

City of London Development Charge (DC) Growth Projections

Presentation to Strategic Priorities and Policy Committee

December 11, 2017

Introduction

- Purpose:
 - Watson & Associates Economists Ltd. (Watson) retained by the City of London to undertake a Growth Projections Study as background to the City's upcoming 2019 Development Charges (DC) Background Study
 - Report represents an update of the City's 2012 growth projections completed by Altus Group

Presentation Outline

- Study Purpose
- Requirements of the Development Charges Act, 1997 regarding DC growth forecast
- Overview of study process
- Summary of growth forecast methodology
- Population, housing and employment growth forecast summary

Introduction (Cont'd)

- Long-Term Growth Forecast (2016 to 2044):
 - Review of macro-economic and demographic trends influencing residential and non-residential development patterns
 - Forecast population growth by age cohort
 - Anticipated housing growth by structure type (low, medium and high density)
 - Forecast employment growth by major employment sector/category (primary, industrial, commercial, institutional, work at home and no fixed place of work)
 - Forecast non-residential space needs by industrial, commercial and institutional employment sector

Overview of Development Charges Act, 1997

- Section 5(1) of the Development Charges Act, 1997 states:

“The anticipated amount, type and location of development, for which development charges can be imposed, must be estimated”

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Overview of Development Charges Act, 1997 (Cont'd)

- Short, medium and longer-term time horizons (10 years, 20 years and beyond) are required for the DC process
- The DCA limits the planning horizon for certain “soft” services such as parks, recreation and libraries to a 10-year planning horizon; “hard” services such as roads, fire, water, wastewater and stormwater services utilize a longer planning period

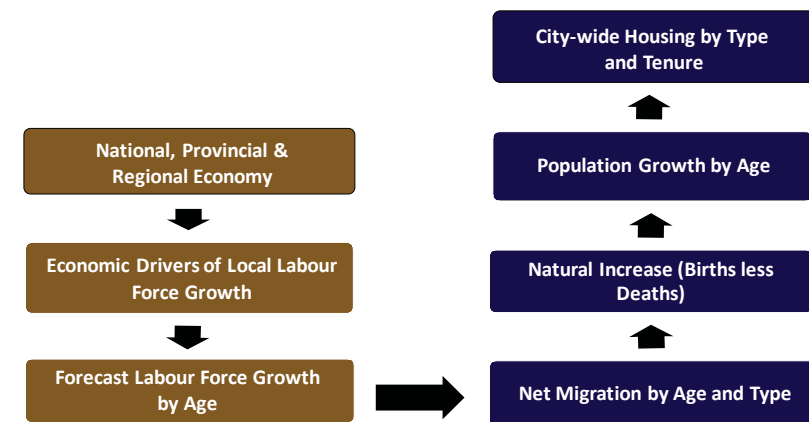
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Overview of Study Process

- During the summer of 2017, discussions were held with the Development Charges External Stakeholder Committee with respect to the draft report findings
- This was followed-up with a presentation of the final study results to the Stakeholder Committee in the fall of 2017 in response to detailed comments and correspondence received by this group on the draft projections

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Growth Forecast Methodology

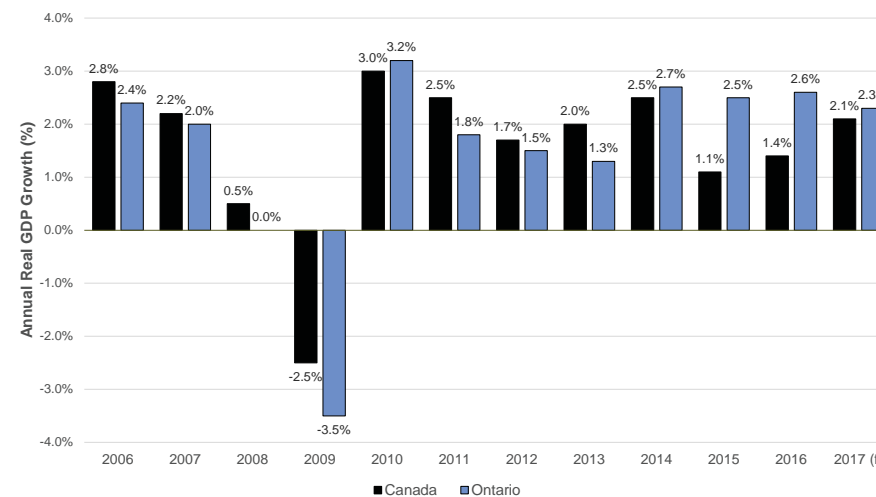


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Overview of Macro-Economic Trends and Growth Drivers

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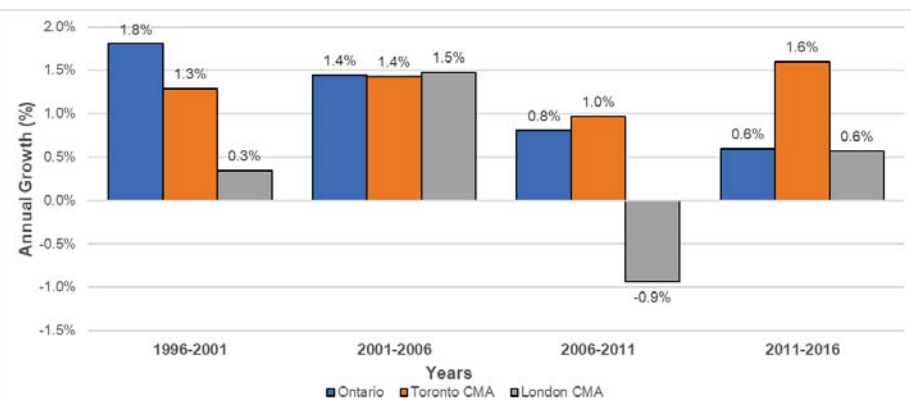
Annual Real GDP Growth, Ontario and Canada



Source: Derived from BMO Capital Markets Economics, Provincial Economic Outlook, July 22, 2016 by Watson & Associates Economists Ltd. Note: 2017 is a forecast.

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Historical Labour Force Growth Trends, 1996 to 2016



Source: Data derived from Statistics Canada CANSIM Table 282-0110, 282-0020, 282-0131.

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Regional/Local Economic Growth Drivers

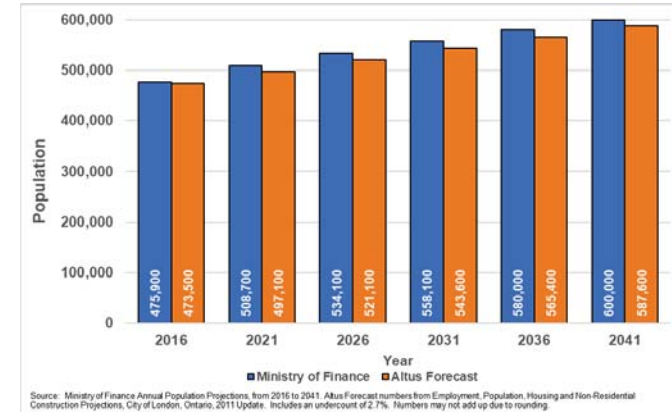
- ▣ **Increased Economic Diversity**
 - City of London serves as a regional economic hub
 - Continued employment growth in both traditional and knowledge-based sectors
- ▣ **Regional Infrastructure Improvements**
 - City of London rapid transit initiative (Shift)
 - Proposed provincial high-speed rail corridor
- ▣ **Cost of Industrial Development**
- ▣ **Quality of Life**

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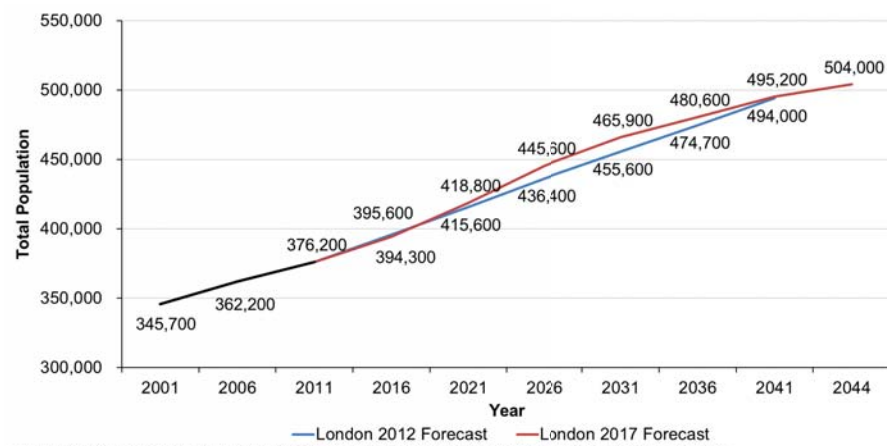
Development Charges Growth Forecast Summary

Review of Middlesex County¹ Long-Term Population Forecast, 2016 to 2041 (MOF)

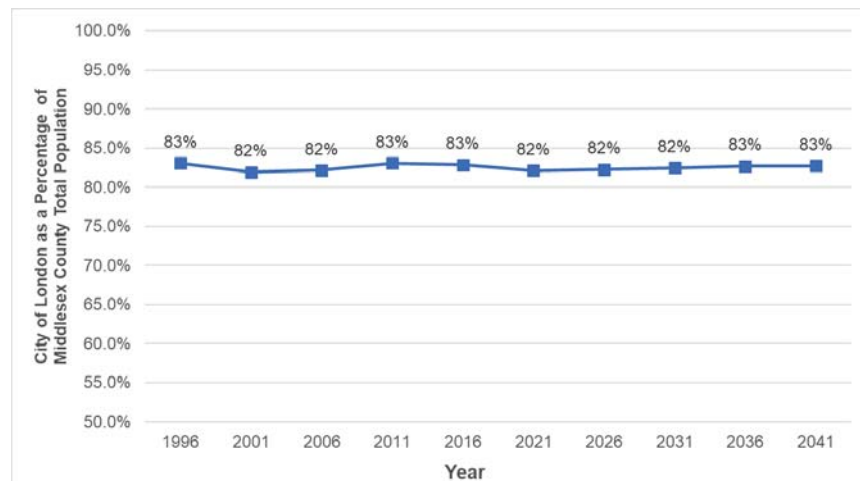
- Forecast population growth for Middlesex County as per the spring 2017 Ontario Ministry of Finance projections is tracking higher than the 2012 Altus projections



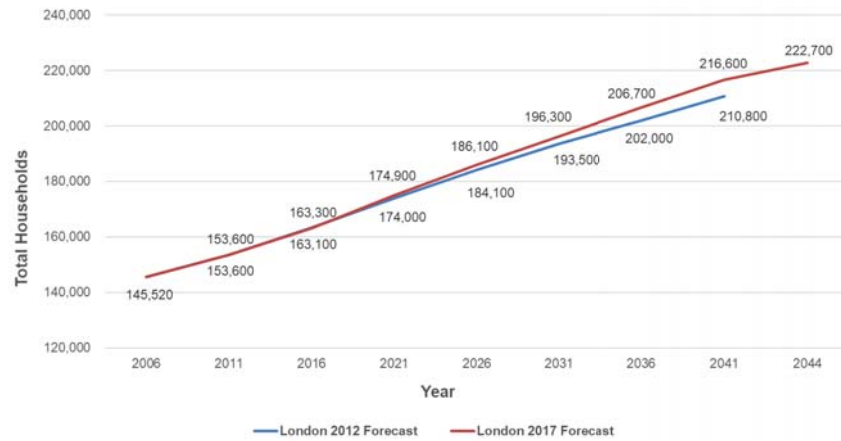
City of London Forecast Population, 2016 to 2044



Population Share Analysis – City of London to Middlesex County¹



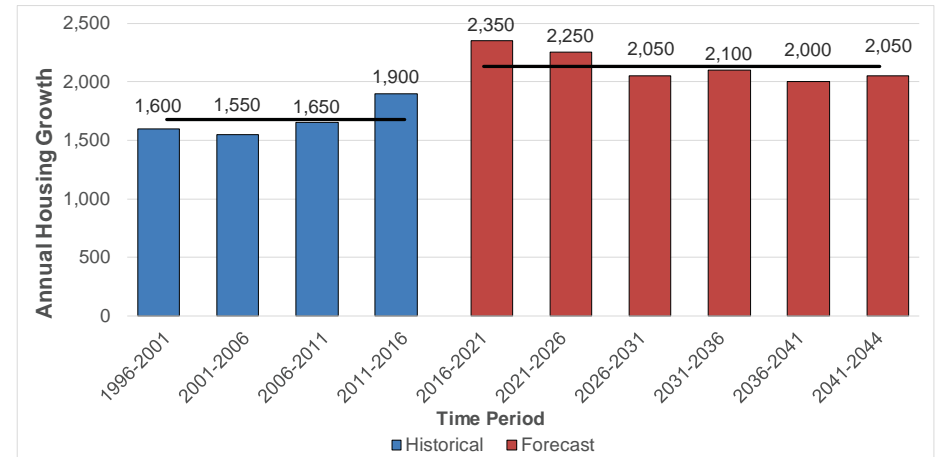
City of London Forecast Total Housing Growth 2016 to 2044



Source: London 2012 forecast is based on Altus Employment, Population, Housing and Non-Residential Construction Projections, City of London, Ontario, 2011 Update. London 2017 forecast derived by Watson & Associates Economists Ltd.



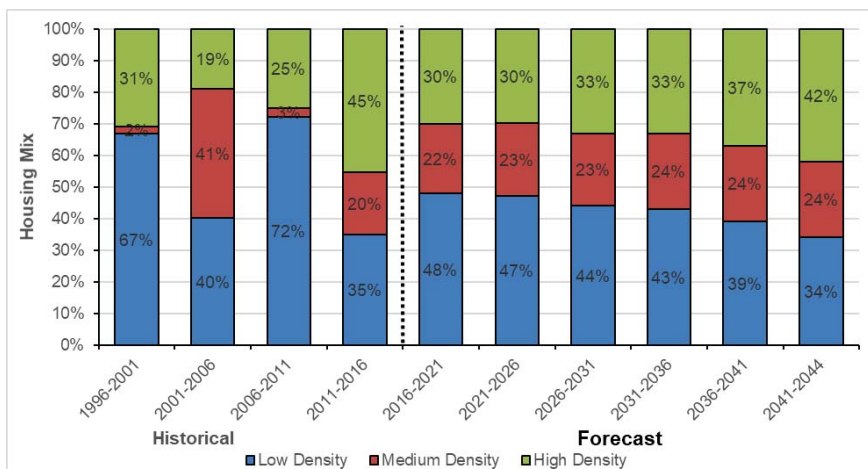
City of London Household Forecast, 2016 to 2044



Source: Watson & Associates Economists Ltd.



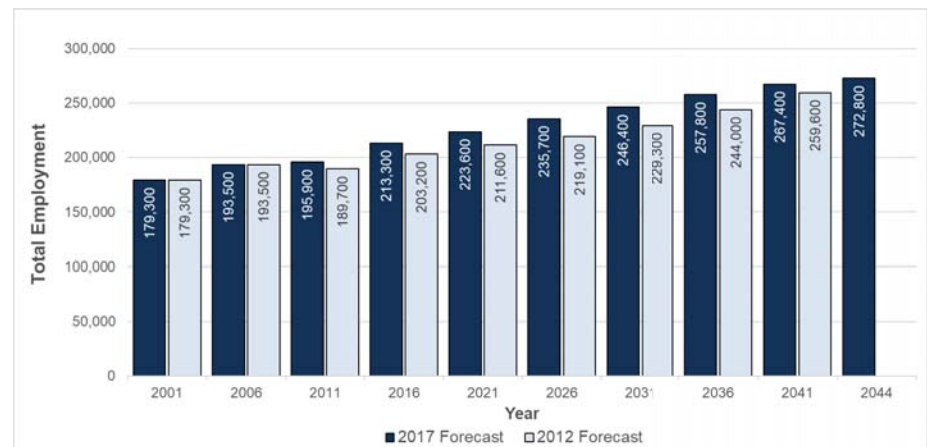
City of London Forecast Housing Growth by Structure Type, 2016 to 2044



Source: Watson & Associates Economists Ltd.



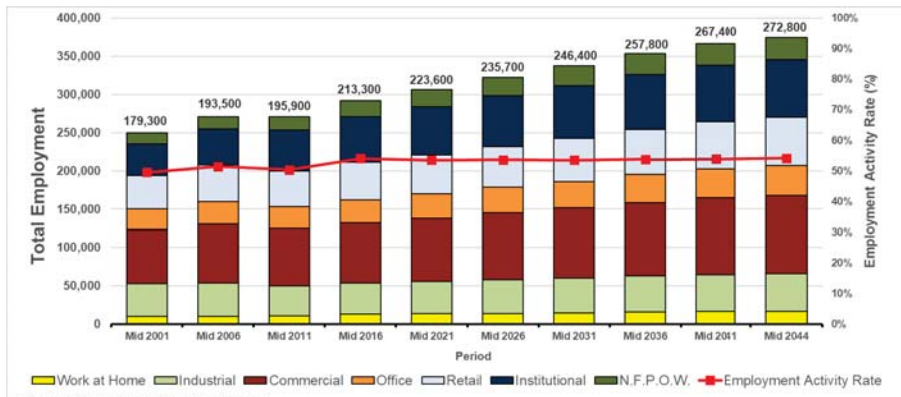
City of London Employment Forecast Comparison, 2011 to 2044



Notes: 2017 Forecast is Reference Employment Growth Scenario. No Fixed Place of Work employment is included in figure. Source: 2017 Forecast is a forecast by Watson & Associates Economists Ltd. 2012 Forecast is derived from the City of London, Employment, Population, Housing and Non-Residential Projections prepared by Altus Group, June 2012.



City of London Employment Forecast by Major Sector, 2011 to 2044



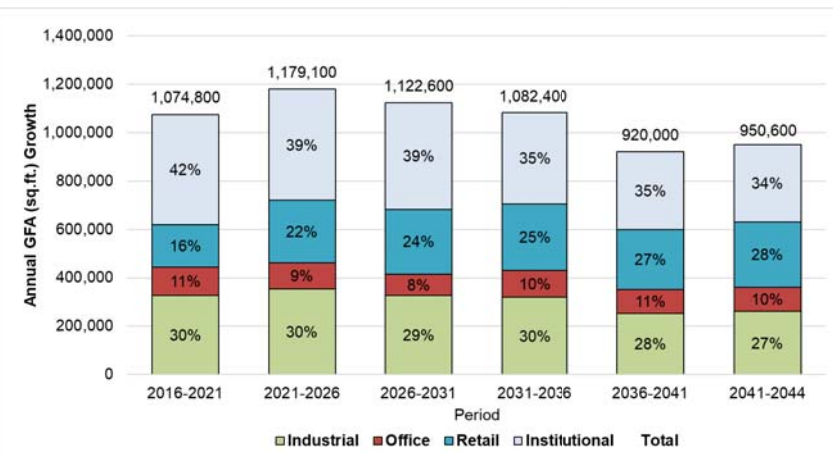
Note: Reference Employment Growth Scenario.
Source: Statistics Canada, 2001, 2006 and 2011 Census. 2016 to 2044 is a forecast by Watson & Associates Economists Ltd.

Employment Sector	2011	2021	2031	2041	2044
Work at Home	5%	6%	6%	6%	6%
Industrial	20%	19%	19%	18%	18%
Commercial/ Population Related	38%	37%	37%	37%	37%
Institutional	27%	28%	28%	28%	28%
No Fixed Place of Work	9%	10%	10%	10%	11%

Source: Watson & Associates Economists Ltd.



City of London, Non-Residential GFA Forecast, 2011 to 2044



Note: Based on Reference Growth Scenario.
Source: Watson & Associates Economists Ltd.

