



DEVELOPMENT SERVICES *Staff Report*

REPORT NO: DS 2022-013

TO: Council

SUBMITTED BY: Harold O’Krafka, MCIP RPP, Director of Development Services

PREPARED BY: Harold O’Krafka, MCIP RPP, Director of Development Services

REVIEWED BY: Sharon Chambers, CAO

DATE: May 30, 2022

SUBJECT: Region of Waterloo Official Plan Review – Land Needs Assessment

RECOMMENDATION:

THAT Report DS 2022-013 be received for information; and further,

THAT Council advise the Region of Waterloo of the following:

That Wilmot Township requests all scenarios for growth to 2051 for Wilmot Township be modified as necessary to plan for the full utilization of the unallocated capacity of the New Hamburg Wastewater Treatment Plant (NHWWTP) – estimated by the Region in May of 2021 to be 10,400 persons;

That Wilmot Township requests that all scenarios for growth to 2051 for Wilmot Township utilize the existing Wilmot intensification target of 30% - recognizing that this target is both significantly greater than the historical rate of intensification for Wilmot Township and the intensification rate being proposed for other rural Townships; and,

That Wilmot Township requests consideration of increased minimum density requirements for developments, within any required expansions to Township Urban Areas, to further minimize the size of required expansions.

SUMMARY:

The Region of Waterloo released its draft Land Needs Assessment (LNA) for public comment on April 12, 2022 and initiated a six week public consultation window on the document which envisions how the Region might accommodate forecasted population and employment growth of approximately 300,000 new residents and 178,000 new jobs to this community over the next 30 years.

A summary of the draft Land Needs Assessment was presented by Regional staff in Regional Report PDL-CPL-22-11 which is included as Attachment A to this report. The full Lands Needs Assessment document is available at the Region of Waterloo EngageWR portal (www.engagewr.ca/regional-official-plan).

In addition to opportunities for public input, an “All-Council” education session was held virtually on April 29th to allow for area municipal Council’s to hear a presentation on the draft LNA from Regional staff and to ask questions. The video of that All-Council education session is available on the Region of Waterloo’s YouTube channel.

A public input meeting was also held on May 19th at the Region’s Planning & Works Committee and the recording of that session is also available on the Region of Waterloo’s YouTube channel. A number of delegations provided a variety of comments and alternative growth scenarios to the Region at that meeting and Regional staff will be reviewing those submissions as part of their recommendation to Regional Council on a preferred growth scenario. Should those submissions result in additional circulation Township staff would then review and critique those scenarios for Township Council.

Public comments are required on the draft LNA by May 27th. However, acknowledging the tight timelines for review and comment, Regional staff have agreed to accept comments from area municipalities until June 6th.

Regional staff intend to review the input received on the draft LNA and then proceed with a report to Regional Council on June 15th identifying a preferred growth scenario based on the Evaluation Criteria for Growth Options included as Attachment B to this report.

If endorsed by Regional Council, the report would lead to the preparation of an implementing amendment to the Regional Official Plan which would proceed to a Public Meeting in July with anticipated adoption before the end of August.

Township staff are concerned that sufficient time may not be provided to allow for an in-depth analysis of the fiscal impacts of the preferred scenario at the local level and that given the importance of the exercise sufficient time should be provided to allow for enhanced local input on the proposed preferred scenario.

It is our opinion that the fiscal impacts of the preferred scenario on the Township of Wilmot should be fully understood in order for Township Council to make an informed recommendation on a decision that will have long reaching impacts on the community over the next 30 years.

BACKGROUND:

The Lands Needs Assessment (LNA) is an important step in determining how the Region will allocated and accommodate population and employment growth to 2051.

The growth itself is allocated to the Region by the Province through the Growth Plan for the Greater Golden Horseshoe (Growth Plan). In addition to providing population and employment forecasts the Province has established a methodology that the Region is required to use to assess the quantity of land required to accommodate growth to 2051.

The Region circulated its draft LNA on April 12th for public and municipal input. Regional staff describe the LNA as “a document, based on an analysis of required technical information and calculations, that helps us determine how much land we may need in the future. The draft LNA took direction from Regional Council in Fall 2021 and presents three growth options Regionally for community area and two growth options for employment area.” This report summarizes at a very high level the three proposed growth scenarios and makes suggestions for significant modifications to ensure that Wilmot Township continues to grow and remain a prosperous component of the Region of Waterloo to 2051.

REPORT:

In order to understand the basic components of the draft LNA it is important for Council to understand some of the foundational components.

Community Areas represent the lands where most housing, commercial, retail and institutional growth will be located.

Employment Areas represent the lands where most industrial activities such as manufacturing, logistics and warehouses will be located.

Minimum Intensification targets of the Province for the Region of Waterloo (as a whole) is that a minimum of 50% of all residential development occurs within the existing Built-Up Area (BUA). The BUA is essentially the existing developed areas of the Region as determined by the Province in 2006.

Designated Greenfield Area (DGA) are the lands that are inside the urban areas but are outside of the BUA and have been designated for development in the Official Plan. The Province requires that a minimum density of 50 people and jobs per hectare be accommodated within this area. Across the Region the historic rates of intensification have varied significantly – the City of Waterloo for example having very little greenfield lands within its boundaries has intensification rates that far exceed 50% while the Townships historically would have intensification rates below 20%. Given the significant population growth of the

cities compared to the Townships the overall impact of Township intensification rates on the Regional average is minimal.

Wilmot's historical intensification rate was approximately 17% at the time of the update to the Official Plan (adopted 2017, approved 2019) and Council set out an ambitious target of 30% intensification which has not been without controversy as projects are considered.

As a general rule of thumb the greater the intensification target the less greenfield land required to accommodate growth and similarly the higher the density of greenfield growth the less greenfield land required to accommodate growth.

The expansion to urban boundaries to add new DGA is limited to areas inside the Countryside Line. The Countryside Line was established as a hard edge to future urban growth as a means to protect the agricultural lands of the Region in the long term and to provide a focus for long range planning activities.

In Wilmot the Countryside Line was largely defined by the Official Plan update that began in 2017 and concluded in 2019 with the approval of Regional Official Plan Amendment 1. The Countryside Line in Wilmot roughly targets future greenfield growth to the area bordered by New Hamburg to the west, Baden to the east, Waterloo Oxford District Secondary School and Foxboro Green to the north and the Wilmot Recreation Complex and Highway 7 & 8 to the south. Attachment C highlights the Countryside Line in Wilmot and the existing DGA.

The gross volume of land inside the Countryside Line in Wilmot which is not currently designated for development totals 303 ha. As will be discussed further in this report, under a moderate growth scenario utilizing the full capacity of the Baden-New Hamburg Wastewater Treatment Plant, utilizing an aggressive 30% intensification rate, and complying with the minimum density of development required by the Province, only a small fraction of these lands would be required to accommodate growth to 2051. Increasing the density of development and rate of intensification would further reduce any additional land required.

Suffice to say the Countryside Line boundary is not threatened by growth in Wilmot to 2051 under any existing or revised scenario. The Region identifies that the housing mix forecasts used in the draft LNA are "forward-looking and based on anticipated future conditions and shifting demographics" by providing a greater mix of medium and high-density housing options.

Draft LNA Community Area Land Needs Options

Option 1 (50% intensification and 50 pj/ha)

Option 1 generates the maximum amount of new Community Area required by the Provincial minimums and results in the requirement to expand urban areas across the Region beyond the current limits of the Countryside Line when combined with Employment Area requirements.

Specific to Wilmot, Option 1 proposes population growth of 13,700 people over the next 30 years to a total population of 36,400 by the year 2051 and at an intensification rate of 30%. It would require the allocation of an additional 197 ha of greenfield development land.

Township of Wilmot

Year	Population (Including Census Undercount) ¹	Households				Persons Per Unit (PPU)
		Low Density ²	Medium Density ³	High Density ⁴	Total	
2016	21,400	6,645	370	505	7,520	2.85
2021	22,700	7,035	410	550	7,995	2.84
2051	36,400	9,800	1,355	2,045	13,200	2.76
2021-2051	13,700	2,765	945	1,495	5,205	

Source: Option 1: Watson & Associates 2022

Township of Wilmot

Year	Households by Policy Area				% Intensification
	BUA	DGA	Rural	Total	
2016	3,970	1,060	2,485	7,520	
2022	4,115	1,555	2,545	8,205	
2051	5,600	4,930	2,670	13,200	
2016-2022	145	495	60	685	21%
2022-2051	1,485	3,375	125	4,995	30%

Source: Option 1: Watson & Associates 2022

Option 2 (60% intensification and 60 pj/ha)

Option 2 generates a significantly smaller amount of new Community Area required by the Provincial minimums and results in a lesser requirement to expand urban areas across the Region beyond the current limits of the Countryside Line when combined with Employment Area requirements.

Specific to Wilmot, Option 2 proposes a reduced population growth of 7,600 people over the next 30 years to a total population of 30,300 by the year 2051 and at an increased intensification rate of 45%. Scenario 2 would require the allocation of no additional community area greenfield development land in Wilmot Township.

Township of Wilmot

Year	Population (Including Census Undercount) ¹	Households				Persons Per Unit (PPU)
		Low Density ²	Medium Density ³	High Density ⁴	Total	
2016	21,400	6,645	370	505	7,520	2.85
2021	22,700	7,035	410	550	7,995	2.84
2051	30,300	8,255	1,110	1,665	11,030	2.75
2021-2051	7,600	1,220	700	1,115	3,035	

Source: Option 2: Watson & Associates 2022

Township of Wilmot

Year	Households by Policy Area				% Intensification
	BUA	DGA	Rural	Total	
2016	3,970	1,060	2,485	7,520	
2022	4,115	1,555	2,545	8,205	
2051	5,395	2,965	2,670	11,030	
2016-2022	145	495	60	685	21%
2022-2051	1,280	1,410	125	2,825	45%

Source: Option 2: Watson & Associates 2022

Option 3 (60% intensification and 64 pj/ha)

Option 3 generates the least amount of new Community Area required by the Provincial minimums.

Specific to Wilmot, Option 3 proposes a further reduced population growth of 6,100 people over the next 30 years to a total population of 28,800 by the year 2051 (just 300 persons more than the current projected 2031 population) and at an intensification rate of 45%. This would not require the allocation of any additional community area greenfield development land.

Township of Wilmot

Year	Population (Including Census Undercount) ¹	Households			
		Low Density ²	Medium Density ³	High Density ⁴	Total
2016	21,400	6,645	370	505	7,520
2021	22,700	7,035	410	550	7,995
2051	28,800	8,025	965	1,445	10,435
2021-2051	6,100	990	555	895	2,440

Source: Option 3: Watson & Associates 2022

Township of Wilmot

Year	Households by Policy Area				% Intensification
	BUA	DGA	Rural	Total	
2016	3,970	1,060	2,485	7,520	
2022	4,115	1,555	2,545	8,205	
2051	5,110	2,650	2,670	10,435	
2016-2022	145	495	60	685	21%
2022-2051	995	1,095	125	2,230	45%

Source: Option 3: Watson & Associates 2022

Analysis

In considering the three options presented by Regional staff within the draft LNA Township staff have a number of high level specific concerns and have been working with the Region and its consultants to address those concerns in the preparation of a preferred growth scenario for the Region.

Population Allocation

The primary concern of staff in reviewing the growth scenarios to 2051 are the progressively reduced population allocations for Wilmot Township in Scenario’s 2 and 3.

Growth is important and integral to the health of any community and it is important that decisions that may have the effect of artificially constraining or limiting population growth only be made with a full understanding of the costs and implications of those decisions - not only at the Regional level but perhaps more importantly at the local level as well.

The Region has indicated that maintaining an appropriate share of population growth in each Area Municipality relative to the Region is one of several determining factors in allocating that an important factor in allocating population growth. Part of the justification for reducing Wilmot’s percentage of the overall Regional population seems to be based on the lower than ideal growth during the 2016-2021 period which saw annual growth drop to 2.2% of annual Regional growth.

Considering the 15 year average (2006-2021) the average begins to weight significantly higher to 4.0% of annual growth. Having said that, including the slowest 5 years of growth should reasonably be offset by including the highest 5 years to more appropriately weight both highs and lows. The 20 year average includes the high (2001-2006) and the low (2016-2021) and suggests an historic average of 4.5% of annual growth.

This is an important consideration and one that Township staff feel can be addressed by utilizing the full unallocated capacity of the NHWWTP as the population allocation to 2051.

Wilmot Township Population as a Percentage of Regional Population: Historic and Projected

Period	Wilmot	Region	Wilmot Share of Regional Growth
2001	15,500	456,100	
2006	17,800	497,200	
2016	21,400	556,600	
2021	22,700	617,000	
2051 (Option 1)	36,400	923,000	
2051 (Option 2)	30,300	923,000	
2051 (Option 3)	28,800	923,000	
2051 (NHWWTP Capacity +10,400)	33,100	923,000	
2001-2021 (20 yr avg)	360	8,045	4.5%
2006-2021 (15 yr avg)	327	7,987	4.1%
2016-2021 (5 yr avg)	260	12,080	2.2%
2021-2051 (Option 1)	457	10,200	4.5%
2021-2051 (Option 2)	253	10,200	2.5%
2021-2051 (Option 3)	204	10,200	2.0%
2021-2051 (NHWWTP Capacity +10,400)	347	10,200	3.4%

The Township acknowledges that a primary building block of the plan for growth in the Region to 2051 is to minimize Regional capital expenditures to accommodate growth. In particular expansions of sewage treatment plants are costly and as such existing capacity should be fully utilized to capitalize on expenditures already made.

In this respect, notwithstanding that the population allocation of Option 1 is the most reflective of historic population growth in the Township, staff do not support a population allocation that exceeds the capacity of the NHWWTP and in so doing builds expectations of expansion of the plant within the planning horizon which might not be realized.

In this same regard Township staff cannot support the reduced population allocations of 7,600 persons in Option 2 or 6,100 persons in Option 3.

It is critical that the LNA and plan for growth to 2051 provide for all municipalities within the Region of Waterloo to continue to grow and flourish as complete communities. While growth may be seen by some to be a burden, it is more often seen as an opportunity which provides benefits in the health and well being of residents. Growth in these challenging times provides the opportunity to create new forms of more attainable housing which will allow us to retain our seniors and our youth in the community by providing the full spectrum of housing opportunities as well as the potential for increased local and regional employment opportunities.

Planned and appropriate growth allows the Township to fully develop into a complete community. Growth facilitates the introduction of higher densities and more varied forms of housing to provide for the needs of the entire community while supporting the economic growth of the Township through new employment opportunities within a walkable and transit supportive environment.

The Region of Waterloo is poised for growth of approximately 50% and Wilmot Township has sufficient sewage capacity and land resources to accommodate its own growth by approximately 50% to 2051 without the financial impact to the Region of expanding the NHWWTP.

As such, staff recommend that Council request the Region to modify any recommended growth scenario to ensure that the full capacity of the NHWWTP of 10,400 (total population of 33,100) is allocated to Wilmot Township to the year 2051.

Intensification Targets

Development approvals in Wilmot Township have progressively strived to increase density and housing options to create inclusive neighbourhoods while advocating for increased opportunities for intensification within existing neighbourhoods.

These opportunities are embraced by Township staff, and although difficult in many aspects for residents of established neighbourhoods to accept, are important to the health of the community.

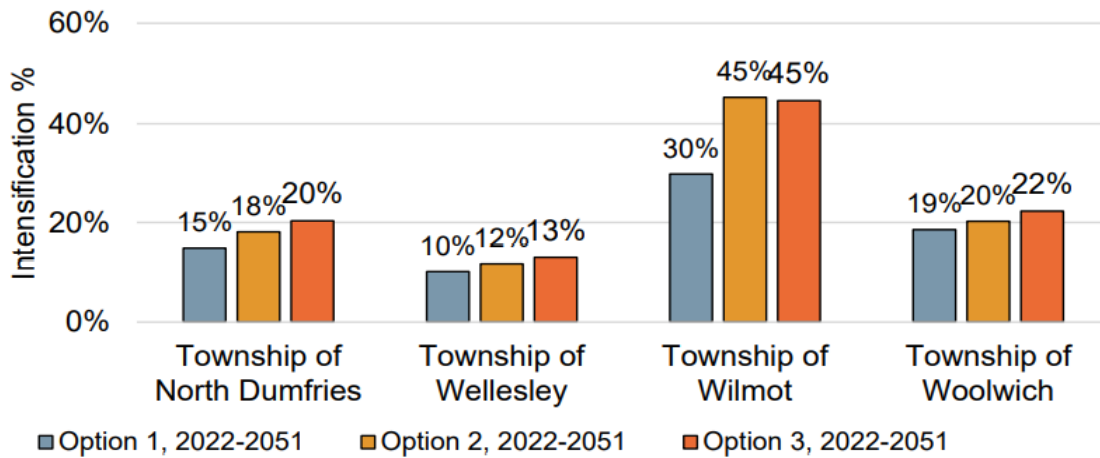
Having said that intensification is not necessarily without its significant potential financial impacts on the community as well in terms of infrastructure.

From a heritage perspective the typical focus for intensification efforts tends to interface with older neighbourhoods and heritage properties. Typically the very low density development found in the Snyder's Road, Foundry Street, Waterloo Street, Huron Street and Peel Street areas are prime for both heritage preservation and intensification creating conflict between the desire to grow and intensify with the desire to preserve heritage and neighbourhood character.

From an infrastructure perspective the fiscal impacts of retrofitting aging infrastructure to accommodate growth through intensification can be considerable and so understanding the fiscal impacts of not only greenfield but perhaps more importantly intensification is critical to ensuring a fiscally responsible growth plan.

During the recent 2017-2019 update to the Township Official Plan the Township set a fairly aggressive target of 30% intensification which was supported by the Region of Waterloo. The target is considered aggressive as it represented an almost doubling of the historic rate of intensification at the time (17%) and was well beyond the target of 20% typically found in many rural communities.

The intensification rates proposed for the four (4) rural Township vary significantly across the three options.



Source: Options 1 to 3 growth by Watson & Associates Economists Ltd.

While Option 1 appropriately utilizes the existing Official Plan target of 30% intensification for Wilmot Township, staff cannot support Option 1 as the population forecast is beyond the existing capacity of the NHWWTP and therefore the option is unreasonable to 2051.

Of concern, however, is that Option 2 and Option 3 combine a lowering of population forecasts with a dramatic increase to expected intensification in Wilmot to 45% while not applying a similar expectation across the board to other Townships.

The Township is concerned that the intent of the land budget process is to determine the amount of land needed to properly accommodate planned and orderly growth in each Area Municipality as a component of the collective Regional growth.

As such staff requested that the Region and their consultants provide an estimate of the resultant land need impacts in Scenario 2 or Scenario 3 utilizing the full allocation of population (10,400) at the existing Wilmot Official Plan target of 30% intensification or the lower 20% threshold being applied to other rural Townships.

These discussions are ongoing and would ultimately need to be considered in the greater context of regional impact in developing the ultimate growth scenario by the Region. It is anticipated that the modified scenarios would result in the need for additional greenfield lands in Wilmot in the magnitude of 45ha to 51ha of DGA based on a high level conceptual analysis.

As indicated earlier, and on Attachment C, the total volume of land inside the Countryside Line which is intended to accommodate future greenfield growth needs for the Township is over 300ha. As such, if required, the expansion of the urban boundaries of New Hamburg and Baden to accommodate this volume of land to 2051 is certainly possible without any threat to the long term protection of agricultural resources outside the Countryside Line or the majority of lands inside the Countryside Line in Wilmot.

Density of DGA Development

The other significant component of growth is the density at which new greenfield development will be built. Obviously, the higher the density, the less land required to accommodate the growth.

The Province, as discussed earlier, requires a minimum of 50 people and jobs / hectare and the three draft growth scenarios for Wilmot prepared by the Region reflect this target. The Region assigns a similar target for the other Township Urban Areas while setting significantly higher targets for greenfield developments in the cities.

To a large extent density drives the range of product and the range of attainability. As a general rule of thumb the smaller the dwelling the lower the price and as such the higher the density the greater the mix of the often referenced 'missing middle'.

It is the opinion of staff that the Township should request the Region and its consultants to give consideration to increasing the density expectations from greenfield developments in Township Urban Areas beyond the minimums set out by the Province as one means of ensuring the construction of a broad spectrum of housing forms and attainability not only within the cities, but within the Townships as well.

The forms of 'missing middle' housing that would reasonably be generated in rural communities are realistically much more easily accommodated within greenfield developments than incorporated into established neighbourhoods.

That is not to say that there isn't a role for higher density housing forms as part of intensification, but certainly softer forms of intensification are much more easily and widely incorporated in rural communities.

In summary, with respect to Community Area, staff recommend that the allocation of population to Wilmot Township based on the available capacity of the NHWWTP is not only fiscally prudent but also aligns well with the historical place of Wilmot's annual growth Regionally.

Further, setting an aggressive yet reasonable target for intensification highlights the Township's desire to minimize the need for expanding Township Urban Areas while ensuring the preservation of the character of established neighbourhoods as well.

Additionally, increasing the expected density of new greenfield growth will further reduce the size of Community Area expansion required in the Township to ensure that appropriate, community sustaining growth is accommodated in an efficient and fiscally responsible manner to 2051.

Employment Land Needs Options

The draft LNA essentially considers two growth options for the region's Employment Areas.

Option 1 would foresee an intensification rate of 15% within existing employment areas at a density of 35 jobs/hectare with a resultant land need of 659 hectares regionally while Option 2 would see an increased intensification rate of 25% while maintaining the density target of 35 jobs/hectare and a land need of 456 hectares regionally.

Specific to Wilmot Option 1 would result in the need for an additional 17 hectares of employment lands to be designated in Wilmot to 2051 while Option 2 would see that requirement drop to just 5 additional hectares.

Given the nature and type of industries in Wilmot and considering the existing layout of employment areas staff are of the opinion that while some intensification could occur it is largely unlikely given the propensity of existing industries to have acquired additional lands as a 'reserve' for future expansion.

As such, staff would suggest that Option 1 in respect of Employment Land Needs to 2051 is a much more realistic option for Wilmot Township that further enhances our capacity to grow in a balanced fashion and as a complete community.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

Considering and providing input to the Region on matters of concern to Council in respect of the long term growth of Wilmot Township provides for economic prosperity and sustenance of quality of life while maximizing environmental protection and the efficient and fiscally responsible use of infrastructure resources.

The constrained timelines and limited opportunity to engage local residents on the opportunities and impacts of long term growth and development is of concern and does not align with the Wilmot Strategic Plan goals of promoting an engaged community.

ACTIONS TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS:

Goal 3: Good Health and Well-being
Goal 8: Decent Work and Economic Growth
Goal 9: Industry, Innovation and Infrastructure
Goal 10: Reduced Inequality
Goal 11: Sustainable Cities and Communities
Goal 13: Climate Action

FINANCIAL CONSIDERATIONS:

There are significant financial considerations to the municipality of both excessive and restrictive growth. A full financial impact analysis of any preferred scenario should be considered by Council at the local and Regional level prior to supporting any preferred growth scenario.

Fundamental to this analysis is the impact of a slowed or reduced annual growth rate on development charge projections and growth-related capital financing, the impacts of intensification model on core infrastructure, and Wilmot's current focus on resolving I&I issues.

For example, if there were sufficient capacity at wastewater treatment facilities and zero growth planned, there would not be an incentive to generating additional capacity through I&I expenditures, since these expenditures would not be recovered through new development.

Prior to considering any of the proposed growth strategies, the Township should seek further financial impact analysis on all options.

ATTACHMENTS:

- Attachment A: Region of Waterloo Staff Report CPL-PDL-22-11
- Attachment B: Evaluation Criteria for Growth Options
- Attachment C: Countryside Line in Wilmot, May 2022