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Altus Group

June 14, 2010

Mr. Brian Tuckey
Commissioner of Planning and Development Services
Regional Municipality of York
17250 Yonge Street
Newmarket, Ontario L3Y 6Z1

Dear Mr. Tuckey:

Re: **Vaughan Official Plan Review**
Our File: **P-4356**

Altus Group Economic Consulting was retained by Kirwen Developments Inc. (Kirwen) and Wallgate Investments Limited (Wallgate) to review background documents prepared by/for the Region of York and the City of Vaughan pertaining to the proposed urban area boundary expansions for community/residential lands in the City of Vaughan. This letter presents our preliminary findings.

EXECUTIVE SUMMARY

There are a number of inconsistencies between the assumptions and information used in background documents pertaining to the proposed urban area boundary expansions in Vaughan prepared by the Region of York and by/for the City of Vaughan, as well as between earlier and more recent versions of some of these documents. Many of these inconsistencies are not explained in the applicable documents. Some of the assumptions and information used are open to question or are not sufficiently substantiated. A full understanding of the implications of these findings is difficult without having access to more detailed information on the data and assumptions used, which we understand had been requested some time ago on behalf of Kirwen and Wallgate. In the absence of this more detailed information, our preliminary conclusions are that:

- The proposed urban area boundary expansions in Vaughan are insufficient to accommodate the projected population growth during 2006-2031 allocated by the Region of York to the City of Vaughan; and
- Additional community/residential lands in the whitebelt should be included within an expanded urban area in Vaughan beyond the lands proposed to be included in proposed Amendment No. 2 to the Official Plan for the Regional Municipality of York, and the draft New Vaughan Official Plan. This includes land to accommodate approximately 1,330 additional single-detached units related to the projected growth in apartments in detached duplexes, 75 hectares of land for major retail uses, approximately 70 hectares to accommodate the supply shortfall of 9,630 units identified by the City at a density of 17.5 units per gross hectare rather than 20 units per gross hectare, plus approximately 62 hectares if the employment lands in East Elder Mills are not redesignated to permit residential uses as proposed. There may also be additional community/residential lands required in the whitebelt if it is confirmed that there is an overstatement of the potential housing supply within the existing urban area, and/or if other lands proposed for conversion from employment lands to residential uses are removed from the potential residential supply.

Among the reasons for these conclusions are:

- The analyses of community/residential land needs by the Region of York, Hemson Consulting Ltd., and the City of Vaughan do not take into account the additional supply of land for single-detached units that will be needed in Vaughan to offset the removal of approximately 1,330 single-detached units from the supply in order to accommodate the Region's projected growth of approximately 2,660 apartments in detached duplexes in Vaughan during 2006-2031.
- The numerous changes that have been made to the supply data by the Region and consultants for the City, and the remaining inconsistencies between the supply data being used by the Region and the City/Hemson cast doubt on the reliability of the supply data. In our experience, these inventories often overstate the potential supply of residential units in a municipality.
- Unlike the Region, Hemson did not add 75 hectares to the community/residential land requirement in the whitebelt to accommodate land for major retail uses.

- The gross residential density of 20 units per gross hectare used to calculate community/residential land requirements in the whitebelt appears to be high for the City's assumed housing mix. Using a density of, for example, 17.5 units per gross hectare would increase the land requirement by about 70 hectares using the City's projected supply shortfall of 9,630 units.
- Differences between the assumptions and information used by the Region and Hemson in their respective analyses of employment land needs suggest that there could be a shortfall of in excess of 137/147 hectares of employment land in Vaughan during 2006-2031. This raises questions about the justification for the recommended conversions of employment lands in Vaughan. If, for example, the proposed conversion of the East Elder Mills lands was not justified or approved, then the residential land supply would be reduced by approximately 62 hectares (according to the Region), which in turn would increase the community/residential land requirement in the whitebelt by approximately 62 hectares.

BACKGROUND TO CONCLUSIONS

The remainder of this letter presents some of the reasons for the preceding conclusions based on some of the key findings arising from our review of the following documents:

- York Region Planning and Development Services, *York Region 2031 Land Budget*, January 2009
- York Region Planning and Development Services, *York Region 2031 Land Budget*, March 2010 [referred to hereafter as *March 2010 York Region Land Budget*]
- Hemson Consulting Ltd., *Housing Analysis and Employment Land Needs*, September 2009 [referred to hereafter as *September 2009 Hemson Report*]
- Hemson Consulting Ltd., *Housing Analysis and Employment Land Needs*, April 2010 [referred to hereafter as *April 2010 Hemson Report*]
- Urban Strategies Inc., *Where & How to Grow*, June 2009
- *Official Plan Review, City-Wide Policies, File 25.1*, Report of the Commissioner of Planning to Vaughan Committee of the Whole (Public Hearing), May 17, 2010 [referred to hereafter as *May 17, 2010 Committee of the Whole Report*]

Treatment of Apartments in Detached Duplexes

In the *March 2010 York Region Land Budget,* the Region projects growth of 9,065 apartments in detached duplexes (the Census of Canada term for secondary or accessory suites, hereafter referred to as detached duplexes), which the Region assumes will occur in the *designated greenfield area.* Detached duplexes are typically created when an accessory or secondary suite is created within an existing single-detached unit.[1] When an accessory suite is created in a single-detached unit, both units (i.e., the original single-detached unit and the accessory suite) are supposed to be classified as apartments in a detached duplex. While detached duplexes can also be created theoretically by building a new dwelling with two detached duplexes, this is not common in the Greater Toronto Area.

Assuming that accessory suites are only created in existing dwellings, the projected growth of 9,065 units in detached duplexes in the Region of York as a whole (approximately 2,660 units in Vaughan) would reduce the potential supply of single-detached dwellings by approximately 4,533 units in the Region as a whole and 1,330 units in Vaughan, because once an accessory suite is created within an existing single-detached dwelling, whether the single-detached dwelling existed at the time of the 2006 Census or is built after the 2006 Census, it is no longer a single-detached dwelling. Since the projected growth in single-detached dwellings is already net of detached duplexes, this means that an additional supply of 1,330 single-detached units would be needed during 2006-2031 in Vaughan to replace the 1,330 single-detached units that would be removed from the supply as the 2,660 detached duplexes are created. This has not been accounted for in either the *March 2010 York Region Land Budget,* the *April 2010 Hemson Report* or the *May 17, 2010 Committee of the Whole Report,* meaning that there is a need for additional community/residential land to accommodate an additional 1,330 single-detached units over and above any residential supply shortfall identified in these reports.

The assumption that these units would all be accommodated in the *designated greenfield area* is not substantiated, since many of these units would typically be created within the existing stock of older homes in the *built-up area*. Indeed, Section 2.2.3.6j) of the *Growth Plan for the Greater Golden Horseshoe (Growth Plan)* specifically "encourage[s] the creation of secondary suites throughout the *built-up area*." In any event, even if all of the growth in detached duplexes during 2006-2031

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[1] When an accessory suite is created in a semi-detached or row unit, the Census of Canada classifies these units as low-rise apartments.

occurred in the *designated greenfield area,* this would reduce the potential supply of single-detached units in the *designated greenfield area* by 1,330 units because the detached duplexes would have to be accommodated by creating accessory suites in single-detached units completed during 2006-2031, which would then remove those single-detached units from the supply.

Potential Residential Land Supply Within the Existing Urban Area Boundary

The *March 2010 York Region Land Budget* and the *April 2010 Hemson Report* contain various revisions to the residential supply data for the *designated greenfield area* in Vaughan compared with the 2009 versions of these reports but with little or no explanation. Figure 1 compares the potential supply of residential units as of 2006 within the existing urban area boundaries in Vaughan by dwelling type between the *March 2010 York Region Land Budget* and the *April 2010 Hemson Report*. There are unexplained differences between the data in the Region's report versus the Hemson report. Since the potential supply of residential units within the existing urban area boundaries impacts the number of residential units that would need to be accommodated on community/residential lands within the whitebelt, it is important to have reliable data on the potential supply of residential units within the existing urban area in Vaughan by dwelling type.

Figure 1 **Potential Residential Supply by Dwelling Type Within the Existing Urban Area, City of Vaughan**

	Single & Semi-Detached	Row	Apartment	Total
		Households		
Inside Built Boundary				
March 2010 York Region Land Budget [1]	2,310	4,380	24,920	31,610
April 2010 Hemson Report	2,320	7,170	24,340	33,830
Designated Greenfield Areas				
March 2010 York Region Land Budget	18,710	4,020	3,140	25,870
April 2010 Hemson Report	18,250	3,790	9,590	31,630
Sub-Total				
March 2010 York Region Land Budget	21,020	8,400	28,060	57,480
April 2010 Hemson Report	20,570	10,960	33,930	65,460

[1] Units inside the built boundary are calculated residually

Source: Altus Group Economic Consulting based on Hemson Consulting Ltd., *Housing Analysis and Employment Land Needs*, April 2010, Table 4; and York Region Planning and Development Services, *York Region 2031 Land Budget*, March 2010, Tables 1, 3 and 5

The numerous changes that have been made to these supply data by the Region of York and consultants for the City of Vaughan (Hemson Consulting Ltd. and Urban Strategies Inc.) during the *Growth Plan* conformity exercises of the Region and City, respectively, and the remaining inconsistencies between the most recent published supply data being used by the Region and the City/Hemson cast doubt on the reliability of the supply data in the absence of full disclosure of a more detailed supply inventory. Based on our considerable experience reviewing residential supply inventories prepared by/for municipalities, we have found that these inventories often overstate the potential supply of residential units.

Community/Residential Land Requirements in the Whitebelt

Community/Residential Land Requirements in the Whitebelt for Major Retail Uses

The *September 2009 Hemson Report* did not translate the projected residential unit supply shortfall in Vaughan into hectares of community/residential land required in the whitebelt (i.e., outside the existing urban area boundary). The *April 2010 Hemson Report* does calculate community/residential land requirements in the whitebelt. Similar to the *March 2010 York Region Land Budget*, the *April 2010 Hemson Report* divides the total residential unit supply shortfall within the existing urban area boundary of 9,630 units by a density of 20 units per gross hectare, yielding a need for approximately 480 gross hectares of community/residential land in the whitebelt. However, whereas the Region also added 75 hectares to the community/residential land requirement in the whitebelt to accommodate land for major retail uses, Hemson did not. The *April 2010 Hemson Report* provides no explanation for this omission. If the 75 hectares being used by the Region of York is added to Hemson's calculated community/residential land requirement in the whitebelt of 480 hectares, the total community/residential land requirement in the whitebelt would be 555 hectares instead of 480 hectares. This exceeds the 480 hectares that are purported by Hemson to be contained within the proposed community/residential urban boundary expansion areas in Vaughan.

The *May 17, 2010 Committee of the Whole Report* states that:

> Major Retail uses – those over 10,000 square metres – will not be permitted in Community Areas or Employment Areas. They are permitted throughout intensification areas subject to a Zoning By-law Amendment but must be justified subject to a specific study.

Neither the *April 2010 Hemson Report* nor the *May 17, 2010 Committee of the Whole Report* provides justification for deviating from the Region's approach. Furthermore, these reports do not demonstrate that the major retail space that the Region proposes to accommodate in the community/residential whitebelt lands can be physically accommodated in intensification areas, that such intensification is economically viable, that there would be sufficient market support in intensification areas for this major retail space, or that locating the major retail space in intensification areas will adequately serve the shopping needs of future residents, including those in community/residential whitebelt lands.

Density Used to Calculate Community/Residential Land Requirements in the Whitebelt

The *March 2010 York Region Land Budget, April 2010 Hemson Report* and *May 17, 2010 Committee of the Whole Report* each accommodates the intensification target of 29,300 (row and apartment) units within the *built-up area* of Vaughan. The *March 2010 York Region Land Budget* assumes 4,380 row units and 24,920 apartment units, while the *April 2010 Hemson Report* and the *May 17, 2010 Committee of the Whole Report* assume 6,720 row units and 22,580 apartments. Therefore, the growth by dwelling type to be accommodated in the *designated greenfield area* theoretically does not impact on whether or not Vaughan can achieve its assigned intensification target. This means that there is an opportunity in the *designated greenfield area* (including community/residential lands in the whitebelt) to accommodate a mix of housing that takes into account market demand provided that the density target is still achieved.

From June 1, 2006 through April 30, 2010, a total of 8,194 single and semi-detached units were completed in Vaughan, plus another 1,490 single and semi-detached units were under construction as of April 30, 2010, according to CMHC. This represents an average rate of approximately 2,146 single/semi-detached completions per year. If average annual single and semi-detached completions continue at that pace through the next Census period (2011-2016), which may be a conservative assumption given that housing completions in the current Census period have been impacted by the recession and servicing constraints, then the potential supply of single and semi-detached units in Vaughan within the existing urban area boundaries would be depleted before the end of the 2011-2016 Census period. This means that during 2016-2031, essentially all of the growth in single and semi-detached units would have to be accommodated in community/residential lands in the whitebelt. The Region assumes that only 5,220 single and semi-detached units would be accommodated within the community/residential lands in the whitebelt. If the single and semi-detached supply in the existing urban area in Vaughan is exhausted by 2016, then the Region's proposed supply of single and semi-detached units to be accommodated in the whitebelt would limit average annual single and semi-detached housing completions in Vaughan to about 350 units per year, about 84% lower than the pace so far in 2006-2011. Even using the City's proposed supply of 7,700 single and semi-detached units in the whitebelt, average annual single/semi-detached completions in Vaughan during 2016-2031 would be limited to about 515 units per year, about 76% lower than the pace so far in 2006-2011.

It is important to understand that the projected growth in Vaughan during 2006-2031 by dwelling type in the *March 2010 York Region Land Budget*, the *May 17, 2010 Committee of the Whole Report* and possibly the *April 2010 Hemson Report* is largely supply-driven, in particular for single and semi-detached units. In each of the three reports, it is assumed that the remaining potential supply of single and semi-detached units within the existing urban area boundary in Vaughan will be fully built out during 2006-2031, hence the growth of single and semi-detached units within the existing urban area boundary equals the estimated remaining potential supply. For the community/residential lands in the whitebelt, the growth by dwelling type is determined by assigning a housing mix to those lands, rather than projecting growth by dwelling type for the City as a whole independently from the supply analysis and then subtracting the potential supply by dwelling type within the existing urban area to calculate the housing requirements by dwelling type to be accommodated within the whitebelt.

All three reports also identify a need for additional community/residential land to be accommodated in the whitebelt, but each one uses a different mix of housing for these lands as indicated in Figure 2. All three reports use a density of 20 units per gross hectare to calculate community/residential land requirements in the whitebelt. However, while a density of 20 units per gross hectare may be appropriate for the Region's housing mix, which includes 30% row units and 10% apartment units, 20 units per gross hectare appears to be high for the City's assumed mix of 80% single and semi-detached units and 20% row units.

The *March 2010 York Region Land Budget* assumes a density target of 70.1 persons and jobs per hectare in the community/residential lands in the whitebelt in Vaughan. The Region assumes that 40% of the units on these lands will be row and apartment, which have lower average household sizes than single and semi-detached units. Using the housing mix in the *May 17, 2010 Committee of the Whole Report* of 80% single/semi-detached and 20% row units for the community/residential lands in the whitebelt, but with a density of, for example, 17.5 units per hectare, it may still be possible to achieve the density target because the average household size would be higher.

Using a lower, but more realistic, density of, for example, 17.5 units per gross hectare would increase the community/residential land requirement in the whitebelt from about 480 hectares to about 550 hectares using the *May 17, 2010 Committee of the Whole* supply shortfall of 9,630 units.

Figure 2

Proposed Residential Units by Dwelling Type to be Accommodated on Community/ Residential Lands in the Whitebelt, City of Vaughan

	Single & Semi-Detached	Row	Apartment	Total
		Households		
March 2010 York Region Land Budget	5,220	2,610	870	8,700
April 2010 Hemson Report	6,260	3,370	0	9,630
May 17, 2010 Committee of the Whole Report	7,700	1,930	0	9,630
		Percent		
March 2010 York Region Land Budget	60.0	30.0	10.0	100.0
April 2010 Hemson Report	65.0	35.0	0	100.0
May 17, 2010 Committee of the Whole Report	80.0	20.0	0	100.0

Source: Altus Group Economic Consulting based on Report of the Commissioner of Planning to Vaughan Committee of the Whole (Public Hearing), *Official Plan Review City-Wide Policies, File 25.1*, May 17, 2010, Table 2; Hemson Consulting Ltd., *Housing Analysis and Employment Land Needs*, April 2010, Table 8; and York Region Planning and Development Services, *York Region 2031 Land Budget*, March 2010, Table 5

Proposed Conversion of Employment Lands

The *March 2010 York Region Land Budget*, the *April 2010 Hemson Report* and the *May 17, 2010 Committee of the Whole Report* all conclude that the projected employment growth in Vaughan during 2006-2031 can be more or less accommodated within the existing urban area plus the Highway 400 North Employment Area, which is the subject of an upcoming Ontario Municipal Board hearing. However, there are differences between the supply data being used by the Region compared with Hemson and the City of Vaughan as illustrated in Figure 3.

Excluding the Highway 400 North Employment Area, the *April 2010 Hemson Report* and the *May 17, 2010 Committee of the Whole Report* assume that the total capacity of designated employment lands in

The *April 2010 Hemson Report* and the *May 17, 2010 Committee of the Whole Report* assume that the Highway 400 North Employment Area comprises 340 net hectares of employment land, whereas the *March 2010 York Region Land Budget* assumes that the area comprises 375 gross hectares, which translates to 300 net hectares. The Region, Hemson and the City all conclude that the lands in the Highway 400 Employment Area will be needed to accommodate employment land needs through to 2031. If the Region's number is correct, then the supply shortfall identified by Hemson and the City would increase by 40 net hectares (50 gross hectares). Although Hemson and the City identify only a very small shortfall of 24 net hectares (30 gross hectares) of employment lands for the 2031 time horizon, the shortfall could be in excess of 137/147 net hectares (171/184 gross hectares) using the Region's data for the total capacity of designated employment lands plus the lands in the Highway 400 North Employment Land Area.

The preceding findings raise questions about the justification for the recommended conversions of employment lands in Vaughan. If, for example, the conversion of the East Elder Mills lands was not justified or approved, then the residential land supply would be reduced by approximately 62 hectares (according to the Region), which in turn would increase the community/residential land requirement in the whitebelt by approximately 62 hectares.

SUMMARY OF CONCLUSIONS

Taking all of the above into account, and in the absence of more detailed information from the Region of York and City of Vaughan, our preliminary conclusions are that:

- The proposed urban area boundary expansions in Vaughan are insufficient to accommodate the projected population growth during 2006-2031 allocated by the Region of York to the City of Vaughan; and
- Additional community/residential lands in the whitebelt should be included within an expanded urban area in Vaughan beyond the lands proposed to be included in proposed Amendment No. 2 to the Official Plan for the Regional Municipality of York, and the draft New Vaughan Official Plan. This includes land to accommodate approximately 1,330 additional single-detached units related to the projected growth in apartments in detached duplexes, 75 hectares of land for major retail uses, approximately 70 hectares to accommodate the supply shortfall of 9,630 units identified by the City at a density of 17.5 units per gross hectare rather than 20 units per gross hectare, plus approximately 62

hectares if the employment lands in East Elder Mills are not redesignated to permit residential uses as proposed. There may also be additional community/residential lands required in the whitebelt if it is confirmed that there is an overstatement of the potential housing supply within the existing urban area, and/or if other lands proposed for conversion from employment lands to residential uses are removed from the potential residential supply.

Sincerely,

Robert Feldgaier, M.Sc.Pl.
Senior Director
Economic Consulting

cc: Mr. Gerard Borean - Parente, Borean LLP