth.

The general Provincial policy direction is to move away from what has historically been a restrictive approach to managing growth towards one that facilitates the provision of new housing supply. Particular emphasis is placed on providing a suitable supply of lands to accommodate all segments of housing demand.

The key tool provided to municipalities to follow this direction is the ability to base their population and employment growth forecasts on the population projections published by the Ministry of Finance. Currently these forecasts show a total 2051 population for Wellington County (including the City of Guelph) of approximately 400,200 which is higher than the equivalent *Growth Plan* Schedule 3 forecasts (2020) of approximately 363,000, as shown in Table 1.

**Table 1 – Comparison of Ministry of Finance and Growth Plan Schedule 3 Forecasts
Wellington County 2051 Total Population**

Geography	Growth Plan (2020)	Ministry of Finance (2024)	Variance
County of Wellington	160,000	176,400	+16,400
City of Guelph	203,000	223,800	+20,800
Total County	363,000	400,200	+37,200

Source: Growth Outlook for the Greater Golden Horseshoe, Hemson 2020, Growth Plan for the Greater Golden Horseshoe (superseded by the new PPS) Ontario Population Projections, 2023-2051. Finance distribution based on Growth Plan 2051 shares.

Other things being equal, the incorporation of 16,400 more people into the LNA to 2051 would increase the amount of growth and, in turn, associated land needs within the County over the period to 2051. From a high-level perspective and for illustration purposes, the addition of 16,400 new residents under the County MCR Base Case scenario would translate into a need for approximately 320 ha of new Community Area lands to accommodate growth to 2051.¹

It should be noted that the Ministry of Finance forecasts are updated on a yearly basis, and some important changes have recently been made to immigration targets that will affect the results. Our preliminary estimate is that the additional urban land needs would be reduced to roughly 260 ha (from the estimated 320 ha) by this change, which is still a substantial amount. Nevertheless, the figures are to be updated so the results are not yet known. For our current purposes the Ministry figures shown in Table 1 are the ones that are to be applied within the context of the new PPS policies.

¹ The total of 16,400 new residents at 20% intensification yields roughly 13,120 new residents in the Community Areas. Incorporating a population-related employment factor of approximately 1 job for every 7 new residents adds approximately 1,870 jobs, for a total of approximately 14,990 residents and jobs in the Community Area. Applying a density factor of 47 residents and jobs per ha yields a land need of approximately 320 ha.

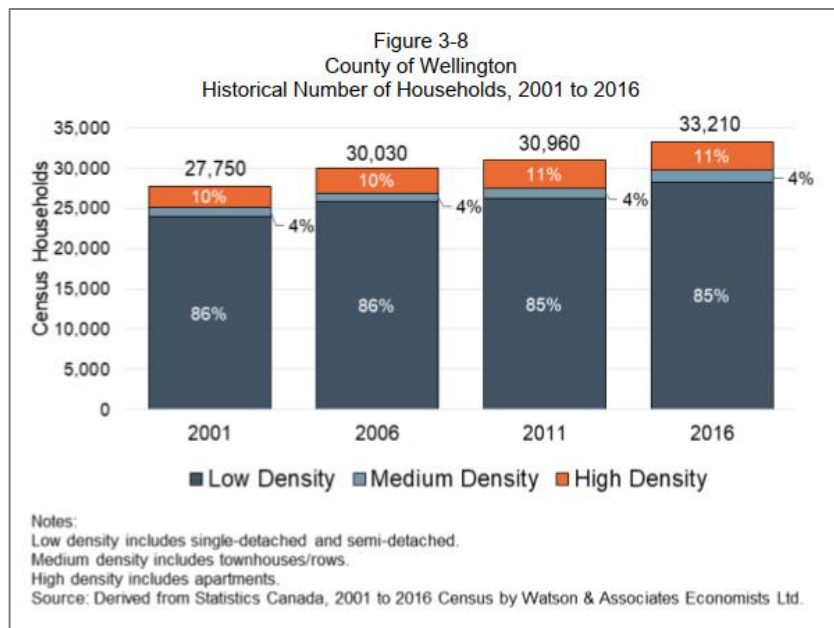
Of course, under the new PPS, municipalities may continue to use the existing *Growth Plan* forecasts for the purposes of land use planning, at a minimum. However, whether or not this is the most appropriate approach to be taken within a rapidly growing community like Wellington County within the broader growth and provincial policy context is another matter.

Our view is that future growth will likely be higher than shown in the Schedule 3 forecasts and the County should take into account the potential to outpace these minimums. In particular, demand for ground-related housing – the main driver of new urban land requirements – is expected to be substantial.

Demand For Housing by Type

Much of the recent population growth in Wellington County has been driven by young families and ageing millennials seeking affordable, ground-related homes including starter homes, especially those moving from other locations within the GTHA, many of which will be coming from small apartments in the City of Toronto, Hamilton, Halton, and Peel Region.

As explained in the Watson LNA work, low-density housing has historically made up the majority of housing demand at approximately 85% of overall growth, as illustrated in Figure 3-8 replicated below from the *Phase 1 Urban Structure and Growth Allocations Report* (June 16, 2021).



Updated Census information indicates a continuation of the historic housing demand by type, with a total of approximately 35,300 households in 2021: of which 29,600 or nearly 85% are single and semi-detached units. This is the same pattern of demand for housing by type that is being experienced by most communities outside the GTAH, that being a long-standing preference for single-detached homes to accommodate new migrants in their family-forming years. The County's unique combination of urban and rural characteristics also presents a high quality of life that further contributes to the attraction and demand for ground-related housing forms.

Other factors will also maintain or possibly accelerate demand for single family homes, including the lingering impacts of COVID 19 and entrenchment of remote and hybrid work models. Significant growth is also forecast for communities within the Wellington County commuter shed including the City of Guelph, Waterloo Region, and southern Peel and Halton regions, among others. Planned transportation upgrades such as Highway 7 and Highway 413 will only improve the attraction for growth in the County in this regard, further supporting demand.

Notwithstanding the current economic slowdown, in our view growth in population across the GGH will continue to be driven by demand for affordable family-sized housing, which is of particular significance to the County, Centre Wellington and the Fergus Urban Centre given its strategic location within the GGH. Within this context, the residential intensification target will be a challenge to achieve.

The Residential Intensification Target

As noted, the County LNA work incorporates an intensification target of 20% for the Township of Centre Wellington with the Fergus Urban Centre assigned a target of 23% and Elora a target of 12%, respectively. The intensification rates are shown in Figure A-2 replicated below from the *Phase 2 M.C.R. Report: Urban Land Needs Assessment* County of Wellington, Final Report, dated August 29, 2022.

Figure A-2
Housing Forecast by Urban Centre and Intensification Rates, 2022 to 2051

Table 1: Township of Centre Wellington

Centre Wellington	B.U.A.	D.G.A.	Rural	Total Units	B.U.A. as % of Urban Centre Growth	B.U.A. as % Municipality Growth
Elora	270	1,990	0	2,260	12%	3%
Fergus	1,500	4,970	0	6,470	23%	17%
Urban Centre	1,770	6,960	0	8,730	20%	20%
Rural	0	0	230	230	0%	0%
Total Centre Wellington	1,770	6,960	230	8,960	20%	20%

Achieving the intensification target requires a shift in the pattern of housing demand that would otherwise occur, notably towards higher density forms like apartments. According to the Watson LNA work, the forecast housing mix of growth in the Fergus Urban Centre is forecast to shift from the historic pattern of predominantly low-density units to more of an even distribution: 55% low density and 45% medium and higher density units, largely driven by needs related to housing affordability and the aging of the County's population base.

Some communities including Centre Wellington may have accommodated higher than average rates of intensification in the past, however in most cases this trend is due to the development of remnant greenfield supply in the Built-up Area. Since the supply of these opportunities is nearly exhausted, future residential intensification will need to be accommodated in primarily higher density forms such as apartments.

The Watson LNA work identifies a number of potential constraints to the delivery of these units to market, including large concentrations of built heritage resources which limits supply opportunities for intensification. On a County-wide basis, of all the Urban Centres Fergus has the largest shortage of supply for intensification, which brings into question the feasibility of delivering the units required to achieve the intensification target. Achieving the target also has important implications for the nature of growth and development in the Fergus community over time.

Implications for Community Growth and Development

As shown in Figure A-2, the intensification target of 23% for the Fergus Urban Centre would translate into a need for 1,500 new units within the Built-up Area over the period to 2051. Most of this demand would need to be accommodated in apartments and higher density forms such as stacked towns. This growth allocation would translate into 50 units per year over a 30-year horizon and, more importantly, represents a significant change to the character of the local Fergus market:

- At an average size of between 20 to 30 units per building, consistent with the experience of many other Counties in the GGH, 1,500 new units would translate into a total requirement for 50 to 75 new buildings.
- From a development perspective, this would mean that between roughly 1.7 and 2.5 new apartment buildings would need to be completed annually.
- Assuming a fairly typical 3-year construction period, this suggests that in the range of between **5 to 7 buildings would need to be under construction at all times within the Fergus built-up area beginning in mid-2021.**

Of course, some future growth will likely include other low and mid-rise forms such as townhouses and some larger buildings over time. Nevertheless, the scale of growth and change in community character that is required to achieve the intensification target represents a major shift away from what is expected to be the primary economic role of Wellington County, more broadly, which is to accommodate what is expected to be very strong demand for ground-related housing especially from ‘millennials’ that are now entering their peak family formation years.

Implications for Land Needs and Long-Range Planning

For the reasons set out above, in our view the overall land needs for Centre Wellington and the Fergus urban centre are understated. There is no question that intensification is important: however, land use planning cannot force the production of these types of units. Limiting the amount of new urban land designations by way of a higher than achievable intensification rate is not sound growth management nor consistent with new Provincial planning directions.

In addition, since Centre Wellington and Fergus is set to accommodate such a large share of overall County growth, there is a real risk that the forecast mix of housing will not be delivered to market. If the necessary level of intensification cannot be achieved, the County and Centre Wellington will effectively be planning for a lower amount of growth than mandated in the new PPS under either the current *Growth Plan* forecast or Ministry projections, which is not permitted. Planning for an appropriate if not ample supply of lands is preferred to understating future land needs.

There are also strategic planning advantages to putting in place a somewhat generous land supply to accommodate long-term housing demand, mainly because this has the effect of reducing the incentive for speculation at the rural margin, giving more control to the local municipalities who can then manage growth pressure through the phasing of approvals and infrastructure. The designation of urban lands for development, in and of itself, does not “make” the market.

On the contrary, constraining urban land supplies in high-demand locations tends to have the effect of redirecting growth to other communities that may not be as well-suited to accommodate it. In our view, this not consistent with PPS particularly in regard to the protection of Prime Agricultural Lands. Constraining the land supply for settlement area expansion also exposes the County and local municipality to the risk of losing control of their growth management processes by way of appeals to the implementing planning instruments and associated site-by-site pressure for expansion in other, unplanned locations.

Under the new PPS and *Planning Act*, landowners will be able to apply at any time for settlement area expansions, and in turn appeal those applications to the Ontario Land Tribunal. If a sufficient land supply has not been designated, such appeals will be able to satisfy the required provincial policy tests from a growth management perspective, giving them a high chance of success.

On the other hand, if an appropriate supply of lands is designated to meet needs to the 2051 horizon in a fashion that satisfies Provincial policy (including use of the Ministry of Finance projections and a more realistic mix of unit types) such appeals will likely be unable to succeed and there will be little incentive to launch such applications and appeals. By designating an appropriate land supply, the County and Centre Wellington are better able to retain control of their long-range planning and also avoid the costs associated with potential Tribunal hearings, which can be significant.

Based on the foregoing, we conclude that further urban boundary expansions are warranted and appropriate as part of Official Plan Amendment (OPA) 126 and should be given serious consideration. From a servicing perspective, it is understood generally that capacity exists or can be provided to any additional urban expansion lands and that the north end of the Fergus settlement area is preferable, however, these issues are being addressed under separate cover.

We trust that this review and commentary is of assistance and look forward to participating in the public review process that is to come. Please do not hesitate to let me know if you have any questions or require additional information.

DILLON CONSULTING LIMITED



Antony P. Lorus, RPP, MRICS, PLE
Associate and Senior Land Economist