



MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Dino Basso, Commissioner of Corporate Services
Erin Mahoney, Commissioner of Environmental Services
Jason Li, Acting Commissioner of Finance and Regional Treasurer
Ann-Marie Carroll, Acting Commissioner of Transportation Services
Paul Freeman, Chief Planner

Date: October 13, 2021

Re: Planning for Growth to 2051
Consideration of Motions

At the September 16, 2021 Special Council meeting, five motions were brought forward for consideration. Regional staff were asked to report back to the October 21 Special Council Meeting with information that could assist Council with their decision in this regard.

The five motions (Attachment 1) are summarized below with locations shown on Attachment 2:

1. Remove whitebelt lands in King Township and re-direct growth towards settlement areas.
2. Expand settlement area in Whitchurch-Stouffville to include:
 - a. South Gormley Employment Expansion Area, and
 - b. Bethesda Lands north of the community of Stouffville.
3. Include all remaining whitebelt lands in the Town of East Gwillimbury.
4. Designate approximately 150ha in Markham as Community Area rather than Employment Area.
5. Provide preliminary analysis on a 60% intensification target.

Attachment 3 outlines implications of the proposed motions, including infrastructure required, approximate costs and key considerations.

Key Points:

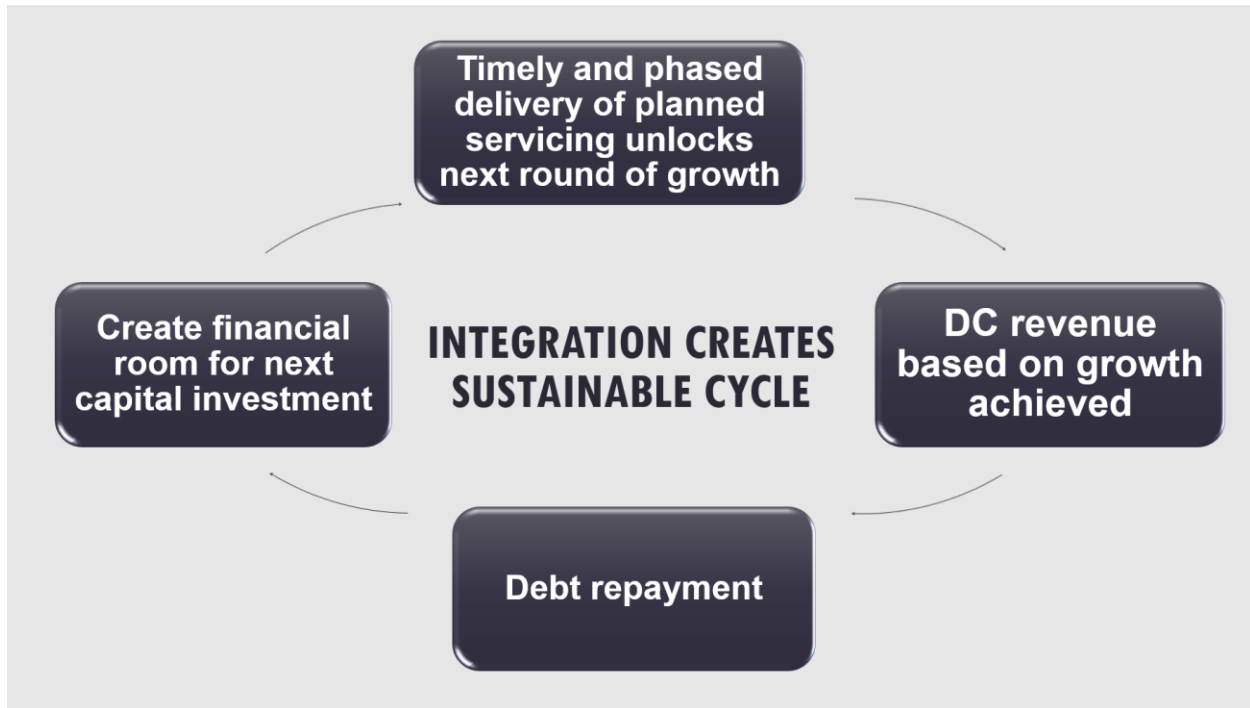
- The underlying principle for this 30-year planning timeframe is to align growth, infrastructure and minimize financial risk. Subsequent Municipal Comprehensive Reviews (MCRs) prior to 2051 will monitor growth, market trends and infrastructure approvals to adjust land needs.
- 40% of whitebelt lands in East Gwillimbury are included in the recommended forecast but servicing for the remaining whitebelt lands would require the second of two expansions to the Upper York Water Reclamation Centre not anticipated to occur within the 2051 planning period. In the meantime, a Future Urban Area designation has been applied to provide certainty about the long-term intended use of these lands.
- The motions put forward would increase the 2051 forecast beyond 2.02 million (up to 60,000 more people) which would be challenging to meet due to slower growth trends in York Region experienced over the last decade. With these additions, York Region would be forecast to grow by 28,300 people per year compared to about 15,000 people of recent annual growth.
- The Region is able to request approval of additional whitebelt lands as a contingency in the event the market does not deliver growth as planned. The Region's current Land Needs Assessment includes a 10% contingency; adding the remaining East Gwillimbury whitebelt lands would increase this contingency to more than 25%.
- Once lands are designated urban there is an expectation they will be serviced by the Region. There is Provincial approval uncertainty for the infrastructure necessary for the additional requested growth in East Gwillimbury and Nobleton challenging the ability to accommodate the additional growth within the planning horizon.
- Approval of the growth contemplated in motions 1 through 4 would reduce the Region wide intensification rate to 48% given all proposed additional growth is in the Designated Greenfield Area (DGA). An intensification rate lower than the Growth Plan 50% minimum would risk provincial approval of the ROP.

Maintaining financial sustainability requires careful alignment of growth planning and infrastructure

As reported to Council throughout the MCR process, aligning planning for growth with infrastructure and financial planning is of paramount importance to ensure the Region's communities are supported by infrastructure delivered and operated in a financially sustainable way. Once lands are designated urban, there is an expectation, and potential legal argument,

that Regional servicing will be provided so adequate assessment of servicing options through the master plans and MCR process is of paramount importance.

Figure 1: The financial sustainability cycle



Several factors can disrupt the financial sustainability cycle (Figure 1), including infrastructure approval delays, taking on too much debt at once, slower than anticipated growth, or actual growth misaligned with forecasted growth and planned infrastructure. Aligning the MCR with infrastructure planning as outlined in the Master Plans helps mitigate financial risks. An agile approach to managing growth that phases planned new infrastructure in line with actual growth and development charge collections enables the Region to maintain financial sustainability.

Aligning infrastructure investment with the pace of growth is key to the Region's ongoing financial sustainability

The amount of urban expansion and associated population and employment growth to 2051 is unprecedented at over 800,000. To accommodate this level of growth, the current Municipal Comprehensive Review places a greater emphasis on an integrated approach to growth management, as discussed above. This could be achieved through phasing infrastructure delivery to align with actual growth and the Region's fiscal realities. Phasing of infrastructure delivery helps support the Region's fiscal sustainability by allowing the Region to leverage existing infrastructure investments and already available system capacity, stage and phase new development and infrastructure to manage debt levels and align investments with the ability to recover growth related costs through development charge collections.

There are future scheduled opportunities to re-calibrate Regional plans and strategies to best align with actual growth and development charges collections. These include Municipal Comprehensive Reviews to update the Regional Official Plan which occur every 5 to 10 years. This integrated work involves Master Plan updates, Development Charge bylaw updates, and annual Capital Plan and budget reviews.

Serving growth in areas contemplated by proposed motions requires \$521-586M in additional servicing infrastructure beyond the current draft infrastructure plans

Much of the proposed additional 57,000+ people and jobs in growth, as summarized in Attachment 3, requires infrastructure investments beyond what is currently required and contemplated to support the recommended forecast of 2.02M people to 2051. Wastewater servicing for York Region in the Lake Simcoe Watershed is currently experiencing protracted delays and uncertainty despite provincial planning and growth mandates within watershed communities. Including all the remaining whitebelt lands in East Gwillimbury in the Urban Settlement Area boundary at this time comes with no guarantee that wastewater servicing will be approvable for these lands. Even the current urban boundary is at risk of not being serviced given provincial Bill 5, *York Region Wastewater Act, 2021* to delay the decision on this matter. The province has advised that it intends to constitute an Expert Advisory Panel to assess servicing solutions for northern York Region. Bill 5 has not yet passed, and the province has no updates on the Expert Advisory Panel at this time.

The Upper York Water Reclamation Centre continues to be the Region's proposed servicing strategy for the northern municipalities

The Environmental Services 2021 10-year Capital plan includes \$506 Million in expenditures for constructing the Water Reclamation Centre (WRC), associated linear infrastructure and phosphorus offsets. The longer-term infrastructure plan contemplates one expansion to the WRC which will service approximately 40% of whitebelt lands to 2051. It is this 40% of whitebelt lands that are included in the September recommended forecast. The total cost for this expansion is estimated above \$190 Million. Another expansion, expected to occur after 2051, would service the remaining whitebelt for an additional \$200 Million. Attachment 4 identifies the phasing and current estimated costs of the proposed facility and expansion phases. Additional whitebelt lands would require two phased expansions of a facility that is still not approved today, and with no approval in sight. This presents additional servicing risk to the Region. As certainty with respect to approval and construction becomes clearer, it would be appropriate to consider including additional whitebelt lands at the next MCR.

Environmental Assessment to expand servicing for Nobleton nearing completion

Currently the Village of Nobleton is serviced by a water resource recovery facility and three municipal wells. An Environmental Assessment to expand water and wastewater servicing for the village is proceeding under terms of a prepaid DC credit agreement. The EA is anticipated to be filed with the province this quarter and recommends servicing a total population of 10,800.

This will occur by expanding and upgrading the existing water resource recovery facility to a capacity of 4 megalitres/day along with expanding the groundwater supply, all estimated at a cost in the range of \$30 Million.

Given the sensitive receiver into which the plant discharges, accommodating additional growth in the Village beyond that contemplated in the recent Environmental Assessment will require even more advanced wastewater treatment technology to produce an effluent quality with low nutrient content. The estimated cost for this kind of advanced treatment is in the order of \$135-180 Million (shown in Attachment 3). This estimate was based on known costs for like-projects recently delivered by the Region. The current Environmental Assessment did not investigate the financial viability to grow the village of Nobleton beyond the population of 10,800. Apart from Nobleton, transferring King's proposed whitebelt growth to other existing settlement areas would also be limited by servicing capacity. Allocating additional growth to an area with unknown financial implications would be a risk to the Region.

Additional growth contemplated through the motions proposed for East Gwillimbury and King also have the potential to trigger the need for transportation upgrades, the details of which are noted in Attachment 3.

The next MCR provides an opportunity for additional growth at a time when the Region has greater servicing and financial certainty

It is anticipated that the Region will undertake 2 to 3 MCRs between 2021 and 2051, every 10 years at a minimum. Considering designation of these lands in East Gwillimbury and King Township as part of the next MCR provides an opportunity to better manage infrastructure approvability and financial risks and provide greater certainty regarding servicing these areas.

Accommodating additional growth contemplated in motions should not take growth away from other municipalities with intensification areas already supported by past infrastructure investment

As outlined in Attachment 3, several motions propose additional growth in areas not currently contemplated in the recommended forecast; 57,800 additional people and 13,120 additional jobs. There is substantial existing capacity (178,132 persons) for growth within the current built-up area as shared with Council in the September [report](#). The recommended forecast allocates a significant amount of growth to Centres and Corridors as the focus of growth for the Region, and areas well supported by existing and planned transportation and water and wastewater infrastructure.

In addition to capitalizing on existing infrastructure, maintaining the growth distribution of the recommended forecast (and not redistributing this growth to the areas subject to the motions) is consistent with local municipal positions which supported the proposed forecast, some noting forecasted intensification rates may be conservative. As such, any growth proposed through the motions should be contemplated as growth in excess of the Growth Plan forecast of 2.02 million people, and 990,000 jobs, with corresponding impacts on infrastructure and financial planning

assessed. An alternative approach is to treat this additional population as part of the permitted 'contingency'; a contingency factor of this magnitude (in excess of 25%) may risk provincial non-approval. Expectations for currently unplanned servicing would remain.

Support for motions 1 through 4 would put Provincial approval of the Plan in jeopardy by reducing the Region's intensification rate to 48% or less

The additional growth contemplated in motions 1 through 4 is all proposed outside of the Built-up Area therefore reducing the Regional intensification rate to approximately 48%. Approving a growth forecast with an intensification rate below the Growth Plan minimum of 50% may jeopardize provincial approval of the ROP and future provincial investments in transit in the Region's intensification areas.

The motions, if supported necessitate annual growth rates likely to disrupt the financial sustainability cycle

The Region's annual growth varies, with the last 10 years averaging 16,000 people per year. Planning for the Growth Plan forecast of 2.02M necessitates an average annual growth of 26,400, adding the additional growth contemplated through the motions would require a further increase to 28,300 people per year on average. Given the majority of this growth is dependent on infrastructure not likely to be delivered before 2041 (in some cases, post 2051), delivering forecasted growth anticipated during the final 10 years of the forecast would necessitate an annual growth rate over 30,000 people per year.

The Region's Fiscal Strategy was adopted by Regional Council to help mitigate impacts of slower than anticipated growth and to better align infrastructure projects with actual growth and development charge collections. Planning for growth over a 30-year period with a higher forecasted growth rate that may not materialize before 2051 along with the uncertainty of wastewater infrastructure delivery to support this additional growth increases the Region's financial risk.

Servicing the Region's outstanding debt and the affordability of the capital plan, is predicated on robust growth

The affordability of the Region's capital plan depends on achieving the projected growth as over half of the 10-year capital plan is allocated to existing growth projects. Development Charge (DC) collections are the main source of funding for these projects, and debt bridges the timing between when the cost of infrastructure is required and when the growth occurs. Over the next ten years approximately 90% of projected development charges collected by the Region will be required to service the Region's debt repayments.

There is financial risk to the municipality when growth does not happen at the predicted pace. Because infrastructure must be built before growth can occur, particularly water and wastewater assets, debt is a necessary financing tool. Once in service, these assets begin to incur operating, maintenance and rehabilitation costs, which are then appropriately funded by tax levy

and user rates. The municipality faces two financial challenges if growth does not occur as expected. First, development charge collections may be insufficient to service the debt already incurred and fund other planned infrastructure. Second, there may be insufficient growth in the assessment and/or rate base to support ongoing operational and asset management needs.

Provincial amendments to the ORMCP are required prior to urban expansion requested by Whitchurch-Stouffville along the 404 and north of the Community of Stouffville

The Oak Ridges Moraine Conservation Plan (ORMCP) is a regulation under the Oak Ridges Moraine Conservation Act. The Act and Regulation require that municipal decisions (Planning Act approvals, Environmental Assessment processes, etc.) conform with the ORMCP. Expanding the settlement area into the Countryside area of the Oak Ridges Moraine is contrary to the ORMCP which directs growth to existing settlement areas and provides for a Countryside area intended to support the agricultural system and be a buffer from settlement areas. While refinements and updates to the boundary of settlement areas are permitted, the Minister of Municipal Affairs and Housing would have to amend the Regulation to, at minimum, revise the mapping prior to Regional adoption or Provincial approval of the requested urban expansion. In support of the requested urban expansion, confirmation of the land need through a Land Needs Assessment is also required. To date, Minister's Zoning Orders issued within the Region exclude Oak Ridges Moraine Countryside lands.

The Region's supply of available employment land is finite

The 4th motion proposes to designate 147 ha of land in Markham proposed for employment as community land. While the Region has several strategic Provincial goods movement corridors (primarily 400 series highways), access to lands adjacent to them is restricted by the ORMCP and Greenbelt Plan which protect significant adjacent lands for their agricultural and natural values. As such, and given the Region's need for strategically located employment lands extends well beyond 2051, those lands contiguous with existing employment lands adjacent to the highways should be identified and protected for employment uses reliant of these corridors for access. Further, the City of Markham is a key growth area for the Region's population; ensuring adequate employment lands is essential to maintain a healthy activity rate (ideally one job for every 2 residents).

While lands adjacent to Highway 48 in east Markham may also be strategic for employment purposes, these lands are not being recommended for urban expansion under the current recommended forecast. Staff will consider the identification of these lands as employment through the next MCR but access to goods movement in this area is currently limited.

A Regional forecast premised on 60% intensification would protect significant agricultural lands, capitalize on infrastructure investments and is aggressive for the market to deliver

The Growth Plan requires that minimum intensification targets be reflected in the forecast as an annual target. The Region has delivered 60% intensification in a couple of recent years but is not expected to consistently deliver this extent of intensification. The impact of establishing a 60% intensification target is set out in Attachment 3, with reduced urban expansion lands to 700 hectares.

A 60% intensification rate to 2051 would result in the protection of the majority of the whitebelt for continued agricultural use. It would also direct the majority of the Region's growth to Centres and Corridors and MTSAs well supported by Regional and Provincial infrastructure. That said, it may exacerbate recent slower growth as the market take up for higher density housing units may be limited. Demand for other housing types provided by greenfield developments may be satisfied outside of the Region resulting in overall slower growth for the Region. This could impact the Region achieving the Growth Plan forecast and the financial sustainability cycle with reduced development charge collections.

While phasing policies and conditions could mitigate some risk, they won't prevent disruption of the financial sustainability cycle

Major landowners interested in the urban designations and growth referenced in the motions have offered to assist the Region in paying for this infrastructure through financial agreements. While agreements could be a condition of secondary plan approval, they would need to transfer 100% of the risk away from the Region to ensure no disruption to the financial sustainability cycle. Notwithstanding financing, the ability to develop additional lands is outside the 2051 time period as uncertainty regarding delivery of infrastructure during the planning horizon remains.

The recommended forecast balances competing requests and maximizes growth opportunities to the extent planned servicing permits

The recommended forecast presented on September 16, 2021 maintains Council's commitment to an integrated approach to growth management and balances comments received during the consultation period. It provides as much growth as possible to East Gwillimbury based on infrastructure planned over the next 30 years, identifying the rest as future urban area. Subsequent MCRs are available to consider additional lands when servicing approvals and construction timing are more certain.



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Attachments (4)

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