Region of Waterloo

Planning Development and Legislative Services

Community Planning

To: Chair Tom Galloway and Members of the Planning and Works Committee

Date: February 19, 2019 File Code: D16-60

Subject: Proposed Amendment 1 to the Growth Plan for the Greater Golden Horseshoe

Recommendation:

That the Regional Municipality of Waterloo forward Report PDL-CPL-19-10, dated February 19, 2019, to the Minister of Municipal Affairs and Housing in response to the Proposed Amendment 1 to the Growth Plan for the Greater Golden Horseshoe, Modifications to O. Reg. 311/06 (Transitional Matters - Growth Plans), Modifications to O.Reg 525/97 (Exemption from Approval – Official Plan Amendments) and Proposed Provincially Significant Employment Zone Framework and Mapping.

Summary:

On January 15, 2019, the Province of Ontario released the Proposed Amendment 1 to the Growth Plan for the Greater Golden Horseshoe, 2017 (Growth Plan), Modifications to O. Reg. 311/06 (Transitional Matters - Growth Plans), Modifications to O.Reg 525/97 (Exemption from Approval – Official Plan Amendments) and Proposed Provincially Significant Employment Zone mapping for public input and feedback. The Proposed Amendment has been posted on the Environmental Registry for a 44 day review period ending February 28, 2018. The Proposed Amendment would amend the current Growth Plan which came into effect on July 1, 2017.

The Growth Plan provides policy direction on matters of Provincial interest relating to growth and development in the Greater Golden Horseshoe (GGH). It is an important policy document that aims to revitalize downtowns, create complete communities, provide greater housing choice, curb sprawl, protect farmland and natural areas and improve access to transportation choices.

43

The Growth Plan applies to 21 upper and single-tier municipalities in the GGH including the entirety of the Region of Waterloo. All planning decisions made by municipalities for areas that fall within the GGH, as well as all planning decisions by the Province and the Local Planning Appeals Tribunal must conform with the policies of the Growth Plan. As a result, Regional and Area Municipal planning staff refer to this Plan on a regular basis in their work and the policies of the Regional Official Plan (ROP) and the Area Municipal Official Plans must conform with the Growth Plan.

The proposed amendments to the Growth Plan are intended to provide solutions to many of the implementation challenges raised by a variety of stakeholders following the release of the new Growth Plan in 2017. Regional staff is generally supportive of the direction of many of the proposed amendments and acknowledge that several of the proposed policy amendments are responsive to the implementation challenges raised by Regional staff.

This report provides an overview of the proposed amendment highlights the key policy changes and identifies areas of the proposed amendment where additional clarification, detail or stronger policy language is recommended including:

- intensification targets for the Built-Up Area (BUA);
- density targets for Designated Greenfield Areas (DGA);
- rural settlement definition;
- Provincially Significant Employment Zone Framework and mapping;
- employment conversion; and
- settlement area boundary expansions

If approved by Regional Council, this report will be forwarded to the Ministry of Municipal Affairs and Housing as feedback on the proposed amendment. Regional staff will report back to Regional Council when the amendment comes into effect.

Report:

On January 15, 2019, the Province of Ontario released the Proposed Amendment 1 to Growth Plan for the Greater Golden Horseshoe (Growth Plan) for public input and feedback. Modifications to O. Reg. 311/06 (Transitional Matters - Growth Plans), Modifications to O.Reg 525/97 (Exemption from Approval – Official Plan Amendments) and Proposed Provincially Significant Employment Zone mapping for public input and feedback. The proposed amendments have been posted on the Environmental Registry for a 44 day review period ending February 28, 2018. If approved, it would amend the current Growth Plan which came into effect July 1, 2017.

The Growth Plan provides policy direction on matters of Provincial interest relating to growth and development in the Greater Golden Horseshoe (GGH). The Growth Plan

applies to 21 upper and single-tier municipalities in the GGH including the entirety of the Region of Waterloo.

Under the Planning Act, all planning decisions made by municipalities located within the GGH, as well as decisions made by the Province and the Local Planning Appeal Tribunal must conform to the policies of the Growth Plan. Municipalities are required to bring their official plans into conformity with the amended Growth Plan by July 1, 2022.

General Comments

Following the release of the new Growth Plan a number of challenges were raised by a variety of stakeholders, including the Region of Waterloo, related to the implementation of the new Growth Plan. In response to these challenges, the Province convened a number of stakeholder sessions to discuss potential solutions to the implementation challenges raised. Regional staff acknowledges that the proposed amendment is generally responsive to many of the implementation challenges raised following the release of the new Growth Plan and potential solutions identified through the Provincial stakeholder sessions. Generally speaking, the proposed amendment provides flexibility leading up to and in carrying out a municipal comprehensive review (MCR).

Key Proposed Changes

Agricultural System and Natural Heritage System Mapping

The proposed amendment contains new policies that specify that the Provincial Agricultural System and Natural Heritage System mapping does not apply until implemented in an upper/single-tier official plan. In addition, the proposed amendment contains policies that would allow municipalities to implement any proposed refinements to the Provincial mapping in advance of a MCR. The latter policy change is related to a proposed amendment to O.Reg 525/97 (Exemption from Approval – Official Plan Amendments) which would require that an official plan amendment to implement the Provincial mapping be approved by the Province. Regional staff is generally supportive of these proposed amendments as they provide clarity on when and how the Provincial mapping is to be implemented and flexibility to proceed with in-process planning applications and ongoing Area Municipal Official Plan conformity exercises.

Major Transit Station Areas

The proposed amendment contains new policies that permit municipalities to delineate Major Transit Station Areas (MTSA) and set density targets for these areas in advance of a municipal comprehensive review using the Protected Major Transit Station Area tool under the Planning Act. The amendment also proposes to change the delineation of a MTSA to be generally based on 500 to 800 meters from a station. This proposed amendment would broaden the current Growth Plan requirement to delineate a MTSA generally within 500 meters of a station stop and would be better aligned with the ROP

definition of MTSA which is 600 to 800 meters from a station stop.

In addition, the proposed amendment simplifies the process for requesting an alternative minimum density target for a MTSA by removing the requirement to "make-up" any reduction in density requested through the alternative target at another station. The proposed amendment also recognizes the diversity of MTSAs and provides for an alternative target request where a station meets the definition of a Major Trip Generator and significant number of residents and jobs are not associated with the current or planned built form. Regional staff is supportive of these proposed policy amendments.

Minor Adjustments to Settlement Area Boundaries

The proposed amendment contains a new policy (2.2.8.4) which provides a framework for municipalities to adjust the boundaries of settlement areas outside of a MCR provided there is no net increase in land within the settlement area. A similar policy framework that provides for the rationalization of Township Urban Area and Breslau Urban Area boundaries is contained within the ROP. Regional staff is supportive of this new proposed policy as it aligns with Growth Plan policies that direct growth to settlement areas serviced with municipal water and wastewater systems and away from settlements that are not a focus for growth and are reliant on individual water and wastewater systems. Each of the Region's Townships are at various stages of implementing the ROP rationalization policies. As such, the Region requests that the Province provide relief through a modification to O.Reg 311/06 (Growth Plan Transitional Matters Regulation) to provide for Official Plan Amendments adopted in conformity with ROP Policies 2.8.4, 2.8.7 and 2.8.8 to be exempt from proposed Growth Plan Policy 2.2.8.4.

The ROP also contains a policy framework that provides for the rationalization of Rural Settlement Areas. This policy framework (ROP Policy 6.G.9) allows for land to be removed from one Rural Settlement Area and added to another Rural Settlement Area, provided there is no net increase. As these settlement areas are serviced by individual water and wastewater services or some form of partial services, these rationalizations would not conform to proposed Growth Plan Policy 2.2.8.4. As such, the Region requests that the Province provide relief through a modification to O.Reg 311/06 (Growth Plan Transitional Matters Regulation) to provide for official plan amendments adopted in conformity with ROP Policy 6.G.9 to be exempt from proposed Growth Plan Policy 2.2.8.4.

Recommendation: That the Province provide relief through a modification to O.Reg 311/06 (Growth Plan Transitional Matters Regulation) to allow Official Plan Amendments adopted in conformity with ROP Policies 2.B.4, 2.B.7, 2.B.8 and 6.G.9 to be exempt from proposed Growth Plan Policy 2.2.8.4.

Designated Greenfield Areas

Designated Greenfield Areas (DGA) are lands located outside of the Built-Up Area (BUA) that are designated to accommodate growth. The 2017 Growth Plan required that the DGA for outer ring municipalities, which includes the Region of Waterloo, be planned to achieve a minimum density target that is not less than 80 residents and jobs per hectare. The proposed amendment would decrease the minimum density target for the Region of Waterloo from 80 persons and jobs per hectare to 60 residents and jobs per hectare.

Growth Plan policies require that the minimum density target be measured over the entire DGA, excluding a list of features where development is prohibited. Lands within the DGA that have been developed since 2006 are not excluded from the calculation of the DGA density target. This means that the remaining vacant DGA land will be required to achieve a density greater than the minimum to "compensate" for the DGA lands that have previously received development permissions or developed in order to achieve the density target across the entirety of DGA. Regional staff had estimated that the minimum target of 80 residents and jobs per hectare target would have required undeveloped DGA lands to be developed at a density much in excess of the minimum density target in locations on the periphery of the urban boundary.

Regional staff acknowledges that the reduction of the DGA density target to 60 residents and jobs per hectare in the proposed amendment assists with the magnitude of the compensation issue associated with achieving the target across the entirety of the DGA. Furthermore, this change will assist in the Region's ability to achieve a range and mix of housing types through the DGA.

Rural Settlement Definition

Growth Plan Policy 2.2.7.3 requires that the minimum density target be measured over the entirety of the DGA. Previously, Rural Settlements would have been considered as DGA and were required to be included when calculating the density of the DGA. As a result, the balance of the undeveloped DGA was required to compensate for the low densities within Rural Settlements in order to achieve the minimum density target across the entirety of the DGA. The magnitude of density compensation required was extreme and would have resulted in densities comparable to those of the Urban Growth Centres on the remaining undeveloped portions of the DGA.

The amendment proposes to change the definition of DGA such that Rural Settlements would not be considered to form part of the DGA. Proposed Amendment 1 defines Rural Settlements as:

"Rural Settlements

Existing hamlets or similar existing small settlement areas that are longestablished and identified in official plans. These communities are serviced by individual private on-site water and wastewater systems contain a limited amount of undeveloped lands that are designated for development. All settlement areas that are identified as hamlets in the Greenbelt Plan, as rural settlements in the Oak Ridges Moraine Conservation Plan, or as minor urban centres in the Niagara Escarpment Plan are considered rural settlements for the purposes of this Plan, including those that would not otherwise meet this definition."

While the proposed amended definitions of DGA and Rural Settlements alleviate some of the concern related to density compensation, the definition of Rural Settlement should be further amended to include settlement areas with partial services. In the context of the Region of Waterloo, many settlements that are identified through ROP policy as Rural Settlements are serviced with some form of partial services. There are approximately 1,125 hectares of land in Rural Settlements where some form of partial services is present. In many cases, the partial services do not extend throughout the entirety of the Rural Settlement, meaning that only a portion of the settlement is serviced by partial services. For the most part, the Rural Settlements that are partially serviced are reliant on individual wastewater treatment services with the partial servicing related to water services. The presence of individual wastewater systems dictates lot size and does not provide for development at Growth Plan densities.

The ROP does not provide for the expansion of rural settlement area boundaries for residential purposes and these settlements are not a focus for growth. Furthermore, the development within these settlements occurred for the most part well in advance of the Growth Plan 2006 and was not subject to the density requirements of that Plan.

In order to fully alleviate the density compensation issue associated with Rural Settlements being considered as part of the DGA, Regional staff recommends that the proposed definition of Rural Settlements be amended to include Rural Settlements that are serviced with partial services.

Recommendation: That the proposed definition of Rural Settlements be amended to include Rural Settlements with partial services.

Minimum Intensification and Density Targets

The Growth Plan includes a number of targets including a minimum intensification target. This target requires a prescribed percentage of growth to occur within a municipality's BUA. The Growth Plan, 2017 required municipalities to have a minimum of 50 percent of all residential development annually within the BUA from the time an

official plan is brought into conformity with the Growth Plan to 2031 and 60% from 2031 to 2041.

The amendment proposes to increase this minimum for the Region of Waterloo to require that 60 percent of all new residential development occur annually within the BUA from the time that the ROP is brought into conformity with the Growth Plan to 2041.

Regional staff are generally supportive of increases to the minimum intensification target. Development taking place in the BUA utilizes existing infrastructure, supports Region of Waterloo initiatives such as the construction of ION rapid transit system and reduces the amount of agricultural land needed to accommodate growth.

The ROP currently requires that a minimum of 45% of all residential development occurs annually within the BUA and Regional staff monitor the achievement of this target on a regular basis. In 2017, 51% of all new residential units were constructed within the BUA, exceeding the minimum target in the ROP. This is the eighth year that the 45% target has been exceeded. Although the Region has met or exceeded the minimum intensification rate of the ROP over the last several years, it is important to recognize that some of this intensification can be attributed to purpose-built student dwellings recently constructed in the City of Waterloo, a variety of Regional and Area Municipal incentive programs, the investment in ION and the build-out of single detached lots in plans of subdivisions that were included within the BUA when the Built Boundary was established in 2008.

Although the Region continues to work towards increasing the amount of development occurring within the BUA, it is anticipated the proposed increase to the minimum intensification target will be ambitious for the Region of Waterloo to achieve on an annual basis from 2020 to 2041.

As currently proposed, the minimum intensification target is to be achieved on an annual basis. The rate of intensification in the Region of Waterloo varies annually and is influenced by changes in fees, incentive programs, etc. Due to the annual variability of intensification, Regional staff recommends that this target be measured on average over 5 year period to recognize that some years will have higher and some years lower rates of intensification.

In addition, Regional staff recommends that the Province continue to phase the implementation of the annual minimum intensification target in the same manner as the phase in of the minimum intensification target in the 2017 Growth Plan with 50% of all new residential units being constructed within the BUA from the time of the Region's MCR to 2031 and 60% from 2031 to 2041.

Recommendation: That the Province continue to phase the implementation of the minimum intensification target of 60 percent of all new residential development

within the BUA in the same manner as the phase in of the minimum intensification target in the 2017 Growth Plan.

That the Province amends the policies related to the minimum intensification rate to require that the target be achieved on average over a 5 year period, rather than on an annual basis.

Employment Lands

Provincially Significant Employment Zones

The proposed amendment contains a new policy regarding Provincially Significant Employment Zones. These zones have been identified to support co-ordination of planning for jobs and economic development at a regional scale. Protection of employment land within these zones would be through appropriate ROP policies and designations. Lands identified as being within a Provincially Significant Employment Zone cannot be converted to non-employment uses outside of a MCR.

Identifying Provincially Significant Employment Zones would also serve a longer term purpose for the Province and municipalities in the GGH by providing a regional picture of some of the key employment areas that make up the region's economic land base. This could assist in help coordinating planning and economic development efforts and drive economic growth in the region.

In total, the Province has identified 29 potential Provincially Significant Employment Zones. There are three Provincially Significant Employment Zones proposed within the Region of Waterloo, two primarily located in the City of Cambridge and one located in the City of Waterloo and Township of Woolwich.

Area Municipal staff has identified specific concerns with the proposed mapping through their submissions on the proposed amendment and revisions proposed by the Area Municipalities are attached to this report. Regional staff would like to also draw attention to the mapping proposed in the City of Waterloo and the City of Cambridge.

Portions of the area identified as Provincially Significant Employment Zone 24 in the City of Waterloo were identified by the City as priority areas for conversion to mixed-use development through the City's Station Area Plans. The proposed application of the Provincial mapping to these lands which are located north of Northfield Drive West and east of Weber Street North (see Attachment 1) would preclude consideration of employment conversion for mixed-use development aligned with the City's Station Area Plans prior to the Region's MCR that has been provided for through proposed Growth Plan Policy 2.2.5.10. Regional staff recommends that the Provincially Significant Employment Zone in Waterloo be refined to remove these lands. In addition, lands in Provincially Significant Employment Zone 24 that are within the Township of Woolwich

that are designated Industrial/Commercial Area Township's Official Plan be revised to remove these lands.

Regional staff are generally supportive of the identification of Provincially Significant Employment Zone 23 in the City of Cambridge. These lands are designated in the ROP as Prime Industrial/Strategic Reserve (Serviced) and are intended to be developed for new large-lot manufacturing or business park land uses. However, there are inaccuracies related to the mapping of this proposed employment zone. In June 2018, the Region adopted Regional Official Plan Amendment No. 2 which resulted in the reconfiguration of the employment designation on some parcels to other parcels. The proposed zone also encompasses land that is located outside of the Urban Area. Regional staff recommend that proposed Provincially Significant Employment Zone 23 be revised to reflect the land use designation changes proposed through ROP Amendment No. 2 and to remove lands located outside of the Urban Area 2. Regional staff also recommend the removal of lands currently designated for non-employment uses as identified on Map 3 of the City of Kitchener's Official Plan as shown on Attachment 2.

The City of Cambridge has also recommended changes to Provincially Significant Employment Zone 22 (Attachment 3) and the addition of a new employment zone (Attachment 4). Regional staff have reviewed their proposed amendment to zone 22, as well as the new employment zone and concur with their findings.

Recommendation: That the Province refines the proposed Provincially Significant Employment Zone mapping to reflect the proposed maps attached to this report.

Employment Conversion

The Growth Plan, 2017 requires that any consideration of the conversion of employment lands to non-employment uses can only take place through a MCR, meaning that any conversion could only be undertaken by the Region during a MCR of the ROP. The proposed amendment would provide for a one-time window to consider employment conversion prior to the next MCR.

As currently proposed, the conversion of employment lands considered through this policy framework must maintain a significant number of jobs. Regional staff has interpreted this requirement to imply that this employment conversion policy framework is intended to facilitate mixed use development. This framework would provide for the implementation of the City of Waterloo's Station Area Plans which contemplate mixed use development for three MTSAs that are currently designated primarily for employment purposes in advance of the Region's MCR.

Regional staff is generally supportive of this proposed amendment, however, additional detail is warranted to assist in the implementation of this policy. Specifically, the proposed policy should specify that when an employment conversion is proposed outside of a MCR, that the proposed conversion is to be municipally-initiated.

Recommendation: That proposed policy 2.2.5.10 be refined to specify that employment conversions occurring in advance of a MCR be municipally-initiated.

Settlement Area Boundary Expansion

The proposed Amendment contains two new policies (Policies 2.2.8.5 and 2.2.8.6) that establish a framework for the expansion of settlement area boundaries up to 40 hectares in area prior to a MCR. As currently proposed, the policy does not specify:

- a) whether this amendment is initiated by a municipality or a private land owner;
- b) if municipally-initiated, whether it is by the Region or an Area Municipality;
- c) whether expansion in advance of a municipal comprehensive review is a one time opportunity;
- d) whether the upper limit of 40 hectares is per upper or single-tier municipality, or whether each lower-tier municipality within two-tier municipalities could propose a 40 hectares expansion; and,
- e) how the size of the expansion is determined, other than to specify that the additional lands and forecasted growth are to be fully accounted for in the land needs assessment associated with the next municipal comprehensive review.

Regional staff are concerned that this proposed policy detracts from the comprehensive, long term approach to growth management envisioned in the Growth Plan and enshrined in the ROP. As currently drafted, the proposed policy lacks detail that is critical to the implementation of the proposed policy and that would ensure that boundary expansions proposed under this framework align with the objectives of the Growth Plan. It is important to note that at this time, the excess lands policies of the Growth Plan continue to apply to all outer ring municipalities and any expansions that take place in advance of a MCR could result in other lands being deemed as excess through the MCR.

Recommendation: That the Province provides transition through an amendment to the O. Reg. 311/06 (Transitional Matters – Growth Plan) for in-process settlement area boundary expansions that are the result of implementation of the Schedule 3 population and employment forecasts of the 2006 Growth Plan.

That the proposed amendments to the Growth Plan to provide settlement area boundary expansions outside of a MCR be removed.

However, should the Province choose to move forward with amendments that provide for settlement area boundary expansions outside of a MCR, the policy

framework should provide clear direction to specify that the amendment is municipality-initiated, that the 40 hectare limit is per upper or single-tier municipality and that a municipality must demonstrate that the Growth Plan Schedule 3 population and employment forecasts contained within the applicable Official Plan have been met or exceeded and that the additional land is required to accommodate population and/or employment above what has been forecasted.

Rural Areas

The proposed amendment contains a new policy (2.2.9.7) that would provide for the minor rounding out of Rural Settlements boundaries outside of a municipal comprehensive review.

Regional staff is concerned with this proposed policy. The policy does not specify the quantum of land or propose an upper limit on the amount of land included within a Rural Settlement as a result of the minor rounding out. The proposed policy also does not specify whether the rounding out is to be municipally-initiated. There are 54 Rural Settlements Areas in the Region of Waterloo and the potential impact in terms of quantum of land included within Rural Settlement Areas as a result of minor rounding outs could be substantial. By not proposing any limitations on the amount of land that may be included within the rounding out, this proposed policy is contrary to Growth Plan Policy 2.2.1.2 a) and b) which directs the majority of forecasted growth to settlements with a delineated built boundary, municipal water and wastewater systems and can support the achievement of complete communities and that growth be limited in settlement areas that are not serviced by existing of planned municipal water and wastewater systems.

Recommendation: That the proposed policy that would provide for the minor rounding out of Rural Settlements outside of a MCR be removed from Growth Plan Amendment No. 1.

Excess Lands

Growth Plan Policy 2.2.1.6 continues to require municipalities in the outer ring, which includes the Region of Waterloo, to identify excess lands and prohibit development on these lands to 2041. While the Region of Waterloo is physically located in the outer ring of the GGH, the Region is the only outer ring municipality proposed to be subject to the highest intensification and DGA density targets as proposed through the amendment. Other municipalities subject to the highest Growth Plan targets (i.e., Region of York, Region of Peel and City of Hamilton) are not subject to the same excess land policy framework. As a result, it is recommended that the excess lands policies be revised to remove the Region of Waterloo from the list of outer ring municipalities to which the excess lands policies apply.

Recommendation: That the Region of Waterloo be removed from the list of outer ring municipalities subject to the excess land policy requirements.

Market Demand

Regional staff is concerned with the introduction of language related to "market demand" through the proposed amendment. The concern lies in whether both market demand can be met and the density and intensification targets of the plan be achieved simultaneously. The density and intensification targets of the Growth Plan require the development of range and mix of housing in order to achieve these targets. Achievement of the density and intensification targets are integral to the successful implementation of the Growth Plan and should remain paramount to satisfying market demand for a particular housing form.

Recommendation: Regional staff recommend that references to market demand be removed from the proposed amendment or that clear language is added to recognize that achievement of the intensification and density target is paramount.

Proposed Next Steps

If approved by Regional Council, this report would be forwarded to the Ministry of Municipal Affairs and Housing as part of the public consultation on the Proposed Amendment 1 to Growth Plan for the Greater Golden Horseshoe. Ultimately, any amendments to the Growth Plan would need to be reflected in the ROP and each of the seven Area Municipal Official Plans. It is anticipated that this work would be completed as part of the ongoing ROP review.

Area Municipal Consultation/Coordination

Regional staff has consulted with all of the Area Municipalities in the preparation of this report.

Corporate Strategic Plan:

The Proposed Amendment support the Region's priorities with respect to Focus Area 2 (Growth Management and Prosperity) and Focus Area 3 (Sustainable Transportation) of the Corporate Strategic Plan.

Financial Implications:

Nil

Other Department Consultations/Concurrence:

Attachments: Attachment 1 - Proposed Refinements to Provincially Significant Employment Zone 24

Attachment 2 – Proposed Refinements to Provincially Significant Employment Zone 23

- Prepared By: Alyssa Bridge, Principal Planner
- Approved By: Rod Regier, Commissioner of Planning, Development and Legislative Services







Attachment 2 – Proposed Refinements to Provincially Significant Employment Zone 23



Attachment 3 - Proposed Refinements to Provincially Significant Employment Zone 22

Attachment 4 – Proposed Provincially Significant Employment Zone Eastern Industrial Park, City of Cambridge

