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December 2, 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 – Final Land Needs Assessment: Official Plan Review of The London Plan (O-9595) – Agenda Item 3.14

To Members of Committee and Council,

Please consider this letter as a summary of comments regarding the City of London's Final Land Needs Assessment (LNA) and Phase 1A of the Official Plan Review of The London Plan.

As identified in our letter addressed to Committee and Council dated June 10, 2024, Sifton Properties Limited (Sifton) retained Altus Consulting Group (Altus) to assist in peer reviewing documentation provided throughout the course of the LNA. Altus has peer reviewed the final LNA dated December 2024 and summarized their commentary in a memo included as Appendix A to this letter.

Based on the memo prepared by Altus, we believe that an expansion of 2,700 net hectares of land (3,000 ha when adjusting for schools and stormwater management facilities) is necessary to accommodate projected growth over the 25-year planning horizon (2024-2049). The result of Altus's analysis is driven by applying a greater share of low-density residential (LDR) housing equal to 44% as opposed to 28% assumed by the LNA, which is reflective of the underlying demographics and market demand factors as summarized in the analysis. It is to be noted that if a 30-year planning horizon (2024-2054) was utilized, additional lands would be required, in excess of the 2,700 net hectares identified.

Notwithstanding the above, we would like to express our general support for moving ahead with Recommendation d) as it is in our view that the recommendation for expansion of 2,000 net hectares of land is palpable and will contribute to the ability to accommodate projected growth as well as accelerate the development of new housing.

With respect to Recommendation b) we respectfully request that Committee and Council consider the 30-year land needs projection amounting to the requirement for an additional 1,500 net hectares of land to accommodate projected growth over that time horizon. While it is acknowledged that





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Council directed Staff in April 2024 to plan to the 25-year planning horizon with respect to the LNA, it should be noted that this was prior to the Provincial Planning Statement 2024 (PPS 2024) coming into full force and effect in October 2024. Planning for a maximum of 30 years remains consistent with Section 2.1.3 of the PPS 2024 and will provide for a contingency of land supply.

In summary, we request the following:

1. That Recommendation b) be amended to 1,500 ha to reflect the 30-year land need analysis as identified in the LNA which is consistent with Policy 2.1.3 of the PPS 2024.

We appreciate the opportunity to submit comments.

Sincerely,
Sifton Properties Limited

'p.p' Phillip Masschelein
Senior Vice President, Neighbourhood Developments

Attach (1)



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Appendix A

November 29, 2024

Memorandum to: Philip Masschelein
Sifton Properties

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

Subject: City of London Final Land Needs Assessment, 2024-2049/2054
Our File: P- 7123

INTRODUCTION

Sifton Properties retained Altus Group to review and comment on the City of London's 2024-2049 Final Land Needs Assessment being presented to the Planning and Environment Committee on December 3.

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

- The LNA does not account for enough low-density housing; and
- The LNA inadequately accounts for expansion greenfield lands required to meet anticipated population growth through the 2024-2049 period.

This memo will address the population and household forecasts presented in the LNA and reevaluate the quantum of greenfield expansion lands required for the City to adequately accommodate the projected population.

BACKGROUND

In April 2024, the City of London released a DRAFT Land Needs Assessment analysis that set out a view of land needs in London through to 2046. Altus Group provided feedback on the DRAFT through our client Sifton Properties that the LNA did not account for enough low-density housing. The findings were that the City was planning to meet an unrealistic density target on greenfield land and that it did not adequately capture a 30-year planning horizon.

We understand that the City of London has revised its population and household forecast in an effort to be consistent with the forecast for Middlesex Census Division released by the Ministry of Finance in October 2024. It also retained Colliers to provide a "Housing Supply Marketplace Analysis" which provided recommendations on effective ways to increase London's land supply.

On November 27, 2024 the City of London released a revised Final Land Needs Assessment (Community Growth). The Final LNA provided a 25 and a 30-year analysis for the periods of 2024-2049 and 2024-2054 respectively. The report concludes that the City requires an urban boundary expansion of some 1,130 ha of developable residential land to accommodate the findings of the 25-year planning horizon analysis.

Altus Group has reviewed the Final LNA and find that its recommended urban boundary expansion is insufficient. Key issues with the analysis include:

- The Colliers Housing Supply Marketplace Analysis found that some 2,000 ha of greenfield expansion lands would be required to adequately accommodate the City’s current housing target and accommodate growth through the planning period. The final LNA does not properly incorporate this finding; and
- The final LNA incorporates a housing split that inadequately accounts for the projected housing needs of the population forecasted in the Ministry of Finance projections. Specifically, the allocation of Low Density Residential (LDR) split is too low in the Final LNA.

SUMMARY OF POPULATION AND HOUSEHOLD FORECASTS

Figure 1 provides a summary of the population forecast found in the Final LNA. The figure also provides for point of reference, the revised population projections prepared by Watson and Associates recently and presented to the Housing Supply Reference Group on October 24, 2024. Altus Group has also prepared a set of population projections for Middlesex Census Division (MCD) and the City of London based on the updated Ministry of Finance 2024 (MOF) population projections. For consistency, data from all three sources has been adapted to the two planning timeframes

Figure 1

City of London Population Forecasts, 2021-2049												
	2021	2024	2026	2031	2046	2049	2051	2054	2024-2049	2024-2054	2024-2049	2024-2054
	Level, Persons								Total Change, Persons		Annual Change, Persons	
City of London												
City of London FINAL LNA	441,572	497,200	<i>511,920</i>	<i>552,560</i>	<i>692,480</i>	721,100	<i>740,700</i>	770,100	223,900	272,900	8,956	9,097
Watson October 2024	443,600	<i>477,560</i>	500,000	556,700	698,900	<i>724,280</i>	739,400	<i>762,080</i>	246,720	284,520	9,869	9,484
Altus Group	441,572	492,643	486,501	540,680	679,097	709,208	729,281	759,391	216,565	266,748	8,663	8,892
Middlesex County (Census Division)												
Ministry of Finance (2024)	525,235	592,902	617,349	658,963	825,593	859,909	883,077	<i>917,567</i>	267,007	324,665	10,680	10,822
City Share of Census Division												
	Percent											
City of London FINAL LNA	84%	84%	83%	84%	84%	84%	84%	84%	84%	84%		
Watson 2024 / MOF 24	84%	81%	81%	84%	85%	84%	84%	83%	92%	88%		
Altus Fall 24 / MOF 24	84%	83%	79%	82%	82%	82%	83%	83%	81%	82%		

Data in *Italics* are interpolated/extrapolated from source
Source: Altus Group, Based on Statistics Canada, Ministry of Finance, HSRG presentation material 10.24.24, City of London FINAL LNA

Key findings from this summary include:

- The final LNA adopts a projection methodology of taking the forecasts from the MOF for MCD and assuming a constant 84% of growth is attained within the City of London.
- The revised projections from Watson assume a much higher share of capture within the city of some 92% (through to 2049)

- The Altus forecasts account for a slightly diminishing share capture of MCD growth within London, which is consistent with urban growth theory and reflects the very strong demand for single family units with higher PPUs in outlying municipalities.
- Overall, we find that the LNA's anticipation for population growth over the next 25 or 30 years of some 224,000 or 273,000 persons respectively, is modestly higher than growth which is consistent with the MOF given likely market forces over time.

HOUSEHOLD FORECASTS

The Final LNA forecasts the need for housing based on the population by using a persons per unit (PPU) approach. City staff assumed the following pattern for PPUs in London:

- For growth 2024-29: 2.5 persons per unit (the same as across the stock of housing in 2021),
- For growth 2029-34: 2.4 persons per unit
- For growth 2034-39: 2.3 persons per unit
- For growth 2039-44: 2.1 persons per unit
- For growth 2044-49: 2.0 persons per unit

There is no explanation for the sharp decline in PPU applied to growth progressively through the forecast period in the LNA. Moreover, in the 30-year scenario, the LNA uses different assumed PPUs in each growth period of 2.7, 2.7, 2.4, 2.4, 2.1 respectively for the periods above, and then 2.0 for the 2049-54 period. There is no explanation in the LNA why growth through the 2024-2049 period would be different in the 30-year scenario compared with the 25-year scenario.

The effect of these assumptions is that the LNA sets out anticipated household growth in London of some 102,000 units over the next 25 years (or 4,060 per year) or 117,000 units over the next 30 years (or 3,910 per year).

These values are set out in Figure 2 below.

Key observations from Figure 2 include:

- The household forecasts in the LNA are somewhat lower than in the City's DRAFT LNA from the spring of 2024 (which showed 111,000 units over a 25-year period, or 4,440 units per year).
- The household forecasts in the LNA are substantially higher than those set out in 2022 by Watson and endorsed by Council. Those projections anticipated need for just 3,000 housing units per year, the current need evaluated in the LNA (at 4,060 per year) is some 35% higher. This rise has to do with the stronger population projections in the MOF than originally anticipated by Watson.

Figure 2 also shows that the final LNA uses housing splits of 28% low density residential (LDR) 28% medium density residential (MDR) and 44% high density residential (HDR) to derive its forecasted housing splits of 1,120 LDR units per year, 1,130 MDR units per year, and 1,800 HDU per year for the 25 year planning horizon scenario.

It is of note that the final LNA states that this follows a methodology of "... maintaining the Council-endorsed assumptions related to ... housing splits." However, as shown in Figure 2, the splits in the LNA

are higher for HDR and lower for MDR and LDR than found in the Council-endorsed Watson 2022 Reference Scenario.

Figure 2

Household Forecasts, by Dwelling Type, City of London													
Time Period	Council Endorsed Watson 2022 (reference)		City of London DRAFT LNA (spring 2024)		City of London FINAL LNA (Nov 2024)		Altus Group		City of London FINAL LNA (Nov 2024)		Altus Group		
	Change in Units				Change in Units				Change in Units				
	2021-2046		2021-2046		2024-2049		2024-2049		2024-2054		2024-2054		
	Total	Annual Avg*	Total	Annual Avg*	Total	Annual Avg*	Total	Annual Avg*	Total	Annual Avg*	Total	Annual Avg*	
Low Density Residential (LDR)	23,540	940	29,957	1,200	28,052	1,120	43,020	1,720	32,389	1,080	52,718	1,760	
Medium Density Residential (MDR)	20,210	810	31,066	1,240	28,357	1,130	20,873	830	32,731	1,090	24,814	830	
High Density Residential (HDR)	31,290	1,250	49,928	2,000	45,177	1,810	36,067	1,440	52,153	1,740	42,165	1,410	
Total	75,040	3,000	110,951	4,440	101,586	4,060	99,961	4,000	117,273	3,910	119,697	3,990	
% by Unit Type													
Low Density Residential (LDR)	31%		27%		28%		43%		28%		44%		
Medium Density Residential (MDR)	27%		28%		28%		21%		28%		21%		
High Density Residential (HDR)	42%		45%		44%		36%		44%		35%		
Total	100%		100%		100%		100%		100%		100%		

* rounded
Source: Altus Group based on Statistics Canada, Ministry of Finance (2024), City of London LNA (Nov. 2024) Tables A3, B3

Figure 2 also shows the Altus Group forecast for housing need in the City of London, which aligns closely with the LNA in terms of total units. Unlike the LNA's approach, the Altus Group forecast does not assume a housing split, but the split on housing need by type is a function of the underlying demographics (the age and stage of the population growth in the MOF) and verifiable market demand factors related to those demographics.

Taking into account these important demographic factors:

- The need for LDR is in the order of some 1,760 units per year going forward, some 63% higher than the need forecasted in the LNA;
- The need for MDR and HDR, by contrast, is some 24% and 20% lower respectively.

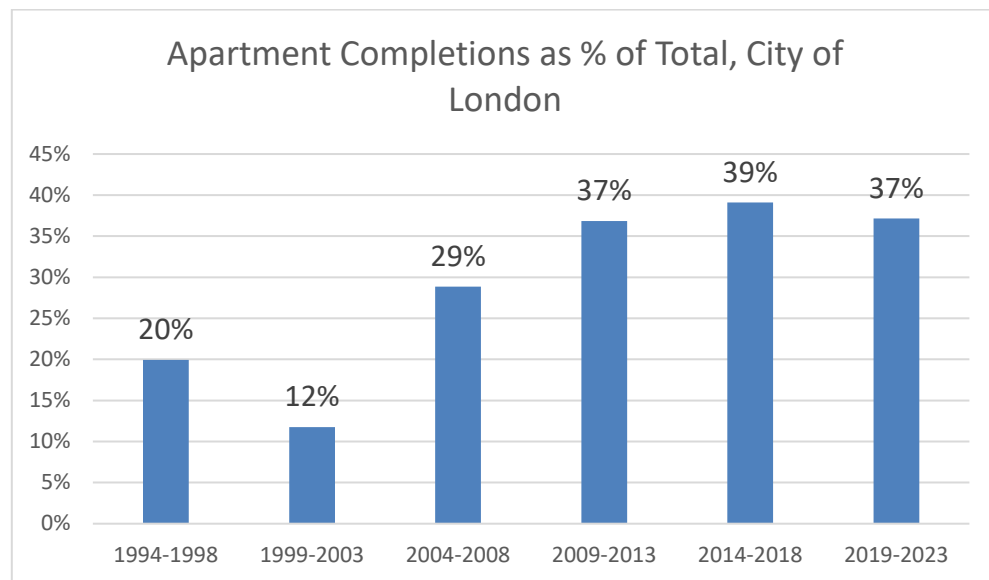
There is a substantial risk that an assessment that under predicts the need for single family housing by the order of over 60% will result in a substantial shortage of land, which will exacerbate affordability problems and housing shortages.

The LNA anticipates some **44%** of future household demand will be within apartments (HDR) and calculates this as some **1,810 units per year**. However, these assumptions are substantially out of line with historical data in London which includes:

- In the past 30 years (1994-2023) average annual apartment completions in London have been only 556 units per year, accounting for only 30% of total housing production;

- There has never been a year in London’s history which has seen production of as many as 1,810 units in a single year. The maximum over the past three decades has been 1,382 units in 2018. The LNA anticipates that annual production of apartment units over the next 25 years will exceed the historical average by some 3.25 times (350% higher).
- While the share of overall housing production accounted for by apartments was mildly higher during the 2010s, it peaked more than 5 years ago and is already declining, as seen in the figure below

Figure 3



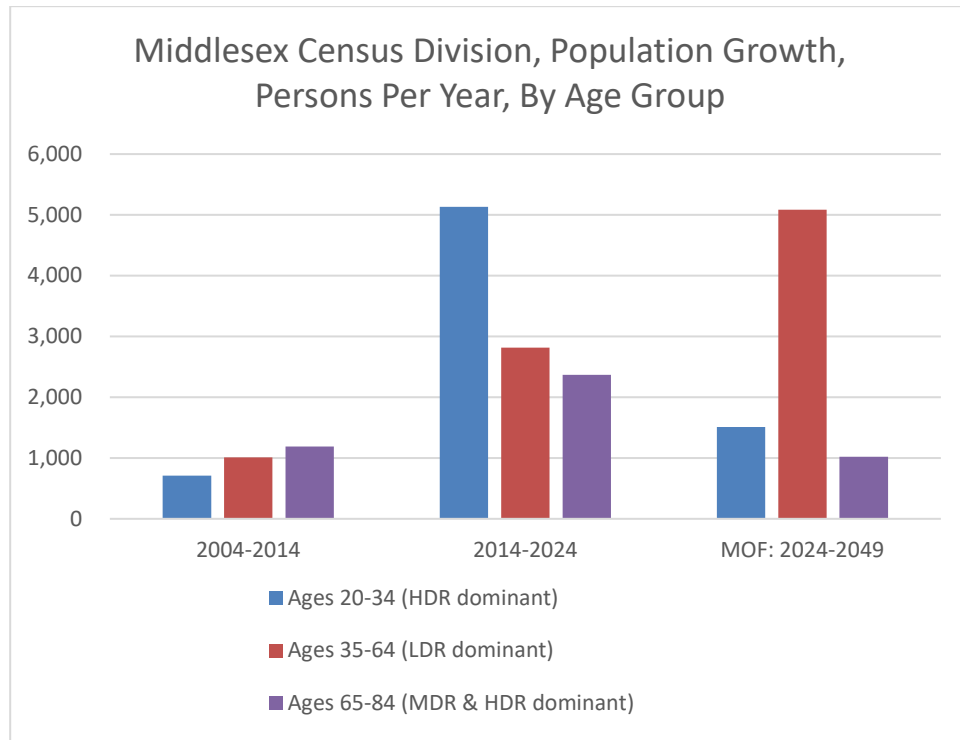
Source: Altus Group based on CMHC Starts and Completions Survey

The rise in the proportion of demand in London toward HDR in the past decade is consistent with the demographics from that period, that saw a substantial proportion of the population growth in the age 20-34 year old cohort (across MCD). There was also a strong amount of growth among those aged 65-84, which also can influence HDR and MDR demand through the downsizing of seniors to condominium apartment or townhouse products.

By contrast, The MOF forecast for population growth in MCD over the next 25 years is substantially skewed toward those aged 35-64, a cohort with a very strong demand skew toward LDR.

Based on these demographic trends (which are illustrated in Figure 4, below), it is reasonable to expect that the housing split toward apartments in the forecast for London will be modestly lower than in the recent historical data. There certainly is not any market or demographic support to the assumption within the LNA that apartment demand will rise so substantially both in absolute terms and as a proportion of total housing production.

Figure 4



Source: Altus Group based on MOF (2024) and Statscan

Land Needs

The City of London's LNA provides an opinion on the quantum of greenfield expansion lands required to accommodate the housing need as set out in Figure 2 above. The stages of the greenfield expansion calculations account for:

- Required new units 2024-2049;
- Assessment of unit to be accommodated through intensification within the built up area;
- Assessment of units to be accommodated on existing greenfield lands;
- Remaining units to be accommodated on greenfield expansion lands;
- Greenfield expansion lands (net) assessed at net densities of 15 units per hectare (uph) for LDR, 41 uph for MDR and 125 uph for HDR; and
- Additional lands accounted for school sites and storm water management lands.

All told, the LNA assesses that some 1,003 net ha or 1,128 gross ha of expansion lands are required to accommodate the units and unit mix projected through to 2049 (for residential needs).

As set out above, Altus Group understands the housing need to have a mix of housing that is more reflective of the demographics of London and those being projected in the MOF, which includes, over the

2024-2049 period, growth of some 43,020 LDR units, 20,873 MDR units and 36,067 HDR units, for a total need of some 99,961 units.

The LNA identified the City of London's current land supply, including units that can be accommodated through intensification, and through exiting designated greenfields.

Figure 5, below, shows that given the capacity to accommodate units through those two forms of supply, the need for greenfield expansion lands required for the 2024-2049 period is based on a need to accommodate some 30,019 LDR units in excess of current capacity.

Figure 5

City of London Land Need to Accommodate Altus Household Forecast, Units

Time Period	City of London Land Supply		Household Growth	Greenfield Land Demand	Greenfield Expansion Land Needs
	Units		Units	Total Household Growth, less Intensification Supply, Units	Greenfield Demand less Greenfield Supply, Units
	As of 2024	2024-2049	2024-2049		
	Intensification	Greenfield	Total	Total	Total
Low Density Residential (LDR)	2,412	10,589	43,020	40,608	30,019
Medium Density Residential (MDR)	10,518	18,631	20,873	10,355	-
High Density Residential (HDR)	32,912	26,586	36,067	3,155	-
School Block					
Total	45,842	55,806	99,961	54,119	30,019

Source: Altus Group

Figure 6, below shows that at 15 units per hectare the net lands required to accommodate those 30,019 units is some 2,001 ha. However, as set out in the LNA, greenfields should be planned to accommodate a mix of densities lining up with their ultimate build-out that aligns approximately with 76% of the net lands dedicated to LDR, 19% MDR and 4% HDR. Adjusting for these distributions, the total net lands required to accommodate the 30,019 LDR units is some 2,626 ha. Adjusting for school blocks and storm management lands grosses up this need to some 2,943 ha.

Figure 6

City of London Expansion Land Need to Accommodate Altus Household Forecast, Hectares (HA)					
	Greenfield Expansion Land Needs	Proposed Net Density	Greenfield Land Needs	Desired Land Mix by Density	Adjusted for Desired Land Mix by Density
	<i>Units</i>	<i>Units per hectare</i>	<i>HA</i>	<i>%</i>	<i>Net HA</i>
Time Period	<i>2024-2049</i>				
Low Density Residential (LDR)	30,019	15	2,001	76%	2,001
Medium Density Residential (MDR)	0	41	0	19%	509
High Density Residential (HDR)	0	125	0	4%	115
Total (Net HA)			2,001	100%	2,626
Plus School Block					37
Plus, Stormwater Management Facility and Other Infrastructure					280
Total Gross Hectares					2,943

Source: Altus Group

CONCLUSION

Altus Group reviewed the population and household growth projections found in the City of London's Final Land Needs Assessment, dated November 2024. Altus Group's findings include:

- The City needs to be planning to meet future population growth through a higher share of low density residential units;
- Through the 2024-2049 period, the City will need to plan for at least 2,943 gross hectares of land for residential purposes alone. This is well in excess of the 1,129 found in the Final LNA.

Our analysis has not looked at the needs for non-residential needs, which would be over and above the 2,943 ha.

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.