**Proposed 2023 Provincial Planning Statement**

The proposed PPS represents a significant departure from the Province’s current growth management planning framework that has been in place since the adoption of the Places to Grow Act in 2005. If approved, the changes will move Ontario’s planning framework away from a regionally-coordinated, prescriptive approach that required municipalities to focus on growing inward through intensification, to one that enables local municipalities to set their own growth and intensification/density targets and increases opportunities to grow outward.

The new PPS gives local municipalities more autonomy to plan for housing and employment in a way that is deemed appropriate for the local context. The removal of Provincial restrictions on local decisions with respect to growth, intensification, employment land conversations will provide the City with greater flexibility to plan for a mix of residential and employment uses near transit stops. However, the enhanced local decision making authority will also result in less coordination of growth across the Greater Golden Horseshoe. Staff believe that the elimination of Provincially-prescribed targets may result in pressures to reduce intensification targets, and for municipalities that have land capacity, it could permit more low density greenfield development through expanded settlement boundaries.

While less applicable to the City of Waterloo given the small amount of Rural designated lands, it appears that rural areas are set to accommodate much more residential growth under the proposed framework, through Agricultural Lot Severances and likely settlement area boundary expansions. The Province is proposing to allow each farm property to allow up to three additional residential parcels. Over time, this could generate a significant amount of residential units in rural areas, which would impact agricultural lands across Ontario and promote reliance on automobiles. Staff do not support the proposed Agricultural Lot Severance policies, recommending that the Province focus new residential growth to compact urban and rural settlement areas that are serviced and planned.

The draft PPS identifies 29 large and fast growing municipalities, which includes the City of Waterloo. There are requirements for these 29 large municipalities to continue to focus on infill and intensification, which staff supports. This direction will help cities plan for vibrant cores, robust transit station areas, and intensification more broadly. Density targets in Station Areas continue to be mandated by the Province, whereas all other density and intensification targets are to be set locally. This exposes municipalities to legal challenges on local targets, which could weaken planning objectives that promote compact development and efficient use of land and municipal infrastructure.

In summary, the proposed PPS appears to create two distinct growth regimes: First, large cities will continue to accommodate inward growth through locally set targets. It is anticipated that intensification and infill growth management will continue in large cities. Second, towns and rural areas will accommodate much more growth than in the past, with much more farmland being converted to housing than in the past.

Staff are supportive of some of the proposed changes to the PPS, and recommend that the Province reconsider others. Key changes, potential impacts and staff recommendations are described in more detail below.

Topic - Housing, Land Supply and Growth

*Implications for Waterloo*

Waterloo will continue to use the 2051 population and employment forecasts provided by the Province and allocated by the Region of Waterloo. As it becomes necessary to update the forecasts and extend the planning horizon beyond 2051, Waterloo will carry out its own forecasting of population and employment growth. Additional staff and financial resources may be needed to carry out this work, which was historically carried out by the Province and allocated to the City by the Region of Waterloo.

The removal of Provincially-assigned population forecasts, planning horizons and restrictions on municipal boundary expansions and intensification targets is anticipated to facilitate more greenfield housing construction beyond Waterloo’s municipal boundaries. Increased land supply and opportunities for low density developments may draw development interest to areas outside of Waterloo.

While the removal of the definition of “Affordable” from the PPS addresses inconsistencies that were created recently when the Development Charge Act was updated to include a different definition of affordable, the original PPS definition serves as an important guide for planning for affordable housing across a range of contexts, many of which do not specifically involve the application of the Development Charges Act. Waterloo will need to decide how to define affordability within these various contexts. Although the PPS no longer requires municipalities to set specific targets for affordable housing, it is recommended that the City of Waterloo continue to plan for a variety of housing types, tenures and costs, including affordable housing.

*Staff Comments:*

* The City of Waterloo and other municipalities within the fast growing Greater Golden Horseshoe benefit from the coordinated Provincial population and employment forecasts. The Province is encouraged to consider providing these forecasts on an ongoing basis to support a consistent and coordinated approach to local infrastructure and development planning. Should the Province decide to proceed with the downloading of forecasting to local municipalities, it should reinstate the ability for municipalities to fund forecasting and growth studies by Development Charges, to ensure that Development Charges pay for the full cost of planning for growth.
* “Affordable” should be defined in the PPS. The current definition in the PPS uses a combined market-based and income-based calculation for affordable that serves as a practical and consistent guide for planning for affordable housing under a wide range of market conditions. The Province should continue to place emphasis on land use planning as having a role in helping to house those who need affordable housing, and should continue to provide an appropriate definition of what affordable is.

Topic - Strategic Growth Areas

*Implications for Waterloo:*

The need to identify Strategic Growth Areas appears to replace current requirements in the Growth Plan related to planning for the Urban Growth Centre, Major Transit Station Areas, and accommodating growth and intensification in such areas. Staff will need to reconcile these framework changes in an upcoming amendment to the Official Plan related to Strategic Growth Areas.

*Staff Comments:*

* It is our opinion that the proposed Strategic Growth Area requirements are appropriate for the City, and believe it provides the legislative authority to plan for intensification in the Urban Growth Centre, Major Transit Station Areas as well as Designated Nodes and Corridors in a similar manner as found within the City’s current Official Plan. With most density targets to be set locally, there is risk that targets may be appealed to the Ontario Land Tribunal.
* Similar to the proposed restrictions to appeals on Settlement Boundary Expansions and Employment Land Conversions, the Province is encouraged to restrict appeals on locally set density targets in Strategic Growth Areas.

Topic - Intensification and Built Up Areas

*Implications for Waterloo:*

Waterloo’s development pattern has been dominated by intensification and infill growth for the last 15 years. Waterloo has very little greenfield land available, thus approximately 80% of new residential development has been intensification of the already BUA, versus development in previously undeveloped greenfield areas.

The City has far exceeded the intensification targets set out in the Growth Plan and the Regional Official Plan (50% target verses approximately 80% actually achieved, in the last five years). As such, given recent and projected growth trends, and the limited supply of greenfield areas in the city, the proposed amendments related to BUAs or specific intensification targets are unlikely to affect the city’s development pattern over the planning horizon of the new PPS.

*Staff Comments:*

* Waterloo, unlike many of its neighbouring municipalities, has little opportunity for greenfield growth. While the new PPS encourages intensification generally, staff recommend additional emphasis be added to the final PPS in regard to encouraging and supporting intensification as the primary means of achieving the Provincial housing goals. Intensification is the most efficient and cost effective approach for growth, thus intensification policies should be strengthened in the final PPS. For municipalities that do have opportunities for greenfield development, the PPS should still encourage a balanced approach to growth, emphasizing intensification within built up areas over greenfield sites to minimize negative impacts to sprawl and expensive low density development.

Topic - Settlement Area Expansions

*Implications for Waterloo:*

There are limited opportunities for settlement area boundary expansion in Waterloo. The only portion of the City that is not already designated for urban development is a portion of northwest Waterloo designated as Rural in the Official Plan. This entire area is also identified as Environmentally Sensitive Landscape (ESL) in both the Regional Official Plan and the City’s Official Plan. Boundary expansions into the ESL are unlikely provided the Province does not remove the designation through future Ministerial planning amendments or approvals. Expansions in adjacent municipalities may indirectly impact the City and its planning objectives, and lead to increased requests for cross border servicing.

*Staff Comments:*

* When considering new policies for settlement area expansions, it is recommended that the PPS include strong policy language as it relates to expansions near sensitive environmental areas such the ESL in Waterloo. While there may be merit in considering settlement area expansions in certain locations, restrictions should be established to protect sensitive environmental landscapes. Further, where an expansion of a settlement area boundary is contingent on the serving capacity of an adjacent municipality, policies should require that both municipalities are in agreement on the expansion.

Topic - Employment Areas

*Implications for Waterloo:*

The updated definition of Areas of Employment will impact the City, as Waterloo has three classifications of Employment designations currently (Business Employment, Flexible Employment, and Academic). Areas that are designated Flexible Industrial, are most aligned with the new PPS employment areas definition, and would continue to be protected from conversion. Under the proposed PPS, areas designated as Business Employment could still be planned for employment purposes, but additional non-employment uses could be considered and allowed, including through site-specific Official Plan Amendments submitted by property owners, eroding the City’s employment land base. Site-specific non-municipal conversion applications are not supported by staff, and should be reconsidered by the Province. The exception may be Business Employment lands within Major Transit Station Areas, where an expanded range of uses may already be contemplated in accordance with the City’s Station Area Plans (2017).

The Academic designation does not meet the definition or intent of the Province’s employment land designation and should thus likely be moved to an Institutional designation. City staff were already planning to recommend that Council redesignate the Academic designation to Institutional as part of the Official Plan Review (OPR), as indicated through the Council endorsed Commercial and Employment Policy Study from Fall 2022.

The expanded opportunity for employment conversions allows for flexibility and the potential for the City to more quickly respond to changing market conditions, however such conversions should be limited to municipally initiated amendments only. Given the pending removal of planning responsibilities from upper-tier municipalities, it is logical that all municipalities regain the ability to undertake employment conversions. This will enable the City to comprehensively plan for its employment land needs. If the proposed PPS is adopted as drafted, staff anticipate additional landowner-initiated conversion requests, which would need to be reviewed on a case-by-case basis, consuming significant City and staff resources and potentially eroding the sustainability of our community over time.

One of the tests for conversion identified in the PPS is demonstrating that the subject lands will not be required for employment in the long term. In the absence of a Provincial or Regional employment forecast, this test will be challenging to measure and defend. Over time, the City will need to create a Waterloo-specific employment forecast as a tool to plan for an adequate supply of employment lands in the long term.

*Staff Comments:*

* The City was not supportive of the 2017 changes to the Growth Plan, which restricted MCRs to upper-tier (or single tier) municipalities. This restriction resulted in employment areas in our Major Transit Station Areas from being converted (to enable mixed-use developments) for six years, which was an undesirable outcome from the perspective of leveraging the ION / LRT investment. Staff are supportive of the Province’s new proposal to enable local municipalities to manage employment land conversions, however such conversions should be limited to municipally initiated amendments only.
* There is a potential discrepancy between the draft PPS, which uses the term “Employment Areas” and the proposed Planning Act definition, which uses the term “Areas of Employment”. Staff recommend that the same terminology be used, or clarify if it is intended that there be two different terms.
* Finally, staff recommend that, for designated employment lands outside of the PPS or Planning Act definition, conversions should be limited to municipally initiated amendments only and municipalities be enabled through clear policy language to require some employment function be retained if a wider range of mixed-uses is determined to be appropriate. Further, in absence Provincial or Regional employment targets, it is recommended that the new PPS require local forecast to be developed over time beyond the 2051 horizon.

Topic - Climate Change

*Staff Comments:*

* The scaled-back policy framework means that municipalities will need to continue to take a leadership role when it comes to mitigating and adapting to climate change.
* The City’s leadership role has been clearly demonstrated through the Corporate Climate Change Adaptation Plan, Transform WR, and the upcoming Corporate Climate Action Plan.

Natural Heritage, Water Resources and Natural Hazards

*Staff Comments:*

* City staff have had significant challenges interpreting and applying the existing PPS policy 3.1.4a) [proposed policy 5.2.5] in recent years. The wording of this policy should be clarified to clearly identify what is captured by “official plan policies ... applying to Special Policy Area lands”. If the wording of the policy is not clarified, then the Province's 2009 guidelines need to be updated to ensure clarity and consistency of application.
* The fundamental challenges that exist where a Special Policy Area overlaps with proposed Strategic Growth Areas should be clearly addressed.
* The proposed policies for water resources remove reference to climate change. Staff consider this to be a disconnect from the overall intent of best practices in water resource planning.
* The proposed definition of “watershed planning” should be modified to be consistent with the definition currently provided in the Growth Plan.
* Through "Protecting People and Property: Ontario's Flooding Strategy" (2020), the Province committed to evaluating riverine flood standards relative to their sensitivity to be affected by climate change. It would be helpful if the Province could provide an update on the status of this review.

Other Considerations

* Through existing Policy 1.1.1, the 2020 PPS recognizes that healthy, livable and safe communities are sustained by a number of factors. These factors are sound, well-rounded and reflective of the environmental, social and economic pillars of sustainability. These factors should be carried forward into the new PPS.
* The term ‘source protection planning’ should be defined.