

REPORT TO: Council

DATE OF MEETING: August 23, 2021

SUBMITTED BY: Bustamante, Rosa, Director of Planning, 519-741-2200 ext. 7319

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WARD(S) INVOLVED: All Wards

DATE OF REPORT: Aug 18, 2021

REPORT NO.: DSD-2021-160

SUBJECT: Supplemental Report - Regional Official Plan Review: Growth Scenarios

RECOMMENDATION:

THAT the City Comments in Option A in Attachment A to Staff Report DSD-2021-160 (Supplemental Report - Regional Official Plan Review: Growth Scenarios) be endorsed; and further,

THAT staff be directed to forward Staff Report DSD-2021-127 and DSD-2021-160 in addition to Council's comments to the Region of Waterloo for their consideration in the update to the Region's Official Plan.

REPORT HIGHLIGHTS:

- Building on Report DSD-2021-127, this report provides supplementary comments and rationale for the Region to consider in their evaluation of Growth Scenarios to 2051 for the Regional Official Plan (ROP).
- Staff have summarized and further developed comments as a result of the August 9th, 2021 Planning and Strategic Initiatives Committee meeting surrounding the following themes:
 1. **Evaluate multiple growth scenarios**– Council expressed concerns about endorsing a specific growth scenario until more information becomes available
 2. **Hold the Line** – Council expressed a continued desire to hold the Countryside Line and preserve farmland
 3. **Financial viability** – It is important to ensure that growth is financially sustainable for future generations
 4. **Climate** - Climate change considerations should figure prominently in the ROP review
 5. **Affordability** - Housing affordability considerations should be given serious consideration through the ROP review.

- This report outlines three options for Council’s consideration in providing comments to the Region regarding the Growth Scenarios:
 - **Option A** – Endorse all comments except for comment “C”. This would provide preliminary support for Growth Scenario 3 with no urban boundary expansions for Community Areas (staff recommendation);
 - **Option B** – support for the majority of staff comments in DSD-2021-127 and DSD-2021-160, but do not offer preliminary support for Growth Scenario 3; or
 - **Option C** – Add, delete or amend any comments.

BACKGROUND:

On August 9, 2021 Planning and Strategic Initiatives Committee (PSIC) considered Staff Report DSD-2021-127 (Regional Official Plan Review: Growth Scenarios) which sought Committee and Council endorsement of staff comments on the growth scenarios and evaluation criteria circulated by the Region of Waterloo for feedback. Committee expressed concerns with endorsing staff’s preliminary support for Scenario 3 (the scenario that would result in no urban boundary expansion for Community Areas). The Committee also provided additional comments for the Region’s consideration through the ROP review. The recommendations of DSD-2021-127 were referred back to staff to provide an opportunity to update the City’s comments, including providing multiple options for Council’s consideration. The Committee discussed a) an option to consider the other important issues on the table, aside from the growth scenario and b) an opportunity to express concern about the lack of information provided by the Region, request more than one scenario moving forward and an opportunity to provide meaningful input later in the process. Committee resolved:

“That consideration of the following recommendation be referred to the August 23, 2021, Council meeting to allow for an opportunity for staff to provide additional information related to proposed comments to be forwarded to the Region of Waterloo on preferred growth scenarios; as well as, in inclusion of concerns related to the lack of technical information required to take a formalized position”

REPORT

This report builds on, but does not duplicate the rationale provided in report DSD-2021-127. Additional rationale and commentary has been summarized according to five themes raised by Council.

1. Evaluate multiple growth scenarios

Staff comments in Report DSD-2021-127 requested further information from the Region to assist in evaluating growth scenarios, but offered preliminary support for scenario 3 in order to meet the Region’s commenting deadline.

Additional information regarding revised intensification capacity; greenfield density targets; housing mix, choice and affordability; infrastructure and financial analyses; and climate impact analysis are all important to finalizing a preferred growth scenario. Staff suggest that the Region should advance at least two scenarios through the Land Needs Assessment, Designated Greenfield Analysis and/or other work that addresses these issues. Scenario 3 and another scenario selected by the Region should be evaluated.

However, if it is not possible for the Region to advance multiple scenarios through the next phase of the project for time, resource or budget reasons, staff continue to recommend that the City offer preliminary support for scenario 3, subject to refinement, as more information becomes available as indicated in commenting Option A in the attachment to this report. It is important to note that all scenarios analyse region-wide land needs. Staff have not formed an opinion on the relative merits of any candidate lands for urban expansion in Kitchener or elsewhere.

The ROP review and its selection of a preferred growth scenario is among the most impactful planning decisions our community will make. This type of decision arises approximately once every 10 years. If Council elects not to comment within the Region's timelines, the City's feedback may not be fully considered by the Region when deciding how and where we grow for the next 30 years.

While information regarding household formation rates, housing mix, supply and demand estimates, net and gross density assumptions, financial analysis etc, are all important technical details in selecting a growth scenario, Council can choose to provide a principled preliminary direction on whether or not the city supports further urban expansion beyond the 2,527 hectares of farmland that have already been committed for suburban growth.

Scenario 3 targets are:

- reasonable and achievable based on contemporary trends;
- conservative compared to previous Council policy direction;
- is preferred from a financial lifecycle perspective; and
- advance complete communities, people-friendly transportation, climate, and housing affordability objectives that are priorities for this community and Council.

If Council does not wish to endorse any growth scenario at this time, but to support other comments in Report DSD-2021-127 and DSD-2021-160, selective comments (e.g. Comments 1, A-E, 3-12) could be endorsed (Option B).

Council may also add delete or amend any comments provided to the Region (Option C).

Irrespective of whether Council chooses to provide preliminary support for scenario 3 (Option A) or not (Option B), the City requests ongoing opportunities for feedback on the preferred growth scenario as the ROP review project proceeds.

2. Hold the Line

On August 9, several councillors expressed a desire to hold the Countryside Line through this ROP review. This statement warrants further clarification especially as it pertains to Kitchener. Per the current Regional Official Plan, the exact location of the Countryside Line was not determined in southwest Kitchener through the last ROP review. It is to be determined through the ROP review currently underway. If it is Council's objective to prevent allocating more farmland to residential development, endorsing scenario 3 in the ROP is the clearest pathway to achieve this.

In all four scenarios, the Designated Greenfield Area (DGAs) will accommodate significant growth to 2051. As of 2019 there were 2,527 ha of vacant DGA in the Region. This equates

to approximately 63 farms of 100 acres each, or 40% of the land area of the City of Waterloo. The Base Case would add 830 ha to this 2,527 ha for Community Areas. Scenario 1 adds 520 hectares, Scenario 2 adds 230 hectares, and scenario 3 has a surplus of 150 hectares. Staff's preliminary opinion is that the DGA for community areas should be maintained and reviewed at the time of the next ROP review in 10 years based on contemporary land needs and growth trends.

Intensification rates (the amount of residential development occurring within the built up area) varies from 50% in the base case to 60% in scenarios 2 and 3. An intensification rate of 50% has been achieved Region-wide from 2006-2019.

In 2014, Council adopted City of Kitchener Official Plan policies that phase-in intensification over time up to 70% by 2026 as shown in Figure 1. Approval of this policy was deferred by the Region and is not in effect at this time. While intensification targets can vary between area municipalities, all of the proposed Regional growth scenarios are less ambitious than previous City Council policy direction.

Figure 1: Council-adopted Official Plan Intensification target for Kitchener, July 2014.

Time Frame (Calendar year runs from June 17 th to June 16 of next year)	Intensification Target (Average over a 5-year interval within the entire Built-Up Area)
2011-2016	40%
2016-2021	50%
2021-2026	60%
2026-2031	70%

In addition to the rationale provided in Report DSD-2021-127, slowing the pace of urban expansion allows the City to focus on important growth management objectives such as advancing complete communities and allowing the city to concentrate its resources on the immediate planning issues like intensification and secondary planning for areas already within the DGA.

3. Financial viability

Council expressed interest in early staff analysis regarding the financial implications of development. Compared to intensification, greenfield growth will add significantly more linear infrastructure (roads, sewers, water and gas mains) that results in additional maintenance and lifecycle replacement costs that will be borne by future generations. The City has requested and looks forward to reviewing the financial impacts of growth (as determined by the Region) prior to finalizing endorsement of any growth scenario.

4. Climate change

The City's Strategic Plan identifies Environmental Leadership and People Friendly Transportation as key priorities for the community. Council declared a climate emergency in April 2020 and endorsed the TransformWR community climate mitigation strategy in June 2021. The latter sets a path toward 80% reduction in GHGs by 2050 – a similar

timeline to the ROP review's 2051 horizon. The time to align climate targets and growth policies is now.

The first of six TransformWR's transformative action is that "By 2050, most trips are taken using active transportation, with the support of a robust public transit system." Beyond electrification of private vehicles, TransformWR's technical pathway is for fewer and shorter trips. Furthermore, 80% of short trips (<5km) are to be made by active transportation.

Higher density greenfield communities and intensification are essential to enabling complete and walkable communities where these shorter trips, transit supportive densities and active transportation goals can be achieved. Planning for the transit supportive densities identified in Figure 3 of DSD-2021-127 is furthermore essential to achieving these goals.

More ambitious growth scenarios can also support TransformWR through planning for higher densities, intensification and mixed uses that can support alternative energy solutions like district energy to reduce emission from buildings. More ambitious growth scenarios also protect more farmland to support the local food system.

5. Housing Affordability

The affordability crisis is among the most pressing issues facing our community. The City's Strategic Plan identifies Caring Communities and advancing housing affordability as a key priority. In 2020, Council approved Housing for All, the City's strategy to realize the right to housing.

In staff's opinion, increasing the total housing supply as well as the range and mix of homes are necessary but not sufficient steps to address the housing crisis and to plan to meet the housing needs of our rapidly growing Region. Under all growth scenarios, the Region and Area municipalities will plan to accommodate 924,000 people in 2051. The scenarios vary the share of these new residential units located within the build up areas versus greenfield area. They also vary the density of development to occur in the DGA. While there are a variety of supply and demand factors that affect housing prices that are outside of municipal control, planning for the range, mix and location of new units is important. Higher density and more compact housing forms like apartments, stacked townhouses and townhouses are typically less expensive to produce and service. These savings can be passed on to residents. Scenario 3 is likely to include the highest proportion of medium and high-density housing types that lend themselves to greater affordability for low to moderate income households.

New single and semi-detached dwellings are out of reach for the majority of low to moderate income households that do not already own a home. In 2020, the average price for new single and semi-detached homes in Kitchener was \$751,000, and the 20th percentile price was \$650,000. A \$650,000 home with a 5% down payment would be affordable to households with incomes of \$183,000 or more. This is approximately the 88th percentile household incomes for 2020.

Some councillors asked that the Region to accelerate the delineation of Major Transit Station Areas, ahead the balance of the ROP review, to allow Cities to adopt Inclusionary Zoning policies and by-laws. Staff have discussed this idea with Regional staff for more than a year, and Regional staff have advised that this is not possible considering the tight legislative timelines for the ROPR.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

See Report DSD-2019-127

COMMUNITY ENGAGEMENT:

INFORM/CONSULT –

- This report has been posted to the City's website with the agenda in advance of the Council / Committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

DSD-2021-5 Regional Official Plan Review

DSD-2021-127 Regional Official Plan Review: Growth Scenarios

APPROVED BY: Justin Readman, General Manager, Development Services

ATTACHMENTS:

Attachment A

City Comments on the Region Official Plan Review: Growth Scenarios and Evaluation Criteria

Attachment A: City Comments on Growth Scenarios and Evaluation Criteria

This attachment outlines the details of commenting options A (preliminary support for growth scenario 3) and B (no preliminary support for any growth scenario). To the right of each comment is a notation as to whether a comment is included in option A, B or both. Comments from report DSD-2021-127 and numbered and new comments to report DSD-2021-160 are lettered.

Comment	Option
1. The City appreciates the inclusion of Scenario 3 that would result in no additional DGA for Community Areas.	A+B
2. The City has not yet received the updated intensification strategy that addresses previous city comments, DGA analysis nor the financial impact analysis required to provide detailed comments. However, we offer the following preliminary comments and observations in support of scenario 3 for the Region's consideration.	A
A. The City requests that more information be shared prior to finally endorsing any growth scenario. Specifically the City would need to review an updated intensification strategy that addresses previous City comments, Designated Greenfield Analysis or Land Needs Assessment that provides housing mix, choice and affordability analyses; infrastructure and financial analyses; and climate impact analysis.	A+B
B. At a minimum, the City requests that the Region advance two scenarios through the Land Needs Assessment or Designated Greenfield Analysis that addresses these issues. Scenario 3 and one other Scenario selected by the Region should be advanced.	A+B
C. City Council does not prefer any particular growth scenario at this time	B
D. The City continues to support the principle of maintaining the location of the Countryside Line in order to protect farmland, drinking water and natural heritage resources; and to promote fiscal and climate responsibility and conserve land resources for future generations. The City notes that the currently location of the Countryside Line within the Southwest Kitchener Policy Area has yet to be determined per ROP policies B.1 and 8.A.23. We note that Scenario 3 is the only one which does not add DGA for community area to the 2,527 ha of farmland in the region already slated for future suburban development.	A+B

Comment**Option**

E. Irrespective of when the Region selects a preferred growth scenario, the City continues to have a strong interest in providing ongoing comments on the rate of intensification and DGA density over the coming months.

A+B

Community Areas

3. Assuming a 60% average residential intensification rate over the next 30 years is likely reasonable considering historic trends in the rate of intensification. According to the Region's [Draft Intensification Strategy](#) "Intensification has historically accounted for approximately 50% of Region-wide growth from 2006 to 2019 with the Region-wide share increasing from 44% over the 2006 to 2011 period to 52% from 2011 to 2019." Increases in the rate of intensification are similar in Kitchener increasing from 41% in 2006-2011 up to 47% in 2011-2019.

A+B

4. Market and policy shifts towards medium and high density housing forms lend themselves to intensification. Furthermore, a shift to autonomous vehicles, active transportation and increased transit ridership are likely to unlock substantial opportunities for intensification of existing underutilized areas, including parking lots, before 2051.

A+B

5. Intensification helps make efficient use of land and leverage investment in existing and planned infrastructure including dedicated rapid transit and pedestrian and cycling infrastructure. A higher intensification rate will assist in the development of complete communities that are compact and pedestrian, cycling and transit-oriented.

A+B

6. The scenario 3 assumption of 71 residents and jobs per hectare in new DGA Community Area seems reasonable considering that the current DGA is already developed at 54 residents and jobs per hectare with 96% of housing being grade related. Modest increases in the share of high and medium density housing in the DGA should make the scenario 3 DGA density achievable considering policy and market shifts towards higher density that are already underway.

A+B

Comment**Option**

7. Frequent, and higher order transit will be required in many parts of the Region, including within new community areas to achieve climate and transportation goals. A density of 80 residents and jobs per hectare is required to achieve frequent (10-15 minute) bus service as shown in Figure 3. Densities in new DGA should be transit- supportive. Ideally, achieving people and job densities of 100/hectare would allow for 5 minute bus service and set the stage for future LRT or BRT connections and would help achieve the Region's goals of an 80 per cent greenhouse gas reduction by 2050. Currently transportation accounts for 49% of the Waterloo Region communities greenhouse gas emissions. While 100 people and jobs per hectare is an ambitious goal for new greenfield development it would lead to a much more sustainable form of urban development. The Region of Waterloo should also ensure that transit service is provided to communities when residents begin moving in so that transit and active transportation forms as a new habit on day one.
8. The required 30-year planning horizon (as compared to the typical 20-year horizon) introduces additional uncertainty to the planning process. It is difficult to forecast development trends so far in the future. The City currently has a designated and available supply of land within the Built-up Area and existing Designated Greenfield Area to accommodate significant growth beyond the 15-year supply requirement of the Provincial Policy Statement. This is detailed in section 6.3 of the [2020 Annual Growth Monitoring Report \(DSD-20-157\)](#). Selecting Scenario 3 and foregoing an Urban Area Boundary expansion through this ROP review would allow additional time to monitor the need for additional DGA. This decision will be reconsidered through the next ROP review in 10 years. Once lands are included in the DGA it would be extremely difficult to remove these permissions if we find the lands are not needed based on contemporary trends.

A+B

A+B

Comment

Option

A+B

9. The capital costs of growth are mostly recovered through development charges, borne by developers and passed on to landowners. However, the maintenance and replacement costs of this infrastructure are borne by taxpayers and ratepayers. While intensification primarily makes use of existing infrastructure, greenfield development requires the extension of new services including roads, water, sanitary sewers, stormwater management, sanitary pumping stations, etc. – all City responsibilities. Staff are currently analysing the relationship between the cost of development and tax and rate revenues and how this varies across the City. Our preliminary findings are that the City budgets \$5,000 per metre to reconstruct this infrastructure at the end of its lifecycle (approx. 60 years). Annual City maintenance costs for roads, street lighting, sanitary sewers, water and stormwater are approximately \$36 per metre. ~~Accordingly, the City prefers scenario 3 with its higher density and intensification from a financial perspective.~~ The financial implications for the City need to be considered through the evaluation of growth scenarios and greenfield candidate areas.

- F. From a long-term financial perspective, the City offers preliminary supports for scenario 3 with its higher density and intensification.

A

Employment Areas

10. All of the scenarios currently contemplate urban expansion for employment areas. The City understands and appreciates the need to designate new DGA Employment Areas to accommodate employment growth, especially to attract industrial uses that require separation from sensitive uses or have low employment densities.
11. While important for growth in manufacturing and planning for low employment density uses like warehousing and logistics, new DGA Employment Areas planned at 35 employees per hectare will not be transit supportive and necessitate an auto-oriented approach to transportation. The employment strategy and land needs assessment should consider a variety of assumptions regarding employment densities, and what share and what type of employment will be accommodated within Community Areas vs. Employment Areas. Planning for a higher share of jobs within Community areas would provide more opportunities for transit supportive employment development and complete communities. Additionally, the Region should consider policy direction that requires and supports net zero development and other sustainability initiatives when DGA employment areas are contemplated.

A+B

A+B

Comment**Option**Evaluation Criteria

12. The City generally supports the themes, objectives, and evaluation criteria for both the growth scenarios and candidate urban boundary expansions. However, we suggest quantifying and weighting these criteria to assist in more principled and transparent decision making. Complete, pedestrian and transit-oriented communities; climate change; protecting agricultural land; housing choice and affordability; and financial criteria should be weighted heavily. Analysing climate and financial impacts would benefit substantially from quantification.

A+B