

March 21, 2024

To: Ursula Melinz  
Soloway Wright LLP

From: Daryl Keleher, MCIP, RPP, Principal  
Keleher Planning & Economic Consulting Inc.

Re: South March  
Our File: P1109

---

Keleher Planning & Economic Consulting Inc. was retained on behalf of the South March Landowners Group to review economic issues relating to the inclusion or exclusion of the South March lands in the City of Ottawa’s urban boundary.

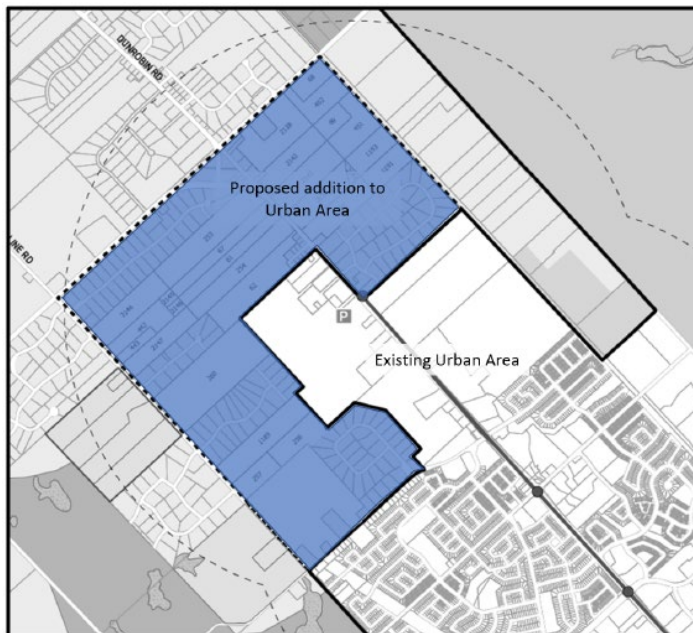
### Location of Subject Lands

The South March lands are approximately 175 hectares, have an existing Official Plan designation of General Rural, and zoning of Rural Countryside. The lands currently include several existing rural estate subdivisions, and a mix of rural lands. The lands are immediately adjacent to and wrap-around the existing urban area.

Figure 1

---

## Boundaries of South March Lands



Source: City of Ottawa, Document 2 – Category 1 and 2 Lands

---

## Background to City’s Adopted Urban Boundary Expansion

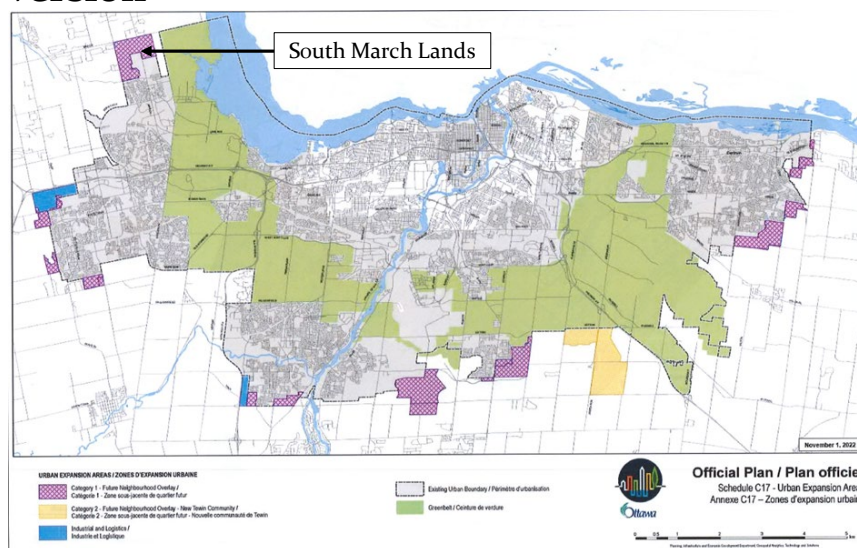
A City memorandum from December 2022<sup>1</sup> notes that Ottawa City Council adopted an urban boundary expansion of 1,281 hectares, and that the version modified by the Minister of Municipal Affairs added 654 gross hectares, which is estimated to equate to 550 developable hectares, for a total urban expansion of 1,831 hectares.

### Chronology of Key Events

- **May 2019** – City initiates process to establish new Official Plan to plan for growth to 2046.
- **January 25, 2021** – City Staff Report setting out its recommendations for inclusion of lands within the urban boundary – “Staff Recommends inclusion of all Category 1 clusters as growth areas in the OP”.
- **November 24, 2021** – City Council adopted new Official Plan, but did not include the South March lands in the urban boundary, despite the recommendations of City Staff;
- **November 4, 2022** – Minister of Municipal Affairs and Housing issues a notice of decision in relation to the City’s 2021 Official Plan, approving the OP with 30 modifications. The revisions included revision #27 which revised Schedule C17 – Urban Expansion Areas, deleting the City’s proposal and replacing it with a new boundary as approved by the Minister. The Minister’s approved boundary included in the South March lands;
- **November 16, 2023** – legislation introduced (Bill 150) that would reverse the Province’s changes to official plans, including the City’s 2021 OP.

Figure 2

## City of Ottawa Official Plan, Schedule C17, Ministry Modified Version



<sup>1</sup> Memo from Don Herweyer GM Planning, Real Estate and Economic Development Department, subject: Memorandum 2 Staff Comments Official Plan Modifications, date: December 6, 2022

## Provincial Policy

The Provincial Policy Statement, 2020 provides ample direction for municipalities to consider when planning for growth within settlement areas, or when considering expanding settlement areas.

*1.1.1 Healthy, liveable and safe communities are sustained by:*

*a) promoting efficient development and land use patterns which sustain the financial well-being of the Province and municipalities over the long term;*

*d) avoiding development and land use patterns that would prevent the efficient expansion of settlement areas in those areas which are adjacent or close to settlement areas;*

*e) promoting the integration of land use planning, growth management, transit-supportive development, intensification and infrastructure planning to achieve cost-effective development patterns, optimization of transit investments, and standards to minimize land consumption and servicing costs;*

PPS policy 1.1.3.2 states that land use patterns within settlement areas should be based on a mix of lands uses that efficiently use land and resources, and efficiently use the infrastructure and public service facilities:

*1.1.3.2 Land use patterns within settlement areas shall be based on densities and a mix of land uses which:*

*a) efficiently use land and resources;*

*b) are appropriate for, and efficiently use, the infrastructure and public service facilities which are planned or available, and avoid the need for their unjustified and/or uneconomical expansion;*

Policy 1.1.3.6 of the Provincial Policy Statement states that new development in designated growth areas should occur adjacent to the existing built-up area, and efficiently use land, infrastructure and public service facilities.

*1.1.3.6 New development taking place in designated growth areas should occur adjacent to the existing built-up area and should have a compact form, mix of uses and densities that allow for the efficient use of land, infrastructure and public service facilities.*

Policy 1.1.3.8 states that that the expansion of a settlement area boundary may be allowed, with the policy prioritizing instances where it can be demonstrated that sufficient opportunities to satisfy market demand are not available, and infrastructure and public service facilities are available or planned for:

*1.1.3.8 A planning authority may identify a settlement area or allow the expansion of a settlement area boundary only at the time of a comprehensive review and only where it has been demonstrated that:*

*a) sufficient opportunities to accommodate growth and to satisfy market demand are not available through intensification, redevelopment and designated growth areas to accommodate the projected needs over the identified planning horizon;*

*b) the infrastructure and public service facilities which are planned or available are suitable for the development over the long term, are financially viable over their life cycle, and protect public health and safety and the natural environment;*

The Provincial Policy Statement requires that planning authorities maintain at all times the ability to accommodate residential growth for a minimum of 15 years through lands which are designated and available for residential development. Lands that have commenced a more detailed secondary planning process are considered designated and available.

The City’s establishment of criteria used to evaluate urban boundary expansion requests were based on the City’s Five Big Moves, and the Provincial Policy Statement, with a City staff report noting that the “GMS [Growth Management Strategy] includes all criteria required under the Provincial Policy Statement” and were listed and discussed in the May 2020 GMS report “because they are compulsory”.<sup>2</sup>

## Criteria and Categorization as Category 1

### Council-Approved Criteria

Of the four parcels deemed Category 1, the South March lands were the only ones not included in the expanded urban boundary as contained in the Council approved 2021 OP.

Appendix F to the 2021 OP provides a list of factors to be considered in determining what lands should be included in the City’s urban boundary:

*Central to the inclusion of new lands is the provision of infrastructure to service future development and the ability of the City and developers to fund this infrastructure. Therefore, further analysis of lands for urban expansion will require the preparation of a funding strategy or methodology. ...*

*The funding methodology or strategy should address the following financial elements:*

- *provide overall funding strategy recommendations for consideration;*
- *population and employment forecast associated with this development;*
- *external capital infrastructure funding requirements;*
- *capital financing alternatives;*
- *potential impact on existing taxpayers over the planning horizon;*
- *the proposed timing of infrastructure projects,*

### Scorecard and Scoring of South March Parcels

The South March Lands were scored based on breaking up the area into 29 separate parcels, but the below presents the calculated average score across all South March parcels, and compares the average South March land score in each area with the maximum score along with details on what each score assigned means with respect to each individual metric.

Criteria	Summary Description	Average Score	Max Score
Water	Based on estimated scope of servicing	SCORE: 7.0  (6pts: where trunk systems in proximity, have adequate residual capacity, local conditions that do not require any new	8.0

<sup>2</sup> Supporting Documentation to January 25, 2021 Report to Joint Meeting of Planning Committee and Agriculture and Rural Affairs Committee (Document 1)

Criteria	Summary Description	Average Score	Max Score
	requirements for each candidate area	<p>pump facilities, or existing facility upgrades. Major highway, railway and/or crossing(s) required)</p> <p>(8pts: where trunk systems, in proximity, have adequate residual capacity, local conditions that do not require any new pump facilities, or existing facility upgrades, to overcome topographic constraints. No major highway, railway and/or crossings required)</p>	
Wastewater	Based on estimated scope of servicing requirements for each candidate area	<p>SCORE: 4.6</p> <p>(6 points: Where trunk systems in proximity have adequate residual capacity; local conditions do not require any new pump facilities, or existing facility upgrades are needed to overcome topographic constraints. Major highway, railway and/or water crossing(s) or excavations required.)</p> <p>(4 points: Where localized upgrades to off-site trunk facilities are required to establish sufficient capacity; local conditions do not require any new major pump facilities, or existing facility upgrades, to overcome topographic constraints.)</p>	8.0
Stormwater	Expected topographic constraints to drainage, capacity and condition of surface water outlets	<p>SCORES: a) 0.0 / b) 6.0</p> <p>a – 0pts – limited surface outlet available</p> <p>b – 6pts – no observable grade restrictions and/or topographic constraints anticipated that would result in submerged sewers or alteration of existing watercourses</p>	a) 2.0 / b) 6.0
Servicing Integration Factor	Represents the favourability for the site for delivery of infrastructure (favourable conditions, ability to deliver on-budget and on-time)	<p>SCORE: 5.2</p> <p>4pts – the score for one of the water, WW or stormwater criteria is 1 or 2 – remaining scores are 4 or higher</p> <p>6pts – scores for water/WW and stormwater criteria are 4 or higher</p>	6.0
Servicing Risk Factors	Site-specific constraints that may affect development/timing (differential settlement risk, shallow depth to bedrock, parcel includes large depression, risk to private wells, etc.)	<p>SCORE: Loss of 3.3</p> <p>-2 pts – extensive presence of Grey compressible clays; or</p> <p>-1 pts – extensive presence of shallow bedrock in the area; or</p> <p>-2 pts – parcel abuts country lot subdivision and extensive presence of shallow bedrock in the area</p> <p>-2 pts – depression storage area exceeds 10% of the parcel area</p>	Potential loss of 4.0
<b>Total Servicing</b>		<b>19.2</b>	<b>30.0</b>
Availability of Rapid Transit	Availability of existing or planned transit within 2.5km, with grades for	SCORE: 10.0	18.0

Criteria	Summary Description	Average Score	Max Score
	availability of existing or timing of delivery of new transit.	10 points: Shown in current Ultimate Network Plan or EA	
Proximity to Nearest Rapid Transit Station	Distance to nearest rapid transit station (existing or planned)	SCORE: 6.3 (4 pts >1.1km to 1.9km) (6 pts >0.6km to 1.1km)	12.0
Proximity to Jobs	Rating system adds score for urban expansion areas with greatest number of opportunities for local employment (existing or planned).	SCORE: 7.5 (6 pts >50% to 75%) (8 pts >75% to 100%)	8.0
Proximity to Convenience Retail	Proximity to convenience retail / major grocery store	SCORE: 1.1 (1 pt >1.1km to 2.9km)	5.0
Distance to Major City Facilities	Distance to one or more Major Recreation Facilities	SCORE: 1.7 (1 pt >3.8km to 4.5km) (2 pt >3.0km to 3.8km)	5.0
Distance to Emergency Services – Fire	Estimated response within 5 minutes	SCORE: 3.0 (3pt: 1 responder within 5 mins)	4.0
Potential Arterial Road Upgrades	Relative cost of possible arterial road construction or upgrades required by future development.	SCORE: 0.0 (0 pts – frontage on an existing serviced Urban Arterial Road or site is within 1.9km of planned rapid transit)	Potential Loss of 8 pts
Connectivity	Can the lands be developed with an urban road network, or are there barriers, physical obstructions, that limit connectivity.	SCORE: 6.1 (6pts: less than good – full or partial obstruction in one direction) (8pts: good – totally unobstructed in all directions)	8.0
Conflict with Agricultural Uses	Agricultural uses within 250 metres of the proposal	SCORE: 0.0 (0 pts: No)	Potential Loss of 4 points
Natural Heritage Linkages	Assessment of whether a natural heritage	SCORE: -1.1 (0 pts – NH Linkage does not impact the parcel)	Potential Loss of 4 points

Criteria	Summary Description	Average Score	Max Score
	linkage impact the development parcel	(-2 pts – NH Linkage impacts less than 25% of the parcel)	
<b>Total</b>		<b>54.4</b>	<b>90.0</b>

While the average of the South March parcels had a score of 54.4 out of a maximum 90, none of the other combined potential urban expansion areas assessed had scores that exceeded 60. Only a few individual parcels had scores above 60, and many of them were in South March, with only two of them outside of South March (B-1, R-2).

**Summary of Attributes of South March Lands Contributing to Category 1 Result**

Based on the scoring for each category and the City’s application of scores and the subject lands can be described as having the following efficiencies and positive attributes:

- **Water:** Trunk water system is in proximity, has adequate residual capacity, for some of the South March lands local conditions do not require any new pump facilities or existing facility upgrades;
- **Wastewater:** Localized upgrades to wastewater off-site trunk facilities are required and local conditions do not require any new major pump facilities or existing facility upgrades;
- **Stormwater:** There are no observable grade restrictions or topographical constraints that would result in submerged sewers or alteration of watercourses;
- **Roads:** frontage on existing urban arterial and therefore limited arterial road upgrades required and good connectivity in most directions;
- **Transit:** Existing or planned transit within 1.1 to 1.9km and shown in ultimate network plan or EA;
- **Access to Employment Areas:** Strong proximity to jobs and employment areas;
- **Fire:** Close proximity to emergency services; and
- No conflict with agricultural uses, and based on scoring applied, on average Natural Heritage Linkages impact less than 25% of the parcel.

The City’s analysis of Category 1 lands<sup>3</sup> included a detailed review of the South March Cluster, and included the following analysis:

- That the current land uses included existing single-detached residential uses and “pockets of rural estate subdivisions”, including “five existing subdivisions which would be added to the urban boundary and public service area”, noting that the inclusion of the lands in the urban area would “facilitate connectivity and integration with the existing urban area”;
- “The cluster is close proximity to existing facilities and services such as retail (including grocery store), recreational facilities, schools and employment uses including the Kanata North Technology Park, the largest non-governmental cluster of jobs in Ottawa”;

<sup>3</sup> Supporting Documentation to January 25, 2021 Report to Joint Meeting of Planning Committee and Agriculture and Rural Affairs Committee (Document 2: Category 1 and 2 Lands)

- In regard to water servicing, the City's analysis noted that "the area can be serviced with good water pressure from Zone 2W/2C via watermain connections in the Kanata North Urban Expansion Area (KNUEA) lands." but added that parcels west of Old Second Line Road would "ideally be serviced by pressure zone 3W, which would require the construction of a new watermain" but that new watermain would eliminate the Morgan's Grant pressure zone and provide looping for redundancy. Other works such as pump station decommissioning, and installation of pressure release valves would be required;
- With respect to wastewater servicing, the City's analysis noted that the future March Road Collector and East March Trunk have capacity to service expansion areas contiguous to the Kanata North Urban Expansion Area by gravity, but servicing other areas (SM-3, SM-9A, SM-9B) would require major upgrades;
- With respect to stormwater drainage, the City's analysis finds some improvements to Shirley's Brook are needed to establish a reliable outlet for urban drainage, and that the area has an existing erosion issue that requires further analysis; and
- The City's analysis notes that the South March parcels are within the 1.9km radius of the March Road Transitway station.

The City's Staff Report detailed Methodology states that "Category 1 lands are those pass 1 and pass 2 land clusters that have a strong adherence to the GMS and Five Big Moves." The South March lands were the second-highest scoring Category 1/Pass 1 lands, but were not included in the Council-approved urban boundary expansion.

## **Need for Robust Land Supply in Establishing Affordability and Availability of Range and Mix of Housing Types**

### ***Migration to Ottawa Has Surged in Last Five Years***

The figure below shows trends in various components of population change in the Ottawa Census Division, over the last 20 years, broken out into five-year periods. The trends evident in the figure show the significance of the changes in population growth in the region:

- Natural increase (births less deaths) has begun a long-term decline, with 5-year growth falling from a net increase of 21,829 persons over the 2008-2012 period to only 13,460 persons in the most recent five-year period. While births in absolute numbers have remained steady, as a percentage of population overall, they have declined. At the same time, deaths have steadily increased as the large baby boomer cohort (born years 1945 to 1960, aged 64-79 as of 2024) ages into late senior years;
- Domestic net immigration, made up of intraprovincial migration (net movement in/out from Ottawa from other parts of Ontario) and interprovincial migration (net movement in/out of Ottawa from other provinces in Canada) has remained steady over the past 15 years, with 17,800 to 18,300 persons on net arriving in Ottawa to reside over each of the past three five-year periods;
- International immigration, which is comprised of net international immigration and net non-permanent residents have increased in each successive five-year period, to 53,473 persons over the 2018-2022 period;

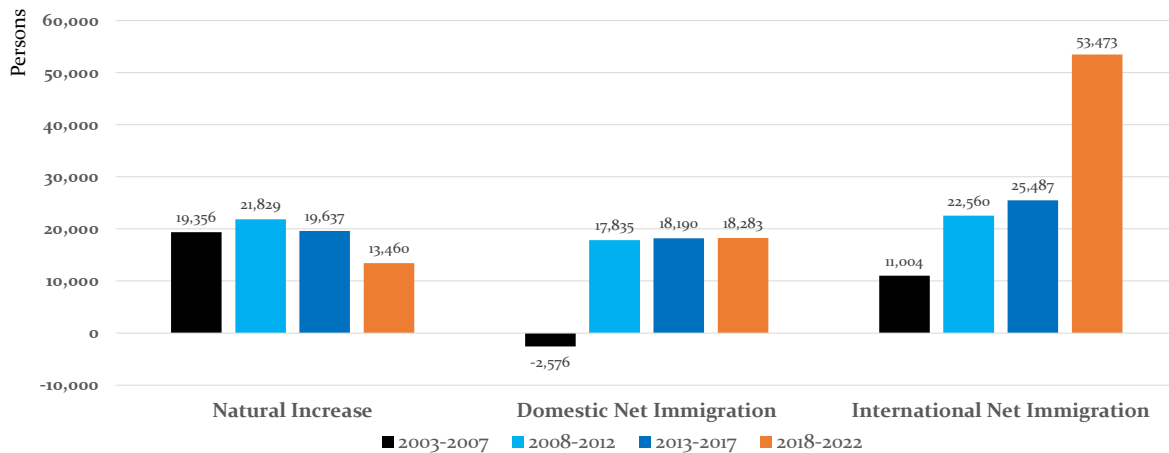
The surge in net international immigration was not foreseen in most forecasts underlying provincial planning policy, or incorporated into land needs assessments, which in the case of the City of Ottawa was initiated in 2019 and adopted in November 2021. Even at the date of adoption, the latest available Census data would have been from the 2016 Census. While the 2021 Census was conducted in May



2021, the first available dataset (population count) was made available in February 9, 2022, and it included the recent trends to mid-2021 regarding net immigration (except non-Census sources) which contributed significantly to Ottawa's growth.

Figure 3

## Major Components of Population Change, Ottawa Census Division, 2003-2022, by 5-Year Period



Note: Domestic Net Immigration = net intraprovincial migration and net interprovincial migration

Note 2: International Net Immigration = net international immigration (immigrants less emigrants) and net non-permanent residents

Source: Statistics Canada, Table 17-10,0140-01

### **Housing Activity Has Accelerated, but Lack of Ground-Related Supply in City has Pushed Development Elsewhere in CMA**

While population growth has surged based on external factors that were not embedded in available data at the time the City's Official Plan review was initiated in 2019, the amount of housing supply in production has begun to catch-up to the increased demand.

The amount of housing in the City of Ottawa has seen the total number of housing starts increase in recent years, but when evaluated by unit type, the amount of ground-related housing has remained at historic levels, with the increase in development driven by increased apartment development in the built-up area and greenfield developments.

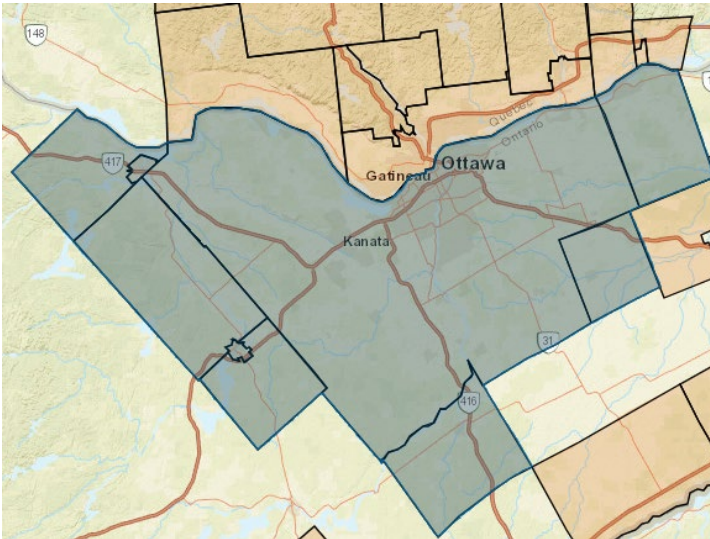
Figure 4

<b>CITY OF OTTAWA</b>			
Unit Type	2013-2017	2018-2023	% Change
Ground-Related	19,217	23,335	+21%
Apartments	9,834	21,084	+114%
Total	29,051	44,419	+53%
<b>REST OF OTTAWA CMA</b>			
Unit Type	2013-2017	2018-2023	% Change
Ground-Related	3,191	5,696	+78%
Apartments	534	913	+71%
Total	3,725	6,606	+77%

In the parts of the Ottawa CMA outside of the City of Ottawa, growth in new home construction when broken down between ground-related and apartment unit types was more evenly distributed, growing at 78% and 71%, respectively. The overall growth in the rest of the CMA was 77%, which was a faster rate of increase than the City (+53%). A map of the Ottawa CMA is shown in the figure below:

Figure 5

## Overview of Ottawa CMA



CMA includes the following Census Subdivisions:

- Carleton Place
- Arnprior
- McNab/Braeside
- Mississippi Mills
- Beckwith
- North Grenville
- Russell
- Clarence-Rockland
- Ottawa

Source: CMHC

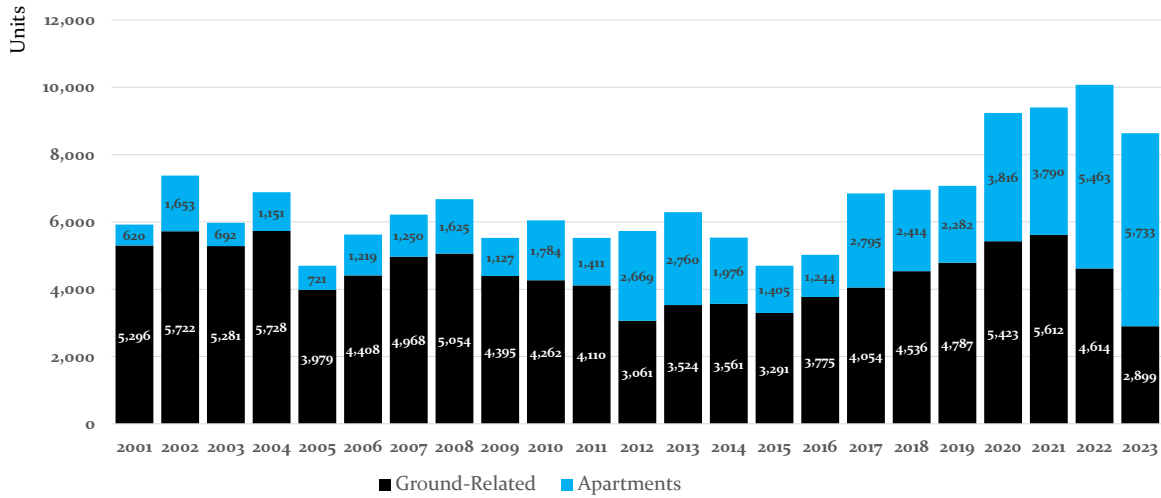
The City's share of CMA-wide development has decreased from an average share of:

- 93.9% in the 2003-2007 period;
- 91.4% in the 2008-2012 period;
- 88.6% in the 2013-2017 period;
- 87.0% in the 2018-2022 period.

A depletion of urban residential greenfield supply combined with the removal of the South March lands from the City of Ottawa's prospective urban boundary expansion is likely to contribute to the continued re-orientation of housing demand towards smaller centres elsewhere in the Ottawa CMA.

Figure 6

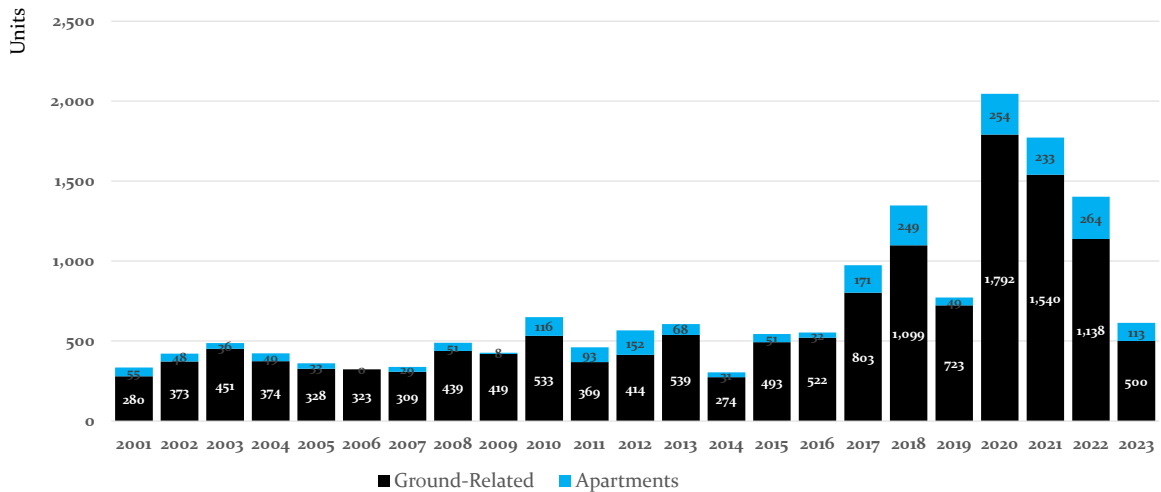
## Housing Starts, City of Ottawa, 2001-2023



Source: CMHC

Figure 7

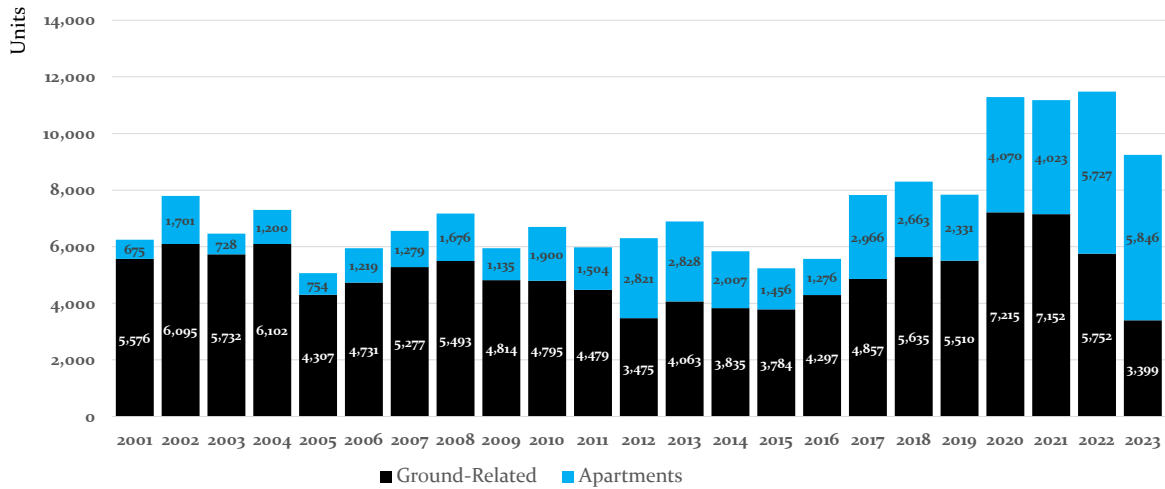
## Housing Starts, Rest of CMA, 2001-2023



Source: CMHC

Figure 8

## Housing Starts, Ottawa CMA, 2001-2023



Source: CMHC

### ***The City’s Greenfield Supply Pipeline is Shrinking***

Based on the City’s Vacant Urban Residential Land Supply reports over the 2014-2023 period, the City’s supply of greenfield lands have shrunk by 24%, with the supply of designated lands with no specific plans decreasing by 59%. To maintain an adequate level of shovel-ready greenfield supply, the City will need to find sources of greenfield supply that are readily developable with minimal effort needed to extend servicing.

Figure 9

**Trends in Greenfield Plans, City of Ottawa, by Annual Report**

Status	2014	2015	2016	2017	2018	2019	2021	Mid-2022
Registered	8,836	7,501	7,958	7,474	6,242	10,004	10,626	11,486
Draft Approved	14,422	18,515	16,942	19,586	24,301	21,013	16,456	19,702
Pending	11,651	6,864	13,579	14,036	13,987	13,767	19,589	13,323
No Plan/CDP	51,994	47,831	44,481	38,369	36,757	32,620	22,407	21,275
<b>Total</b>	<b>86,903</b>	<b>80,711</b>	<b>82,960</b>	<b>79,465</b>	<b>81,287</b>	<b>77,404</b>	<b>69,078</b>	<b>65,786</b>
<b>% of Total by Status</b>								
Registered	10%	9%	10%	9%	8%	13%	15%	17%
Draft Approved	17%	23%	20%	25%	30%	27%	24%	30%
Pending	13%	9%	16%	18%	17%	18%	28%	20%
No Plan/CDP	60%	59%	54%	48%	45%	42%	32%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Unit Type</b>								
Singles/Semis	8,535	8,442	7,935	9,444	13,232	12,119	11,976	10,627
Townhouses	9,112	8,750	8,425	10,823	17,470	16,904	18,541	17,660
Stacked	3,780	3,480	2,847	1,659	2,463	3,521	5,616	5,581
Apartments	5,062	5,474	6,329	7,149	11,599	13,663	10,756	10,861
Mixed-Use/CDP	60,414	54,564	57,424	50,390	36,523	31,197	22,189	20,057
<b>Total</b>	<b>86,903</b>	<b>80,710</b>	<b>82,960</b>	<b>79,465</b>	<b>81,287</b>	<b>77,404</b>	<b>69,078</b>	<b>64,786</b>
<b>% of Total by Unit Type</b>								
Singles/Semis	10%	10%	10%	12%	16%	16%	17%	16%
Townhouses	10%	11%	10%	14%	21%	22%	27%	27%
Stacked	4%	4%	3%	2%	3%	5%	8%	9%
Apartments	6%	7%	8%	9%	14%	18%	16%	17%
Mixed-Use/CDP	70%	68%	69%	63%	45%	40%	32%	31%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: City of Ottawa Vacant Urban Residential Land Survey, various years

**Kanata-Stittsville has Just 2 Years of Vacant Designated Lands without Applications Remaining, Comprising 34% of City-wide Greenfield Growth since 2011**

Within Kanata-Stittsville, since 2014, the amount of vacant urban residential supply has declined from 27,991 units to 20,082 units, a decrease of 28%. The unit potential of Community Design Plan (CDP) lands or lands without a plan in Kanata-Stittsville has fallen from 13,807 units in 2014 to just 2,557 units as of mid-2022, an 81% decrease. The decline owes to once-designated lands working their way through the approval system, from designated lands to applications under review, to draft approved, to registered, to built.

Figure 10

**Change in Vacant Residential Urban Land Supply, Kanata-Stittsville, 2014 to mid-2022**

Development Status	2014	2015	2017	2018	2019	mid-2021	mid-2022	% Change (2014-2022)
Registered	3,414	3,455	4,078	3,255	4,086	4,954	5,434	
Draft Approved	6,745	7,222	8,008	8,230	7,125	3,959	5,544	
Pending	4,025	3,299	4,978	6,788	7,292	10,029	6,547	
No Plan / CDP	13,807	14,127	9,928	7,847	6,561	2,640	2,557	-81%
<b>Total Kanata-Stittsville</b>	<b>27,991</b>	<b>28,103</b>	<b>26,992</b>	<b>26,120</b>	<b>25,064</b>	<b>21,582</b>	<b>20,082</b>	<b>-28%</b>

Source: City of Ottawa Vacant Urban Residential Land Supply reports

Based on the City's VURLS reports, the Kanata-Stittsville area has seen 14,423 units built over the 2011-2021 period, equating to 34% of the units built in the City's greenfield areas, the largest share among the five areas. Over the past five years, Kanata-Stittsville has seen an average of 1,501 units built per year.

Figure 11

### Units Built on Vacant Land, City of Ottawa, 2011-2021

Year	Units Built on Vacant Land					Total
	Kanata-Stittsville	South Nepean	Riverside South	Leitrim	Orleans	
2011	909	1,455	60	237	1,137	3,798
2012	950	922	197	279	776	3,124
2013	1,396	933	337	282	656	3,604
2014	1,406	1,065	333	266	620	3,690
2015	1,131	847	228	231	485	2,922
2016	1,125	1,076	205	171	874	3,451
2017	1,326	808	351	224	919	3,628
2018	1,862	704	472	367	943	4,348
2019	1,515	1,086	346	523	895	4,365
2020	1,464	965	547	719	1,047	4,742
2021	1,339	1,208	571	690	887	4,695
Total	14,423	11,069	3,647	3,989	9,239	42,367
% of Total	34%	26%	9%	9%	22%	100%
Last 5 Years Annual Average	1,501	954	457	505	938	4,356
Share of Last 5 Years	34%	22%	11%	12%	22%	100%

Source: City of Ottawa Vacant Urban Residential Land Supply reports

At the recent pace of growth in Kanata, the 20,082 units represents a 13-year supply of residential units, and the 2,557 units in designated lands represents just under 2 years of designated land supply remaining. More lands in Kanata-Stittsville will be needed to ensure that the supply of designated land is available to replenish the supplies of development applications, draft approvals and registered plans as each of those continue to work themselves through the approvals and permitting system.

### Fiscal Considerations

The City of Ottawa retained Hemson Consulting to undertake a Municipal Fiscal Impact Analysis (the "Hemson Report") which compared the operating and capital costs and revenues attributable to four categories of development in the City, including higher-density urban and lower-density greenfield development.

The Hemson Report notes the benefits of development that is cost-efficient, which arises from developments that do not require high amounts of local infrastructure to be installed:

*The City should encourage development in higher-density urban areas as it is generally the most cost-efficient. Practically, however, not all future growth can be accommodated by this form of development. One of the primary reasons why the higher-density urban category is preferable in the analysis is due to the higher proportion of apartments and other multiple dwellings in the representative developments. The City should encourage the development of these units throughout the city which would reduce cost disparities.*

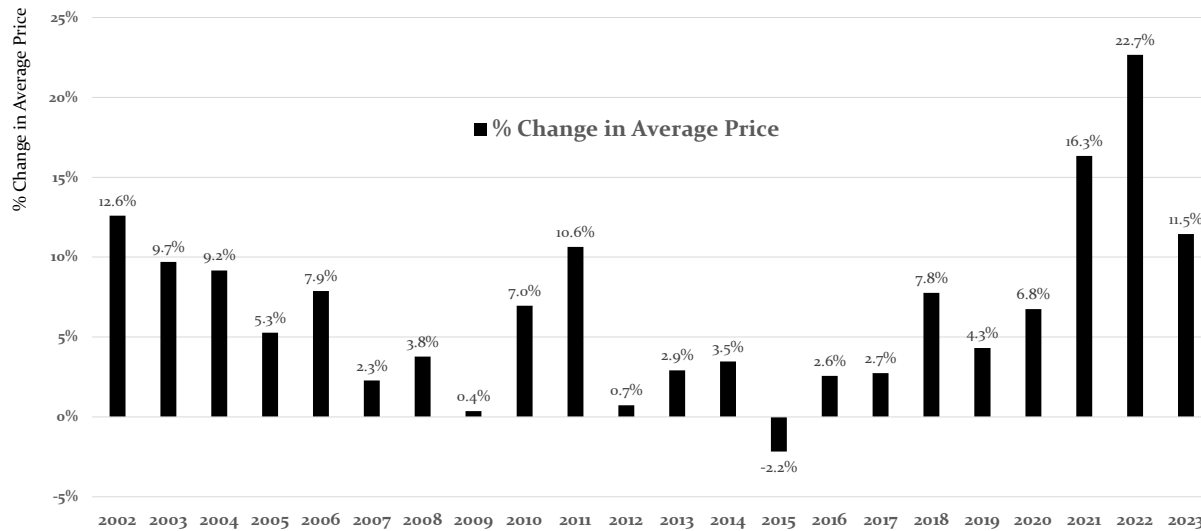
*Although the initial capital costs of local services infrastructure are borne by the developer, the long-term replacement of the assets is an important consideration in the analysis. The lower the amount of local infrastructure required by new development, the lower the annual replacement provisions. This is a major reason why apartment developments are preferable from a fiscal standpoint.*

### Housing Supply, Land Supply and Affordability

Over the past five years, the percentage increase in the average price of absorbed single/semi-detached units in the City have increased from 4.3% to 22.7%, with a compounded increase of over 77% during this period. Since 2002 there have been five years where the percentage increase has exceeded 10%, with three of those being in the last three years.

Figure 12

## % Change in Average Price of Absorbed Single/Semi-Detached Unit, City of Ottawa, 2002-2023



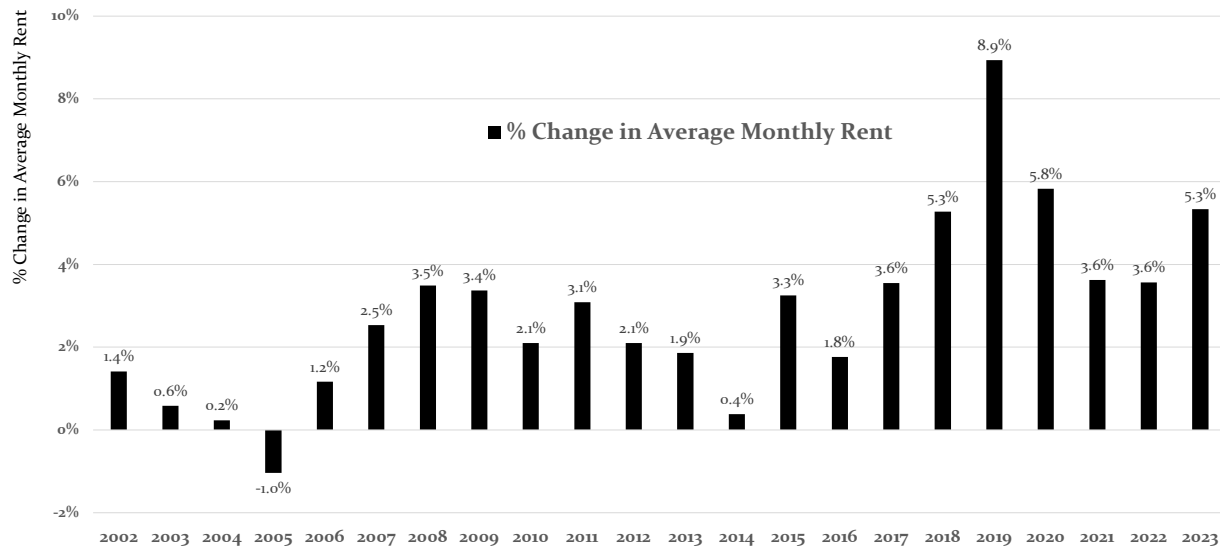
Source: CMHC

Similar to average prices of absorbed units, the average annual change in monthly rents as reported by CMHC has seen the largest annual increases in rents in the City since 2002 all occurring in last six years, in which four of those years the annual change in rent exceeded 5%.



Figure 13

## Annual % Change in Average Monthly Rent, City of Ottawa, Rental Apartment Units, 2002-2023



Source: CMHC

### Conclusions

- Provincial policy requires that land use patterns within settlement areas be based on a mix of land uses that efficiently use land and resources, and efficiently use the infrastructure and public service facilities and that new development in designated growth areas should occur adjacent to the existing built-up area, and efficiently use land, infrastructure and public service facilities.
- The City’s establishment of criteria used to evaluate urban boundary expansion requests were based on the City’s Five Big Moves and the Provincial Policy Statement, with a City staff report noting that the “GMS includes all criteria required under the Provincial Policy Statement” which were listed and discussed in the May 2020 GMS report “because they are compulsory”.
- After the City reviewed and scored the various parcels seeking inclusion in an expanded urban boundary, the South March lands were deemed "Category 1", which is the highest/best ranking of lands for consideration for inclusion in the City’s urban boundary. The City’s Staff Report detailed Methodology states that “Category 1 lands are those pass 1 and pass 2 land clusters that have a strong adherence to the GMS and Five Big Moves.”. City Staff recommended the inclusion of all Category 1 lands in the urban boundary, as well as some Category 2 lands to make up the shortfall of Category 1 lands relative to the identified land needs.
- The South March lands were the second-highest scoring Category 1 lands, however, of the four parcels deemed as Category 1, the South March lands were the only ones not included in the expanded urban boundary as contained in the Council approved 2021 OP.
- Population change in the City has recently been driven by a significant surge in international immigration, which would not have been incorporated into the City’s land needs assessment initiated in 2019 and adopted by Council in 2021, prior to release of any data from the 2021 Census.

- The amount of greenfield supply in the City has shrunk, resulting in a pipeline of designated greenfield lands that is likely insufficient to address future housing demand. A depletion of urban residential greenfield supply combined with the removal of the South March lands from the City of Ottawa's prospective urban boundary expansion is likely to contribute to the continued re-orientation of housing demand towards smaller centres elsewhere in the Ottawa CMA.
- To maintain an adequate level of shovel-ready greenfield supply, the City will need to find sources of greenfield supply that are readily developable with minimal effort needed to extend servicing. Since 2014, the unit potential of CDP lands or lands without a plan in Kanata-Stittsville has fallen from 13,807 units to just 2,557 units as of mid-2022, an 81% decrease.
- Owing both to the surge in demand for housing in the City, and the reduction in available greenfield supply, the prices of new homes and rents have both seen percentage increases year-over-year in the past 4-5 years not seen in at least 25 years.