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Our Ref: 146106

**Subject: City of Ottawa Urban Expansion - Housing Demand and Supply
Review - South March Cluster**

Dear Ms. Melinz:

Arcadis Professional Services (Canada) Inc. ("Arcadis") has been retained on behalf of the South March Landowners Group to conduct a housing demand and supply review of the City of Ottawa's growth management work to assess the inclusion of the "South March Cluster" in the City's required urban expansion to accommodate growth to 2046. The South March Cluster represents 175 net hectares of developable land along the northern boundary of the existing "Urban Area" in Kanata, with strong access to transit, road and water/wastewater infrastructure, and community amenities and facilities. These lands were originally included in the City's urban boundary expansion, as approved by the Minister of Municipal Affairs and Housing ("Minister") in November 2022, but were subsequently removed based on changes made in Bill 150.

In our opinion, the South March Cluster represents a logical extension of the City's "Urban Area", as evidenced by the City's identification of these lands as "Category 1 – Strong adherence to the Growth Management Strategy and Five Big Moves", which were recommended by Planning Staff for approval as urban expansion candidate areas in their Report to City Council in February 2021. Nevertheless, the South March Cluster continues to be excluded from the City's urban expansion. We note that other lands throughout the City that were graded and ranked lower in City Staff's evaluation process have been included within the urban boundary. The selection of these lower graded lands, in our view, is inconsistent with the Provincial Policy Statement (PPS) policies to efficiently use infrastructure and public service facilities and avoid the need for unjustified and/or uneconomical expansion (Section 1.1.3.2).

On this basis, Arcadis has developed an updated growth management analysis using the Ministry of Finance's ("MoF") population projections to 2046 to determine the magnitude of additional urban expansion land which is required in the City. The use of these projections, which forecast higher levels of growth to the City of Ottawa, have significant implications on the City's ability to accommodate future growth within the identified land supply and achieve consistency with the policies of the PPS for 25 years of available land.

Summary of Findings

- The MoF projections represent the most up-to-date demographic projections within the Province and are relied upon by various Ministries for service/growth planning and programming. The use of these projections would account for macro provincial trends and allow for consistent sourcing/ methodology for growth across the Province.
- City Staff support the use of the MoF population projections, as evidenced by their endorsement of the use of these population projections from the City’s report on the Ontario Housing Affordability Task Force (2022) recommendations.
- When contrasted with the growth management work completed for the City’s new Official Plan (“New OP”), the MoF population projections far exceed those of the City, with a difference of 246,844 residents in 2046. The City’s population projections were completed in 2019, predate the Federal government’s push to increase immigration in the short term, and do not reflect demographic trends captured in the 2021 Census.
- This forecasted increase in population results in the need for approximately 79,700 more units by 2046.
- Using the City’s land needs methodology, the increase in units yields a greenfield deficit of 61,320 units which would require a 3,207 gross hectares urban greenfield expansion. This is 1,926 hectares more than the 2021 Council-approved expansion of 1,281 hectares in the New OP.
- Using the MoF population projections, the existing greenfield supply (2021 base year) plus the Council-approved urban expansion only provides a 15-year greenfield supply. To meet the PPS requirement for 25 years of available land, additional expansion lands are required.
- The South March Cluster represents a logical extension of the City’s “Urban Area”, as evidenced by the City’s identification of these lands as “Category 1 – Strong adherence to the Growth Management Strategy and Five Big Moves”. The lands have strong access to transit, road and water/wastewater infrastructure, and community amenities and facilities and would help the City meet the requirement for a 25-year land supply.

The Ministry of Finance Population Projections

The MoF updated its population projections in the summer of 2023 to reflect the most up-to-date trends and data for the Province and forecast population growth to the year 2046. The projections are completed for each of the 49 Census Subdivisions in Ontario and reflect recent and historic trends in fertility, mortality, and migration. Additional geographies, including the 34 public health units, nine Ministry of Children, Community and Social Services’ Service Delivery Divisions (“SSD”), and six major regions, have also been delineated to provide more granular data sets for various Ministries.

While it is noted that that these projections do not represent local policy targets, the MoF population projections are relied upon by numerous provincial Ministries to administer critical programs and services for current and planned residents of the Province. For example:

- Forecasts by Public Health Units can help the Ministry of Health to determine the proper allocation of funds and resources to service the population. These growth forecasts can also be used by Local Health Integration Networks to proactively plan for future amenities such as hospitals and long-term care facilities.

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- Forecasts by SSD can assist the Ministry of Children, Community and Social Services to plan early child development programs and identify program funding requirements for other community and social services.
- Forecasts can be used by the MoF to estimate future tax revenues and create Province-wide fiscal and economic plans.
- Forecasts by Census Subdivision are used by the Ministry of Municipal Affairs and Housing (“MMAH”) to help develop its growth targets in municipal documents such as *A Place to Grow: Growth Plan for the Greater Golden Horseshoe*.

Understanding the relevance of these growth forecasts, the “Ontario Housing Affordability Task Force”, a provincially initiated task force with a mandate to increase market housing supply and affordability, released a report in February 2022 outlining 55-high level recommendations to address housing supply and affordability issues in Ontario. As it relates to growth forecasting, Recommendation 51 recommended that the Province “*require municipalities and the provincial government to use the Ministry of Finance population projections as the basis for housing need analysis and related land use requirements*”.

The MoF population projections represent an Ontario-wide standard for growth projections and are a key data set used by numerous industries throughout the Province to guide planning and growth, including the MMAH. The use of these numbers is supportable and represents the most up-to-date growth forecasts which factor current and planned demographic trends that will impact our cities. These projections would also account for macro provincial trends and allow for consistent sourcing/methodology for growth across the Province.

Support for the MoF Projections by City of Ottawa Staff

As follow up on the Ontario Housing Affordability Task Force Report (February 2022), municipalities were asked to submit their comments on the Task Force recommendations.

At Ottawa City Council’s Planning Committee meeting on March 10, 2022, Committee members received a report from Staff as to the recommended City position in relation to the Task Force Report’s 55 recommendations. As it relates to Recommendation 51, the City Staff report reads:

- **Recommendation 51.** Require municipalities and the provincial government to use the Ministry of Finance population projections as the basis for housing need analysis and related land use requirements.
- **Staff Comments:** If the Province re-opens appeals to Comprehensive Reviews of Official Plans, this standardization requirement will reduce the City’s risk of appeals over population projections. Standardized methodologies across Ontario would benefit municipalities.
- **Staff Recommendation:** The City supports this recommendation.¹

The Planning Committee unanimously approved this report, illustrating the merits of the use of the MoF projections for growth management purposes.

Arcadis Findings: the MoF population forecasts represent reasonable growth forecasts which are used by multiple provincial Ministries, are supported by the Ontario Housing Affordability Task Force, and received endorsement for use by City Staff. These forecasts represent the most up-to-date population

¹ <https://pub-ottawa.escribemeetings.com/filestream.ashx?DocumentId=5877>

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projections reflecting demographic and immigration trends and should be utilized by the City of Ottawa to inform its growth management work.

Differences in the MoF Forecasts and the City’s Growth Management Work

The City’s growth management work, completed as part of its Municipal Comprehensive Review (“MCR”) predated the statistical release of the 2021 Census as well as the Federal government’s push to increase immigration by 500,000 people/year to 2025. As a result, the MoF population targets, which were released in 2023, far exceed those of the City, with a difference of 246,844 residents in 2046. The increased projected population growth over the planning horizon from 2018 to 2046 has implications on the number of households and greenfield land required for future growth.

Table 1: Population Comparison – City Forecasts vs. MoF Projections²

	City Medium/ Balanced Scenario	MoF Forecast	Difference
Population			
2031	1,219,232	1,283,010	63,778
2041	1,355,263	1,527,976	172,713
2046	1,409,649	1,656,493	246,844
Households			
2031	509,104	525,846	16,742
2041	572,773	627,776	55,003
2046	599,245	678,954	79,709

Source: City of Ottawa Growth Projections for the New Official Plan: Methods and Assumptions for Population, Housing and Employment 2018 to 2046 (November 2019). Ministry of Finance source: <https://www.ontario.ca/page/ontario-population-projections#section-6>

The difference in household projections based on the increased growth identified in the MoF forecasts is substantial. By 2046, the Ministry’s population growth results in a household forecast of 678,954 units, approximately 79,700 more units than the City’s Medium/Balanced Scenario for the New OP. To determine the household forecast, Arcadis used the City’s Land Needs Methodology, including headship rates and household propensities, to forecast population growth to 2046.

Land Needs Assessment for Additional Units

Using the City’s Land Needs Assessment Methodology and updating the household forecast to reflect the MoF population projections for the City of Ottawa results in an increase in the gross expansion area required in the Urban Area. Based on Arcadis’ calculation, there is a greenfield deficit of 61,320 units which would result in the need for 3,207 gross hectares of urban expansion. This is 1,926 hectares more than the Council-approved (2021) expansion of 1,281 hectares.

² Figure 1 has been updated from the version of the report submitted to the ERO on March 19, 2024, to correct a minor error in the transposition of household data. This transposition error does not affect the analysis or conclusions in our report.

Table 2: MoF Scenario – Land Needs Assessment

	Single Detached	Semi Detached	Rowhouse	Apartment	Total
City-wide Demand (MoF Forecast)	88,180	9,912	93,845	82,581	274,517
Rural Demand	11,500	200	900	400	13,000
Urban Demand	76,680	9,712	92,945	82,181	261,517
Intensification (51%)	24,424	5,961	41,434	62,078	133,897
Greenfield (49%)	52,255	3,751	51,511	20,102	127,620
Existing Greenfield Supply	27,900	1,400	30,400	6,600	66,300
Expansion Greenfield (required)	24,355	2,351	21,111	13,502	61,320
Density (uph)	25.0	35.6	50.6	92.4	37.1
Net Residential (ha)	974.2	66.1	417.2	146.1	1,603.6
Net to Gross					50%
Gross Expansion (ha)					3,207

Arcadis Findings: The use of the MoF population projections results in the need for 3,207 gross hectares of urban expansion, 1,926 hectares more than the Council-approved expansion in 2021. The additional land need beyond the Council-approved expansion could therefore accommodate the South March Cluster lands (175 net hectares), in addition to other expansion lands throughout the City. Further expansion beyond the Council-approved expansion is required.

Meeting the Provincial Policy Statement Requirements for a 25-Year Land Supply

Section 1.1.2 of the PPS requires municipalities to make sufficient lands available to accommodate an appropriate range and mix of land uses for a time horizon of 25 years. Using the MoF population projections, the existing greenfield supply (2021 base year), plus the Council approved urban expansion, only provides a 15-year greenfield supply.

To meet the PPS requirement for 25-years of available land, additional expansion lands are required to 2046.

Table 3: Land Consumption Calculation

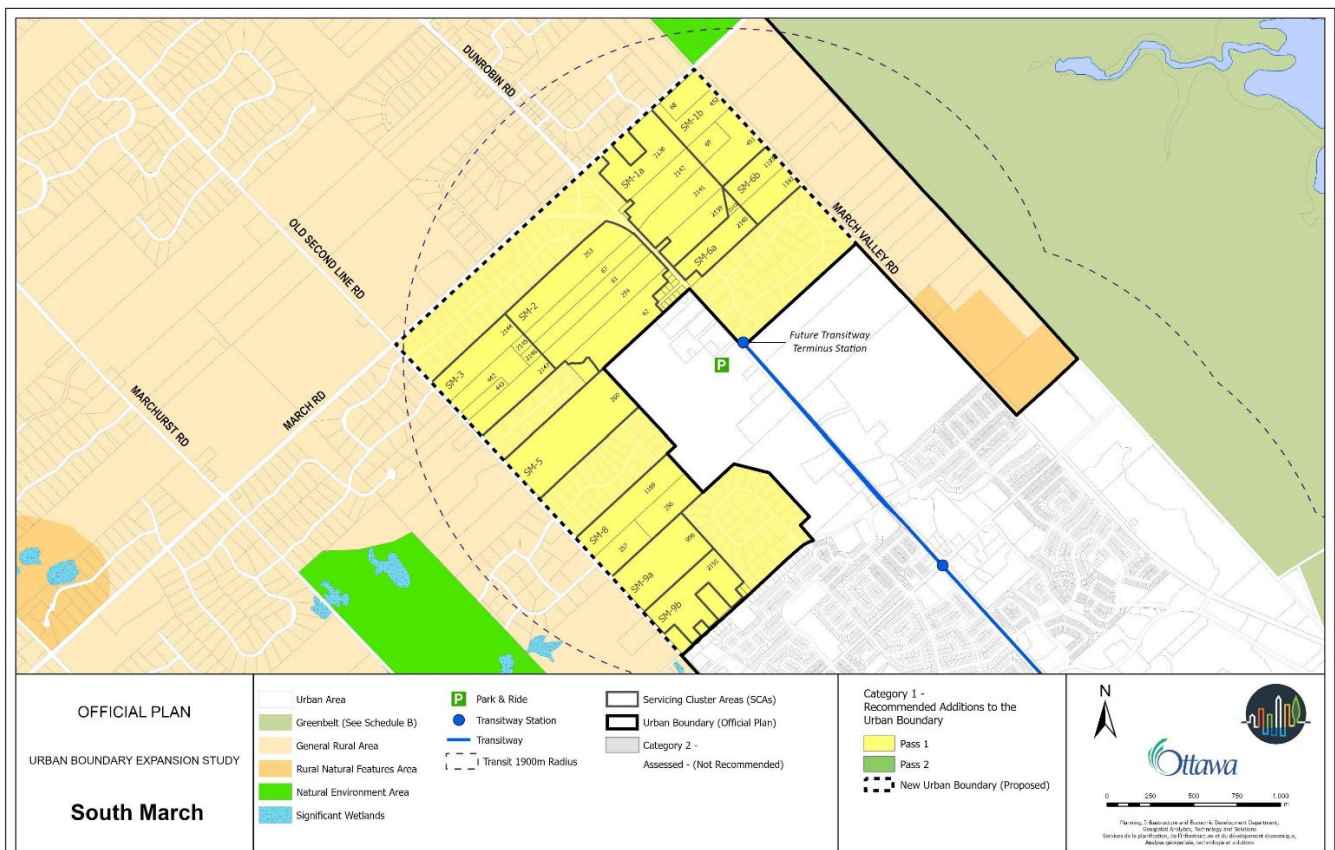
	Net Area (ha)	Assumed Annual Demand (net area)	Years Supply
Existing Land (2021 Mid year GRLS)	1,587.3	145.4	10.9
Existing + Council Approved Exp	2,227.3	145.4	15.3

- 1) GRLS = City of Ottawa Greenfield Residential Land Survey 2021
- 2) Council Approved Expansion Land = 640 net hectares
- 3) Assumed demand generated from 2021 Mid- Year Greenfield Residential Land Supply Survey (GRLS) demand projections.

The South March Cluster Represents a Logical Expansion to the Existing Urban Area

On February 10, 2021, City Staff presented a report to Council that identified priority locations for urban expansion (Category 1 and 2 lands) and recommended that Council approve Category 1 lands as candidate areas to be added to the urban boundary in the New OP. The Category 1 lands, representing 1,001 hectares outside of the urban boundary, best met the City’s evaluation criteria and had strong adherence to the Growth Management Strategy and the Five Big Moves of the New OP. The “South March Cluster” was identified as Category 1 lands and received the second highest evaluation score.

Figure 1: South March Cluster Expansion Criteria



Note: City of Ottawa, File ACS2021-PIE-EDP-001 – New Official Plan: Growth Management Report II – Lands Proposed for Residential and Industrial Urban Expansion (February 10, 2021). Document 2 “Category 1 and 2 Lands”

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Based on the Evaluation Criteria, the South March Cluster scored highly due to the following attributes:

- The South March Cluster is in close proximity to existing facilities and services such as retail (including a grocery store), recreational facilities, schools, and employment uses including the Kanata North Technology Park, the largest non-governmental cluster of jobs in Ottawa.
- The current urban boundary is irregularly shaped, a result of the previous urban expansion approved through OPA 76 hearings. The South March Cluster would square off the area, providing a logical urban boundary based on existing roads.
- The approved Kanata North Community Design Plan as well as active subdivision applications contemplate further road connections to the South March Cluster, which would facilitate connectivity and integration with the existing urban area.
- With the exception of areas west of Old Second Line Road, the South March Cluster can be serviced with good water pressure from Zone 2W/2C via watermain connections in the Kanata North Urban Expansion Area lands.
- The future March Road Collector and East March Trunk have capacity to service expansion areas contiguous to the Kanata North Urban Expansion Area. Parcels west of Old Second Line Road would require major upgrades to the March Road Collector or a new sewer conveying flows to the East March Trunk.
- Parcels in the South March Cluster are within the 1.9 km radial catchment area from the planned March Road Transitway transit stations. There is a planned park & ride lot located at the terminus transit station on March Road, at the southern edge of the Cluster boundary

The South March Cluster was not included in the Council-approved version of the City's New OP, but was subsequently brought in through modifications from the Minister in November 2022. Recently, changes stemming from Bill 150 have reverted the City's urban expansion back to the Council-approved version, which has removed the South March Cluster from the City's Urban Area.

The South March Cluster represents a logical extension of the City's Urban Area, as evidenced by the City's identification of the lands as "Category 1 – Strong adherence to the Growth Management Strategy and Five Big Moves", which were recommended by Planning Staff for approval as urban expansion candidate areas in their Report to City Council in February 2021. Nevertheless, the South March Cluster continues to be excluded from the City's urban expansion. Other lands throughout the City that were graded and ranked lower in City Staff's evaluation process have been included within the urban boundary³. The selection of these lower graded lands is inconsistent with the PPS policies to efficiently use infrastructure and public service facilities and avoid the need for unjustified and/or uneconomical expansion (Section 1.1.3.2).

³ Ottawa City Council Joint Report 4 – January 25 and 26 2021. "Document 1 – Methodology Details and Council Motions" (Pg. 5) outlines the City's evaluation system for urban expansion, identifying Category 1 clusters as having "strong adherence to the GMS and Five Big Moves", and Category 3 clusters as having "limited adherence to the GMS or Five Big Moves". "Document 2 – Category 1 and 2 lands" and "Document 3 – New Community Areas" identify the location of these parcels. The South March Cluster (Category 1) was removed by Council from the proposed urban expansion in its decision dated February 10, 2021 in favour of lands which were evaluated as Category 3.

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Conclusion

Based on the MoF population projections, the increase in the City’s population to 2046 would result in a greenfield deficit of 61,320 units. This would require a 3,207 gross hectares Urban Area expansion, which is 1,926 hectares more than the 2021 Council-approved expansion of 1,281 hectares in the New OP. The 175 net hectares of developable land represented by the South March Cluster could be accommodated by the additional demand generated from the use of the MoF population projections. Additional urban expansion lands are required in the City of Ottawa to accommodate the increased population growth to 2046.

The South March Cluster has strong access to transit, road and water/wastewater infrastructure, and community amenities and facilities. The inclusion of these lands would help accommodate the projected future growth within the City and achieve consistency with the PPS requirement for a 25-year land supply.

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