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File: O-7938
Planner: M. Johnson

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| TO: | CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE |
| FROM: | JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER |
| SUBJECT: | LAND NEEDS BACKGROUND STUDY FOR THE 2011 OFFICIAL PLAN REVIEW MEETING ON NOVEMBER 26, 2013 |

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| RECOMMENDATION |
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That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the Land Needs Background Study for the 2011 Official Plan Review:

- (a) that the attached Planning staff report **BE RECEIVED** for information; and
- (b) that the Land Needs Background Study **BE ADOPTED** as a Background Document for the Rethink London Official Plan Review process.

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| PREVIOUS REPORTS PERTINENT TO THIS MATTER |
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| January 30, 2012 | Strategic Priorities and Policy Committee, "Terms of Reference – Five Year Official Plan Review." |
| June 18, 2012 | Planning and Environment Committee, "City of London Growth Projections: 2011-2041." |
| October 15, 2012 | Planning and Environment Committee, "City of London Growth Projections: 2011-2041." |
| June 18, 2013 | Planning and Environment Committee, "Land Needs Background Study For The 2011 Official Plan Review." |
| July 23, 2013 | Planning and Environment Committee, "Land Needs Background Study For The 2011 Official Plan Review – Requests For Inclusion." |
| October 8, 2013 | Planning and Environment Committee, "Land Needs Background Study For The 2011 Official Plan Review." |

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| PURPOSE |
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The report is intended to present the revised Land Needs Background Study for the 2011 Official Plan Review. The revised Land Needs Background Study and the previous report, Land Needs Background Study for the 2011 Official Plan Review – Requests for Inclusion, has been attached as Appendix "A" and "B" for reference. The Study has been revised to address issues raised during consultation with industry and landowner representatives. The revisions to the Study do not result in changes to the findings of the land needs analysis previously put forward in June, therefore, there is no justification to add new lands into the City's Urban Growth Area through the 2011 Official Plan Review process. The City of London has a sufficient supply of residential, commercial and institutional lands to meet development needs in the 15 to 20 year time horizon set out in the Official Plan and in the 2005 Provincial Policy Statement.

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BACKGROUND

At the direction of Council the Land Needs Background Study and the associated Planning staff report were circulated for public and agency consultation subsequent the June report to Planning and Environment Committee. Following the June Planning and Environment Committee meeting written submissions were made to the City in response to the circulation of the Land Needs Background Study and staff report. In response to comments that were provided, a meeting was held in September to facilitate group discussion with City staff, industry representatives and landowners regarding the key concerns that were identified. At the meeting, stakeholders outlined their key concerns with the study, some of which included that insufficient time was afforded to interested parties to review and comment on the material, clarification on the assumptions and methodology used in the study, validity of the baseline time period used for developing the residential land supply, further explanation on the five adjustments that were made to 2011 Vacant Lands Inventory, and the achievability of intensification targets given existing development patterns and market uptake.

City staff have revised the Land Needs Background Study to respond to issues raised during the meeting held in September. A follow-up meeting was held in November to review the revisions to the Study and to build consensus with industry representatives and landowners prior to the Public Participation Meeting to accept the Land Needs Background Study.

It is important to note that the revisions to the Study do not result in changes to the findings of the land needs analysis previously put forward to the Planning and Environment Committee in June. There is no need to consider the addition of new lands into the City's Urban Growth Boundary through the 2011 Official Plan Review process. The City of London has a sufficient supply of both residential and non-residential land to meet development needs in the 15 to 20 year time horizon set out in the Official Plan and in the 2005 Provincial Policy Statement. An adequate supply of land is available in all Districts of the City, allowing for the provision of choice in market location. Based upon current trends and assumptions, the City currently has enough residential land to accommodate its projected growth over the next 20 years. At the end of the 20 year planning period there would still be a 3 year supply of low density residential lands, a 48 year supply of medium density residential lands, and a 20 year supply of high density residential lands.

REVISIONS TO LAND NEEDS BACKGROUND STUDY

The following section summarizes the revisions to the Land Needs Background Study (attached as Appendix A). As indicated above revisions to the Study were made to address issues raised during the consultation process and to provide additional clarification to stakeholders.

Residential Demand

During the consultation process stakeholders suggested that the intensification target of 40% (7% LDR, 52% MDR and 88% HDR) for residential units is overly optimistic as there will be less land available within the Built Area for these housing types, as land is developed through intensification. To address this concern, an alternative scenario reflecting an intensification target of 27% (3% LDR, 25% MDR and 70% HDR) was modeled.

Table 1 shows total future residential Greenfield demand based on a lower intensification target over the 20 year planning period. Taking into account these alternative intensification assumptions, the unit demand for the Built Area and Greenfield is recalculated below.

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Table 1: Alternative Scenario - Calculation of Residential Greenfield Unit Demand, 2011-2031

| | Total City-wide Unit Demand 2011-2031 ⁽¹⁾ | Intensification Factor | Subtract Built Area Units ⁽²⁾ | Greenfield Unit Demand 2011-2031 |
|--------------|--|------------------------|--|----------------------------------|
| LDR | 22,300 | 3% | 669 | 21,631 |
| MDR | 6,915 | 25% | 1,729 | 5,186 |
| HDR | 13,160 | 70% | 9,212 | 3,948 |
| Total | 42,380 | 27% | 11,610 | 30,770 |

Source:

(1) Altus Group Economic Consulting (2011 update)

(2) Tabulation compiled by Planning Division

Note: Some totals may not add-up due to the cumulative impact of rounding.

Residential Supply

This section of the Study has been revised to better illustrate the adjustments made to the residential Vacant Land Inventory (VLI), prepared as of December 31, 2011. A summary of this inventory has been provided below (see Table 2) to show the starting point for determining the supply of residential Greenfield land within the City of London. It should be noted that the residential VLI identifies lands for potential residential development with the Urban Growth Boundary (i.e. it contains lands within the Built Area and Greenfield Area).

Table 2: Original Residential Vacant Land Inventory – Prepared December 31, 2011

| Status/Category | Land Area (ha) | Low Density Units | Medium Density Units | High Density Units | Total Units |
|---|----------------|-------------------|----------------------|--------------------|---------------|
| Registered Subdivision Plans | N/A | 1,731 | 4,174 | 900 | 6,805 |
| Draft approved subdivision plans | N/A | 4,267 | 2,927 | 2,973 | 10,167 |
| Draft subdivision plans - under review | N/A | 2,668 | 2,314 | 2,911 | 7,893 |
| Designated residential lands | 985 | 6,674 | 5,844 | 6,688 | 19,206 |
| Urban Reserve Community Growth | 661 | 6,345 | 2,644 | 1,584 | 10,573 |
| Total | - | 21,685 | 17,903 | 15,056 | 43,503 |

Source:

Vacant and Underutilized Residential Land Summary, 2011 Year-end Compilation. Prepared by Development Services

Note:

(1) The designated and urban reserve lands located within the Byron Pits area have been included in the final supply as it is now likely there will be an opportunity for redevelopment to residential uses within the 20 year planning period. The development potential is based on staff communication with the pit operator as of January 2013.

(2) VLI does not take into account additional supply within the built boundary made available through intensification efforts or urban redevelopment initiatives.

(3) Gross density was used to determine the number of units for the “Designated residential lands” and “Urban Reserve Community Growth” categories in the VLI. Gross density calculations include lands that would be required for internal roads, neighbourhood parks, school sites and any other non-residential land use permitted under the Official Plan policies for the applicable residential land use designation (e.g., churches, nursing homes, convenience commercial, etc.), but exclude non-developable lands outlined in Schedule B1 of the Official Plan. Gross densities are applied to vacant lands that have not been subject to a development application in order to determine estimated units since the site composition and configuration is unknown at present.

(4) Land Area summary totals for Registered, Draft Approved and Under Review subdivision plans were not included due to limitations with the current internal information and database system, which does not update automatically to account for building permit uptake.

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Table 3 reflects the vacant land inventory after adjustments were made to the Original Residential Vacant Land Inventory, for the purposes of the 2011 Land Needs Background Study.

Table 3: Adjusted Residential Vacant Land Inventory – Prepared on January 8, 2013

| Status/Category | Land Area (ha) | Low Density Units | Medium Density Units | High Density Units | Total Units |
|---|----------------|-------------------|----------------------|--------------------|---------------|
| Registered Subdivision Plans | N/A | 1,457 | 2,004 | 807 | 4,268 |
| Draft approved subdivision plans | N/A | 4,132 | 2,877 | 1,731 | 8,740 |
| Draft subdivision plans - under review | N/A | 2,668 | 2,314 | 2,911 | 7,893 |
| Designated residential lands | 1,328 | 13,772 | 11,681 | 8,474 | 33,927 |
| Urban Reserve Community Growth | 263 | 2,545 | 1,036 | 622 | 4,203 |
| Total | - | 24,574 | 19,912 | 14,545 | 59,031 |

Source:

Prepared by Planning Policy and Programs

The adjustments noted below have been revised to provide greater clarification on how the supply of residential units were derived for low, medium and high density units.

1. Lands within the Built Area Boundary were removed from the Residential VLI to allow for a more direct analysis between residential Greenfield supply and demand.
2. Lands within the Residential VLI were removed to reflect registered subdivision plans that were initially listed in the inventory, but were now built out (i.e. did not contain any future developable land).
3. A sizable amount of industrial land was redesignated to residential (LDR, MDR and HDR) through the Southwest Area Plan (SWAP). Additionally, a significant amount of land was redesignated from Urban Reserve Community Growth (URCG) to residential (LDR, MDR and HDR) through the SWAP process.
4. A review of building permits issued between 2006 and 2011 indicates approximately 20% of the units built on medium designated lands were actually low density type structures (single and semi-detached dwellings). Conversely, nearly 12% of units built on low density designated land were of a medium density type (row townhouses or cluster housing). To account for this variation, a conservative approach was chosen whereby 25% of medium density designated residential lands would be allocated to low density residential lands.
5. Based on a review of subdivision plans, recently completed or approved medium density blocks and apartment developments over the past 5 years, it was found that low and medium density housing was being constructed at higher densities in recent years in comparison to subdivision construction earlier in the decade. The findings from our review also indicate that densities for apartment developments vary considerably. As such, it was determined that the continued use of the high density assumption from the 2006 Land Needs Background Study was appropriate and the low and medium density assumptions would be changed to reflect the change in densities being constructed for low and medium housing types. Given this reference, the following density assumptions were used for the purposes of converting land area to housing requirements in the Adjusted Residential VLI:

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Designated Residential Lands

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|---------------------------------|-----------------------------|
| Low Density (Singles and Semis) | 16 gross units per hectare |
| Medium Density (Row Housing) | 30 gross units per hectare |
| High Density (Apartments) | 125 gross units per hectare |

Urban Reserve Community Growth

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|---------------------------------|----------------------------|
| Low Density (Singles and Semis) | 16 gross units per hectare |
| Medium Density (Row Housing) | 16 gross units per hectare |
| High Density (Apartments) | 16 gross units per hectare |

It should be noted that density assumptions used for the purposes of converting land area to housing requirements in the Original Residential VLI were based on density assumptions provided in the 2006 Land Needs Background Study. For comparative purposes the density assumptions are listed below in Table 4.

Table 4: Comparison of Density Assumptions

| | 2006 Land Needs Study | | 2011 Land Needs Study | |
|-----------------------|------------------------------|--------------|------------------------------|--------------|
| | Designated Residential Lands | URCG | Designated Residential Lands | URCG |
| Low Density | 13 gross uph | 16 gross uph | 16 gross uph | 16 gross uph |
| Medium Density | 20 gross uph | 16 gross uph | 30 gross uph | 16 gross uph |
| High Density | 125 gross uph | 16 gross uph | 125 gross uph | 16 gross uph |

Source:
Planning Division

To better illustrate adjustments made to account for additional Greenfield supply, a high level reconciliation between the Original Residential VLI (Prepared December 31, 2011) and the Adjusted Residential VLI has been included in the revised Study (see Table 5).

Table 5: High Level Reconciliation of Low Density Units

| Status/Category | Original Residential VLI (units) | Adjustment | | | Adjusted Residential VLI (units) |
|---|----------------------------------|--|----------|--------------|----------------------------------|
| | | Description | | # of units | |
| Registered Subdivision Plans | 1,731 | Removal of lands in Built Area Built out subdivisions | note (1) | ↓274 | 1,457 |
| Draft approved subdivision plans | 4,267 | Removal of lands in Built Area Built out subdivisions (2) | note (2) | ↓135 | 4,132 |
| Draft subdivision plans - under review | 2,668 | No change | - | - | 2,668 |
| Designated residential lands | 6,674 | Add Swap lands Change in density to 16 uph Use 25% of MDR lands to accommodate LDR (3) | note (3) | ↑7,098 | 13,772 |
| Urban Reserve Community Growth | 6,345 | Remove URCG lands as a result of SWAP (4) | note (4) | ↓3,800 | 2,545 |
| Total | 21,685 | | | 2,889 | 24,574 |

Note:
 (1) For a detailed explanation of the adjustments made to Original Residential VLI refer to adjustments 1, 2 (pg 24-25).
 (2) For a detailed explanation of the adjustments made to Original Residential VLI refer to adjustments 1, 2 (pg 24-25).
 (3) For a detailed explanation of the adjustments made to Original Residential VLI refer to adjustments 3, 4, 5 (pg 24-25).
 (4) For a detailed explanation of the adjustments made to Original Residential VLI refer to adjustment 3 (pg 24-25).

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Non-Residential Demand and Supply

It was noted during consultation with stakeholders that the text did not appear to correspond to the graphic for the following figure. Upon further review, the legend for the figure has been updated to ensure that the text now corresponds to the graphic.

Figure 1: Net Non-Residential Space Requirements, Actual and Forecast, 2006-2031



Source:

Altus Group Economic Consulting (2011 update)

RESPONSE TO ISSUES RAISED

Staff have provided a table below to highlight the major issues raised by industry representatives and landowners, and have indicated how each of the issues were addressed.

Table 6: Summary of Major Issues Raised

| Item | Issue Raised | Staff Response |
|---------------------------------|---|---|
| Stakeholder Consultation | <ul style="list-style-type: none"> Need for greater public consultation and additional review time to go over Land Needs Study. | <ul style="list-style-type: none"> PEC Public Meeting held July 23, 2013. Meeting with industry representatives and landowners held Sept 2013. Meeting with industry representatives and landowners industry held Nov 2013. |
| Planning Horizon | <ul style="list-style-type: none"> Residential land supply should be predicated on the 2012 VLI rather than the 2011 version, as the newer inventory represents the most current data for developing land needs projections. | <ul style="list-style-type: none"> Timeframe aligns to major data anchors not the actual period in which the study was carried-out. Planning staff routinely monitor and update relevant data sources, including building permit issuance and local construction activity. Recent trends do not impact forecast. |

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| Item | Issue Raised | Staff Response |
|--------------------------------|---|--|
| Intensification Targets | <ul style="list-style-type: none"> ▪ As the supply of vacant lands declines in the Built Area through uptake, a 40% intensification target may not be achievable. | <ul style="list-style-type: none"> ▪ To address concerns raised by the development community, an alternative scenario was modeled using an intensification target of 27% (comprised of 3% LDR, 25% MDR and 70% HDR). Greenfield unit demand calculated as a result of the alternative intensification factors can still be accommodated by LDR units, MDR units and HDR units available within the Adjusted Residential Vacant Land Inventory. To put this into context, the implication of this change translates into less than 1 year of LDR growth. There is also additional residential unit capacity available through development of underutilized land and redevelopment opportunities that have not been accounted for within current residential inventory. |
| | <ul style="list-style-type: none"> ▪ The target of 7% intensification for low density residential within the Built Area is overly optimistic. As the Built Area is developed and intensified, there will be less land available for low density units. | |
| | <ul style="list-style-type: none"> ▪ The assumption that 52% of medium density housing will occur as intensification may be over-estimated, given that the average from 2006-2001 was 24%. | |
| | <ul style="list-style-type: none"> ▪ The average over the previous 5 years was 5%. | |
| | <ul style="list-style-type: none"> ▪ The assumption 88% for the infill and intensification proportion of high-density development is too high. | |
| | <ul style="list-style-type: none"> ▪ On what basis are the intensification targets increased to 7% (LDR), 52% (MDR) and 88% (HDR). | |

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| Item | Issue Raised | Staff Response |
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| Residential Vacant Land Inventory | <ul style="list-style-type: none"> ▪ The density forecasted for 'Designated Residential Lands' (34.5 uph) represents a significant increase over 'committed' Greenfield lands (i.e. registered and draft approved plans of subdivision). It does not seem realistic to assume that designated residential lands will be developed at a density nearly 10 times the density of 'committed' Greenfield lands. | <ul style="list-style-type: none"> ▪ Land area cannot be used to calculate units for plans of subdivision. Land Area summary totals for Registered, Draft Approved and Under Review subdivision plans were not included due to limitations with the current internal information and database system, which does not update automatically to account for building permit uptake. |
| | <ul style="list-style-type: none"> ▪ The anticipated density of Designated Residential Lands is also considerably higher than draft approved subdivisions currently under review (24.5 uph). | |
| | <ul style="list-style-type: none"> ▪ Staff should provide the average densities for low, medium and high density units identified for registered subdivision plans, draft approved subdivision plans and draft subdivision plans - under review. | |
| | <ul style="list-style-type: none"> ▪ Further explanation is needed to understand why a 25% medium to low density conversion allowance was chosen for the projection. | <ul style="list-style-type: none"> ▪ Rationale for the use of a 25% medium to low density conversion allowance was explained by staff at consultation meeting held Nov 2013. |
| | <ul style="list-style-type: none"> ▪ Staff should confirm the basis for the Urban Reserve density calculation. | <ul style="list-style-type: none"> ▪ Land Needs Background Study has been revised to include additional information to outline the basis for the URCG calculation. |
| | <ul style="list-style-type: none"> ▪ There is insufficient information to determine how the inventory of residential land was calculated for the Greenfield Area. | <ul style="list-style-type: none"> ▪ Additional background data and information has been added to the Land Needs Background Study to address this particular concern. This item was discussed at Nov 2013 meeting as a way to encourage dialogue and information sharing with development industry and landowners. |

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| Item | Issue Raised | Staff Response |
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| Land Needs Study Methodology and Assumptions | <ul style="list-style-type: none"> ▪ Methodology and assumptions used to develop the land needs forecast requires further scrutiny before any determination is made regarding the UGB expansion. | <ul style="list-style-type: none"> ▪ Additional review and "ground proofing" has been carried out to ensure reasonableness of assumptions and data integrity. An update to the existing information system used for Residential and ICI Vacant Land Inventory, along with GMIS is planned for the future. |
| Non-Residential Space Projections | <ul style="list-style-type: none"> ▪ The figure (Net Non-Residential Space Requirements, Actual and Forecast, 2006-2031) does not appear to correspond to the text. | <ul style="list-style-type: none"> ▪ Figure has been updated through revisions to Land Needs Background Study. |
| South West Area Plan | <ul style="list-style-type: none"> ▪ Assumed that all development in SWAP over the 20 years can be accommodated without the Southside Pollution Control Plant. | <ul style="list-style-type: none"> ▪ Capacity efficiencies have been realized at the Greenway Pollution Control Plant. The construction of the Southside Pollution Control Plant by 2016 is no longer a barrier to near and mid-term development in the Southwest. |

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| CONCLUSION |
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The Land Needs Background has been revised to address issues raised during consultation with industry and landowner representatives. The revisions to the Study do not result in changes to the findings of the land needs analysis previously put forward to the Planning and Environment Committee in June. There is no need to consider the addition of new lands into the City's Urban Growth Boundary through the 2011 Official Plan Review process. The City of London has a sufficient supply of both residential and non-residential land to meet development needs in the 15 to 20 year time horizon set out in the Official Plan and in the 2005 Provincial Policy Statement. An adequate supply of land is available in all Districts of the City, allowing for the provision of choice in market location. Based upon current trends and assumptions, the City currently has enough residential land to accommodate its projected growth over the next 20 years. At the end of the 20 year planning period there would still be a 3 year supply of low density residential lands, a 48 year supply of medium density residential lands, and a 20 year supply of high density residential lands.

Acknowledgments

This report has been prepared with contributions from John-Paul Sousa, Planning Research Analyst.

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| PREPARED BY: | SUBMITTED BY: |
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| MARK JOHNSON PLANNER II POLICY PLANNING AND PROGRAMS | GREGG BARRETT, ACIP MANAGER, POLICY PLANNING AND PROGRAMS |
| RECOMMENDED BY: | |
| | |
| JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER | |

October 22, 2013
 MJ/

Agenda Item # Page #

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Appendix A

Agenda Item # Page #

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Appendix B