

October 1, 2021

Hon. Steve Clark
Minister of Municipal Affairs & Housing
17th Floor – 777 Bay Street
Toronto, Ontario M7A 2J3

OPPI Comments on Proposed Update to Projection Methodology Guideline (ERO 019-2346)

Dear Minister,

On behalf of the Ontario Professional Planners Institute (OPPI), I am pleased to provide our comments on the “*Proposed Approach to Update the Projection Methodology Guideline*” posted for consultation under ERO 019-2346.

About OPPI

OPPI is the recognized voice of Ontario’s planning profession. With over 4,500 members, it serves as both the Professional Institute and regulator of Registered Professional Planners (RPP) in the province. Our members work across the planning spectrum, for consulting firms, provincial and municipal approval bodies, private developers, community agencies, and academic institutions.

RPPs are skilled, professional, and dependable navigators employed to help lead communities towards the Ontario of tomorrow. RPPs are the local experts who bring together different points of view; they consult and develop recommendations that provide informed choices for decision-makers and elected officials. RPPs act in the public interest as professionals who work to improve the quality and livability of communities in Ontario today and for their sustainability long-term.

Introduction

The current Projection Methodology Guideline (PMG) was issued by the province in 1995. It outlines best practices to assist municipalities in preparing population, housing, and employment forecasts and related land needs requirements during municipal official plan updates. However, in Ontario’s fast-changing environment, especially in the aftermath of the COVID-19 pandemic, the province has identified a need to update the Guideline to assist municipalities in undertaking demographic and economic forecasts to plan their communities and implement provincial policies.

While it is the municipalities that make the local land-use decisions, these decisions need to conform with provincial plans and be consistent with the Provincial Policy Statement (PPS). This update to the 1995 Projection Methodology Guideline is expected to reflect provincial priorities

and support the implementation of the PPS. Further, there may be areas that require modifications or updates as new information becomes available, and assumptions and approaches have evolved with regards to projection methodologies.

Summary of Comments

The key areas of improvement for the Guideline are as follows:

- 1) Increasing data availability associated with inputs for the projections, including across employment categories;
- 2) Educational and technical support from the ministry, especially for rural and northern municipalities, as well as small-scale municipalities;
- 3) Clarification of some of the definitions in the PMG to help planners and municipalities use the Guideline in a more consistent manner;
- 4) A circular/iterative process which uses economic growth and demographic changes with housing and employment projections;
- 5) Increased monitoring of outcomes due to changing trends in employment and housing needs in the aftermath of the pandemic;
- 6) Clearer direction for the northern and rural municipalities and other slow-growth municipalities to highlight growth attraction and development within those geographies rather than a specific forecast of population and employment growth;
- 7) Addressing the implications of seasonal and non-permanent populations.

OPPI also has 20 specific recommendations grouped within the categories outlined in the regulatory posting. These are as follows:

General

Recommendation 1: The updated PMG should incorporate more infographics, visualization of the steps for municipalities, and workbooks to be filled out by the municipalities.

Recommendation 2: The simpler methodology approach should continue to be included in the updated PMG.

A flexible and scalable methodology will ensure both growing and stable municipalities have the details needed to complete their projections and provide the flexibility to adjust based on local circumstances.

Recommendation 3: The Ministry should provide templates and specific training for municipalities.

With the new updates to the PMG, MMAH should set up training sessions, webinars, and other resources to help municipalities understand and utilize the Guideline effectively. Many planners do not have the required technical training regarding inter-connections between economics, demographics, and the housing market to develop long-term population and employment projections. However, most planners do have the technical training to create an inventory, assess, and monitor development activity (i.e., building permits/completions) urban, land supply and active development applications. A template, including development activity, and supply inventory materials from the ministry can help standardize required datasets that municipalities are encouraged to complete and regularly monitor. These resources can also be made available for public.

Population Projections (Data)

Recommendation 4: The updated PMG should provide clarification regarding the data sources, common baselines or benchmarks, data supplements, and data support.

Age cohorts should continue to be included in the population and housing projections. However, forecasting based on age categories may become challenging in smaller-scale municipalities, due to lack of available data, knowledge, and technical ability. An aggregated level of data and analysis may help. The Ministry of Municipal Affairs & Housing (MMAH) should be the responsible entity to provide reliable data for municipalities.

At the same time, a review and refinement on how the Ministry of Finance's projections are used by the municipalities is required. The Ministry of Finance forecasts are, in most cases, different from the ones in the GGH growth plan and the ones completed by municipalities. In essence, a common baseline and clear data sources can support municipalities with a sound and justifiable projection to rely on.

Recommendation 5: The updated PMG should address the challenges that smaller municipalities have regarding access to data, technical expertise, vast geographical differences, and so forth.

It is apparent that smaller municipalities are the ones that face the most challenges when it comes to projections. Emphasis for smaller municipalities should be growth shares/rate of change within broader regions as opposed to detailed review of migration and vital statistics.

The available data is not as robust as we drill down into smaller geographies, which necessitates the need for mechanisms provided by the Ministry to support these municipalities in their forecasting endeavors. As a starting point, this could include annual provincial growth monitoring reports and potentially long-term population and employment projections at the broader regional level. Such reports could also provide a brief discussion of post-census population trends, demographic profiling, labour force trends, etc. at the regional level. Such analysis would also potentially help set long-term population forecast "control totals", "benchmarking" and "sub-regional growth shares" within Ontario's regions (e.g., Southwest,

Central, Near-north, Northeast, Northwest). Smaller areas could then use these broader forecasts to help gauge their share and rate of growth within the context of the broader region. Municipalities would also be encouraged to explain why population and employment growth within their respective jurisdiction is projected to grow significantly faster or slower than broader regional trends, recognizing that population and employment growth rates/changes will not be homogenous within sub-regions.

Similarly, in terms of projections and allocation of population, employment, or housing in upper- vs. lower-tier municipalities, a recognition of how they restrain capacities and how to use policies like the Growth Plan to account for the excess land policies outside of the GGH is helpful.

Recommendation 6: The Regional Market Area (RMA) needs to be better defined in the updated PMG.

The regional market area is not just an issue for smaller municipalities, but also the upper tier ones. There is a need to address the impacts of the RMA on urban land needs. The excess lands policy would likely be the best way to address large regional land supply and demand mismatches, provided that this policy is not treated as a precise accounting tool for urban land expansion.

The need for better definition of the RMA applies to Northern and Rural areas as well – often one center is an employment area that drives housing in an adjacent municipality. Same impact exists on the need for recreation spaces etc. – larger/regional hubs need to account for the regional impact of growth on the services they provide.

Housing and Urban Residential Need Projections

Recommendation 7: The updated PMG should amplify the section on annual monitoring processes to address the post-pandemic changes in the guideline.

The pandemic has created an extra challenge for municipalities as it is more complicated to control growth and account for the shifting growth pressures. Population and migration are also key considerations. The data is not yet available in a robust manner to fully reflect on the impacts and changing trends, such as work-from-home trends and a change in housing needs. Municipalities need to enhance monitoring development trends in their own geographies and have good communications with adjacent municipalities to understand the immediate context. The Ministry could provide some guidance and templates on how these monitoring and communications can be facilitated as more data becomes available. The 5-year projections must also remain as the minimum updating period, which aligns with other planning policy.

Recommendation 8: The updated PMG should provide room for a more flexible methodology and approach, especially regarding policy and market changes.

Housing projections should be carried out using accepted methodologies and statistical data as ‘the baseline’ projection. A step that can be added to the PMG, based on current practices, is provision for policy impacts of alternative outcomes. These should be examined relative to the baseline to better understand impacts of policy.

Employment projections are somewhat more difficult due to the data limitations and broader economic forecasting. The existing approach outlined in the PMG is fundamentally correct and sufficient, as we cannot expect planners to do economic forecasting at the municipal level. Some assistance on population-related employment in the updates would be helpful. For example, what would be a general ‘rule of thumb’ for municipalities?

The GGH LNA Methodology guidelines are a good starting point that include provisions for market contingency, land vacancy and land needs associated with municipal infrastructure. It is also important to address unique attributes and circumstances regarding population and employment growth and land needs throughout the province, e.g.:

- 1) Anticipated regional/local real-estate market trends will vary significantly. As such, projected long-term shifts in market trends should be appropriately tested.
- 2) Importance of rural settlement areas, rural economy, vibrant rural communities, housing needs associated with migrant workers in agricultural sector (can place demands on urban and rural housing needs).

Issues related to example are essentially ignored for the GGH LNA. Rural areas take on an even more important role related to population and employment growth outside of the GGH.

Recommendation 9: The updated PMG should incorporate forecast trends in housing propensity in the projection methodology.

Housing propensity, which provides further input for housing types should be included during the projection processes. There is a tension between policy imperative and market pressures. A historical propensity study based on housing type for future forecasting, and how these projections relate to the PPS requirements should be addressed in the PMG updates. This needs to be incorporated with the baseline projection and the provision of policy impacts through annual monitoring.

Recommendation 10: The updated PMG should continue to consider tenure, affordability, housing typology, and housing market trends.

Like the previous recommendations, incorporating municipalities’ visions for the future, existing and previous trends in housing types, tenure, etc. into the housing projection may need to be addressed in the updated PMG. In other words, having a baseline projection and layering on impacts associated with a ‘vision’ or policy can be beneficial. For example, it is impactful to know if, through policy, one plans to substantially reduce the number of single-family homes. Things to think about if this policy is pursued would include concern that new development will

occur outside a settlement area, residents will opt for alternative locations, housing prices will increase. Different approaches may be considered for urban and rural municipalities.

Employment Projections

Recommendation 11: Employment forecasts should recognize and attempt to assess disruptive impacts, largely associated with technology and the changing nature of work.

How the temporary populations (e.g., non-permanent population, seasonal residents) are accounted for in the PMG needs to be addressed.

Data and job categories (employment sectors: industrial, commercial, institutional, primary vs. land use categories: employment land, major office, population-related, rural) are also a topic to be discussed. Census has long provided data on work from home, but the key is how to apply this information in an informed manner to the methodology. Other employment data sources can be considered by municipalities in the absence of Stats Can Census employment data such as EMSI, municipal employment survey. Relative to Recommendation 7, by acknowledging that there is a data lag to reflect on the post-pandemic trends, meaningful monitoring will play an increasingly important role.

Seasonal employment and the non-locational jobs (Amazon carriers, construction workers, etc.) are increasing trends and need to be accounted for in the new updates. The government-provided categories may need to be revised to meet the recent changes in employment (e.g., e-commerce, automation, and artificial intelligence).

The real challenge for MMAH may be the source data. With the new and fast-changing trends, how the census data can reflect the land needs and employment projections is a point of interest.

Recommendation 12: The updated PMG should clearly describe the approach and methodology for establishing long-term population and employment projections.

It is recognized that national population growth is largely dictated by federal immigration policy and national appeal to new residents. Economic competitiveness, particularly in knowledge-based sectors/innovation, and business or investment attraction/retention is also key. Regional population growth and labour force growth are largely driven by macro-economic conditions and regional competitiveness. As such, the influence of these broader factors and/or considerations should be mentioned in the PMG in establishing the near-term and longer-term economic outlook for a particular region.

As previously mentioned, broader provincial guidance in this area is needed to establish a consistent long-term regional and provincial economic/demographic outlook. The GGH LNA has the Growth Plan forecasts and the background technical report to the Growth Plan to rely on. Without this “top down” cross-check, there is a risk that the local forecasts will be too high in most cases. Allowing for some flexibility through contingency is always appropriate in a

forecasting exercise. PMG approach also needs to recognize the iterative nature of population and employment growth/change (i.e., what drives what?). PMG should also clarify how servicing constraints are addressed.

Recommendation 13: The updated PMG should provide broad direction on infrastructure provisions based on population, land use, and employment forecasts.

At a broad level, population and employment growth outlook drives the need for hard and soft services. However, local constraints (e.g., constraints to assimilative capacity) can constrain growth allocations. Infrastructure provisions may be implied in the supply context when demand is reconciled against supply in the determination of land need.

Simpler Methodology

Recommendation 14: The updated PMG should continue to include a simpler methodology for smaller municipalities, including rural and northern communities.

As mentioned in Recommendation 5, the key challenge for smaller, rural municipalities is establishing “top down” population and employment forecasts. Smaller, rural municipalities would benefit from Provincial direction here.

Data availability in smaller geographies is less robust and smaller municipalities, in most cases, do not have the same level of expertise and resources as larger municipalities. The thresholds that would trigger the use of a simpler methodology for municipalities can be based on location and growth trends.

Recommendation 15: MMAH should communicate projections and the methodology with the Ministry of Finance.

The Ministry of Finance’s projection is used by municipalities for municipal finance matters (grants, health and education funding) as well as land use planning and other purposes. The two ministries need to be on the same page about the data and projection results, for more consistent and reliable outcomes. There is currently a disconnect in terms of MOF and MMAH population forecasts in the GGH. There needs to be a higher level of consistency in how one considers the different components of the province, as well as with the numbers provided by the province.

Rural and Northern Municipalities

Recommendation 16: The updated PMG should have clearer directions for rural and northern municipalities, addressing urban and rural growth in rural areas, as well as the hamlets.

The current PMG does not provide much direction for rural and northern areas, due to the importance of urban land use for growth purposes. The Simpler Methodology section of the

current PMG is noted as being appropriate for rural areas. There may be a sub-section in the Simpler Methodology focusing on rural or northern communities.

In many northern and rural communities, there are discernible urban areas as well as hamlets that require specific directions for land and growth. The ministry should consider providing a qualitative framework and educational material that offer some direction and a better understanding of how to conduct land use assessment and plan for growth in fully serviced areas, partially serviced areas, and the hamlets. There is a need to investigate and assess rural areas and hamlets from a policy perspective and analyze or measure their growth or change.

Moreover, in some rural and northern municipalities, the population may be declining while there still is an increasing need for housing and recreation spaces. A historic review of growth, using census data, can help understand such trends.

Recommendation 17: The updated PMG should differentiate between tourism-based employment and population-based employment.

With reference to the different nature of resource-based employment, MMAH may consider a mechanism in which the projections control for the tourism-based employment and employment on employment land. Identifying employment growth in rural areas and the growth outside of employment land could offer a meaningful basis. However, data categories do not necessarily support these nuances and cannot parse out between agri-tourism and agriculture employment.

In many of the northern and rural municipalities, agriculture-related uses are the backbone of the economy and need to be treated as such. A qualitative approach may be the answer to the data limitation in some cases, where the higher rate of agriculture-based uses can be explained through such analysis and the pressure on urban land would be reduced when considering the agri-tourism employment this way.

Other Considerations

Recommendation 18: The updated PMG should continue including the land take-outs.

The inclusion of developable land in the Growth Plan and keeping the take-outs (land net-outs) in the calculation of density, with no major changes in definitions is valuable in the projections.

Specific references to the Growth Plan can be provided by the PMG update. Moreover, in the context of DGA density and non-developable features, some terminology from the Growth Plan can be used.

Recommendation 19: The updated PMG should continue providing the stated adjustments for both housing and employment projections.

Concepts such as housing vacancy factor and housing contingency are important to be included in projection calculations, as uncertainties and unexpected circumstances (such as the

pandemic) can have dramatic effects on the trends. Being able to include some of these factors in the projection methodology can help properly meet the growing and changing needs of the population in a timely manner.

Recommendation 20: The updated PMG should define and incorporate seasonal and non-permanent populations within the methodology.

In cities where student housing is required, specific treatment and provisions are necessary to prevent pressure on other infrastructure such as transit. At the same time, the existence of colleges and universities in cities has specific implications on permanent housing and the age structure. The domestic student body also needs to be considered in these projections.

The preceding 20 recommendations present OPPI's specific comments for the Ministry's consideration as it seeks to update the Projection Methodology Guideline. OPPI would be pleased to continue engagement with MMAH officials on this initiative.

If you and/or your staff have any questions on our submission, please feel free to contact me at 647-326-2328 or by email at s.wiggins@ontarioplanners.ca.

Sincerely,



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