



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Planning Division

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	November 9, 2021
SUBJECT/REPORT NO:	GRIDS 2 and Municipal Comprehensive Review – Final Land Needs Assessment and Addendum and Peer Review Results (PED17010(n)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Heather Travis (905) 546-2424 Ext. 4168
SUBMITTED BY:	Steve Robichaud Director, Planning and Chief Planner Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the City of Hamilton Land Needs Assessment to 2051 – Technical Working Paper, prepared by Lorus & Associates, dated March 2021, attached as Appendix “A” to Report PED17010(n), and Addendum, prepared by Lorus & Associates, dated October 2021, attached as Appendix “A1” to Report PED17010(n), be approved for the GRIDS 2 / MCR integrated growth management planning process;
- (b) That the Land Needs Assessment Peer Review, prepared by Watson & Associates, dated October 2021, attached as Appendix “B” to Report PED17010(n), be received;
- (c) That the following reports be received:
 - (i) Residential Intensification Market Demand Study, prepared by Lorus and Associates, dated March 2021, attached as Appendix “C” to Report PED17010(n);

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- (ii) Residential Intensification Supply Update, dated March 2021, attached as Appendix “D” to Report PED17010(n);
- (iii) Existing Designated Greenfield Area Density Analysis, dated March 2021, attached as Appendix “E” to Report PED17010(n).

EXECUTIVE SUMMARY

In March 2021, staff presented a final Land Needs Assessment (LNA) to General Issues Committee (GIC) and recommended endorsement of the Ambitious Density growth scenario which was based on an average intensification target of 60% and density in new urban expansion areas of 77 persons and jobs per hectare, resulting in a Community Area land need of 1,340 ha to the 2051 planning horizon. The LNA did not identify a need for any additional Employment Area lands.

At the March 29, 2021 GIC meeting, approval of the LNA and the Ambitious Density scenario was deferred to October 2021. Staff were directed to undertake modelling and evaluation of both the Ambitious Density scenario and a No Urban Boundary Expansion (UBE) scenario, and to report back on the findings of the modelling and evaluation in Fall 2021.

In June 2021, staff were directed to undertake a peer review of the LNA and associated Residential Intensification (RI) Market Demand Study to confirm the approach and methodology met all applicable provincial requirements. The LNA Peer Review is attached as Appendix “B” to Report PED17010(n). Overall, the peer review found that the approach and methodology utilized in the City’s LNA and RI Market Demand Study is generally an appropriate application of the Growth Plan and the Provincial LNA Methodology.

The LNA Addendum attached as Appendix “A1” to Report PED17010(n) includes new information and other changes that have taken place since March 2021, including the response to the peer review, the inclusion of the No UBE growth scenario, and updates to the March 2021 LNA regarding secondary dwelling units and intensification within the built-up area. The updates to the LNA related to detached secondary dwelling units result in a 2% decrease in land need under the Ambitious Density scenario from 1,340 ha to 1,310 ha.

Alternatives for Consideration – See Page 19

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: N/A

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

1.0 GRIDS 2 / Municipal Comprehensive Review (MCR)

GRIDS 2 (Growth Related Integrated Development Strategy) will result in a long-term growth strategy which allocates forecasted population and employment growth for the 2021 to 2051 time period in accordance with Provincial mandated requirements. The forecasts for Hamilton project a total 2051 population of 820,000 persons and total employment of 360,000 jobs.

The Municipal Comprehensive Review (MCR) is being completed concurrently with GRIDS 2. The MCR is broad and encompasses many inter-related components and must be completed prior to any expansion of the urban boundary. Many of the studies that are required as part of the MCR are also part of a growth strategy. Like the first GRIDS, GRIDS 2 / MCR is an integrated study which will inform the updates to the Infrastructure Master Plans, transportation network review, and Fiscal Impact Assessment (FIA) that will assist with future updates to the Development Charges By-law. The outcomes of the Growth Strategy and MCR will be implemented through the City's Official Plans.

2.0 Land Needs Assessment – Lorus & Associates – March 2021

A LNA is a study that identifies how much of the forecasted growth can be accommodated within the City's existing urban area based on inputted targets, and how much growth may need to be accommodated within any potential urban expansion area. The LNA considers the need for "Community Area" lands (i.e. lands to accommodate population growth and some commercial and institutional employment growth) separate from "Employment Area" lands (i.e. lands designated to accommodate primarily business park and industrial-type uses).

The City's LNA prepared by Lorus & Associates, dated March 2021, is attached as Appendix "A" to Report PED17010(n). The LNA was previously presented at the March 29 GIC meeting (See Section 3.0 below). The LNA was completed in accordance with the Provincial LNA Methodology in accordance with Provincial requirements. Table 1 below identifies the City's updated population forecast phased by 10year planning increment, and related housing unit growth based on updated demographic and census data. This breakdown is provided by the City's land economist (Lorus & Associates), based on the updated *Greater Golden Horseshoe: Growth Forecasts to 2051* from Hemson Consulting, as an input to the LNA. Table 1 also identifies the City's planned

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phasing of job growth to 2051, by 10 year planning increment. Further details on this forecast are found in the LNA attached as Appendix “A” to Report PED17010(n).

Table 1: City of Hamilton Population, Housing and Job Forecast 2021 – 2051

	2021	2031	2041	2051
Population	584,000	652,000	733,000	820,000
<i>Population growth by 10 year period</i>		+ 68,000	+ 81,000	+ 87,000
Housing units	223,000	258,000	295,000	332,000
<i>Unit growth by 10 year period</i>		+ 35,000	+ 37,000	+ 37,000
Employment	238,000	271,000	310,000	360,000
<i>Employment growth by 10 year period</i>		+ 33,000	+ 39,000	+ 50,000

Source: Hemson Consulting, 2020; Growth Plan 2019, as amended.

For the consideration of Community Area land need, the LNA modelled four land need scenarios based on different intensification and density targets. The scenarios are summarized in Table 2 below:

Table 2: LNA Results – Community Area Land Need Scenarios

Scenario	Intensification Target (%)			Land Need (ha)
	2021 – 2031	2031 – 2041	2041 - 2051	
1. Current Trends	40			3,440
2. Growth Plan minimum	50			2,190
3. Increased Targets	50	55	60	1,630
	(55% average over the period)			
4. Ambitious Density	50	60	70	1,340
	(60% average over the period)			

Source: Lorus & Associates, Land Needs Assessment Technical Working Paper, 2021

While the LNA did not model a ‘no urban boundary expansion’ option, this option was considered in Report PED17010(h) presented to GIC in December, 2020, with staff noting that this option would require an intensification rate exceeding 80% for the period from 2021 to 2051. The Report further noted that the No Urban Boundary Expansion option would be precluded going forward as it would not meet the requirements of a market-based housing supply under the Provincial LNA methodology which requires the City to plan for the full range of market needs.

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For Employment Area lands, based on the City's existing available Employment Area land supply and assumptions about the future density of development of those lands, the LNA identifies that the City's supply and demand for Employment Area jobs is in balance, with a small surplus of approximately 60 ha of Employment Area lands. No additional employment lands are required for current planning purposes. This conclusion will need to be confirmed following a final decision on the City's outstanding employment land conversion requests (see section 5.0 below).

3.0 March 29, 2021 General Issues Committee Meeting – Staff Recommendation

At the March 29, 2021 meeting of the GIC, staff presented Report PED17010(i), including the City's Land Needs Assessment to 2051, and recommended the adoption of the Ambitious Density growth scenario.

The Ambitious Density scenario is based on an intensification target of 50% between 2021 and 2031, 60% between 2031 and 2041, and 70% between 2041 and 2051. In addition, the scenario assumes a planned density of 60 persons and jobs per hectare (pjh) in the City's existing Designated Greenfield Area (DGA) and 77 pjh in new DGA (i.e. urban expansion areas). The resulting land need under the Ambitious Density scenario as identified in the March 2021 LNA is an UBE area of 1,340 ha to accommodate Community Area growth. (As noted in the October 2021 LNA Addendum attached as Appendix "A1" to Report PED17010(n), this land need has been reduced to 1,310 ha after taking into account the outlook for detached Secondary Dwelling Units in the existing Designated Greenfield Area and rural area.)

Delegations were made at the meeting with concerns being raised about the lack of consideration of a 'no urban boundary expansion' option within the LNA. Further, concerns over the challenges and limitations of virtual public engagement were also cited.

Approval of the LNA and the Ambitious Density scenario was deferred to October, 2021. In addition, staff were directed to undertake additional consultation on the LNA in the form of a City-wide mail-out survey due to concerns that residents may not be able to fully participate due to broadband / internet connectivity issues in the rural area. An option for respondents to select a preference for 'no urban boundary expansion' was to be included in the consultation.

Staff were also directed to undertake modelling and evaluation of both the Ambitious Density scenario and the no UBE scenario, and to report back on the findings of the modelling and evaluation in Fall 2021. The LNA Addendum attached as Appendix "A1" to Report PED17010(n) includes consideration of the No UBE option.

4.0 LNA Peer Review

At the June 23, 2021 Council meeting, staff were directed to proceed with a Peer Review of the City's Land Needs Assessment Methodology, as follows:

- “(a) That staff be directed to retain a consultant with the appropriate expertise in land economics and planning to undertake a review of the approach and methodology utilized for the “City of Hamilton Land Needs Assessment to 2051 – Technical Working Paper” and “Residential Intensification Market Demand Study” to confirm that the approach and methodology meets the requirements of all applicable provincial policies and is an appropriate application of all applicable provincial policies with respect to determining the city's land needs to 2051;
- (b) That the consultant prepare a memorandum summarizing their findings and that staff include this memorandum as part of the GRIDS2 report back at the Special GIC meeting on October 25, 2021.”

Staff retained the consulting firm of Watson & Associates through a Request for Quotations to complete a peer review of the LNA and the Residential Intensification Market Demand Report prepared by Lorus & Associates. The Peer Review is attached as Appendix “B” to Report PED17010(n), and the results of the peer review are summarized in the Analysis / Rationale for Recommendation Section of this report. The LNA Addendum attached as Appendix “A1” to Report PED17010(n) includes the Lorus & Associates response to the Peer Review.

5.0 Employment Land Review – Final Report and Deferrals – August 2021

At the August 4, 2021 GIC meeting, the final Employment Land Review report was approved by Committee, recommending a total of 48.2 ha of employment lands for conversion to non-employment uses. An additional site was recommended for conversion by Committee, resulting in a total recommended conversion area of 53.5 ha.

A total of six conversion requests remain deferred (four requests were recommended for deferral by staff and two requests were added to the deferral category by Committee at the August 4 meeting). The total area of deferred sites is approximately 101.8 ha.

As noted in Report PED17010(k), the approved total of 53.5 ha of employment lands for conversion to non-employment uses can be accommodated within the 60 ha of surplus employment lands identified in the LNA. However, staff note that following a final decision on the deferred requests for conversion, there will be a requirement to confirm the Employment Area land need calculations in the LNA to ensure that the City's employment land needs continue to be met, as recommended through Report PED17010(i) (March 29, 2021), and Report PED17010(k) (August 4, 2021).

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6.0 Project Chronology

Key dates / milestones in the GRIDS 2 / MCR process are highlighted in Table 3 below:

Table 3: GRIDS 2 / MCR Chronology

Time frame	Key Project Milestones	Status
Spring 2017	MCR Commencement, Employment Land Review call for requests.	Completed
May 2017	Growth Plan 2017 released.	Completed
May 2018	Land Needs Assessment Methodology released by Province.	Completed
May / June 2018	First round of public / stakeholder consultation – focus on urban structure (i.e. where should intensification occur?) and major transit station area planning.	Completed
November 2018	Imagining New Communities – information sessions on greenfield density.	Completed
May 2019	Growth Plan 2019 released.	Completed
October 2019	GRIDS 2 / MCR Council workshop on intensification, density and land needs assessment.	Completed
November 2019	Draft Employment Land report received by Council.	Completed
November / December 2019	Second round of public consultation (intensification and density targets, evaluation criteria, employment land review).	Completed
January 2020	Elfrida / LPAT “motion” decision issued.	Completed
August 2020	Amendment 1 to the Growth Plan and revised Land Needs Assessment Methodology released by Province.	Completed
December 2020	Draft Land Needs Assessment and related technical reports received by Council.	Completed
January 2021	Third round of public consultation (draft LNA and related reports).	Completed
March 2021	Adoption of Land Needs Assessment.	Pending
March 2021	Draft Evaluation Framework and Phasing Criteria presented to Council.	Completed

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Time frame	Key Project Milestones	Status
April 2021	Public Consultation on Draft Framework and Phasing Criteria.	Completed
April 2021	Approval of Employment Land Review report.	Completed
May 2021	Approval of Evaluation Framework and Phasing Criteria.	Completed
May to September 2021	Growth Options Evaluation / Scenario Modelling – No Urban Boundary Expansion vs Ambitious Density.	Completed
November to December 2021	Phasing Analysis of Ambitious Density expansion options (if necessary).	Pending
December to January 2022	Public Consultation on Preliminary Preferred Growth Option.	Pending
April 2022	Approval of Final Preferred Growth Option.	Pending
April 2022	Statutory Public Open House under Section 26 of the Planning Act – MCR Official Plan Amendment.	Pending
June 2022	Council approval of MCR Official Plan Amendment and submission of Official Plan Amendment to Province for approval.	Pending

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

1.0 Provincial Legislation and Policy Framework

1.1 Provincial Policy Statement, 2020

Policy 1.4.1 of the Provincial Policy Statement (PPS) requires municipalities to provide an appropriate range and mix of housing options and densities required to meet projected growth requirements. Specifically, the PPS requires municipalities to maintain at all times, the ability to accommodate 15 years of residential growth through intensification and redevelopment, and if necessary, lands which are designated and available for residential development. Further, municipalities must also maintain land with servicing capacity to provide at least a three-year supply of residential units. Based on overall capacity, the City has sufficient supply to meet the 15-year requirement including vacant greenfield lands and intensification opportunities within the built-up area.

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However, Policy 1.4.1 must be read in conjunction with other policies in both the PPS (see policies 1.1.1(b) and 1.1.3.8(a)) which require municipalities to accommodate an appropriate 'market-based' range and mix of housing types. The provision of a market-based range of housing types requires municipalities to plan for a range of housing units in accordance with Provincial forecasts, including single / semi-detached units, townhouses, apartments and accessory units.

The PPS directs municipalities to promote opportunities for intensification and to implement minimum targets for intensification within built-up areas as established by provincial plans. For the City of Hamilton, the provincial plan providing direction is the Growth Plan (2019). New development in greenfield areas should have a compact form and efficient land use. Further, the PPS identifies the requirement to demonstrate that sufficient land to accommodate growth and market demand is not available through intensification, redevelopment and greenfield areas to accommodate projected growth prior to a settlement area boundary expansion occurring. The LNA demonstrates this requirement.

1.2 Growth Plan for the Greater Golden Horseshoe, 2019, as Amended

The Provincial Growth Plan mandates the population and employment forecasts which municipalities must plan to accommodate, as well as the minimum intensification and density targets the City must plan to achieve. For the City of Hamilton, the minimum intensification target is 50%, meaning that 50% of new residential units must be developed within the delineated built-up area each year, as per policy 2.2.2.1. The target is a minimum, and the City may plan to achieve a higher target as appropriate.

The Growth Plan, 2019 as amended, requires municipalities to undertake an assessment of intensification and redevelopment opportunities within the urban area prior to undertaking any municipally-initiated UBE. As it relates to the City of Hamilton, these assessments were undertaken at the same time as the LNA (and are attached as Appendices "C" to "E" to Report PED17010(n)). The Residential Intensification Market Demand Report prepared by Lorus & Associates (attached as Appendix "C" to Report PED17010(n)) and Residential Intensification Supply Update (attached as Appendix "D" to Report PED17010(n)) provide support for an increased intensification target for the City of Hamilton over the time horizon to 2051. The Existing Designated Greenfield Area (DGA) Density Analysis (attached as Appendix "E" to Report PED17010(n)) provides information to demonstrate the City is exceeding the minimum density target identified in the Growth Plan for the existing DGA.

Similar to the PPS direction, the Growth Plan requires the City to plan for a market-based supply of housing, particularly through the direction of the LNA methodology (see below). Policy 2.2.8.2 identifies the requirement for a land needs assessment to be undertaken prior to the expansion of the settlement area boundary. The policies of the

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Provincial Growth Plan state that the Province will establish the LNA methodology and that an LNA must be completed in accordance with the Provincial methodology.

A full policy review is included in Report PED17010(h), dated December 14, 2020, including consistency with the Provincial Policy Statement, and conformity to the Growth Plan, 2019 as amended, and the Urban Hamilton Official Plan.

2.0 Land Needs Assessment Methodology, 2020

In August 2020, the Province released the LNA Methodology for the GGH.

For the calculation of Community Area land need, the new method is a market-based approach that requires the preparation of a housing forecast by type, and a determination of how much of the proposed unit growth can be accommodated as intensification or development of the City’s existing greenfield lands within the urban area. If there is a shortfall in units that cannot be accommodated in the existing urban area, then this shortfall is to be accommodated through an UBE, based on an estimation of the density of each unit type. The method allows the City to consider higher intensification and density targets than the Growth Plan minimums.

For the calculation of Employment Area land need, the new methodology is closely aligned with the previous version and is based on a comparison of the long term ‘demand’ for employment lands as compared to the capacity of the employment land supply at the forecast horizon of 2051.

The LNA, attached as Appendix “A” to Report PED17010(n), has been completed in accordance with the provincially mandated method.

RELEVANT CONSULTATION

1.0 Public Consultation

Commencing in January 2021 and continuing into early February 2021, staff conducted consultation on the draft LNA through the Engage Hamilton portal and virtual public open house events. A full LNA consultation summary was provided in Report PED17010(i), dated March 29, 2021, and a consultation summary report was attached as Appendix “E” to Report PED17010(i).

Additional public consultation has been ongoing throughout 2021, though not directly related to the LNA. Engagement through the Engage Hamilton portal on the Evaluation Framework and Phasing Principles occurred in May 2021 (summarized in Report PED17010(l) dated August 4, 2021, with further updates to be provided as part of the future How Should Hamilton Grow? Evaluation). In accordance with Council direction,

the Urban Growth Survey was undertaken in June and July 2021 to ask for resident opinions on the No UBE and Ambitious Density growth options (summarized in Report PED17010(m) dated October 25, 2021).

2.0 Province of Ontario – Ministry of Municipal Affairs

2.1 December of 2020 – Draft LNA

In November 2020, Staff provided the draft LNA to Provincial Ontario Growth Secretariat staff for review to ensure compliance with the provincially-mandated LNA method. The LNA identified four land need scenarios for Community Area land need: Current Trends, Growth Plan Minimum, Increased Targets, and Ambitious Density. The December 2020 LNA did not include a No UBE scenario.

Provincial staff provided the following feedback:

“Based on our preliminary review, your Draft Land Needs Assessment appears to conform to the requirements set out in the Land Needs Assessment Methodology (2020). Notably, we highlighted the following:

- The Draft Land Needs Assessment adequately addresses the components of the Province’s new Land Needs Assessment Methodology (2020) including the need to consider market demand across the range of housing types;
- The Draft Land Needs Assessment implements the 2051 planning horizon including updated Schedule 3 growth forecasts as per the Growth Plan for the Greater Golden Horseshoe, 2019 (A Place to Grow), as amended; and,
- Each growth scenario under consideration would support the minimum density and intensification targets established in A Place to Grow for the City of Hamilton.”

The letter is attached as Appendix “F” to Report PED17010(n).

2.2 September 2021 – No Urban Boundary Expansion Scenario

In August 2021, City staff provided a Technical Update memo prepared by Lorus & Associates to the Province of Ontario with information on the No UBE option and other technical updates to the March 2021 LNA. The technical memo was prepared to assist staff with developing and modelling the No UBE scenario. Staff requested that the Province provide comment on the conformity of the No UBE growth scenario with the LNA Methodology. In summary, the technical update outlined preliminary findings that, if adopted, the *No Urban Boundary Expansion* scenario would produce a shortfall of

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approximately 59,300 ground-related units. The Technical Update is included as Attachment 4 to the LNA Addendum (attached as Appendix “A1” to Report PED17010(n)).

In September 2021, the Province provided the letter attached as Appendix “F1” to Report PED17010(n) with the following key comments.

- The LNA Methodology requires municipalities to ensure that sufficient land is available to accommodate market demand for all housing types including ground-related housing (single/semi-detached houses), row houses, and apartments;
- Ministry staff acknowledge that the *No Urban Boundary Expansion* scenario is likely to bring about a shortage in land available to accommodate forecasted growth in ground-related housing. As such, the *No Urban Boundary Expansion* scenario appears to conflict with the objective of the LNA methodology to “provide sufficient land to accommodate all market segments so as to avoid shortages” (page 6);
- The *No Urban Boundary Expansion* scenario may cause a misalignment with forecasts in Schedule 3 of A Place to Grow as residents seek ground-related housing in municipalities where there may be sufficient supply;
- The Ministry has concerns regarding potential regional implications of the No UBE scenario, if adopted. The shortfall of available land and ground-related units that could be created as a result of the No UBE scenario may cause forecasted growth to be redirected away from the City of Hamilton into other areas that are less suited to accommodate growth;
- Ministry staff also wish to acknowledge the strong growth management principles that underpin the City’s Ambitious Density scenario. The Ambitious Density scenario appears to balance market-demand for different housing types while also implementing an intensification target (60 per cent) and a designated greenfield area density target (77 residents and jobs combined per hectare) which exceeds the targets set out in policy 2.2.2.1 and 2.2.7.2 of A Place to Grow; and,
- Based on Ministry staff review and analysis of the City’s draft LNA and the technical update, it appears that the *No Urban Boundary Expansion* scenario poses a risk that the City would not conform with provincial requirements.

The Ministry’s letter was received by Council on September 15, 2021 and referred to the Special GIC meeting to consider the LNA report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

1.0 LNA Peer Review – Watson & Associates

As directed at the June 23, 2021 Council meeting, staff retained a consultant (Watson & Associates) to undertake a peer review of the “City of Hamilton Land Needs Assessment to 2051 – Technical Working Paper” and “Residential Intensification Market Demand Study”, both prepared by Lorus & Associates. Watson & Associates was retained through a Request for Quotations. Watson & Associates is a firm with expertise in land economics and planning as required in the Council motion. As per the Council direction, the purpose of the peer review was to confirm that the approach and methodology used in the studies meets the requirements of all applicable provincial policies and is an appropriate application of all applicable provincial policies with respect to determining the city’s land needs to 2051.

1.1 Overall Findings

Overall, the peer review found that the approach and methodology utilized in the City’s LNA and RI Market Demand Study prepared by Lorus & Associates is generally an appropriate application of the Growth Plan and the Provincial LNA Methodology.

The review identified areas within the LNA documents where additional information should be provided to increase clarity and understanding of the document. These areas where additional information should be provided are summarized by Community Area and Employment Area assessment.

1.2 Community Area LNA – Supplementary Information Suggested:

- Indication of the density (people and jobs per hectare) measured across the entire Designated Greenfield Area under each scenario; whereas currently the LNA provides a separate density calculation for new DGA and existing DGA areas;
- More information on the City’s existing DGA lands and average densities in those areas to support the future increase in planned density in future expansion areas (if required);
- Clear statement that the City will not plan for a higher forecast than the Growth Plan minimum because the Provincial forecast is already much higher than historical growth rates;
- Provision of building permit data to analyze shifts in recent housing activity to higher density forms within the Built-Up Area and information on the type of intensification occurring within the Built-Up Area; and,

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- Additional information in the RI Market Demand Report to illustrate recent intensification trends and influence of higher order transit.

1.3 Employment Area LNA – Supplementary Information Suggested:

- Provision of information on employment trends since 2016 and potential redevelopment of Bayfront lands;
- More information to support increased density assumptions within employment areas. It is noted that lower employment density assumptions would result in an increased area of land need; and,
- More information on suitability of employment lands in terms of marketability, servicing, access etc.

Staff are requesting Council to receive the Peer Review report prepared by Watson & Associates, as per Recommendation (b) of this Report.

1.4 Response to Peer Review

The response to the peer review from Lorus & Associates forms part of the LNA Addendum dated October 2021, attached as Appendix “A1” to Report PED17010(n) and summarized in Section 2 below.

2.0 LNA Addendum – Lorus & Associates, October of 2021

As per recommendation (a) of this Report, staff are requesting approval of the March 2021 City of Hamilton Land Needs Assessment to 2051 – Technical Working Paper, prepared by Lorus & Associates, as well as an Addendum to the LNA, dated October 2021, which is summarized below. The LNA Addendum addresses new information and other changes that have taken place since March 2021, including the response from Lorus & Associates to the Watson & Associates peer review, the inclusion of the No UBE growth scenario, and updates to the March 2021 LNA regarding secondary dwelling units and intensification within the built-up area. The Addendum is attached as Appendix “A1” to Report PED17010(n).

The Addendum provides an overview of the approach taken to the completion of the LNA and notes several important points about the LNA and its findings:

- The LNA methodology requires the preparation of a housing forecast by dwelling type, which considers trends in household formation and occupancy patterns that are based on long-term demographic patterns over the past 10-15 years, including the recent shift towards higher density housing forms such as the rise of the

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rowhouse market and increased share of apartment units in most markets. The trends show little change over time (e.g. propensities as people age to live together / get married, have children, buy houses with yards and eventually downsize);

- The three main scenarios modelled in the LNA (Growth Plan Minimum, Increased Targets and Ambitious Density) all involve some degree of policy intervention to achieve the Growth Plan intensification and density targets and represent a future state. A ‘market-based’ forecast does not mean development unconstrained by planning policy; and,
- The Ambitious Density scenario in the LNA is an aggressive approach to growth management, based on significantly higher density factors for new residential areas, a shift to higher density housing forms, and optimistic assumptions for future employment densities.

2.1 Response to Peer Review

The key conclusion of the Peer Review is that the LNA generally supports Provincial policy requirements of the LNA methodology and the Growth Plan, but, as noted above, there are areas where further information could provide clarity and benefit. The LNA Addendum addresses the following areas of clarification:

- Growth forecast: a higher growth forecast is not suitable for Hamilton given the long standing and consistent growth outlook for Hamilton in a broader regional context and constraints to the whitebelt land supply. The amount of growth forecast in the Growth Plan Schedule 3 is significant in relation to historic trends. A summary of actual vs forecasted growth for the 2001 – 2021 time period is attached as Appendix “G” to Report PED17010(n);
- Composition of development inside the Built-Up Area: The Addendum notes that information on the pattern of intensification, including a shift to a pattern of more apartments and high-density forms is included in the RI Market Demand Report (attached as Appendix “C” to Report PED17010(n));
- City-wide DGA density calculation: while not required by the LNA method, the Addendum has provided the resulting DGA density calculation across the entirety of the DGA (existing and new) under the three primary LNA scenarios.

The Addendum also reiterates that the City’s Existing Designated Greenfield Area density analysis provides detailed information on development potential and land supply in the DGA. Further, it is acknowledged that the density assumed in any future expansion areas is significantly higher than existing densities across the

DGA which is in accordance with the Growth Plan direction to shift to more compact forms. Decreasing the planned density assumption in the expansion areas would result in a greater land need;

- Employment land supply information: The Addendum notes that employment land supply information has been provided at length in previous studies including the City's Employment Area Inventory, recent work on the Bayfront Industrial area and the Employment Land Review; and,
- Employment Area density assumption: information is provided in the Addendum to provide further clarity on the density assumption of 39.5 uph within employment areas over the forecast period. The Addendum provides information on the density assumptions applied in different employment areas, including the AEGD and Bayfront. Further, the Addendum identifies the Growth Plan policy to plan for intensification of employment areas (policy 2.2.5.1a).

2.2 Updates to March 2021 LNA

The LNA Addendum includes two areas of revision to the March 2021 LNA report as described below.

The revisions to the Secondary Dwelling Units assumptions described in 2.2.1 below result in a reduction in required Community Area land need under the Ambitious Density scenario from 1,340 ha to 1,310 ha.

2.2.1 Accessory Dwelling Units and Secondary Dwelling Units – Detached

The first revision addresses Secondary Dwelling Units and provides both clarification to how these units are addressed and also revises the assumptions surrounding Secondary Dwelling Units – Detached as a component of the future housing supply.

The LNA addendum clarifies the difference between Accessory Units and Secondary Dwelling Units – Detached, and how those units are addressed in the LNA. The Accessory units category are apartments added to a single detached dwelling, such as basement suites. These units are classified as apartments for the purposes of the LNA. There has been no change to the forecast of accessory units to 2051.

Secondary Dwelling Units – Detached are laneway houses, garden suites and other second units that are not attached to the main dwelling. Detached SDUs are classified as ground related single detached housing for the purposes of the LNA. Attachment 4 of the Addendum (June 2021 Technical Update Memorandum) provides an overview of the anticipated number of Detached SDUs that the City will experience prior to 2051. The City has only recently updated regulations related to SDUs, therefore it is difficult to

predict the number of Detached SDUs anticipated going forward. Based on research within other jurisdictions, an estimate of the number of Detached SDUs to be experienced annually is provided in the Addendum, as well as an allocation of the geographic location of such units. The majority of the units are anticipated within the City’s Built up Area, reflective of trends within other jurisdictions that sees SDUs primarily developed in central urban locations and on conducive lots (e.g. laneway access). The anticipated yearly breakdown of Detached SDUs is shown in Table 4 below, taken from the June 2021 Technical Update Memorandum, included as Attachment 4 of the Addendum (attached as Appendix “A1” to Report PED17010(n)):

Table 4: Forecast of Detached Secondary Dwelling Unit to 2051

Policy Area	Annual Laneway House	Annual Garden Suite	Total Annually	Total 2021 - 2051
Built-up Area	30	30	60	1,800
DGA	-	10	10	300
Rural	-	10	10	300
Total	30	50	80	2,400

Source: Lorius and Associates, based on information from the City of Vancouver Statistics and Hemson Consulting Ltd. Forecast includes laneway housing, garden suites and other stand-alone (detached) secondary housing forms

The March 2021 LNA had anticipated that a portion of the ground related housing forecast for the built-up area as intensification would include Detached SDUs. This assumption remains. However, the March 2021 LNA did not incorporate assumptions for future Detached SDUs in the existing DGA or the Rural area. Based on recent and future amendments to the City’s OPs and Zoning By-laws to expand permissions for SDUs, it is appropriate to assume that limited SDU development will occur in these areas. The implications of the addition of 300 Detached SDUs in the DGA and 300 in the Rural area is a decrease in overall land need by 30 ha in the Ambitious Density scenario to 1,310 ha.

2.2.3 Unit Type Distribution – Built Up Area

Staff have undertaken more detailed analysis of the intensification unit supply for the purpose of infrastructure modelling and growth scenario evaluation. Updates have been made that shift the unit distribution inside the Built-Up Area (i.e. intensification units). The March 2021 LNA included a distribution of 3,310 singles / semis, 9,930 towns, and 52,950 apartments in the Built-Up Area under the Ambitious Density scenario.

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Following further examination of intensification supply opportunities, the unit distribution has been modified to reflect a greater supply of apartments and reduced townhouses, reflective of the majority of the intensification opportunities being located in areas that are designated and zoned for apartment development. The modification is a simple redistribution of unit supply within the built-up area and does not result in any changes to overall land need.

2.3 No UBE Scenario

The LNA Addendum includes a description of the implications of the No UBE scenario including required housing market shifts resulting from this scenario.

To identify the housing market implications of a No UBE scenario, forecast demand is compared to the available housing unit supply and unit shortfalls are identified. Forecast demand is the “market-based” housing demand by type shown in the March 2021 LNA, adjusted for the additional 300 detached SDUs allocated to the DGA/ Rural Area. The available supply is the estimated Vacant Residential Land Inventory (VRLI) supply as well as the updated intensification opportunities noted previously, including the detached SDUs that are expected to form part of the ground-related intensification inside the Built-up Area.

The results indicate a shortfall in market-based demand of approximately 59,300 ground-related households that would need to shift into apartments under a No UBE scenario, as shown in Table 5 below.

Table 5: Ground-Related Housing Shifts into Apartments under Growth Scenarios

LNA Scenario	Intensification Target	Ground-related units shifted to apartments	Ground-related share of growth
Market-based	n/a	0	75%
Growth Plan Minimum	50%	20,730	57%
Increased Targets	55%	24,800	53%
Ambitious Density	60%	28,900	50%
No Urban Expansion	n/a	59,300	22%

Source: Lorus and Associates based on March 2021 LNA report, forecasts and other information from Hemson Consulting Ltd. and City of Hamilton Staff, 2021.

Under a no expansion scenario, nearly 80% of all new households would need to be accommodated within apartment units, including families. As illustrated in Table 6 below, this compares to 50% under the *Ambitious Density* Scenario and 25% under a market-based outlook for growth, as per Table 6 below, taken from the June 2021

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Technical Update Memorandum, included as Attachment 4 of the Addendum (attached as Appendix “A1” to Report PED17010(n)).

Table 6: Housing Unit Mix, Ambitious Density and No Urban Boundary Expansion Scenarios

Growth 2021 – 2051	Single & Semi	Townhouse	Apartment (all)	Total
Market-based Mix of Growth	51%	25%	24%	100%
Ambitious Density scenario	25%	25%	50%	100%
No Urban Expansion scenario	9%	13%	78%	100%
No Expansion scenario shift from market	-42%	-12%	54%	0%

Source: Lorus and Associates based on March 2021 LNA Ambitious Density Scenario, forecast for Detached SDUs and updated information from City of Hamilton staff, 2021

The LNA Addendum notes that household formation and occupancy patterns are a ‘social construct’. Accordingly, the shift in growth patterns that must occur is not a simple increase in the number of apartment units. The shift that must occur is an increase in the number of larger family-sized households that would otherwise occupy ground-related housing, but that now must choose to occupy apartment units instead. From a planning perspective, therefore, the challenge is to maximize the tolerance of the market to be influenced by policy without jeopardizing the Schedule 3 forecasts.

3.0 Next steps – “How Should Hamilton Grow?” Evaluation of No Urban Boundary Expansion and Ambitious Density Scenarios

Utilizing the information on the No UBE scenario noted above, and as per the direction of Council, staff have modelled and evaluated the Ambitious Density scenario and the No UBE scenario against the criteria of the How Should Hamilton Grow? evaluation framework. Results of the How Should Hamilton Grow? evaluation will be presented in a separate report, including technical memorandums.

ALTERNATIVES FOR CONSIDERATION

- (1) Council may not approve the LNA and / or Addendum (attached as Appendices “A” and “A1” to Report PED17010(n)) and / or require additional information or revisions prior to endorsement;

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- (2) Council may not receive the LNA Peer Review attached as Appendix “B” to Report PED17010(n) and / or require additional information or revisions prior to receiving; and,
- (3) Council may not receive one or all of the technical background studies attached as Appendices “C” to “E” or Report PED17010(n) and / or require additional information or revisions prior to receiving.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

- Appendix “A” – City of Hamilton Land Needs Assessment to 2051
- Appendix “A1” – Addendum to Land Needs Assessment
- Appendix “B” – Land Needs Assessment Peer Review
- Appendix “C” – City of Hamilton Residential Intensification Market Demand Analysis
- Appendix “D” – Residential Intensification Supply Update
- Appendix “E” – Existing Designated Greenfield Area Density Analysis
- Appendix “F” – Letter from Ministry of Municipal Affairs and Housing (Ontario Growth Secretariat) – December 2020
- Appendix “F1” – Letter from Ministry of Municipal Affairs and Housing – September 2021
- Appendix “G” – Forecast vs Actual Population and Employment Growth, 2006 - 2021

HT:sd