

Region of Waterloo
Planning, Development and Legislative Services
Community Planning

To: Chair Galloway and Members of the Planning and Works Committee

Meeting Date: August 11, 2022

Report Title: Adoption of Proposed Amendment to the Regional Official Plan – Implementation of the Results of the Municipal Comprehensive Review under the Growth Plan for the Greater Golden Horseshoe

1. Recommendation:

That the Regional Municipality of Waterloo take the following actions with respect to the proposed recommended amendment to the Regional Official Plan (ROP) as outlined in Report PDL-CPL-22-24, dated August 11, 2022:

- a) That a Regional Intensification Corridor be included in the proposed ROP amendment along Ottawa Street, as reflected in the schedules and policies of the proposed ROP amendment outlined in Attachment A;
- b) Enact a By-law to repeal Chapters 1 and 2, and Section 3.A of the existing ROP, and adopt the proposed new Chapters 1 and 2, and Section 3.A as set out in the proposed ROP amendment in Attachment A;
- c) Direct staff to issue a Notice of Adoption for the proposed ROP amendment in accordance with the provisions of the Planning Act;
- d) Direct staff to forward the proposed ROP amendment and all required supporting documents to the Ministry of Municipal Affairs and Housing for approval, and forward this report to the local area municipalities for information; and
- e) Direct staff to work with the Ministry to approve the proposed ROP amendment, including incorporating any modifications to the amendment deemed necessary by the Ministry, and report back to Council as required.

2. Purpose / Issue:

This report seeks Council's adoption of a proposed amendment to the Regional Official Plan (ROP). The proposed amendment set out in Attachment A would establish the

broad planning framework for accommodating Waterloo Region's forecasted population and employment growth to 2051, in conformity with the Growth Plan for the Greater Golden Horseshoe. Highlights of the amendment and the results of the community engagement process are outlined below.

3. Strategic Plan:

The proposed ROP amendment will guide where and how Waterloo Region and its local area municipalities will grow and change to 2051. It directly relates to all Strategic Focus Areas, particularly: Thriving Economy; Sustainable Transportation; Environment and Climate Action; Healthy, Safe and Inclusive Communities; and Responsive and Engaging Public Service.

4. Report Highlights:

- The ROP is the primary planning document for guiding where and how Waterloo Region will grow and develop over the next 30 years, in keeping with the vision for an equitable, thriving and sustainable community.
- Under the Growth Plan for the Greater Golden Horseshoe, 2019 (Growth Plan), the Region must update the ROP to plan for and accommodate a forecasted population of 923,000 people and 470,000 jobs by 2051. The proposed amendment would fulfill this requirement in a manner that supports the Region's community-building objectives, benefits each of the local area municipalities, and helps achieve a high quality of life for all residents.
- Approval of the amendment would strengthen and modernize the policies of the ROP in several key areas, including climate action, equity and inclusion, growth management, affordable and "missing middle" housing, and planning for Major Transit Station Areas and local economic development. Attachment B summarizes the key policy innovations advanced through the proposed amendment.
- Based on the results of the Land Needs Assessment and the associated recommended approach to growth, endorsed in principle by Council on June 29, 2022, the Region requires 150 hectares for community area growth and 456 hectares for employment area growth to accommodate its forecasted growth to 2051. The proposed amendment would address this land need through a series of strategically located urban area expansions in the City of Cambridge and each of the four Townships. The recommended Urban Area and Township Urban Area expansion areas are shown in Attachment C. The expansion areas support several community-building objectives, comply with Provincial policies, and represent the most feasible and appropriate locations to accommodate future growth.
- The proposed amendment reflects the results of an extensive community engagement process beginning in 2019. The majority of community and stakeholder

input consistently demonstrates strong support for the overall vision and policy direction of the proposed amendment, particularly with regard to tackling climate change, building “15-minute neighbourhoods,” protecting the environment and agricultural land, and supporting the development of affordable and “missing middle” housing. Attachment D summarizes the results of the engagement process and outlines staff’s responses to the submissions received.

- The engagement process included continuous discussions with Six Nations of the Grand River and the Mississaugas of the Credit First Nations. Staff also engaged with the Métis Nation of Ontario through the Grand River Metis Council. These conversations are reflected in the proposed amendment through new language in the ROP that respects Indigenous values and history, and recognizes the importance of reconciliation and building relationships with Indigenous people. Attachment E includes a letter of support from the Six Nations of the Grand River First Nation regarding the proposed amendment.
- The proposed ROP amendment includes revisions in response to feedback received from the community since the release of the draft amendment on June 24, 2022. This includes feedback from the public information sessions held in early July, the statutory public open house on July 19, and the statutory public meeting on July 27. Most of the revisions are editorial nature to improve clarity and policy implementation. The more substantive policy changes are listed in the background section below, and further described in Attachment F.
- The proposed amendment conforms with, or does not conflict with the Growth Plan, or the Greenbelt Plan, has regard for matters of Provincial interest under the Planning Act, and is consistent with the Provincial Policy Statement. Attachment G outlines the policy requirements of these Provincial Plans, and describes how the proposed amendment aligns with them.
- If adopted by Council, the proposed ROP amendment will be forwarded to the Ministry of Municipal Affairs and Housing for review and final approval.

5. Background:

The ROP establishes the long-term framework for where and how Waterloo Region will grow and develop in the future. Since 1976, it has guided strategic decisions on several major policy innovations, including the development of the ION light rail transit system, the protection of agricultural lands, groundwater resources and natural environment and the maintenance of our high quality of life for all residents. The proposed ROP amendment outlined in this report builds on the Region’s strong history of leadership and policy innovation in growth management, and in protecting what is valuable – our essential groundwater resources, productive agricultural lands, significant natural areas, and important cultural heritage resources.

Under Section 26 of the Planning Act, the Region must review and update the ROP every five to ten years to align with any changes in Provincial planning policy. Since the approval of the current ROP in 2015, there have been significant updates to Provincial plans and policies, including the Provincial Policy Statement in 2020, the Growth Plan for the Golden Horseshoe in 2017, 2019 and 2020, and many other legislative changes.

In response to these changes, in August 2018, the Region commenced a project to review and update the ROP as outlined in Report PDL-CPL-18-33. Given the magnitude of the changes to Ontario's planning framework introduced by the Provincial government in 2019 and 2020, the Region decided to divide the project into two phases. This approach would enable the Region to complete the bulk of the project as close as possible to the Province's July 1, 2022 conformity deadline.

The first phase, which is the subject of this report, involved a municipal comprehensive review (MCR) of the ROP to plan for and accommodate Waterloo Region's forecasted growth to 2051 in conformity with Schedule 3 of the Growth Plan. Key components of the MCR process included:

- a detailed review of the Region's population and employment forecasts to 2051;
- a comprehensive Land Needs Assessment prepared in accordance with the methodology prescribed by the Province; and
- an extensive public engagement process to obtain feedback from local residents, the area municipalities, Indigenous peoples, and other key stakeholders.

On June 29, 2022, Council endorsed in principle the results of the Land Needs Assessment and associated recommended approach to growth, and directed staff to apply these results as key inputs into finalizing the proposed ROP amendment (see Report PDL-CPL-22-20). In a companion report (see Report PDL-CPL-22-21), Council also directed staff to obtain feedback from the community on the proposed ROP amendment, and schedule a statutory Open House and Public Meeting on July 19 and 27, 2022.

Statutory Open House and Public Meeting

There was good participant turnout at the statutory Open House and Public Meeting held on July 19 and July 27, 2022. Most participants expressed their broad support for the proposed ROP amendment, including the size and location of the recommended expansions areas. Some representatives of the development industry continued to express their concerns with the Region's Land Need Assessment, arguing that it underestimates the total amount of housing required, and that its forecasted housing mix cannot be achieved. Staff disagree with these comments and continue to support the expertise and professional opinions of the project consulting team. The Land Needs Assessment correctly follows the prescribed steps in the Provincial methodology, is

based on accurate and defensible data inputs, and appropriately estimates the region's future land and housing requirements to 2051.

In addition to the above statutory meetings, the Region hosted three additional virtual and in-person public information sessions on July 6, 13, and 14, 2022. These additional sessions, provided further opportunities for members of the community to connect with staff, ask questions about the proposed amendment, and provide input into the process. A summary of the feedback received from the statutory and supplementary public meetings, and staff's response to the comments received is outlined in Attachment D.

Recommended Key Policy Changes to Original Draft ROP Amendment

The proposed amendment responds to the feedback received from the community since the release of the original draft amendment on June 24, 2022. Attachment F provides a more detailed description of the recommended key policy changes between the original draft and proposed ROP amendment. Highlights of the key policy changes include:

- Incorporating a minor expansion to the boundary of the Borden MTSA in the City of Kitchener. This change would recognize the development potential of certain lands within the "candidate flood fringe area" identified by the City of Kitchener;
- Identifying the specific location of 10 hectares of new expansion areas in the City of Cambridge to accommodate the City's forecasted community area growth to 2051. The original draft ROP amendment recognized the need and justification for this expansion, but did not specify the location of the expansion areas;
- Identifying the specific location of 17 hectares new expansion areas in the Village of Wellesley to accommodate the Township of Wellesley's forecasted community area growth to 2051. The original draft amendment recognized the need and justification for this expansion, but did not specify the location of the expansion areas. This change, which would include a corresponding minor rationalization of the Countryside Line, would support development on lands more efficiently and cost-effectively compared to the lands removed from the Countryside Line;
- Including a new Policy 2.C.1.3 to require the Region and the Township of North Dumfries to give "priority consideration" to expanding the boundaries of the Village of Ayr to include certain lands, if additional urban lands are determined to be necessary in North Dumfries, as part of the next municipal comprehensive review of the ROP;
- Refining the originally proposed "missing middle" housing policies to incorporate detailed feedback from the area municipalities on how to support "missing middle" housing. Staff will continue to work with area municipal staff on achieving the "missing middle". More detailed implementation guidance for missing middle policies, which could include guidelines or more detailed implementation policy

framework may be developed;

- Adding a new Policy 2.J.8 to permit residential infilling on partial services, or individual water and wastewater services in the Urban Area and Township Urban Areas, subject to certain conditions;
- Adding a new Policy 2.J.7 applicable to the lands located 41 Ira Needles Boulevard in the City of Waterloo. This change would recognize certain existing planning permissions in City of Waterloo Official Plan, notwithstanding the land's employment area designation in the ROP.
- Revising Map 3 (Employment Areas) to remove the lands located at 200 Holiday Inn Drive in the City of Cambridge from the Employment Area designation. This change would provide for the conversion of the lands to non-employment uses in accordance with the City's Official Plan;
- Adding new policy language in Chapter 1 and Chapter 2 to better consider the wellbeing and belonging of children and youth in community planning;
- Refining Policies 2.J.4 and 2.J.5 to delete reference to "Amendment No. 38" to the Township of Woolwich Official Plan. This change would clarify the range of permitted uses on two parcels of lands in the Stockyards area, notwithstanding the two parcels' employment area designation in the ROP;
- Adding a new Policy 2.J.9 to ensure that the recommended expansion areas shown in Attachment C comply with the Province's minimum distance separation formulae related to livestock operations. The application of the MDS formulae is not anticipated to have a significant impact on the new expansion areas;
- Incorporating other minor revisions to policies, glossary of terms, and mapping throughout the draft ROP amendment to correct typographical errors, improve clarity, and support policy implementation.

Background Research and Technical Studies

The proposed ROP amendment is supported by a significant amount of background research and technical studies, including:

- Regional Recharge Area Delineation Study (October 2019);
- Upper Cedar Creek Scoped Subwatershed Study (October 2019);
- Hydrogeological Assessment Strasburg Well Field (November 2019);
- Technical Approach to the Delineation of the Regional Recharge Area in the Regional Official Plan (November 2019);

- Long-Term Population and Housing Growth Analysis, 2051 (December 2020);
- Policy Direction Paper on Climate Change (January 2021);
- Employment Strategy Technical Brief (July 2021);
- Intensification Strategy Technical Brief (August 2021);
- Draft Land Needs Assessment Report (April 2022) and Addendum (June 2022)
- Impact of Land-Use Scenarios on GHG Emissions (June 2022);
- Growth Option Infrastructure Review and Class D Cost Estimates (June 2022);
- Growth Evaluation Technical Brief (June 2022);
- Financial Analysis of the growth options and recommended approach to growth (June 2022); and
- Settlement Area Boundary Expansion Technical Brief (July 2022).

Each of these studies were made available for public review through the project's Engage WR website. In addition, an addendum to the Settlement Area Boundary Expansion technical brief was completed to assess the newly identified expansion areas for the Township of Wellesley and the City of Cambridge described in this report. A copy of the addendum is contained in Attachment H.

Conclusions

- The proposed ROP amendment represents the culmination of three and half years of technical work, policy research, and significant engagement with the community, including local residents, the area municipalities, Indigenous peoples, and other key stakeholders. All feedback has been carefully considered prior to preparing the final draft of the proposed ROP.
- Approval of the amendment would build on Waterloo Region's history of leadership in regional planning. It would enhance the Region's existing growth management framework, provide strong strategic direction on where and how to grow over the next 30 years, and help achieve the vision for an equitable, thriving and sustainable community. It would also introduce new policy measures to address climate change, support local area municipal community-building objectives, and continue to make Waterloo Region a unique and attractive place to live and work.
- The minimum intensification and density targets set out in the proposed amendment are among the highest of all the municipalities in the Greater Golden Horseshoe. These targets are realistic and achievable, and provide for a full range and mix of housing to accommodate the region's diverse housing needs.

- The proposed amendment would continue to support the Region's investments in transit, including the planned Stage 2 ION in the City of Cambridge, by directing significant growth to Urban Growth Centres, Major Transit Station Areas, Regional Intensification Corridors and other strategic growth areas. Aligning growth and transit would support a more compact, transit-supportive built form, improve connectivity across the region, reduce automobile dependency, and help the region achieve transformational climate action and the clean energy transition.
- Implementation of the proposed amendment would enable the area municipalities to plan for their respective local population and employment growth allocations, density targets, inclusionary zoning in Major Transit Station Areas, and other policy areas implemented at the local level.
- The recommended urban expansion areas are tailored to each area municipality, support several community-building objectives, implement Provincial policies, and represent the most feasible and appropriate locations to accommodate future growth.
- The proposed amendment conforms with, or does not conflict with the Growth Plan, or the Greenbelt Plan, has regard for matters of Provincial interest under the Planning Act, and is consistent with the Provincial Policy Statement. It also complies with all other applicable statutory requirements under the Planning Act, including holding a statutory Open House and Public Meeting.
- This amendment allocates population and employment growth within the Region to 2051. There will be several opportunities before 2051 to complete subsequent municipal comprehensive review exercises, which will present an opportunity to review assumptions, market trends and economic conditions over the next 30 years.
- If adopted, the proposed amendment would reflect a major milestone achievement for Regional Council, and set the stage for the second phase of the ROP update beginning this fall.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Area Municipality Communication:

Engagement and collaboration with the area municipalities has been frequent and continuous throughout the process. Over the past three and half years, staff have held multiple conversations with each of the seven area municipalities, and attended meetings of most area municipal Councils. The proposed ROP amendment incorporates the feedback from the area municipalities to align with their respective local priorities and community-building objectives. Each of the area municipalities expressed their overall support the proposed ROP amendment.

Public/Stakeholder Engagement:

The proposed amendment reflects and responds to a significant level of feedback from the community, including local residents, area municipalities, and other stakeholders. Staff reached out to several thousand residents and received several hundred emails, phone calls and written submissions reflecting a wide range of comments. The project's Engage WR website received nearly 30,000 page visits and about 800 responses to several online surveys. Staff also hosted several interactive virtual and in-person public information meetings and webinars, and individual meetings. This extensive level of engagement was achieved while overcoming the challenges of COVID-19.

The engagement process also benefitted from several meaningful conversations with local Indigenous peoples. This dialogue fostered relationship building and the ongoing work of reconciliation. It also helped shape the proposed amendment through new language in the ROP that respects Indigenous values and history, protects the natural environment, and recognizes the cultural significance of the Grand River.

Staff received additional public feedback over the past four weeks, including from the statutory public open house and public meeting, which has resulted in some further recommended changes to the proposed ROP amendment. Attachment F contains a summary of the changes between the first draft of the amendment (released June 29, 2022) and the proposed amendment outlined in this report.

Staff would like to acknowledge the thoughtful and constructive input we received from a diverse range of community stakeholders throughout the process. Stakeholders volunteered hundreds of hours of their time reviewing draft reports and policies, attending meetings, and sharing their opinions throughout the process. We are particularly grateful for the input received from Six Nations of the Grand River and the Mississaugas of the Credit First Nations. We also appreciate the extensive feedback and recommendations from each area municipality, the Grand River Conservation Authority staff, and the individual committees set up for the ROP Review, including the Steering Committee, the Stakeholder Committee, the Area Municipal Working Group, and the project's Technical Advisory Committee.

7. Financial Implications:

The following table outlines the estimated financial implications of servicing all the urban expansion areas outlined in the proposed ROP Amendment. These figures are based on the estimated Class D costs to provide the necessary water supply, wastewater treatment, and public transit services to support growth. The table includes a summary of incremental capital costs for water supply, wastewater treatment and public transit; an estimate of potential capital cost recovery from future development charges, property taxes and user rates; and a high-level future operating cost estimate.

Summary of Financial Impacts to Service Urban Expansion Areas

	Total Costs
Incremental Capital Costs (\$2021, in millions)	\$684.9m
Growth-related % *	62%
Non-Growth-related % **	38%
Cost per capita	\$2,225
Cost per capita range	
- Cities	\$1,911 - \$2,163
- Townships	\$1,333 - \$8,684

Notes:

- * Growth-related costs are potentially recoverable from future Regional development charges
- ** Non-growth-related costs would be funded by either from property taxes, or user rates

Townships that are part of integrated urban water system and that do not have a mature transit system will have the lowest per capita cost of growth. Significant investments in the transit system will be required to support growth in the urban areas, resulting in a higher cost per capita. Townships that are on standalone water and wastewater systems that are nearing capacity will have a much higher cost per capita.

The above figures are a very high-level estimate of incremental costs associated with growth for certain services and do not provide a complete representation of the total costs of growth. These estimates focus on the incremental costs associated with water supply, wastewater treatment and public transit. As such, the figures do not include costs associated with Stage 2 ION into the City of Cambridge, or other Regional services such as policing, ambulance services, the Regional airport, or roads expansion. With respect to roads expansion, the current Transportation Master Plan (TMP) contemplates projects required for growth across the regional road network to 2041 and based on further analysis of the TMP to extend the planning horizon to 2051, incremental costs to service growth would be in the range of \$1.22B (in \$2021). The cost analysis in the above table also excludes local water distribution and wastewater collection costs, which will largely be incurred by the local area municipalities (but also by the Region in the Townships of Wellesley and North Dumfries).

The above costs, plus the cost of growth for other Regional services noted above, would be incurred at different times over the ROP's 30-year planning horizon based on the location of growth and the need for the expansion. Staff will prepare more detailed cost estimates through updates to various master plans and business plans, including the Transportation Master Plan, the GRT Business Plan, Stage 2 ION, Wastewater Master Plan, Water Supply Master Plan, Paramedic Services master plan, and the

Airport master plan. In turn, the output of these master and business plan updates will be reflected in subsequent 10-year capital plans and future Development Charge Background Studies and rates.

8. Next Steps:

Ministry of Municipal Affairs Approval Process

Following adoption, staff will forward the proposed ROP amendment and supporting documents to the Ministry of Municipal Affairs and Housing for review and approval. Staff will also issue a Notice of Adoption to anyone who has submitted a written request to be notified of Council's decision regarding the proposed amendment.

Under the Planning Act, the Ministry will review the proposed amendment and supporting documents, and has 120 days to issue its decision. The Ministry's decision could include approving the amendment as adopted, approving the amendment with modifications, or not approving all or any parts of the amendment.

Once the Province issues a decision, there are no appeals of the amendment as a whole, and it is considered to be legally in effect. However, recent changes to the Planning Act enacted through Bill 109 authorize the Minister to refer all or part(s) of the proposed ROP amendment to Ontario Land Tribunal for a recommendation, or a decision. If the Minister decides to exercise this authority, the hearing process could delay approval of the proposed amendment and require staff resources at the hearing. The Minister also has the ability to extend the 120 day review period if more time is needed to issue a decision.

Phase 2 of ROP Review

Beginning this fall, staff will begin focusing on the second phase of the ROP review. That review will update the balance of the policies in the ROP (e.g., agriculture, natural heritage, cultural heritage resources, infrastructure, mobility and transportation, and other policy areas) to ensure alignment with the Growth Plan, the Greenbelt Plan and the Provincial Policy Statement. The results of this review will culminate in a second proposed ROP amendment targeted for 2023.

9. Attachments:

- Attachment A: Proposed ROP Amendment
- Attachment B: Key Components of the Proposed ROP Amendment
- Attachment C: Location of Recommended Urban Expansion Areas
- Attachment D: Engagement and Response Summary for the Proposed ROP Amendment

- Attachment E: Letter of Support from Six Nations of the Grand
- Attachment F: Summary of the Recommended Changes between the First and Proposed Recommended ROP Amendment
- Attachment G: Summary Table – Alignment of Proposed ROP Amendment with Provincial Policy Direction
- Attachment H: Settlement Area Boundary Expansion Addendum (August 2022)
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