June 10, 2024

Planning and Environment Committee and Council
c/o Heather Lysynski
Committee Clerk
City Clerk's Office – City of London
300 Dufferin Avenue
London, ON, N6B 1Z2

RE: City of London – Draft Land Needs Assessment of The London Plan (O-9595)

To Members of Committee and Council,

Please consider this letter as a summary of comments regarding the City of London's draft Land Needs Assessment and on-going Phase 1A of the Official Plan Review of The London Plan. We note that much more work needs to be completed prior to the adoption of the proposed OPA. Adopting the assumptions in staff report at this time would not provide London the choice of housing types needed, nor providing the best, most affordable products to meet the needs over the proper planning period. **We encourage the housing industry, City staff and Council work together to identify the appropriate terms, assumptions and targets in order for London to meet or exceed Council's housing pledge of 47,000 units built by 2031, with the appropriate contingency provided over the 30-year planning period to 2051.**

1. *Land Needs Assumption and Contingency*

Sifton Properties Limited (Sifton) has retained Altus Consulting Group (Altus) to complete a review of the draft Land Needs Assessment (LNA). Per Section 1.3.1 of the draft LNA the overall housing share assumption for City of London is proposed to be 27% low density residential (LDR), 28% medium density residential (MDR) and 45% high density residential (HDR). **The Altus Analysis, included the end of this letter as Appendix A, specifies that based on forecasted shifts in market demand, a greater percentage of LDR should be assumed, resulting in an overall housing share of 45% LDR, 21% MDR and 35% HDR.**

With respect to an intensification target of 45%, the Altus Analysis concludes that by allocating a greater percentage of growth to LDR, a reduced share of 21% and 35% to MDR and HDR, respectively, should be assumed. This is supported by forecasted shifts in market demand as outlined in the analysis. **As such, a reduced intensification target of 35% should be considered.**

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With respect to density assumptions, the draft LNA applies densities of 20 UPH for LDR, 44 UPH for MDR and 125 UPH for HDR. **These density assumptions are not reflective of those figures provided by the London Development Institute (LDI) during the May 10, 2023 presentation to the Housing Supply Reference Group, that being 18 UPH for LDR and 40 UPH for MDR**. These figures are based on a subset of data gathered by members of LDI from past developments, representing a historical average density for LDR and MDR, respectively.

Further, and with respect to density targets, the draft LNA is overachieving by planning for a density of approximately 71 persons per hectare, not including jobs. This is derived from a total population change of 146,563 persons, with an average person per unit (PPU) of 2.5, applied to a total greenfield land need of 2,066 ha. **A density target of 71 persons per hectare far exceeds the targeted 50 residents and jobs per hectare as outlined in the new PPS 2024. We believe an overall target of 50 should be used.**

The difference in these figures has the ability to significantly impact total land needs requirements for LDR growth over the planning horizon. It is understood that the City has declared sufficient land available to meet demand for MDR and HDR, respectively, over the planning horizon.

With respect to the planning horizon, a "contingency factor" of 5 years on top of a planning horizon of 20 years for a total of 25 years is insufficient. The minimum planning period per the new proposed PPS 2024 is 20 years, but not more than 30 years. **We encourage the City to identify a contingency factor by planning to a horizon of 30 years (2021-2051).**

2. *Vacant Land Inventory*

In review of the March 31, 2024 Vacant Land Inventory (VLI) data, we have noted discrepancies in the total unit count calculated for a small subsect of parcels, and recommend a Peer Review be completed of the data. For those select parcels without established zoning to support future development, the applied densities do not align with that of the draft LNA. Further, and for those select parcels with established zoning to support future development, the maximum density afforded through zoning has been utilized. Maximum density afforded through approved zoning may not be an accurate representation for what will actually be constructed. Utilizing existing zoning as opposed to applied densities provides opportunity to inflate the total number of units that can be accommodated.

Further, a review of servicing capability and capacity and well as actual market demand should be considered in the viability of development of some of these parcels.

3. Servicing

Sifton has retained Stantec to complete a review of existing sanitary capacity at various locations along the perimeter of the urban growth boundary (UGB). At a high level, there is approximately 10,940 gross ha of land that is within the catchment area and tributary to existing sanitary infrastructure at the periphery of the UGB. **In simple terms, this means that existing built infrastructure exists today to accommodate major new affordable population and housing communities in London right now – with little to no new additional investment required**. These land areas will need to be analyzed further and ranked, however, represent a significant opportunity for the City to accommodate affordable growth along the periphery.

A detailed review of existing and available infrastructure and capacity at the periphery of the UGB as well as within the built-up area should be completed prior to any adoption of an OPA or identification of lands required for future growth to understand where it is most efficient and cost effective to accommodate future growth.

4. Allocation

Per Section 2.6 of the draft LNA, a deficit of 462 net hectares of greenfield land has been identified to accommodate LDR growth over the planning horizon to 2046. Further, an oversupply of land to accommodate MDR and HDR growth, respectively, has been identified.

As aforementioned, forecasted shifts in market demand support a greater assumption of LDR growth over the planning horizon with an allocated share of 45%. **A greater assumption of LDR growth over the planning horizon would translate to a greater deficit of greenfield land to accommodate growth, thereby making new homes more unaffordable than need be.**

While is it understood that proposed locations to accommodate the identified deficit of greenfield land have not been determined at this time, it is important to consider future allocation of these lands. None of the six identified quadrants of the City should be left with zero supply, unless this is reflective of what is most efficient from a servicing perspective.

As previously noted, a review of servicing capability and capacity, within both the built-up area and greenfield areas of the City is critical to the assessment of land needs.

5. Market Demands

As further outlined in the Altus Analysis (Appendix A), a shift in housing preferences, specific to the millennial population, is anticipated over the planning horizon. As millennials age, the share of new households that would prefer to live-in low-density housing is forecasted to increase to 53%

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between 2036 and 2046. **This higher forecasted demand for low density housing will have implications on intensification targets with a reduced share of HDR housing**.

In summary, we respectfully request the following:

1. That the City allocate a greater share of housing growth to low density residential and a reduced share to medium and high-density residential;

2. That the City reduce the intensification target to 35% to reflect forecasted shifts in market demand;

3. That the City utilize LDI density targets, reflective of historical average densities for low and medium density residential development based on past development examples;

4. That the City extend the planning horizon to a period of 30 years (2021-2051) to provide for a contingency factor, as permitted per the draft PPS 2024;

5. That the City engage a third-party consultant to undertake an analysis of housing supply inclusive of a peer review of the VLI and to support a greater level of contingency;

6. That the City complete a review of servicing capability and capacity within the built-up area and greenfield areas; and

7. That the City refer this to the Housing Supply Reference Group with respect to assumptions and conclusions of the draft LNA, inclusive of the total identified greenfield land needs over the planning horizon. And request the Housing Supply Reference Group come back with their recommendations to Council prior to adoption.

We appreciate the opportunity to submit comments.

Sincerely,
Sifton Properties Limited

Phillip Masschelein
Senior Vice President, Neighbourhood Developments

Attach (1)

Appendix A

June 10, 2024

| Memorandum to: | Philip Masschelein |
| | Sifton Properties |

From:	Peter Norman, VP & Chief Economist
	Diana Petramala, Director
	Altus Group Economic Consulting

| **Subject:** | **Review of City of London Draft Land Needs Assessment** |
| **Our File:** | **P- 7123** |

INTRODUCTION

Sifton Properties retained Altus Group Economic Consulting to review and comment on the City of London Staff Report titled "DRAFT Land Needs Assessment: Community Growth" ("the LNA"). It is our understanding that Sifton would like to support the motion to extend the review process on the report.

Our initial review highlights that the City of London may not be planning for an appropriate amount of growth, based on the following assumptions:

- The LNA does not account for enough low-density housing;
- The LNA is planning to meet an unrealistic density target on greenfield land; and
- The LNA does not adequately capture a 30-year planning horizon and the forecast period should be extended to 2051;

This memo will address the population and household forecasts presented in the LNA. Additional consultation will allow for an assessment of the implications of these finding for residential land supply needs.

SUMMARY OF POPULATION AND HOUSEHOLD FORECASTS

Figure 1 provides a summary of the household and population forecast found in the LNA. The LNA proposes a forecast for 2022-2046, representing a 24-year period. The forecasted change for the 2021-2046 period was calculated to compare these forecasts to previous 25-year forecasts.

Figure 1	**Population and Households Growth Projections, City of London, 2021-2046**		
		2022-2046	**Rebased to 2021-2046**
		Change	
	Population (Persons)	234,161	243,918.00
	Households (Units)	107,186	110,950

Source: Altus Group, Based on Statistics Canada, Ministry of Finance and LNA (2024)

The LNA projections include:

- Population growth of roughly 234,161 persons between 2022-2046; and
- 107,186 household growth over the same period.

COMPARISON OF POPULATION AND HOUSEHOLD FORECASTS

City of London Council approved the reference population projections presented in the Watson and Associates Economist Ltd., City of London Population, Housing, and Employment Growth Projections, 2022 Study ("Watson 2022").

The City of London LNA provides an update to these population forecasts to conform to the new Provincial Policy Statement, 2024. *Policy 2.1 Planning for People and Homes* requires planning authorities to base population and employment growth forecasts on Ministry of Finance 25-year projections.

The LNA based the population growth for the City of London on the 2023 Ministry of Finance projections for Middlesex County census division, holding London's share of the census division's population constant at 84% over time.

The LNA considers significantly faster population growth than that approved by Council in December 2022 (Figure 2).

- The LNA's Population growth is by some **244,000 persons** between 2021-2046;
- Up from the **161,000 persons** approved by Council on December 2022.

The new forecast is in line with Altus Group's expectation for growth over this period.

Figure 2

City of London Population Forecasts, 2021-2046

	2021	2026	2036	2046	2021-2026	2021-2036	2021-2046
	Level, Persons				*Total Change, Persons*		
City of London							
Watson 2022 Reference	437,200	479,700	546,000	598,500	42,500	108,800	161,300
City of London Proposed (2024)	441,572	490,356	587,923	685,490	48,784	146,351	243,918
Altus Group 2024	441,572	515,388	599,195	682,164	73,816	157,623	240,592
Middlesex County (Census Division)							
Ministry of Finance (2022)	515,114	566,927	649,915	736,748	51,813	134,801	221,634
Ministry of Finance (2023)	515,999	610,753	708,884	817,407	94,754	192,885	301,408
	City of Londong Forecasts as a % of Ministry of Finance Forecasts						
Watson 2022 Reference	85%	85%	84%	81%	83%	90%	86%
City of London Proposed (2024)	86%	80%	83%	84%	51%	76%	81%
Altus Group 2024	86%	84%	85%	83%	78%	82%	80%

Source: Altus Group, Based on Statistics Canada, Ministry of Finance and Watson Population and Household Forecasts for City of London (2022)

Figure 3 further compares the household growth forecast by dwelling type across the Council approved forecast, the updated LNA forecast and Altus Group's forecast.

The Figure shows that:

- The LNA supports a household growth forecast of **110,950 units** between 2021-2046, significantly higher than that approved by Council in December 2022; and
- The mix of housing growth in the LNA is more concentrated in apartments (**45%** of total household growth), than was approved by Council in 2022 (**42%**)
- It is also significantly higher than the share supported by underlying demographics, as is shown in the Altus Group's 2024 forecast. Altus Group's analysis illustrates that the share for high density growth properly aligning to underlying demographic needs is some **35%**.

Figure 3

Household Forecasts, by Dwelling Type, City of London, 202	Council Approved - Watson Reference	City of London 2024 Proposed	Altus 2024		Council Approved - Watson Reference	City of London 2024 Proposed	Altus 2024
	Change in Units, 2021-2046				% of Total		
Low Density Residential (LDR)	23,540	29,957	42,593		31%	27%	44%
Medium Density Residential (MDR)	20,210	31,066	20,103		27%	28%	21%
High Density Residential (HDR)	31,290	49,928	33,795		42%	45%	35%
Total	75,040	110,950	96,492		100%	100%	100%

Source: Altus Group Economic Consulting based on Statistics Canada, Ministry of Finance, Watson (2022) and the LNA

SHIFTING DEMOGRAPHICS AND IMPLICATIONS FOR RESIDENTIAL LAND NEEDS

Altus Group's household growth forecast by dwelling type was produced using the 2023 Ministry of Finance population projections by age and revealed housing preferences by age of household, taken from a detailed analysis of census data from 2021 and previous census years.

Figure 4 shows the Ministry of Finance 2023 population projections by age for Middlesex County, used in both the City of London staff projections and Altus Group's projections.

The figure shows:

- Younger (under the age of 39) and older (over 70 years of age) households are more likely to live in apartments than those aged 40-69;
- Between 2006-2021, there was a slightly elevated need for apartments as the Millennials were at the age and stage where they would prefer living in apartments;
- Millennials are now aging and have moved into the age group where they would prefer low-density housing. The aging of the Millennials is leading to the strongest forecasted population growth being in the 40-69 age group, or the age group least likely to want to live in apartments.

Figure 4 highlights that the share of new households choosing to live in apartments likely is peaking at 39% in the 2016-2026 period. However, as Millennials age, the share of new households that would prefer to live in low density housing is expected to increase over the forecast horizon, reaching 53% between 2036 and 2046.

The share of new households choosing to live in low density housing was a similar 52% in the 2006-2016 period, when the Baby Boomer generation were of a similar age as Millennials will be in the 2036-2046 period.

The higher demand for low density housing will have implications for the future intensification target (47%) assumed in the LNA, as the majority of housing expected to be built through intensification will be apartments.

Figure 4

Share of Household Growth, by Dwelling Type, City of London, 2006-2046 by 10-Year Periods
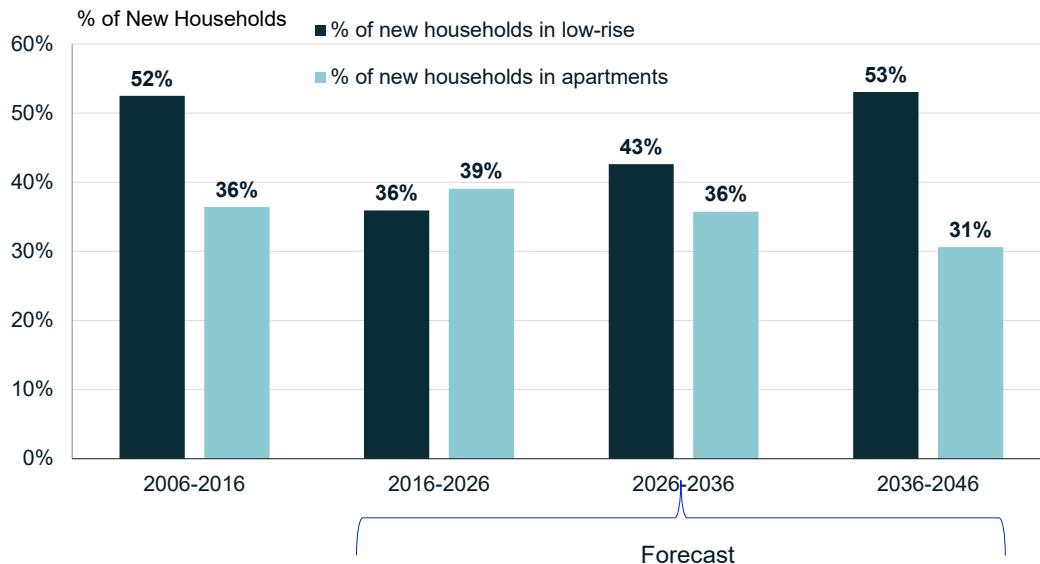
Source: Altus Group Economic Consulting, based on Statistics Canada and Ministry of Finance

OVERACHIEVING ON DENSITY TARGET

Policy 2.3.1 (5) of the Provincial Policy Statement, 2024 encourages planning authorities to achieve a density of 50 residents and jobs per hectare in designated growth areas.

The LNA is proposing to accommodate 14,583 persons on 2,066 hectares of greenfield land, which is in effect planning for a density of some 71 persons per hectare (Figure 5). This does not include jobs.

Figure 5

Density Target, Greenfield Land, City of London, 2022-2046

	2022-2046
Total Housing Demand	58,625
Persons Per Unit	2.5
Total Population	146,563
Greenfield Land Need (Ha)	2,066
Person Per Hectare	**71**

Source: Altus Group based on LNA (2024)

ACHIEVING AN ADEQUATE PLANNING HORIZON

In April 2024, Council directed staff to apply a 25-year planning horizon to the LNA. The Staff led LNA, however, only provides a projection for a 24-year period (as of the timing of the draft LNA, and possibly lower once fully approved). As outlined in Figure 6, adding an additional year could lead to the need to accommodate an additional 3,000 households.

An actual 25-year planning horizon would be the years 2025 to 2050, should the LNA be adopted in a timely manner. However, the likelihood that the LNA is reviewed, revised and adopted in 2025, suggests that the planning horizon should cover the years 2026-2051. As such, the LNA should include a household projection and land supply for the 2021-2051 period, an adequate 30 year planning horizon.

Figure 6 further shows that based on the Altus Group forecast, extending the forecast out to 2051 would result in the need to accommodate an additional 18,000 new households.

Figure 6

Households Growth Projections, City of London, 2021-2051

	2022-2046	2021-2046	2046-2051	Total 2021-2051
	Change, Units			
City of London LNA	107,186	110,950	-	-
Altus Group, 2024		96,492	18,390	114,882

Source: Altus Group, Based on Statistics Canada, Ministry of Finance and LNA (2024)

CONCLUSION

Altus Group reviewed the population and household growth projections found in the City of London's Draft Land Needs Assessment, dated June 2024. Altus Group's findings warrant an extended consultation period to identify the implications of:

- Meeting future population growth through a higher share of low density residential units;
- Extending the forecast period to 2051, so as to ensure the City of London is properly forecasting for an adequate planning horizon; and
- Planning to achieve a more realistic density target of 50 residents and jobs per hectare.

These factors will have implications for the amount of greenfield land needed to accommodate future growth, future housing affordability, and the City of London's ability to achieve its growth targets.