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Our File No.: 090456

Honourable Steve Clark
Minister of Municipal Affairs and Housing
777 Bay Street, 17th floor
Toronto, Ontario M7A 2J3

**Re: ERO Number 019-5952
Ministry Reference Number 30-OP-222206
Regional Municipality of Waterloo
Proposed Amendment No. 6 to the Region of Waterloo Official Plan**

We are writing on behalf of our client, Activa Holdings Inc. ("Activa"), to provide comments on proposed Amendment No. 6 to the Region of Waterloo Official Plan ("ROPA 6"), which is currently before the Minister for approval.

Activa respectfully submits that the Minister should modify ROPA 6 to expand the Region's Urban Area boundary to include additional community area lands within the area known as Southwest Kitchener, as shown on the Map attached as Attachment 1 to this letter. The area of the lands to be added total 201.5 hectares in area, net of "natural heritage features and areas" as defined in *A Place to Grow: Growth Plan for the Greater Golden Horseshoe* ("Growth Plan"). In addition, the 14 hectare parcel of land on the west side of Fischer Hallman Road already owned by the Waterloo Region District School Board that was purchased for a new high school to be located adjacent to the new Kitchener District Park, which will service Southwest Kitchener and surrounding areas, should also be brought into the Urban Area.

The proposed modifications should be made by the Minister because:

- ROPA 6 as adopted does not conform to the Growth Plan for reasons outlined below;
- the land needs assessment undertaken by the Region in support of ROPA 6 did not comply with the requirements of the *Land Needs Assessment Methodology for the Greater Golden Horseshoe* ("LNA Methodology"); and
- the modifications will assist the Region in providing needed housing in support of Provincial priorities.

Activa also submits that the allocations of growth to Kitchener in Table 1 of ROPA 6 need to be revisited, and a decision on this Table should be deferred by the Minister.

Further, the policies of ROPA 6 that require phasing of development in designated greenfield areas for the purposes of achieving intensification targets in the Region's built-up areas, which may be used by municipalities to delay development approvals, should also be deleted. The Growth Plan contemplates that needed housing will be achieved both by intensification and by compact housing developed at higher densities in complete communities in designated greenfield areas. Restricting the development of housing in designated greenfield areas, provided that density targets are met, does not conform to the Growth Plan.

A. THE ROPA 6 APPROACH TO GROWTH MANAGEMENT

1. Community Area Expansions

ROPA 6 provides for a total expansion of community area lands of 150 hectares, spread out across the Region's Townships as follows:

Township of North Dumfries	38 ha
Township of Wellesley	17 ha
Township of Wilmot	35 ha
Township of Woolwich	52 ha
City of Cambridge	8 ha

No expansions are proposed in the City of Kitchener. We submit that this makes little sense from a planning and engineering perspective, given that the Kitchener designated greenfield area is planned to develop at the highest densities in the Region, and significant investment in infrastructure and public service facilities that has already been made and is planned that can service a community area expansion.

2. Land Needs Assessment and Intensification and Density Targets Overview

In support of ROPA 6 the Region relied on a Land Needs Assessment ("LNA") prepared by consultants Watson & Associates and Dillon Consulting. The LNA recommended a 60% intensification target and an average designated greenfield area target of 60 persons and jobs per hectare, as the basis for the Region's land needs. These density and intensification targets, as opposed to actual housing need, are what were used to arrive at the 150 hectare community area expansion. Density and intensification targets were used as input assumptions to support staff's predetermined conclusion to minimize the size of settlement expansions. The analysis was not objective or based on a thorough analysis of housing need by housing type as required by the Growth Plan and the Provincial Land Needs Assessment Methodology (the "LNA Methodology").

The Region's LNA was initially prepared using the former land needs assessment methodology approved by the previous government, that relied on a "capacity" assessment based on intensification and density targets to determine land needs, without material regard for actual housing supply or demand.

While the Region's LNA has been reframed over time by its consultants in an attempt to achieve the appearance of a methodology that complies with the current Provincial LNA Methodology, as discussed below the end result remains an assessment focused on theoretical capacity to achieve assumed housing mixes based on the intensification and density targets, and is not based on realistic assessments of housing supply and demand. The LNA includes a vast set of spreadsheets generated through an iterative process based on assumptions of future housing mix (as opposed to actual housing demand by unit type), and capacities of land to accommodate population at various densities and housing mixes (as opposed to inventories of housing by unit type). While the analysis appears very robust by its complexity, that complexity is its fundamental weakness. The appearance of precision masks its fundamental flaw: that it was not based on objective assessments of demand for housing by unit type and realistic inventories of housing by unit type.

To be clear, Activa does not object to higher targets where they are justified. However, the LNA Methodology requires that the starting point of a land needs assessment must be an assessment of housing demand by unit type based on age-specific propensities, and inventories of housing by unit type that can realistically be achieved in the built-up area and the designated greenfield area. The LNA Methodology is clear that these inventories are essential where a municipality proposes to base its land supply on higher intensification and density targets than the minimums. The Regional LNA is not based on these essential components. As a result it underestimates the Region's land needs for housing.

3. *Protected Countryside*

The ROPA 6 continues to provide for the Region's version of a "greenbelt" through the use of a Countryside Line, and Protected Countryside designation that applies to the vast majority of lands outside of the Urban Area boundary. The policies of ROPA 6, similar to the in-force policies of the Region's Official Plan, prohibit development and future expansions of the Urban Area boundary in the Protected Countryside beyond the Countryside Line.

B. SOUTHWEST KITCHENER**1. *Southwest Kitchener Policy Area***

In adopting its 2009 Official Plan at the conclusion of its first Growth Plan conformity exercise that was required to plan for growth to 2031, the Region sought no expansion of its settlement area boundaries at all.

However, as a result of an appeal by Activa, the Ontario Municipal Board (“OMB”) determined that the Region’s 2009 Official Plan and supporting land needs assessment did not conform to the Growth Plan, and that the Region must expand its Urban Area boundary. The final size and location of the Urban Area expansions were finalized through a settlement among the parties that was approved by the OMB through an order issued in 2015.

The Region’s Official Plan as approved by the OMB expanded the Urban Area boundary to include approximately 220 hectares within the area known as Southwest Kitchener as shown on the Map attached as Attachment 2. A portion of these lands are owned by Activa. Not all lands in Southwest Kitchener were included in the expansion. For those lands that were not included in the expansion, a special designation was created called the “Southwest Kitchener Policy Area”, for which special policies were developed that provided:

- hydrogeological assessments would determine the developability of the lands in relation to groundwater resources, or whether the lands would be located within the Region’s Protected Countryside; and
- in the meantime, the lands would be considered developable for infrastructure planning, including all infrastructure master plans.¹

Since these policies were approved by the OMB in 2015, the Region has completed the Cedar Creek Subwatershed Study, which includes the majority of the lands in the Southwest Kitchener Policy Area. A portion of the lands are in the Blair Creek Subwatershed, for which a subwatershed study was completed almost 15 years ago. Accordingly, subwatershed studies have been completed for all lands in the Southwest Kitchener Policy Area.

Based on the information from the Subwatershed Study, the landowners in the Southwest Kitchener Policy Area have completed the additional hydrogeological assessments required by the Region to demonstrate that development of the lands will not impact groundwater resources, which have been accepted by the Region.

¹ In-force ROP policies 2.B.1, 6.B.1, 7.B.22 and 8.A.23

As a result, the mapping in ROPA 6 has confirmed that the lands in the Southwest Kitchener Policy Area are not to be within the Protected Countryside, and are within the Countryside Line.² Indeed ROPA 6 notes this as one of the bases for the amendment.³

2. Dundee North Secondary Plan Process

For those lands in Southwest Kitchener that were added to the Urban Area boundary through the approval of the Region's 2009 Official Plan, the City of Kitchener is currently in the early stages of a secondary planning process for the lands, referred to by the City as the Dundee North Secondary Planning Area. While we understand the City has been internally considering the preparation of some land use options, and one public information centre was held earlier this year, no information has been shared with the public or landowners by the City regarding the proposed Secondary Plan process.⁴

The Dundee North Secondary Plan process is not including the lands in the Southwest Kitchener Policy Area, because they are not currently within the Urban Area boundary.

As shown on the Map attached as Attachment 2, the parcels owned by the landowners in the Dundee North Secondary Plan Area, Activa and Grambian Investments Inc., straddle the Urban Area boundary. As a result, a portion of their respective lands are within the Dundee North Secondary Planning Area (inside the Urban Area) and the balance of their respective lands are in the Southwest Kitchener Policy Area (outside the Urban Area). Both landowners are in the process of undertaking ongoing detailed hydrogeological monitoring, preliminary servicing and stormwater management assessments, and archaeological assessments for all of their lands. Because of the need to undertake these assessments comprehensively, they are doing the required work for all of their lands, not just those in the Dundee North Secondary Planning Area.

As noted above, subwatershed planning has been completed for all of the Activa and Grambian lands, and as noted below infrastructure to be constructed within the Dundee North Secondary Planning Area will need to be planned to accommodate the balance of the Activa and Grambian lands.

Extensive ecological work has also been completed by the landowners. The attached report by WSP entitled *Dundee North Secondary Plan Kitchener, Ontario Existing Conditions & Ecological Constraints Report*, August 2021, attached as Attachment 4 provides a detailed account of existing natural heritage conditions for all of the natural heritage features on the Activa and

² Except for a small portion that was located to the west of Fischer Hallman Road.

³ Part A- Preamble, pg. 8

⁴ See Dundee North New Secondary Plan Public Information Center 1 Slide Deck, June 9, 2022, attached as Attachment 3

Grambian lands, including within the Southwest Kitchener Policy Area, based on years of fieldwork and monitoring.

3. Southwest Kitchener Policy Area Should be Added to the Urban Area Boundary

Activa submits that the Southwest Kitchener Policy Area should be added to the Region's Urban Area boundary through ROPA 6, for the following reasons:

- Water and wastewater treatment infrastructure exists in the water and wastewater treatment plants that service the City of Kitchener. The Region had prepared a Report by Dillon Consulting, dated June 2022, entitled *Growth Option Infrastructure Review and Class D Cost Estimates*, which was attached as Appendix "E" to the June 29, 2022 Staff Report to Regional Council (PDL-CPL-22-20) in support of ROPA 6, which concluded that there is available capacity for over 200,000 persons of growth in existing wastewater treatment plants for Kitchener, even though growth of only about 140,000 persons is proposed. ROPA 6 would result in significant amounts of excess wastewater treatment capacity that has already been paid for not be used under after 2051. The lands can also serviced by planned expansions to the Region's integrated water system. The Southwest Kitchener Policy Area should be added to the Urban Area boundary now so that this capacity can be used.
- The City of Kitchener has planned and constructed or will be constructing extensive infrastructure that will service the area. The South Strasburg Trunk Sanitary Sewer, which was designed with capacity to accommodate sanitary flows within the Southwest Kitchener Policy Area was completed by the City of Kitchener within the last five years. A portion of the lands in the Southwest Kitchener Policy Area will instead be serviced by the Dodge Drive Trunk Sanitary Sewer, which is under construction with a scheduled completion of Spring 2023. ROPA 6 would propose that this existing sanitary servicing capacity sit in the ground unused until after 2051. The Southwest Kitchener Policy Area should be added to the Urban Area boundary now so that this capacity can be used.
- Watermains in existing roads surrounding Southwest Kitchener exist that would allow the Southwest Kitchener Policy Area to connect to the Region's water distribution system. ROPA 6 would propose that this existing water servicing capacity sit in the ground unused until after 2051. The Southwest Kitchener Policy Area should be added to the Urban Area boundary now so that this capacity can be used.
- The City of Kitchener is also in the process of designing the extension of Strasburg Road as shown on the Map attached as Attachment 2, a City Arterial Road that will traverse the Dundee North Secondary Planning Area, in addition to lands outside of the Urban Area within the Southwest Kitchener Policy Area. Strasburg Road will provide the key arterial road infrastructure for Southwest Kitchener. ROPA 6 proposes that a portion of this road be

surrounded by fragmented agricultural uses and available capacity be unused until after 2051. The Southwest Kitchener Policy Area should be added to the Urban Area boundary now so that this capacity can be used.

- The Region of Waterloo is planning to construct a new roundabout at the intersection of Fischer Hallman Road and New Dundee Road, which are the western and southern boundaries of the Southwest Kitchener Policy Area. This new roundabout right at the southwest corner of the Southwest Kitchener Policy Area was approved by Regional Council in October 2022 for construction by 2024.
- Other City collector streets will be constructed in the Dundee North Secondary Planning Area, including transit routes, that will need to be planned to accommodate traffic from the build out of Southwest Kitchener. Infrastructure and community service facilities for the area should be planned comprehensively. Delaying the planning approvals and development of the Southwest Kitchener Policy Area as proposed by ROPA 6 does not represent the efficient use of this infrastructure.
- Other infrastructure and public service facilities exist or will be constructed within the Dundee North community, or the nearby developing Rosenberg and Doon South communities, that would service development in the Southwest Kitchener Policy Area. The Activa lands in particular are within walking distance of a City District Park (developed with public funds). School planning has occurred and education development charges are being collected for several elementary schools and a high school that service the area.
- Development of the Southwest Kitchener Policy Area would also would support the logical extension of higher frequency transit planned within the Fischer-Hallman corridor, and portions of the area are within walking distance of a planned transit hub, retail and commercial uses.
- The boundary of the Dundee North Secondary Plan does not represent a logical planning boundary as can be seen from the Map attached as Attachment 2. The boundary falls short of the Regional arterial roads that border the area.
- The preparation of a secondary plan for only those lands that were added to the settlement area boundary in 2015 is inconsistent with the need to plan comprehensively for complete communities. By excluding the Southwest Kitchener Policy Area from the Urban Area boundary, an additional and separate secondary plan process will be required for these lands in the future when they are ultimately added to the Urban boundary, resulting in unnecessary and duplicative process and delays to their development.

- As noted above, the landowners in the Dundee North Secondary Planning area are spending millions of dollars on environmental, engineering, water resources and archeological studies that would allow all of their lands to be developed, but their lands in the Southwest Kitchener Policy Area are excluded from the City's Dundee North Secondary Plan process. These landowners will not be able to include all of their contiguous lands in their future rezoning and subdivision applications, and the development of their lands that have been excluded from the Urban Area boundary by ROPA 6 will therefore require additional applications, process and delay.
- One of the most significant issues that has been identified by the Region and the City for development in this area is ensuring that the development will not impact surface and groundwater resources. The entire area should be planned comprehensively so that a comprehensive plan for surface and groundwater management can be developed, that is not based on arbitrary interim development boundaries.
- In terms of agricultural impact, a portion of the lands in the Southwest Kitchener Policy Area, those owned by Grambian Investments, are actually one of the few areas of the Region designated Rural as opposed to Prime Agricultural. In any event the planned development of the Dundee North Secondary Plan will result in much of the Southwest Kitchener Policy Area being in small fragmented parcels that are not viable from an agricultural perspective.

In conclusion, ROPA 6 should be modified to include the Southwest Kitchener Policy Area in the Region's settlement area boundary now, so that the area can be comprehensively planned as a complete community, allowing the efficient use of infrastructure, avoiding duplicative and unnecessary process, and avoiding delays in development that will generate needed housing at urban densities. Additional submission in support of including all of the Southwest Kitchener in the Urban Area boundary are set out in the submissions by MHBC Planning to Region of Waterloo and City of Kitchener Council, attached as Attachment 12.

The inclusion of the Southwest Kitchener Policy Area in the Urban Boundary now will assist the City of Kitchener in achieving its allocation of 35,000 units under the Government's Housing Action Plan. Currently, the City of Kitchener accommodates development of less than 1,000 units per year in its designated greenfield area. Serious action will need to be taken for the Government's housing targets to be met.

4. *The Addition of the Waterloo District School Board Lands*

Activa submits that lands owned by the Waterloo Region District School Board just outside of the Southwest Kitchener Policy Area on the west side of Fischer Hallman Road as shown on the Map attached as Attachment 1 should also be added to the Urban Area boundary, or subject to a

special policy to allow development for a new high school. The 14.2 hectare parcel of land was acquired by the School Board so that it could be developed to complement the development of a District Park and Community Centre on lands immediately to the north owned by the City of Kitchener. When the ROP was approved in 2015 the Region would not allow these lands to be included in the Urban Area boundary as they are within the Protected Countryside designation, but they added a special policy dealing only with the City-owned lands:

6.H Municipal Park Use

Notwithstanding the Prime Agricultural Area, Regional Recharge Area and Protected Countryside designations and their location outside of the Countryside Line, the lands located at the southwest corner of Fischer-Hallman Road and Huron Roads may be used for the development of a municipal park (active or passive), athletic/community centre and associated facilities. The extent of the municipal park use will be determined through the development of a master plan for the lands by the City of Kitchener.

However this policy was not extended to the School Board lands. The inclusion of the School Board lands in the Urban Boundary, or the extension of this policy to include the lands, would allow the planning and delivery of public service facilities in an efficient and coordinated manner in accordance with the policies of the Provincial Policy Statement. These lands are immediately serviceable. The location of a secondary school adjacent to the existing District Park is a natural association that will result in program efficiencies and the creation of a community hub, in accordance with the policies of the Provincial Policy Statement. The community hub will be easily accessible to active transportation, planned higher frequency transit and within walking distance of a transit hub.

The need for a secondary school has been confirmed by the School Board's Long-Term Accommodation Plan and Educations Development Charge Background Study. If these lands are not permitted to develop it likely means that lands of an equivalent size that could otherwise accommodate housing will have to be acquired by the School Board elsewhere in the Urban Area boundary, at a much higher land cost.

C. THE REGION'S COMMUNITY AREA LAND NEEDS

1. The Regional Land Needs Assessment

The Region's LNA contained in a series of reports from its consultants, including the following:

- *Land Needs Assessment*, April 2022 – Dillon Consulting Limited and Watson & Associates Economists Ltd.

- *Land Needs Assessment Addendum*, June 21, 2022 – Dillon Consulting Limited and Watson & Associates Economists Ltd.

The LNA Addendum provided some additional information, such as a high level estimated inventory of available units in the designated greenfield area, and corrected certain matters from the previous work. The Addendum contains a set of spreadsheets allocating and adjusting for each area municipality the final recommended LNA intensification and density targets, Urban Area expansions, and population and employment allocations. The final numbers are all adjusted to achieve the overall intensification and density targets that were recommended by staff - i.e., overall intensification target of 60% and designated greenfield area density target of 60 persons and jobs per hectare.

2. Key Flaws of the Region's LNA

The key flaws of the Regional LNA were communicated to the Region in correspondence including the following, which should be treated as part of this submission:

- Report by Altus Group entitled *Region of Waterloo Community Area Land Needs Assessment*, May 27, 2022 (the “Altus Report”), attached as Attachment 5
- Report by MHBC Planning entitled *Overview Analysis of Draft Land Needs Assessment*, May 27, 2022 (the “MHBC Report”), attached as Attachment 6
- Letter from Goodmans LLP to Region of Waterloo Council re *Region of Waterloo Official Plan Review Draft Land Needs Assessment and Growth Options Planning and Works Committee Public Meeting – May 18, 2022, May 17, 2022* (“LNA Submission”), attached as Attachment 7

Activa’s consultants have determined through their detailed review of the Regional LNA that it is based on an approach that does not implement the 2020 Provincial LNA Methodology. By relying on it to determine its community land needs, ROPA 6 risks:

- a shortfall of land required to accommodate housing needs between 2021 and 2051, as required by the Growth Plan;
- shortages of housing required to accommodate population growth, especially families, and a healthy economy; and
- worsening housing affordability in the Region.

a. The Capacity Analysis

The basis of the methodology used in the Regional LNA is to test different land need “options” that assume different underlying intensification targets and designated greenfield area density targets. Assessments of the “capacity” of the built-up area and the designated greenfield area to accommodate certain amounts of population were used to determine how much land would need to be added to the Urban Area boundary to accommodate each option. Therefore the focus of the Regional LNA is on allocating amounts of population and employment to the built-up area and designated greenfield area to determine the amount of land that would need to be added to the designated greenfield area to achieve varying intensification and density assumptions, as opposed to on the amount and types of housing that would actually be needed to accommodate the future demographic profile of the Region’s population. Staff recommended Option 2 for approval based on their qualitative assessments as to which represented the most appropriate level of intensification and density. The three options were as follows:

- Option 1 starts with the Growth Plan minimum targets for BUA intensification (50%) and DGA density (50 people and jobs per hectare), and proposes a 2,000 plus hectare Urban Area boundary expansion.
- At the other extreme is Option 3, with targets for BUA intensification (60%) and DGA density (66 people and jobs per hectare) designed to result in no urban expansion (and may result in excess lands) that assumes clearly unrealistic shifts in housing need.
- Option 2 uses targets for BUA intensification (60%) and DGA density (60 people and jobs per hectare) that are in the middle, and generally reflected the preferred targets that were presented by staff in November 2021. At that time, Council directed staff to undertake an actual land needs assessment that includes the components of the Provincial LNA Methodology, which staff had not completed and were not proposing to undertake.

Ultimately, the staff-recommended LNA carried forward the Option 2 intensification and designated greenfield area targets of 60% and 60 persons and jobs per hectare to determine the total Urban Area expansion required for community uses. The Addendum provided a set of spreadsheets in support that showed a scenario for how these targets could theoretically be accommodated based on:

- allocations of the share of Urban Area expansions to each area municipality;
- intensification and density targets assumed for each area municipality, together with allocations of population and employment to each area municipality required to achieve those targets, based on the share of the Urban Area expansion allocated to each (and therefore size of the designated greenfield area in each);

- assumptions of the number of housing units by type (housing mix) that would be developed in each area municipality in order to achieve the population and employment allocations, based on assumed housing mixes as opposed to projections of housing by unit type using age-specific propensities;
- assumptions of the capacity of the built up area and the designated greenfield area of each local municipality to accommodate housing by unit type, based on assumed housing mixes as opposed to accurate inventories of the housing that could be provided in each municipality using current planning approvals.

The Capacity Approach (which was also originally used by the Region for the 2009 ROP, but rejected by the OMB) does not assess the reality of housing supply and demand as required by the Provincial LNA Methodology. The approach is driven by the desire to either limit settlement area expansions, and/or to achieve higher than minimum density and intensification targets, without due consideration of the impact on housing supply and affordability.

The Capacity Approach methodology used in the Region's LNA approach does not follow the Provincial LNA Methodology requirements to:

- assess housing need (demand) for a market-based supply of housing using the demographic profile of the Region's projected population, based on historic housing choice (propensity);
- prepare an inventory of the supply of various types of housing that can be accommodated based on the land actually available for development in the built-up area and the designated greenfield area, in the context of existing planning permissions; and
- assess the area of land actually required to accommodate any shortfall in the demand for housing of various units in the designated greenfield area.

b. The Lack of True Housing Demand Forecast

The Regional LNA is not based on a forecast of housing need by dwelling type using propensity of households within certain age groups to choose different types of housing, as required by the Provincial LNA Methodology. One of the key components of the Provincial LNA Methodology is the need for a realistic market-based forecast of housing need by unit type as a starting point.

While the April 2022 LNA does contain spreadsheets that are described as a forecast of housing by structure type based on age-group propensities,⁵ the forecast actually assumes major shifts

⁵ See Appendix B-2

in historical propensities to produce a housing mix that works with the intensification and density targets selected. In other words, significant shifts in propensities are assumed in order to generate the housing mixes needed to fit the recommended targets.

While the Growth Plan and Provincial LNA Methodology acknowledge that there has been and will continue to be some shifts in future housing choice, given changes in supply, the Regional LNA takes shifts in housing choice to unreasonable levels. The largest segment of the population in 2051 will be older seniors (75+). The Regional LNA assumes⁶ that this group will leave their ground-related homes and move to high density apartments in unprecedented numbers, almost doubling from about 32% in 2016 to 60% in 2051. There is no evidentiary basis for this assumption which is fundamental to the Regional LNA's recommended demand for housing by structure type and conclusions regarding the amount of community lands needed in the designated greenfield area.

The assumption that seniors will significantly change their housing choices was advanced by the Region's experts in the 2013 hearing regarding the Region's 2009 Official Plan, but rejected by the OMB. The OMB's decision notes:

"In the final analysis, the change in housing choice by seniors, as suggested by the Region, is not, in our estimation, supported by the evidence presented in this case and the Region's methodology in relation to this issue, is flawed, as a result."

Moreover, for each Option assessed in the Regional LNA the actual demand for housing by unit type is shifted for each age group, based on the various intensification and density targets assumed. However, there is no explanation for the unreasonable assumption that people would make different housing choices based on the intensification and density targets the Region selects, and amount of land that is added to the Region's designated greenfield area.

In respect of housing demand, we also note that the Regional LNA is based on an underestimation of overall demand for housing units. The report assumes shifts in "headship rates" without explanation, and are not consistent with data released by the last census. The Hemson Consulting forecast of household growth between 2019 and 2051 (which reflects the total need for new dwelling units) prepared for the Province assumed a significantly higher number of new households would be formed by the Region's population in 2051 – 24,300 units more than used in the Regional LNA. No explanation for the difference has ever been provided by the Region's

⁶ Option 2 assumptions which untimely formed the basis for the recommended LNA

consultants.⁷ The Provincial LNA Methodology expressly precludes the use of lower housing forecasts than required to accommodate the forecast population growth.

c. The Inventory Data

The Regional LNA did not include any inventory of housing by unit type in the built-up area.

Some inventory data was provided for the designated greenfield area for the first time at very end of the process in the June 2022 Addendum Report, which was simply used to confirm the previous recommendations. However, the inventory data provided was partial at best and did not represent a detailed assessment of planning approvals on a parcel by parcel basis. While a housing inventory is provided for approved plans, for the most part the housing capacity and mix on vacant lands was driven by density and housing mix assumptions that did not account for the amount of land that was actually vacant and available for development, or existing planning approvals.

A true inventory was prepared by MHBC, Activa's planning consultants, in accordance with the Provincial LNA Methodology as an update to the detailed inventory they prepared for the 2013 Ontario Municipal Board hearing. The OMB in its decision specifically accepted the reliability of the MHBC inventory. The MHBC inventory is summarized in the MHBC Report attached as Attachment 6. MHBC's detailed inventory work is attached as Attachment 9.

The problem with the designated greenfield area inventory of housing by unit type used in the Regional LNA is that it is substantially incorrect. MHBC assessed potential housing supply in the Region's designated greenfield area on actual vacant lands – based on reviewing planning permissions and pending applications on a parcel by parcel basis. That assessment shows that the Region overestimates the low density units that can be accommodated in the existing DGA by over 5,000 units and overestimates medium density units by a similar amount. See the table below (enlarged version attached as Attachment 10).

⁷ See the critique of the Region's housing forecast by Altus Group, January 20, 2021, Attached to Letter from Goodmans LLP to the Region, January 20, 2021, attached as Attachment 8

Units Required to Accommodate DGA Housing Forecast for the Region of Waterloo (LNA Addendum) Between July 1, 2019 and 2051 Tri-Cities												
MUNICIPALITY	WATERLOO				KITCHENER				CAMBRIDGE			
	Low Density Single/Semi	Medium Density Rowhouse	High Density Apartments and Accessory Units	Total	Low Density Single/Semi	Medium Density Rowhouse	High Density Apartments and Accessory Units	Total	Low Density Single/Semi	Medium Density Rowhouse	High Density Apartments and Accessory Units	Total
Units Required Between July 1, 2019 and 2051 as per Region of Waterloo DGA Housing Forecast ¹	2,063	1,716	970	4,749	9,343	8,786	5,650	23,779	4,919	4,450	1,643	11,012
Net Housing Constructed in the DGA Between July 1, 2019 and June 30, 2021 ²	169	76	25	270	988	594	285	1,867	68	207	120	395
Adjusted DGA Housing Forecast 2021-2051	1,894	1,640	945	4,479	8,355	8,192	5,365	21,912	4,851	4,243	1,523	10,617
Available Residential Unit Inventory in the DGA ³	1,888	799	3,133	5,820	6,221	4,295	13,900	24,416	1,838	3,357	4,841	10,036
Additional Units Required	6	841	-2,188	-1,341	2,134	3,897	-8,535	-2,504	3,013	886	-3,318	581

Notes:

^{1/} Source: Figure B-6: "Region of Waterloo Recommended Approach to Growth - Housing Forecast and Housing Needs by Area Municipality", Region of Waterloo Land Needs Assessment - Addendum, June 21, 2022.

^{2/} Source: Building Permit Data, Region of Waterloo (adjustments made by MHBC). Demolition permits have been subtracted from the total building permits issued. Includes only permits issued in the Designated Greenfield Areas.

^{3/} Source: Results of MHBC Residential Unit Inventory analysis as outlined in Table 21 (Designated Greenfield Area).

^{4/} Student Housing has not been included as those units are in addition to those required to accommodate residential growth forecast of the Growth Plan.

This estimated oversupply of housing inventory is confirmed for the City of Kitchener, for example, by a simple assessment of the housing supply that the Addendum suggests is available on Category 2 vacant lands. The housing "supply" of 5,565 low density, 5,549 medium density, and 3,194 high density units assumed would require about 737 ha of vacant land based on the density assumptions used for urban expansions in the Addendum, yet the Addendum indicates only 541 ha are available. This is a shortfall of almost **200 ha**. See the table below.

City of Kitchener
Category 2 Vacant Lands
Land Requirements for Estimated Housing Inventory

	Low Density	Medium Density	High Density	Total
Vacant Land Housing Supply, Units ¹	5,565	5,549	3,194	14,308
Units per hectare (net) ²	26	54	176	
Net Land Area, ha	214	103	18	335
Net to Gross Land Area Factor (Other Community Area Uses) ³	2.2	2.2	2.2	2.2
Gross Land Area	471	226	40	737
Vacant Land Area, ha ⁴				541
Shortfall				196 ha

¹LNA Addendum Table B-5

²LNA Addendum Table B-7e

³LNA Addendum Table B-7e

⁴ LNA Addendum Table B-4

MHBC has also confirmed, and repeatedly pointed out to the Region, that its LNA substantially overestimates the amount of vacant land in the DGA. Detailed GIS assessment undertaken by MHBC shows that the Region counts as vacant over 200 ha of land that has already been developed in the City of Kitchener alone. This may have resulted at least in part from the Region

using different base year dates for its analysis. While the LNA base year is 2021, the inventory is as of 2019.⁸

The forecasted housing allocated to the designated greenfield area in the Regional LNA simply cannot be achieved, when tested against a reasonable assessment of the inventory of housing by unit type available in the designated greenfield area. There is a large shortfall of the low and medium density housing that the Regional LNA concludes would be required to be accommodated in the designated greenfield area.

As a result, the Regional LNA underestimates the amount of community area expansion lands that are required in the designated greenfield areas to meet even the Region's forecasts of housing need.

3. *Alternative Land Needs Assessment Conforming to the Provincial LNA Methodology*

Activa retained Altus Group to prepare an alternative land needs assessment for the Region that conforms to the Provincial LNA Methodology, which is set out in the Altus Report attached as Attachment 5 (the "Altus LNA"). The Altus LNA, relies on the inventory work in the MHBC Report attached as Attachment 9. The Altus Report also provides commentary on the Regional LNA and highlights the differences in methodology. We note the following regarding the Altus LNA:

- The Altus LNA concludes that a total DGA expansion of about 948 hectares would be required to accommodate the Region's demand for housing to 2051.
- The Altus LNA starts with an assessment of the demand for housing by unit type based on a propensity analysis, as required by the Provincial LNA Methodology. This is the true market-based demand for housing.
- In order to achieve the intensification and density targets of the Growth Plan, the Altus LNA was required to assume a significant shift from low density housing choices, compared what the market demand would be. In fact, the proportion of low density housing was reduced from 67% to 19%, with that shift reallocated to townhouses and apartments.
- The Altus LNA contains a very significant shift of housing demand to apartments, much larger than the market demand would represent. This shift is necessary to even meet the minimum intensification target and density targets of the Growth Plan. We would note that this assumes a significant number of apartment units in the DGA. Many of these units could be in more ground-related forms such as stacked townhouses and back-to-back townhouses.

⁸ Additional MHBC Analysis is included in Presentations by MHBC to City of Kitchener and Region of Waterloo Council attached as Attachment 12

These are not the same as the higher density apartments that would be focused in the built up area, and could be considered a “missing middle” form of housing.

- The Altus LNA calculates a designated greenfield area density comparable to that used in the Region’s LNA.

The Altus LNA demonstrates that the Region has substantially underestimated the total amount community area land that the Region will need to accommodate housing and related employment to 2051 if it is going to achieve its Growth Plan forecasts.

A larger expansion of the Region’s Urban Area boundary than is provided for in ROPA 6 is required, based on an assessment of the Region’s land needs that complies with the Provincial LNA Methodology. The inclusion of the Southwest Kitchener Policy Area in the Urban Area boundary provides an important opportunity to meet this additional need.

4. The Region’s Criteria for Urban Area Expansions

ROPA 6 and the Regional LNA allocates forecastd growth and Urban Area expansions to area municipalities in a manner that is not transparent and does not conform to Growth Plan policy. Policy 2.2.1.2 of the Growth Plan says forecasted growth will be allocated based on a number of factors.

Policy 2.2.8.3 Growth Plan says that when the need for a settlement area boundary expansion has been justified:

“the most appropriate location for the proposed expansion will be identified based on the most appropriate location for the expansion based on the comprehensive application of all of the policies of this plan ...”.

The criteria focus on, among other things, the capacity in existing and planned infrastructure and public service facilities, choosing the lowest priority agricultural lands, and avoiding natural heritage features.

The Region released a *Technical Brief*, dated July 2022, by Dillon Consulting that applied criteria in section 2.2.8.3 individually to each the parcels added to the Urban Area boundary, but it did not undertake the comparative analysis required. By predetermining the location of expansions, and then trying to apply the policies *ex post facto* to each parcel that had been selected, the policy direction is not complied with. An analysis of alternative locations based on these criteria is required to determine which is most appropriate. The Region’s LNA failed to assess the relative merits of potential Urban Area expansions in other areas in relation to these policies, such as lands in the Southwest Kitchener Policy Area.

Growth Plan policy 2.2.1.2 also provides direction for choosing settlement boundary expansions. Growth is to be directed to:

1. settlement areas with existing or planned municipal water and wastewater systems (2.2.1.2(a)(ii));
2. settlement areas that can support complete communities (2.2.1.2(a)(iii));
3. locations with existing or planned transit (2.2.1.2(c)(iii));
4. areas with existing or planned public service facilities (2.2.1.2(c)(iv)).

Section 5.2.3.2(e) also provides that upper-tier municipalities must allocated growth to lower-tier municipalities in a manner that would support the achievement of the minimum intensification and density targets.

When measured against all of these criteria, the Southwest Kitchener Policy Area is a preferred location for growth. Infrastructure exists to service the development, whereas development in the Townships require new infrastructure or cross-border servicing arrangements. Public service facilities exist or will be constructed in the adjacent Dundee North, Rosenberg, Brigadoon and Doon South Communities. Subwatershed studies have been completed for all lands in the Southwest Kitchener Policy Area, which determined that ground and surface water can be protected through development of the lands.

We also note that the planned density in the Townships is just over 50 persons and jobs per hectare, whereas in Southwest Kitchener it is 65 persons and jobs per hectare.

The justification for the location of the expansions was actually set out in the June 29, 2022 Staff Report, and relied on the concept of creating “15-minute neighbourhoods.” This concept was introduced by staff and then added to the draft policy documents essentially at the end of the process, after the location of expansions was selected. However, there was no analysis provided as to how adding relatively small parcels of land (generally around 20 hectares in size) in various locations throughout the existing low density development areas in the Townships would somehow allow them to transform into 15-minute neighbourhoods. Moreover, no analysis was undertaken as to how expanding the Urban Area boundary in other locations would contribute to the creation of 15-minute neighbourhoods.

Given its size, and location adjacent to existing urban development, the Southwest Kitchener Policy Area creates a real opportunity to create 15-minute neighbourhoods. The plan attached as Attachment 11 identifies existing and planned infrastructure, public service facilities and other features that will facilitate the development of the Southwest Kitchener Policy Area as a 15-Minutes community.

5. *The Allocation of Growth to Kitchener is Too Low*

For the planning reasons described above, the size of Kitchener's Urban Area boundary in ROPA 6 should be expanded to allow for more community area development. We note that the allocation of growth to Kitchener in ROPA 6 is also too low. The Region's allocation of growth to Kitchener is based on a total number of new dwelling units between 2021 and 2051 of 54,615 units.⁹ This represents average housing growth of about 1,820 per year. Over the next 10 years, that would total 18,205 units. That is a little over **one half** of the total 35,000 units that the Province has allocated to Kitchener under the Housing Action Plan.

D. PHASING POLICIES

Activa believes that certain policies of the ROPA 6 will be used by the area municipalities to delay land use planning approvals, particularly in the designated greenfield area, and hamper the efforts of the Province to deliver housing. For example, policy 2.G.1.4 provides as follows:

2.G.1.4 Area municipalities will establish policies in their official plans, or other planning documents, to ensure that new development within designated greenfield areas is phased in a manner that:

...

(b) achieves the delivery of 15-minute neighbourhoods in accordance with the policies of this Plan;

...

(d) will not adversely affect the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan.

Regional staff believe that shifts in housing choice, increased intensification, and the creation of 15-minute neighbourhoods can be achieved by phasing development in the designated greenfield areas. To the extent that these policies are used to delay the approval of development, they will simply delay the provision of new housing. Designated greenfield areas can be planned with at appropriate densities with a compact urban form without delaying development approvals.

⁹ LNA Addendum, Figure A-3, pg. 14

E. CONCLUSION – PROPOSED MODIFICATIONS TO ROPA 6

Activa respectfully proposes that ROPA 6 be modified as follows:

1. Expand the Urban Area Boundary to include the Southwest Kitchener Policy Area as shown on the Map attached as Attachment 1 by modifying:
 - (a) Map 1 Regional Structure – change the Prime Agricultural Area and Rural Lands designations that apply to the Southwest Kitchener Policy Area to Urban Area; and
 - (b) Map 2 Urban System – expand the Designated Greenfield Area designation to include the Southwest Kitchener Policy Area; and
 - (c) Map 3 Employment Area – expand the Urban Area / Township Urban Area designation to include the Southwest Kitchener Policy Area; and
2. Expand the Urban Area Boundary to include the Waterloo District School Board lands as shown on the Map attached as Attachment 1 by modifying:
 - (a) Map 1 Regional Structure – change the Protected Countryside Designation that applies to the lands to Urban Area and alter the Countryside Line to include the School Board lands;
 - (b) Map 2 Urban System – expand the Designated Greenfield Area designation to include the School Board lands; and
 - (c) Map 3 Employment Area – expand the Urban Area / Township Urban Area designation to include the School Board lands;

OR

Revise policy 6.H.1 as follows:

6.H Municipal Park and School Uses

6.H.1 Notwithstanding the Prime Agricultural Area, Regional Recharge Area and Protected Countryside designations and their location outside of the Countryside Line, the lands located at the southwest corner of Fischer-Hallman Road and Huron Roads owned by the City of Kitchener and Waterloo Region District School Board may be used for the development of a municipal park (active or passive), athletic/community centre and associated facilities, and school buildings and related facilities. The extent of the

municipal park ~~use~~ and school uses will be determined through the development of a master plan for the lands by the City of Kitchener in consultation with the School Board.

3. Revise the policies as follows:

- (a) Delete the second last bullet in section 1.4.4, which reads:

“requiring a phased approach to accommodating growth in designated greenfield areas;”

- (b) Change the phrase “phase and coordinate” in policy to 2.A.4 to “achieve”.

- (c) Delete clauses 2.G.1.4 (a) and (d), which read:

“(b) achieves the delivery of 15-minute neighbourhoods in accordance with the policies of this Plan;”

“(d) will not adversely affect the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan;”

4. Defer a decision on Table 1, or delete Table and modify policies 2.A.1, 2.A.3, 2.A.4, 2.A.5 and 2.A.6 to remove the references to Table 1.

We appreciate the opportunity to provide input into ROPA 6.

Yours truly,

Goodmans LLP



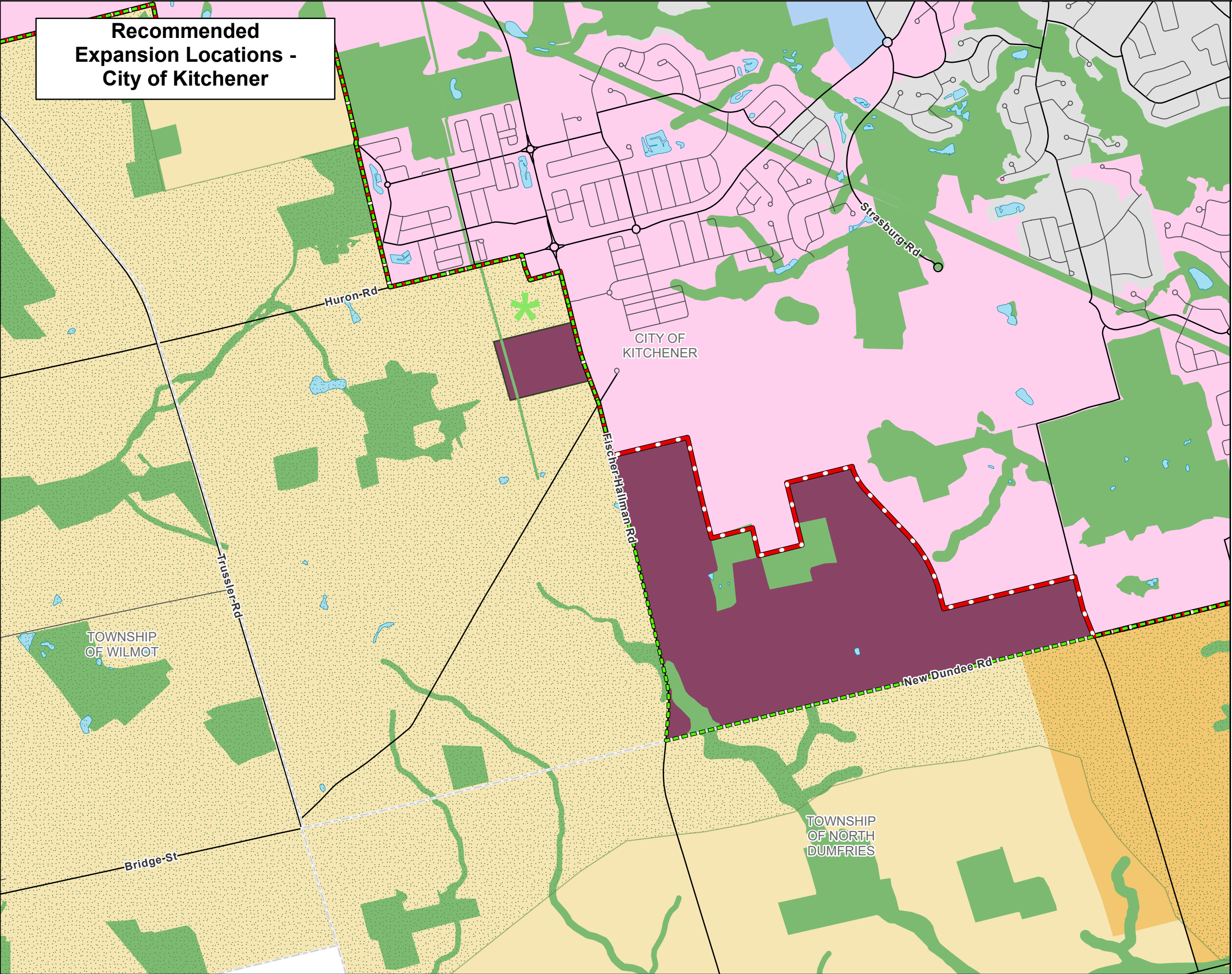
Robert Howe

Att

7329180

INDEX OF ATTACHMENTS

1. Map of Proposed Urban Area Expansion in Southwest Kitchener
2. Map of Southwest Kitchener Policy Area and Southwest Kitchener Urban Area Expansion approved by Ontario Municipal Board in 2015
3. Dundee North New Secondary Plan Public Information Center 1 Slide Deck, June 9, 2022
4. *Dundee North Secondary Plan Kitchener, Ontario Existing Conditions & Ecological Constraints Report*, August 2021
5. Altus Group: *Region of Waterloo Community Area Land Needs Assessment*, May 27, 2022 (the “Altus Report”)
6. MHBC Planning: *Overview Analysis of Draft Land Needs Assessment*, May 27, 2022 (the “MHBC Report”)
7. Goodmans LLP: Letter to Region of Waterloo Council re Region of Waterloo Official Plan Review Draft Land Needs Assessment and Growth Options Planning and Works Committee Public Meeting – May 18, 2022, May 17, 2022 (“LNA Submission”)
8. Altus Critique of Regional Long-Term Population and Housing Growth Forecast, January 20, 2021 – attached letter from Goodmans LLP, January 20, 2021
9. MHBC Planning: Building Permit and Residential Unit Inventory and Supply Analysis - Region of Waterloo, October 12, 2022
10. MHBC Planning: Table of Units Required to Accommodate DGA Housing Forecast for the Region of Waterloo in the LNA Addendum
11. MHBC Planning: Southwest Kitchener 15-Minute Neighbourhood Plan
12. MHBC Council Presentations – Region of Waterloo Land Needs Assessment – October 25, 2022



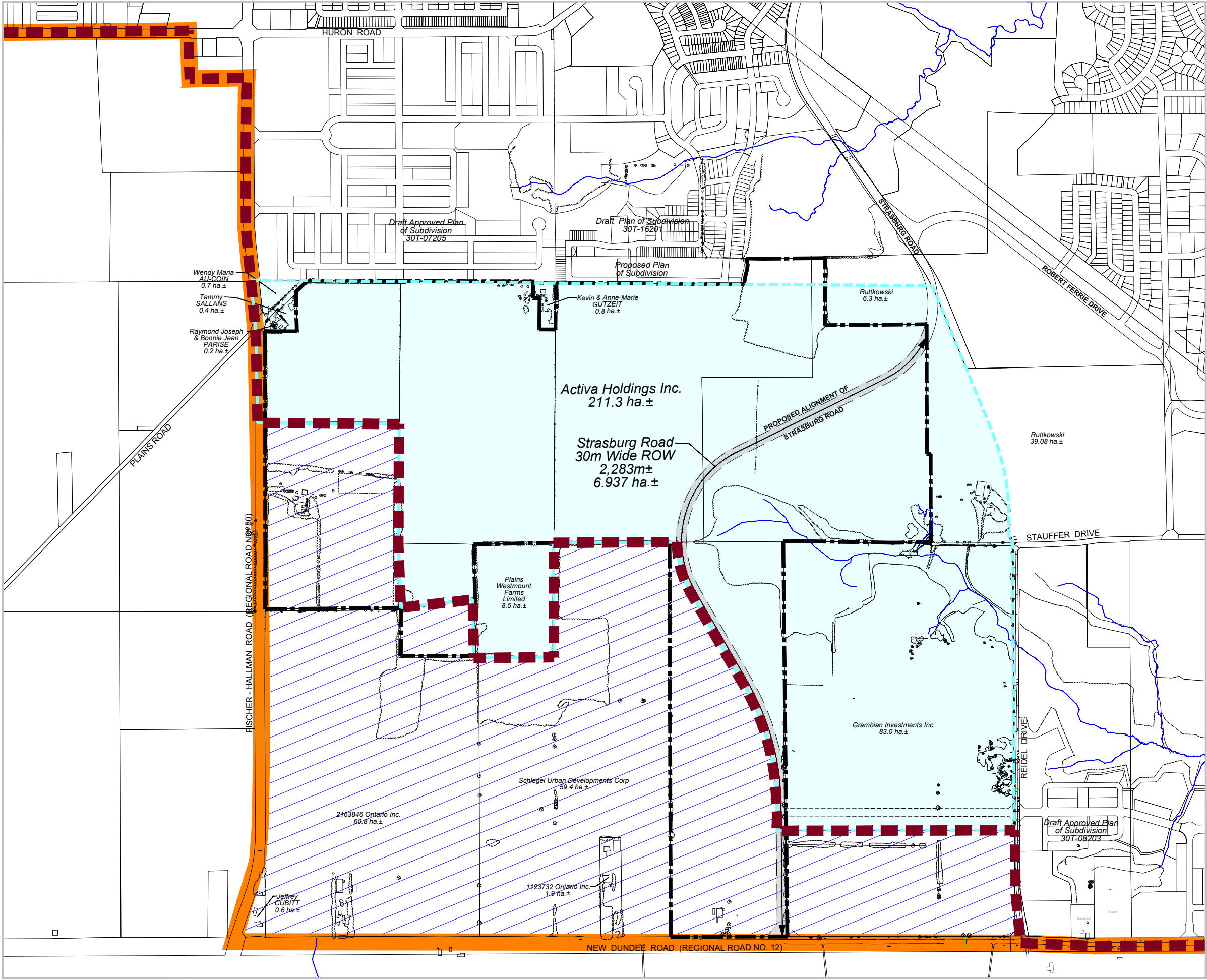
**Recommended
Expansion Locations -
City of Kitchener**

Legend

- Countryside Line
- Municipal Boundaries
- Urban Area
- Constrained Areas
- Regional Employment Area
- Protected Countryside
- Prime Agriculture
- Designated Greenfield Area
- Built-Up Area
- Rural
- Recommended Expansion in Southwest Kitchener
- The asterisk has been added for information purposes to highlight the lands under development by the City of Kitchener as a District Park in accordance with ROP Policy 6.H.1 that provides for a municipal park, athletic/community centre and associated facilities

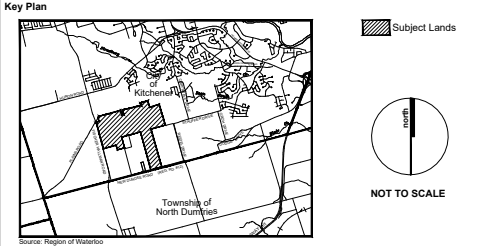
New Community Area in Southwest Kitchener	
Gross Area	221.1 ha
Net Area	201.5 ha





Proposed Urban Area Expansion

Southwest Kitchener



- Legend**
- Lands owned by Activa Holdings Inc.
 - Approximate Limits of City Urban Area
 - Approximate Limits of Countryside Line
 - Dundee North Secondary Plan Area
(added to Urban Boundary through 2015 OMB Order,
Gross Area - 244.8 ha.±, Net Area - 220.2 ha.±)
 - SOUTHWEST KITCHENER POLICY AREA
Approximate Area of Expansion
(Gross Area - 206.4 ha.±, Net Area - 187.3 ha.±)

Notes:

- Property Boundaries Approximate Only.
- Property Ownership and Acreage Figures: Teranet Enterprises Inc. - November 2022

**PLANNING
URBAN DESIGN
& LANDSCAPE
ARCHITECTURE**

200-540 BINGEMAN'S CENTRE DR. KITCHENER, ON, N2B 3K9 | P: 519.576.3600 F: 519.576.0121 | WWW.MHBCPLAN.COM

Date	November 14, 2022	File No.	8784AF
Drawn By	LHB	Checked By	
Plan Scale	1:5,000	Other	

Project

Activa Holdings Inc.
Dundee North,
Kitchener, Ontario

File Name
Proposed Expansion Areas

Scale Bar