

June 2020
A White Paper on:

Proposed Amendment 1 to A Place to Grow & Proposed New Land Needs Assessment Methodology



Introduction



On June 16, 2020, the Province of Ontario released Proposed Amendment 1 to A Place to Grow (A.P.T.G.): Growth Plan for the Greater Golden Horseshoe (G.G.H.), 2019, hereafter referred to as the Growth Plan. This proposed Amendment has been provided in conjunction with a proposed “new” Land Needs Assessment (L.N.A.) methodology for the G.G.H. These proposed policy changes will be finalized after the prescribed public consultation and comment period which ends July 31, 2020. Proposed Amendment 1 will update the Growth Plan, while the proposed new L.N.A. methodology will replace the current L.N.A. methodology, 2018. The effective date for Proposed Amendment 1 will be determined by the Province when it is finalized.

Provided below is an overview of the key changes to the Growth Plan and the L.N.A. methodology. This White Paper, prepared by Watson & Associates

Economists Ltd. (Watson), addresses the impacts of Proposed Amendment 1 on future population and employment growth and long-term urban land needs assessments across the G.G.H.

Technical Report: Greater Golden Horseshoe: Growth Forecast to 2051

As background to Proposed Amendment 1, a Technical Report was prepared in June 2020 by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing (M.M.A.H.).¹ The 2020 Technical Report draws on feedback provided during the winter of 2020 from two provincially sponsored stakeholder groups, including an Advisory Group and a Technical Group. The 2020 Technical Report serves as background to the review of the growth forecasts provided in Schedule 3 of the Growth Plan initiated in 2019 and includes updated population and employment forecasts for all upper-tier and single-tier municipalities to the year 2051, including Low, Reference and High Growth Scenarios.²

¹ Technical Report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing. Greater Golden Horseshoe: Growth Forecast to 2051. June 16, 2020. Hemson Consulting Ltd. This report represents an update to the 2012 Technical Report prepared by Hemson Consulting Ltd. in November 2012, as background to Proposed Amendment 2 to the Growth Plan for the Greater Golden Horseshoe, 2006. Both Technical Reports are referred to throughout this White Paper.

² Appendix B of the Technical Report includes details regarding the forecast results by upper-tier and single-tier municipality with respect to population, housing by type and employment by type.

Overview of Proposed Amendment 1 to A Place to Grow

The following key policies remain unchanged:

- **Housing Intensification and Greenfield Density Targets** – No changes have been made to the minimum housing targets identified for the Built-up Area (B.U.A.) or Designated Greenfield Area (D.G.A.) minimum density targets.
- **Growth Plan, 2019 Schedule 3 Population and Employment Forecasts** – The Minister is proposing to maintain the Schedule 3 forecasts for 2031 and 2041 with Schedule 3 of

the Growth Plan. This is to ensure continuity of the work that municipalities have undertaken to bring their Official Plans (O.P.s) into conformity with these forecasts.

Growth Plan Conformity Deadline – The date by which municipalities must conform with the proposed policies in Proposed Amendment 1 to A.P.T.G. will remain as July 1, 2022. Transition policies have not been included in Proposed Amendment 1.

The following key policies regarding the implementation of the revised Schedule 3 growth forecasts are proposed to be changed:

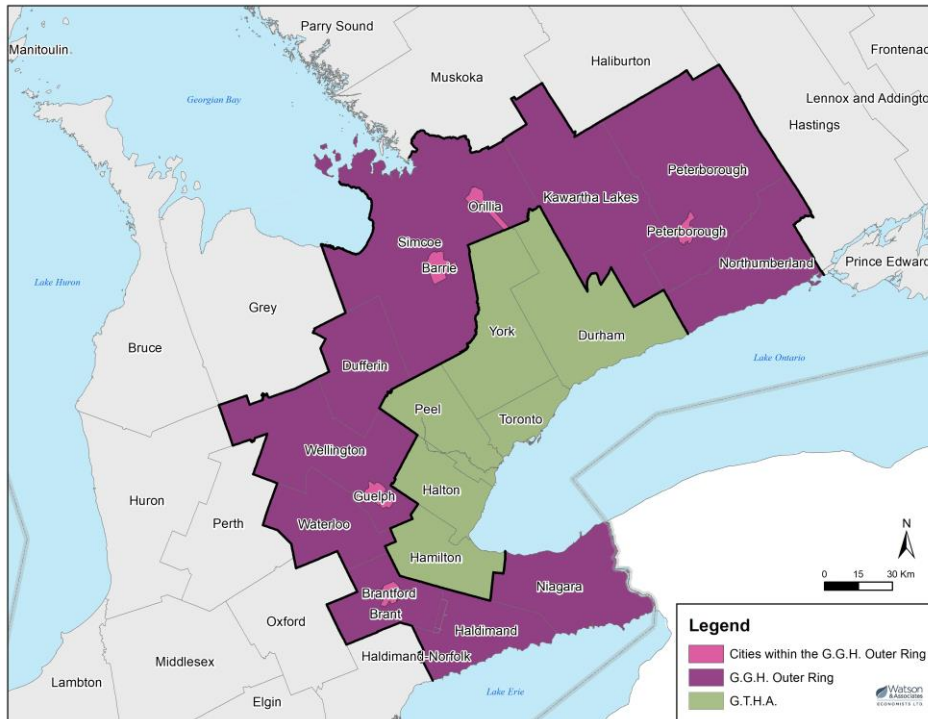
- **The Planning Horizon has been Extended to 2051** – The population and employment growth forecast horizon in Schedule 3 of the Growth Plan has now been extended to 2051. Within the G.G.H., the Growth Plan provides that the applicable time horizon for land-use planning is 2051.
- **The Forecasts in Schedule 3 of the Growth Plan are to be Treated as Minimums** – Lower forecasts for population, dwellings by type or employment are not permitted. It is noted by Watson that further clarification will be required by the Province in cases where long-term growth potential is constrained by municipal water and/or wastewater servicing capacity.
- **Higher Growth Forecast Alternatives are Permitted** – G.G.H. upper-tier and single-tier municipalities may establish higher

growth forecasts through their respective Municipal Comprehensive Review (M.C.R.) exercise.

- **Simcoe Area Growth Forecasts** – Schedule 7 of the Growth Plan, which provides population and employment growth allocations by lower-tier municipality in Simcoe County for the year 2031, has been removed.



Map 1: Greater Golden Horseshoe (G.G.H.)



According to the Statistics Canada 2016 Census, the population and employment base of the G.G.H. was 9.5 million and 4.6 million, respectively.¹

By 2051, the G.G.H. population and employment base is forecast to reach 14.9 million persons and 7.0 million jobs in accordance with the Proposed Amendment 1 Reference Forecast, Schedule 3 to the Growth Plan.

Other Key Policy Changes

- **Alignment of policies with the Provincial Policy Statement (P.P.S.), 2020** – Notable changes which will impact long-term land needs assessments across the G.G.H. include:
 - Municipalities must, at all times, have enough land with servicing capacity to provide at least a three-year supply of residential units available through lands suitably zoned in lower-tier municipalities.
 - Municipalities shall also plan to maintain the ability to accommodate residential growth for a minimum of 15 years.
- **Major Transit Station Areas (M.T.S.A.s) in Provincially Significant Employment Zones (P.S.E.Z.)** – This policy amendment would allow conversions of Employment Areas identified as a P.S.E.Z. and located within an M.T.S.A., as delineated in an O.P., to occur before the next M.C.R.

¹ All population figures reported herein are upwardly adjusted by approximately 3% to account for the net Census under-coverage. The net Census under-coverage represents the net number of people who are estimated to be missed during Census enumeration.

What is a Provincially Significant Employment Zone?

Provincially Significant Employment Zones (P.S.E.Z.) Areas have been “defined by the Minister in consultation with affected municipalities for the purpose of long-term planning for job creation and economic development. P.S.E.Z. can consist of Employment Areas as well as mixed-use areas that contain a significant number of jobs.”¹

- **Provincially Significant Employment Zones (P.S.E.Z.)** – Additional work by the Province will begin shortly to examine how P.S.E.Z. can support post-COVID-19 economic recovery, support the retention and expansion of existing industrial and manufacturing operations, and how the zones can attract investment.

Proposed New Land Needs Assessment (L.N.A.) Methodology

A new outcome-based L.N.A. methodology, if approved, would replace the existing L.N.A.

methodology (2018). The new methodology retains the outline of the 2018 methodology and removes all detailed technical steps. It provides an outline of what should be considered in the L.N.A. and the ultimate outcome requirements (e.g. establishing urban land needs, addressing an intensification target, and addressing a D.G.A. density target). Key components of the proposed new L.N.A. methodology include:

- **Schedule 3 Continues to be the Baseline** – Schedule 3 is to be used by all upper-tier and single-tier G.G.H. municipalities.
- **Alternative Growth Assumptions** – Municipalities may develop alternative growth assumptions to the horizon of the Growth Plan if they demonstrate they can provide a range of housing to achieve market-based demand.
- **Dwelling Type Categorization** – Housing demand can include age-specific household formation rates, in order to forecast growth in the number of households to the Growth Plan horizon, categorized by dwelling type (i.e. ground-related versus apartments).
- **Housing Adjustments** – Household demand can be adjusted for factors such as changes in vacancy rates, market contingencies, additional housing needs for post-secondary students, temporary workers or units that will be lost over time for various reasons.
- **Housing Allocation** – Municipalities, in consultation with the public, are to allocate forecast housing demand for the housing market area using factors such as past and future market shares, planned urban structure, housing affordability and a mix of housing forms and intensification. This includes preparing an inventory of housing in the B.U.A., D.G.A. and other areas including rural settlements and rural areas outside settlement areas.
- **Employment Area Land Needs Assessment** – Municipalities are to address the following Growth Plan requirements:
 - Within settlement areas, make more efficient use of existing Employment Areas, vacant and underutilized employment lands, and increase employment densities;
 - Direct major office and appropriate institutional development to urban

¹ Growth Plan, 2019, definitions, p. 80.

growth centres, M.T.S.A.s and other strategic growth areas with existing or planned frequent transit service; and

- Prohibit or establish a size and scale threshold to prohibit any major retail exceeding this threshold in Employment Areas.

Will the Proposed New Land Needs Assessment (L.N.A.) Methodology Change the Way Long-Term Urban Land Needs Assessments are Conducted in the G.G.H.?

The proposed new L.N.A. methodology will allow for greater flexibility regarding the way in which upper-tier and single-tier municipalities conduct long-term urban land needs assessments in the G.G.H. through their respective M.C.R. processes. The proposed new L.N.A. methodology, however, still requires that all G.G.H. municipalities continue to provide outcomes related to the following:

- Population and Employment Forecasts;
- Housing Needs Analysis;
- Housing Allocations and Residential Land Supply Analysis;
- Community Area Jobs Analysis and Land Needs Assessment; and
- Employment Area Land Needs Assessment.

It is recommended by Watson that the level of detail provided through the L.N.A. process should correspond with the magnitude of growth and level of complexity regarding the growth management issues faced by each of the respective upper- and single-tier municipalities across the G.G.H.

Review of Proposed Schedule 3 Population and Employment Growth Forecasts for the Greater Golden Horseshoe (G.G.H.)

What is the Forecast Population and Employment for the G.G.H. by the Year 2051?

Figure 1 and Figure 2 summarize the 2051 population and employment growth forecast for the G.G.H. between the Greater Toronto Hamilton Area (G.T.H.A.) and the G.G.H. Outer Ring. By 2051, the G.G.H. population and the employment base are forecast to reach 14.9 million and 7 million, respectively. This represents an annual population and employment increase of 155,000 and 70,000. As identified in Figure 1, the G.T.H.A. experienced a relatively higher rate of population and employment compared to the G.G.H. Outer Ring over the 2001 to 2016 period. Between 2016 and 2051, the forecast annual population and employment growth rate for the G.G.H. Outer Ring is anticipated to increase significantly, largely driven by continued outward growth pressure from the G.T.H.A. In fact, the forecast annual rate of employment growth in the G.G.H. Outer Ring is expected to exceed that of the G.T.H.A. over the 2016 to 2051 planning horizon.

Figure 1
G.G.H. Population Growth Forecast to 2051

Area	Population			2001 to 2016		2016 to 2051	
	2001	2016	2051	Total Population Growth	Annual Population Growth	Total Population Growth	Annual Population Growth
G.T.H.A.	5,807,000	7,180,000	11,172,000	1,373,000	91,500	3,992,000	114,100
G.G.H. Outer Ring	1,971,000	2,289,000	3,703,000	318,000	21,200	1,414,000	40,400
Total	7,778,000	9,469,000	14,875,000	1,691,000	112,700	5,406,000	154,500

Source: Derived from Growth Plan for the Greater Golden Horseshoe Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd.
Figure by Watson & Associates Economists Ltd., 2020.

Note: Population includes the net Census undercount. Figures may not sum to totals due to rounding.

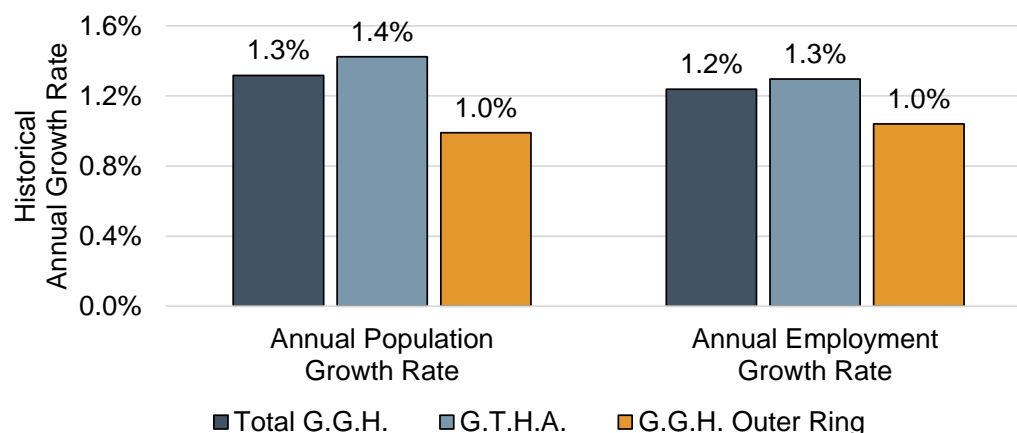
Figure 2
G.G.H. Employment Growth Forecast to 2051

Area	Employment			2001 to 2016		2016 to 2051	
	2001	2016	2051	Total Employment Growth	Annual Employment Growth	Total Employment Growth	Annual Employment Growth
G.T.H.A.	2,938,000	3,564,000	5,360,000	626,000	41,700	1,796,000	51,300
G.G.H. Outer Ring	863,000	1,008,000	1,648,000	145,000	9,700	640,000	18,300
Total	3,801,000	4,571,000	7,008,000	770,000	51,300	2,437,000	69,600

Source: Derived from Growth Plan for the Greater Golden Horseshoe Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd.
Figure by Watson & Associates Economists Ltd., 2020.

Note: Population includes the net Census undercount. Figures may not sum to totals due to rounding.

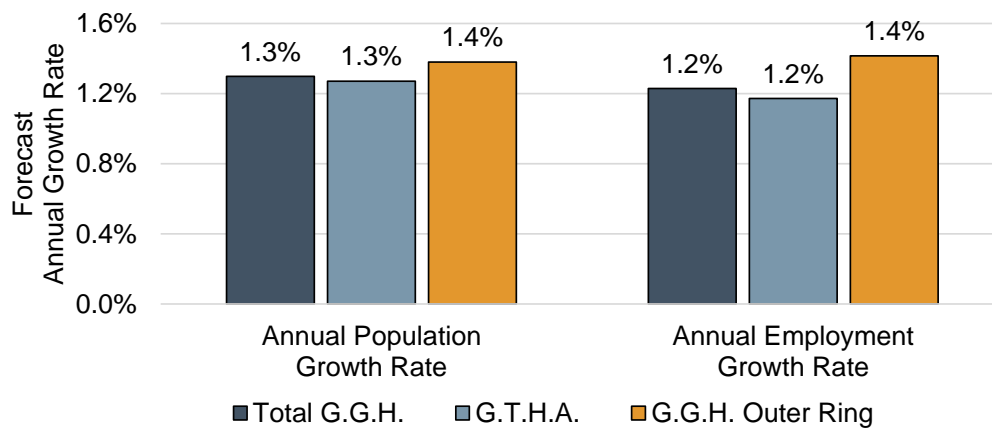
Figure 3
G.G.H. Population and Employment Annual Historical Growth Rates, 2001 to 2016



Note: Population includes the net Census undercount.

Source: Derived from Growth Plan for the Greater Golden Horseshoe Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd. Figure by Watson & Associates Economists Ltd., 2020.

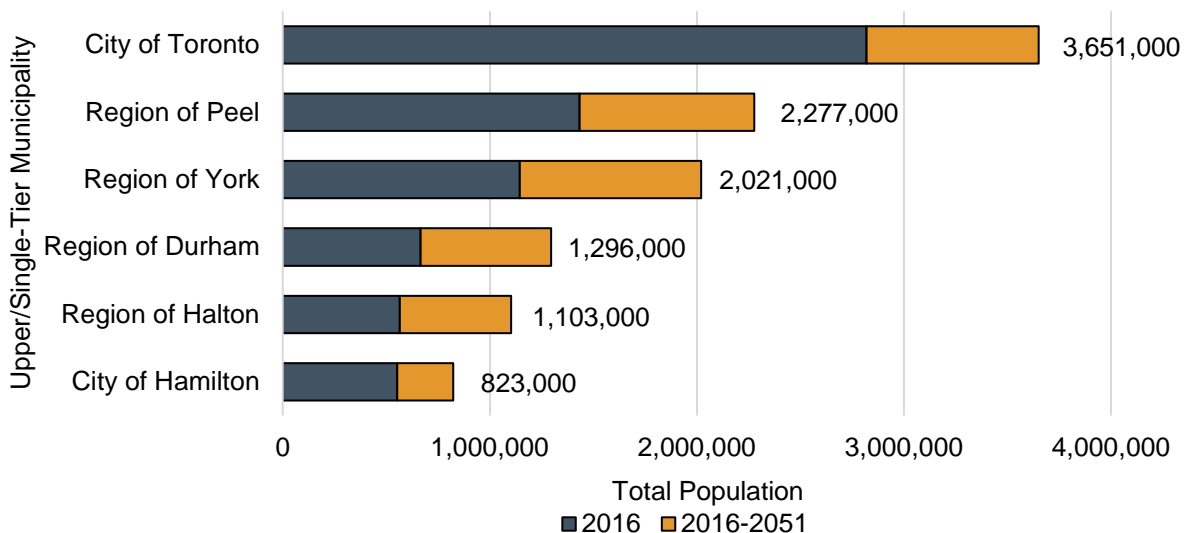
Figure 4
G.G.H. Population and Employment Forecast Growth Rates, 2016 to 2051



Source: Derived from Growth Plan for the Greater Golden Horseshoe Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd. Figure by Watson & Associates Economists Ltd., 2020.

Figures 5 through 12 summarize the 2051 population and employment forecasts as well as annual growth rates by upper-tier/single-tier municipality between 2016 and 2051 in accordance with the 2020 Technical Report, Reference Scenario.

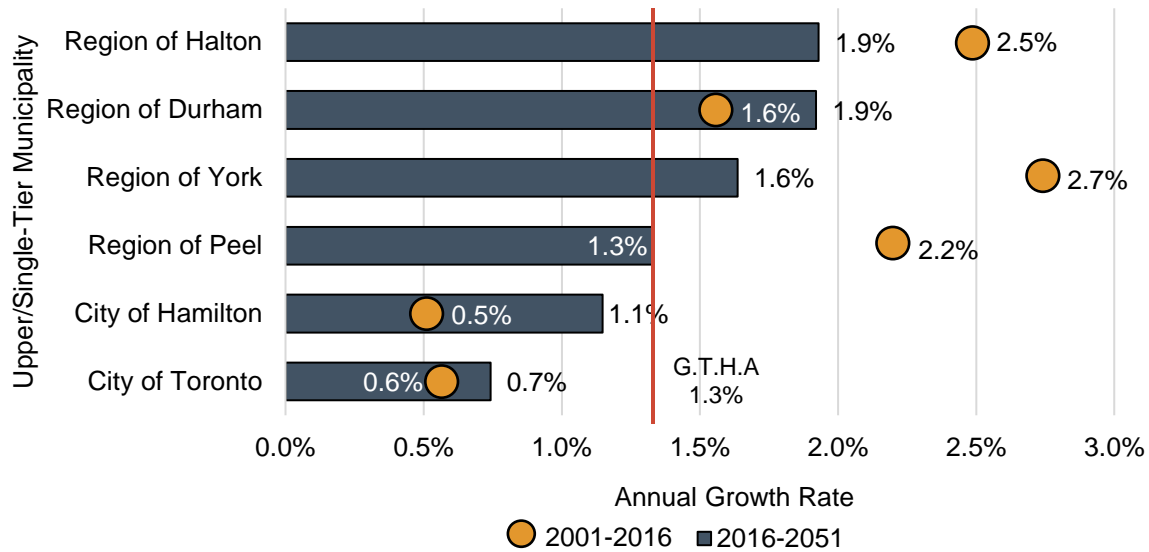
Figure 5
G.T.H.A. 2051 Population Forecast (Reference Scenario)



Note: Population includes the net Census undercount.

Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

Figure 6
G.T.H.A. Annual Population Growth Rate (Reference Scenario) 2016 to 2051

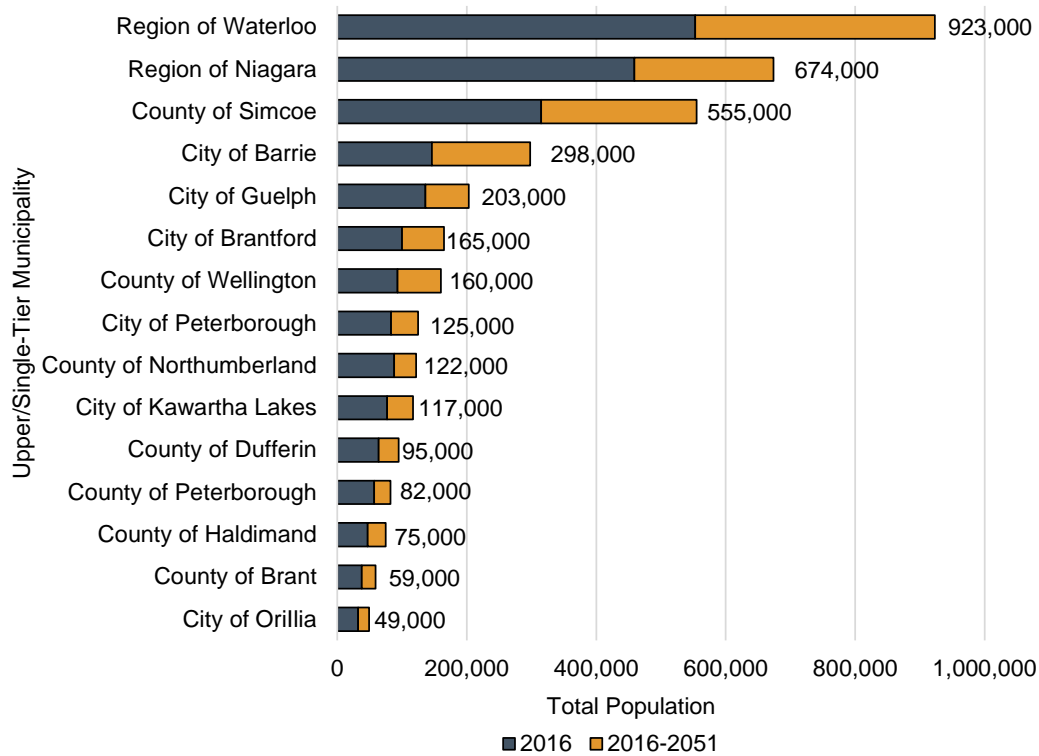


Note: Population includes the net Census undercount.

Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.



Figure 7
G.G.H Outer Ring 2051 Population Forecast (Reference Scenario)

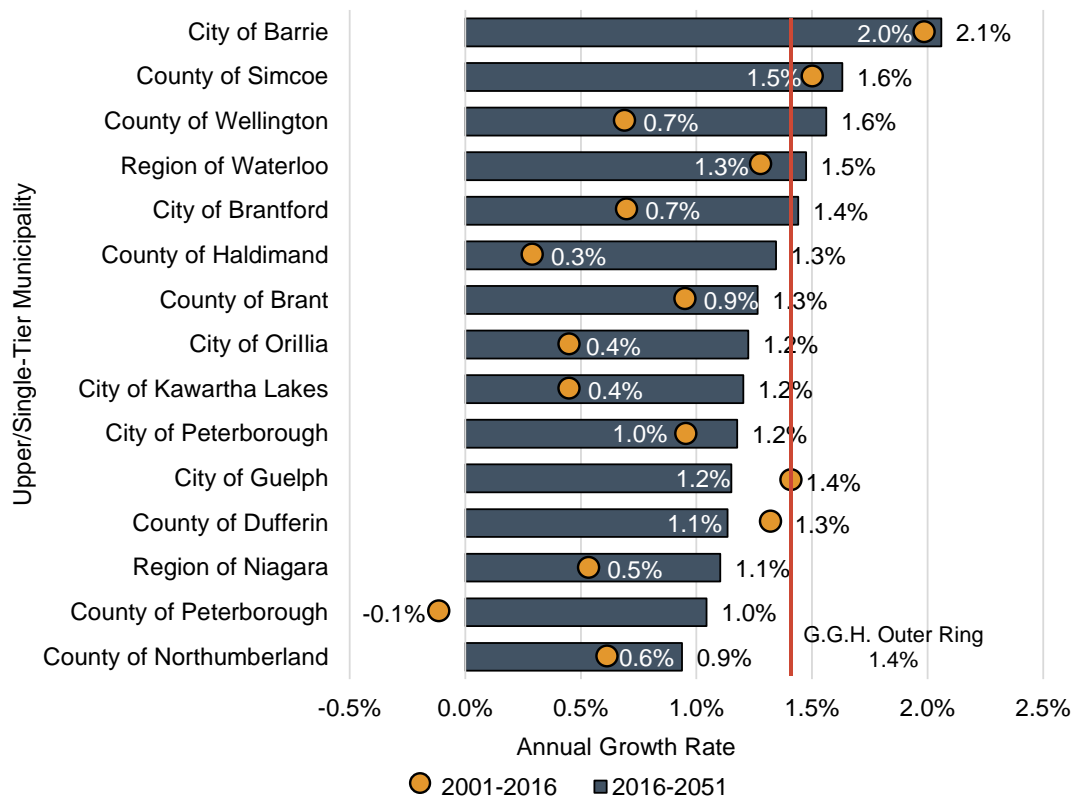


Note: Population includes the net Census undercount.

Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

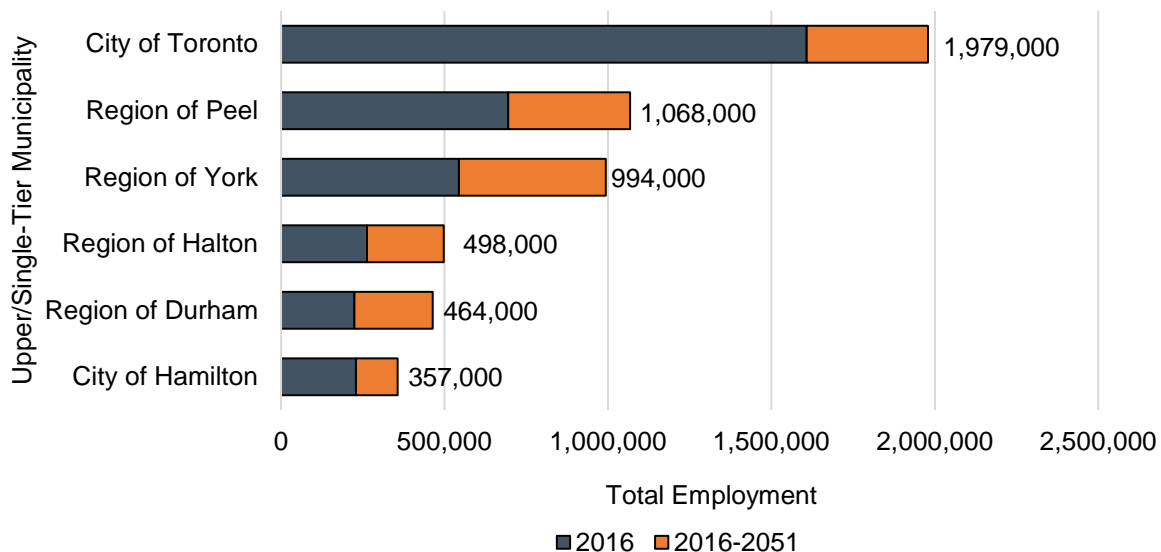


Figure 8
G.G.H. Outer Ring Annual Population Growth Rate (Reference Scenario) 2016 to 2051



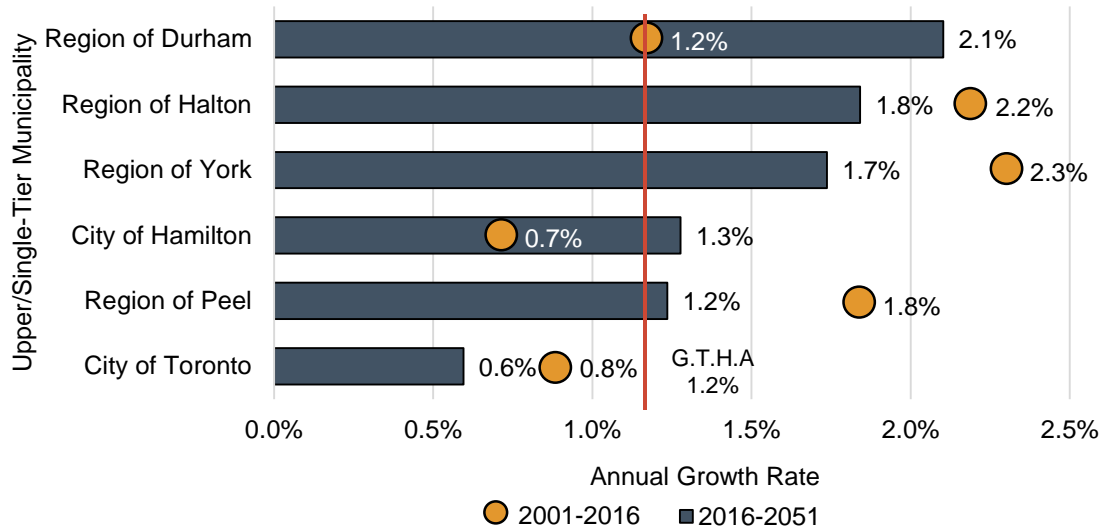
Note: Population includes the net Census undercount.
Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

Figure 9
G.T.H.A. 2051 Employment Forecast (Reference Scenario)



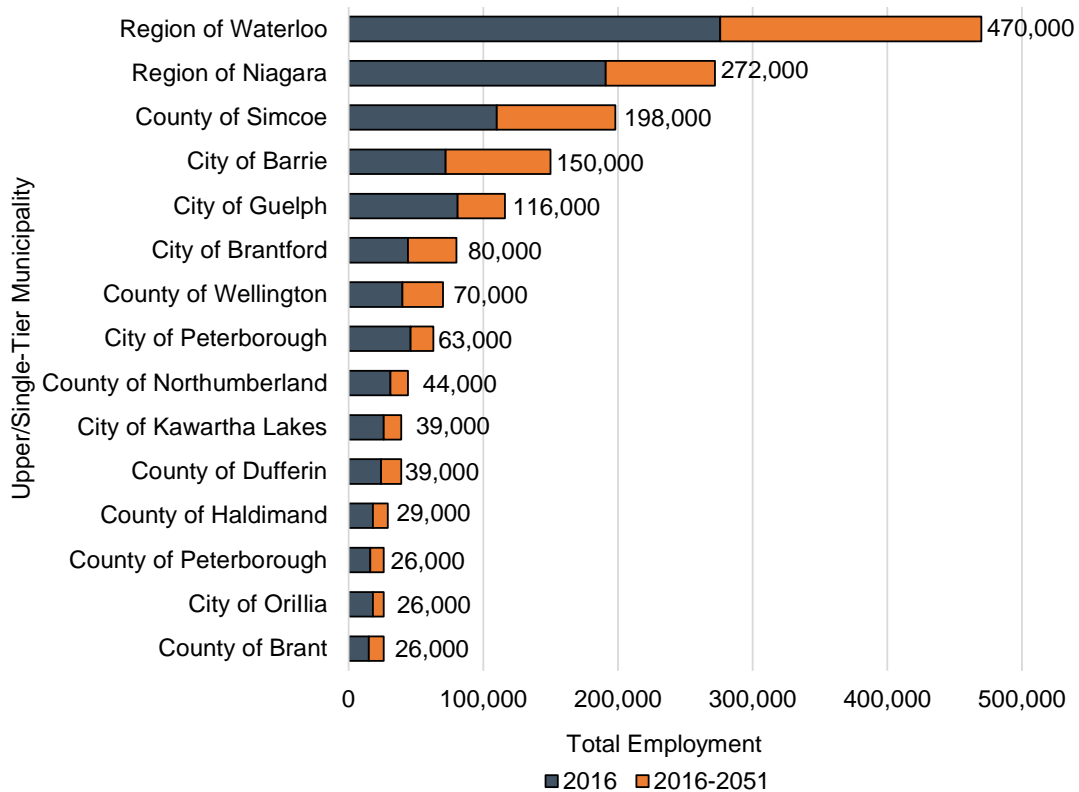
Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

Figure 10
G.T.H.A. Annual Employment Growth Rate (Reference Scenario) 2016 to 2051



Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

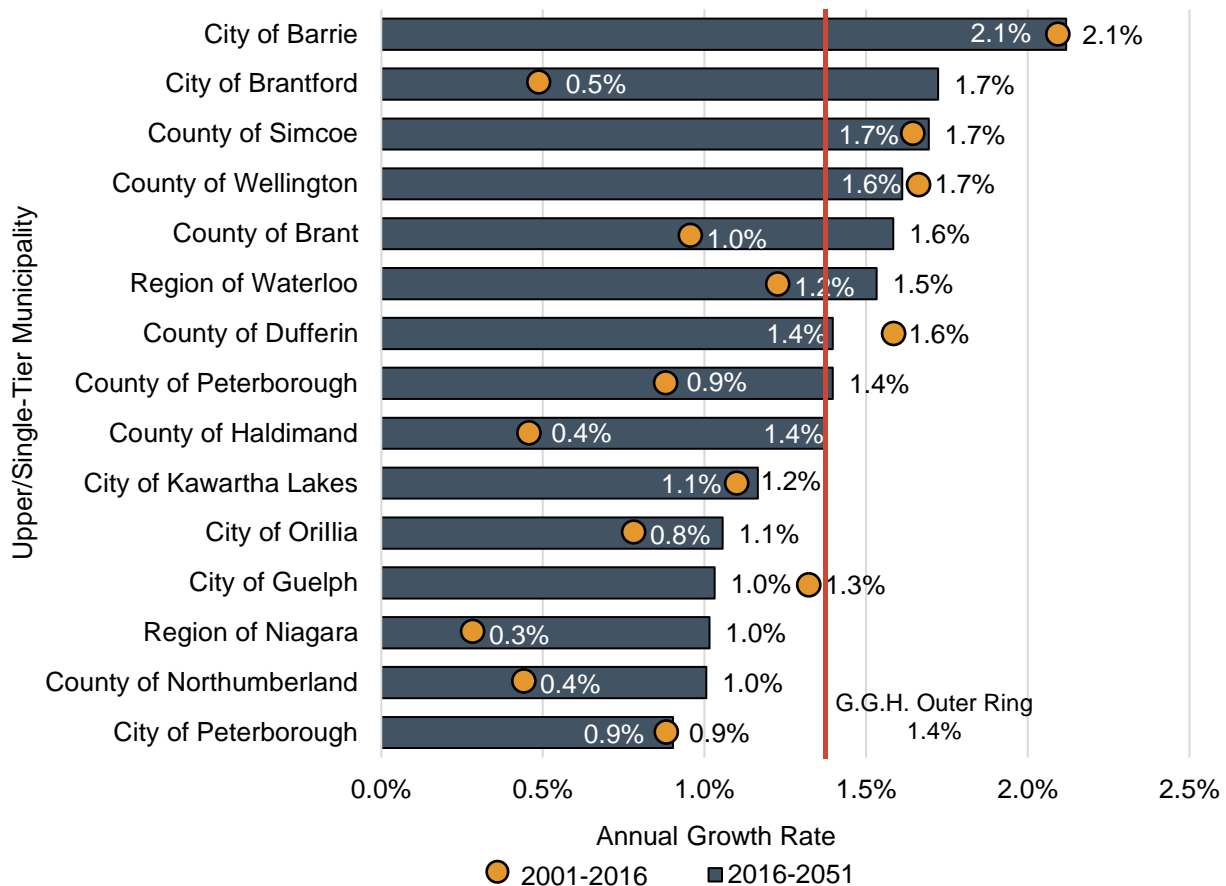
Figure 11
G.G.H. Outer Ring 2051 Employment Forecast (Reference Scenario)



Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

Figure 12

G.G.H. Outer Ring Annual Employment Growth Rate (Reference Scenario) 2016 to 2051



Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

Are the G.G.H. Reference Growth Forecasts Trending Higher or Lower than the Schedule 3 Forecasts Currently in the Growth Plan?

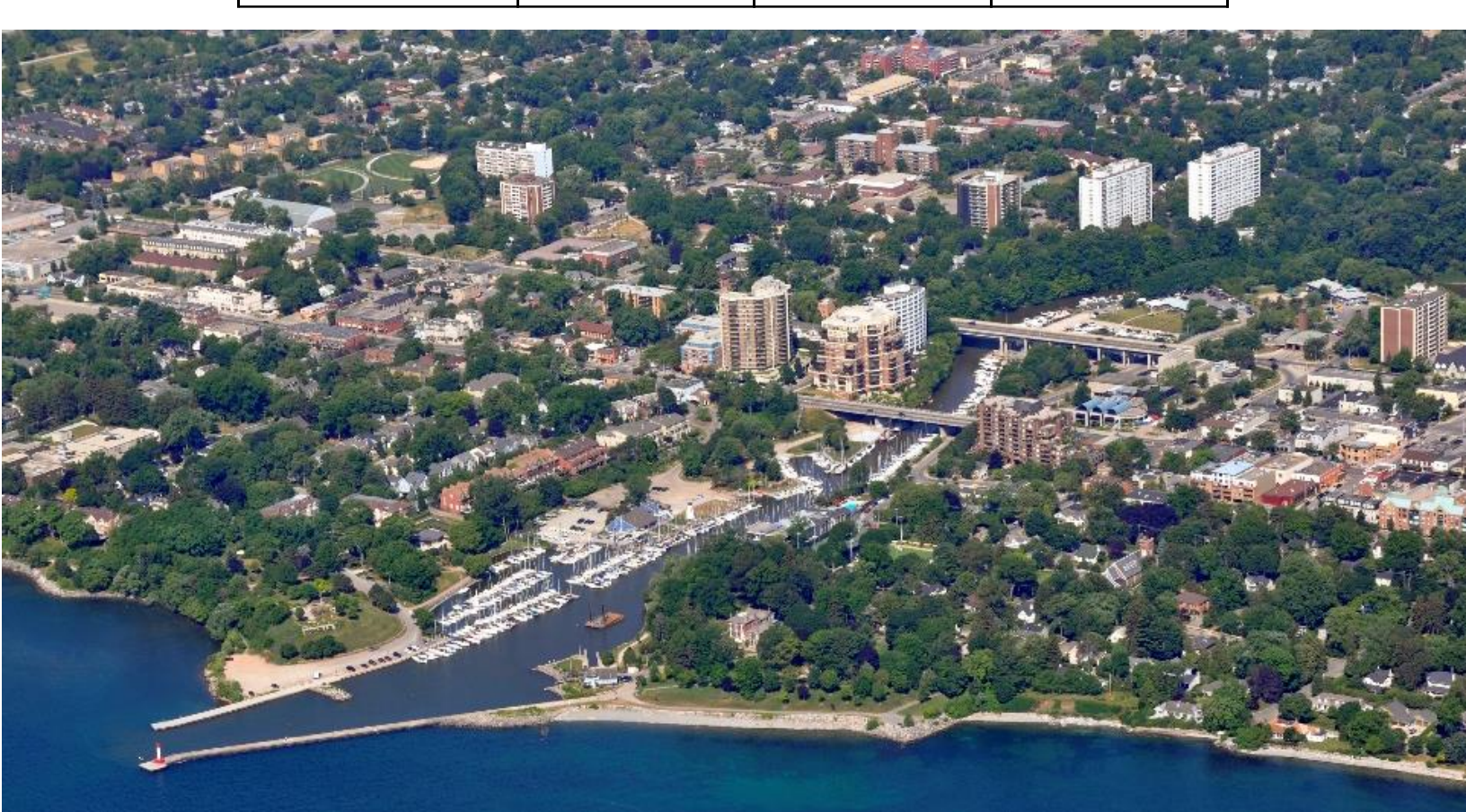
As previously stated, the 2020 Technical Report provides a range of revised G.G.H. population and employment forecast scenarios for each of the upper-tier and single-tier municipalities in 10-year increments to the year 2051. Based on the Reference population and employment Growth Scenarios prepared under the 2020 Technical Report, it is anticipated that by 2041 the G.G.H. population and employment base will be lower by 170,000 persons and 17,000 jobs in comparison to the current forecasts provided in Schedule 3 of the Growth Plan. As previously noted, it is important to recognize that Proposed Amendment 1 population and employment forecasts are to remain consistent with the Schedule 3 growth forecasts in the Growth Plan. The proposed Schedule 3 Growth Plan growth forecasts represent minimums for the purpose of Growth Plan conformity.

Figure 13
G.G.H. Population Forecast to 2041, 2020 Technical Report

Population	Total Population by 2041		
	A Place to Grow (2019)	2020 Technical Report	Difference
G.T.H.A.	10,130,000	10,003,000	-127,000
G.G.H. Outer Ring	3,350,000	3,307,000	-43,000
Total G.G.H	13,480,000	13,310,000	-170,000

Figure 14
G.G.H. Employment Forecast to 2041, 2020 Technical Report

Employment	Total Employment by 2041		
	A Place to Grow (2019)	2020 Technical Report	Difference
G.T.H.A.	4,820,000	4,805,000	-15,000
G.G.H. Outer Ring	1,450,000	1,448,000	-2,000
Total G.G.H	6,270,000	6,253,000	-17,000



Which G.G.H. Municipalities are Anticipated to Experience Higher and Lower Population and Employment by 2041?

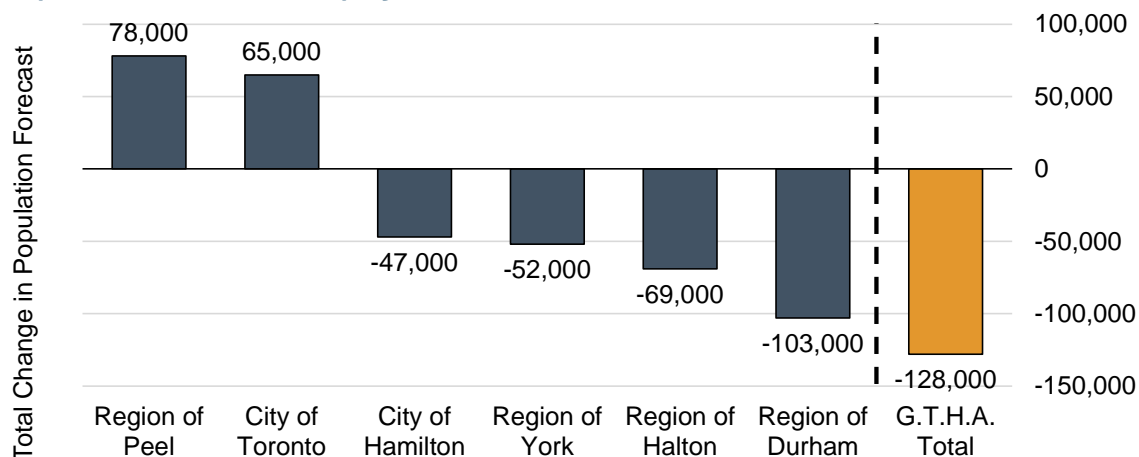
Figure 15 through Figure 18 compare the differences in the 2041 population and employment forecasts for each of the upper-tier and single-tier municipalities across the G.T.H.A. and G.G.H. Outer Ring, between Schedule 3 of the Growth Plan and the results of the 2020 Technical Report, Reference Scenario.

G.T.H.A. Population and Employment Comparison, 2041



- By 2041, a higher population is forecast for the City of Toronto and the Region of Peel, while a lower population is anticipated for the City of Hamilton, Region of York, Region of Halton, and Region of Durham.
- Significantly higher employment is forecast for the City of Toronto, while lower 2041 employment levels are anticipated for the Region of Peel, City of Hamilton, Region of York, Region of Halton, and Region of Durham.

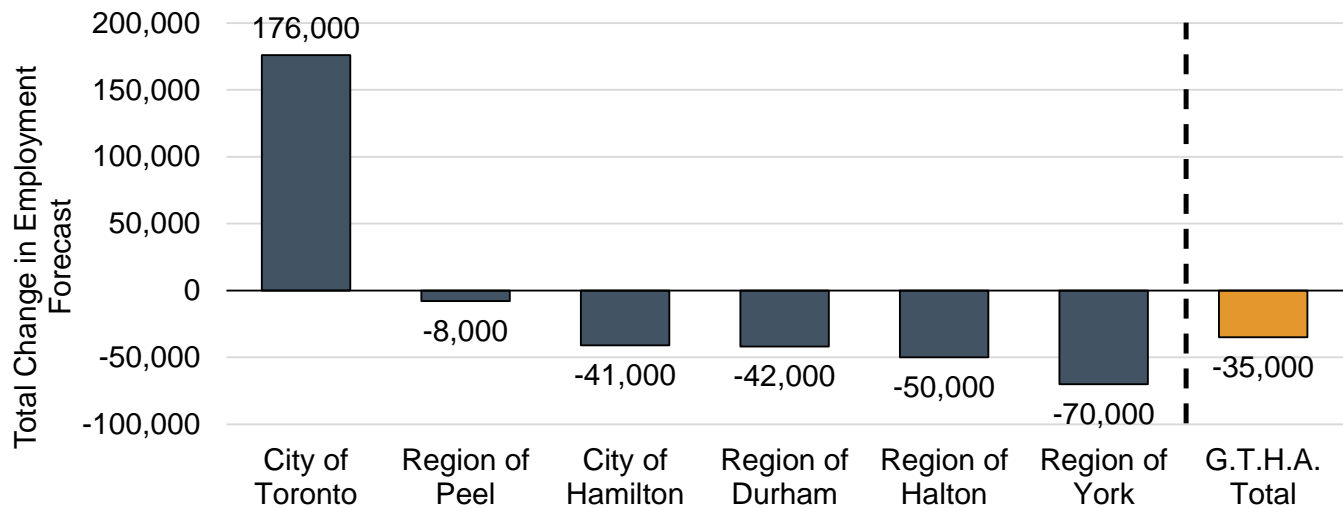
Figure 15
Comparing A Place to Grow (2019) and the 2020 Technical Report G.T.H.A. Population Forecasts (Reference Scenario) by 2041



Source: A Place to Grow (2019) and Greater Golden Horseshoe Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd. Figure by Watson & Associates Economists Ltd., 2020.

Note: Population includes the net Census undercount estimated at approximately 3% for the forecast period.

Figure 16
Comparing A Place to Grow (2019) and the 2020 Technical Report G.T.H.A. Employment Forecasts (Reference Scenario) by 2041



Source: A Place to Grow (2019) and Greater Golden Horseshoe Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd. Figure by Watson & Associates Economists Ltd., 2020.



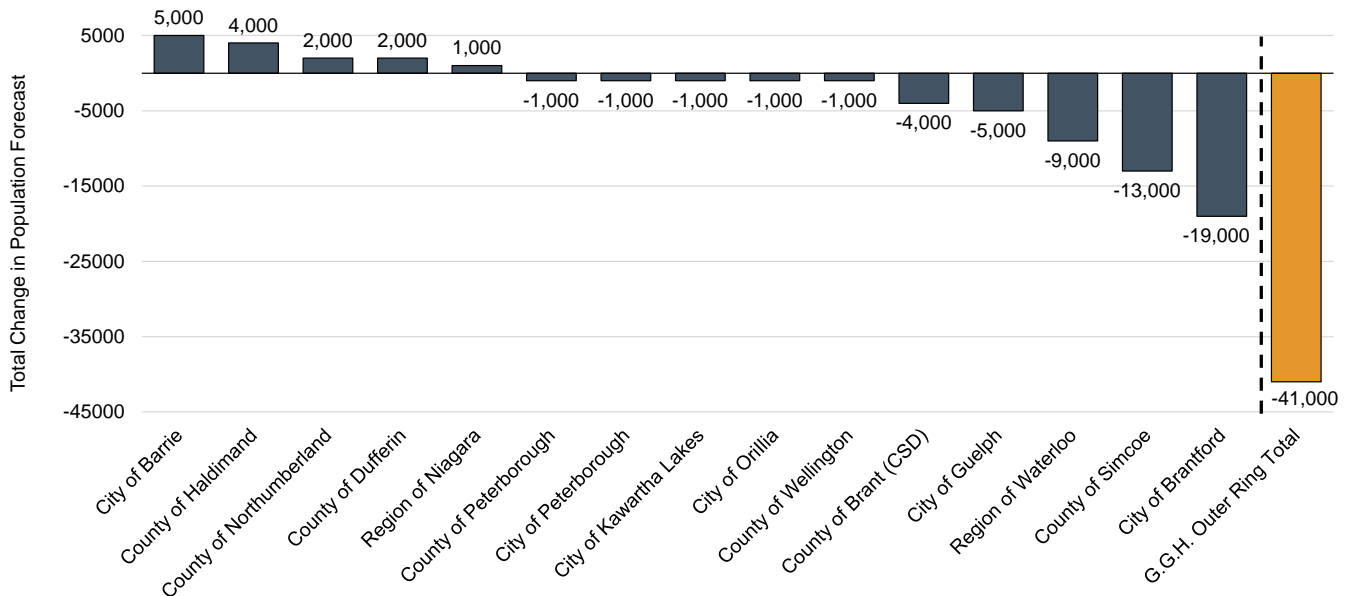
G.G.H. Outer Ring Population and Employment Comparison, 2041

- The total 2041 G.G.H. Outer Ring population forecast has been moderately reduced, largely as a result of a lower population forecast for Simcoe County, the City of Guelph, the Region of Waterloo, Brant County, and the City of Brantford.
- The total 2041 G.G.H. Outer Ring employment forecast has also been

modestly reduced, largely as a result of lower employment growth forecast for Peterborough County, Brant County, the City of Brantford, and the Region of Niagara. Conversely, considerably higher 2041 employment levels are anticipated in Simcoe County and the Region of Waterloo.

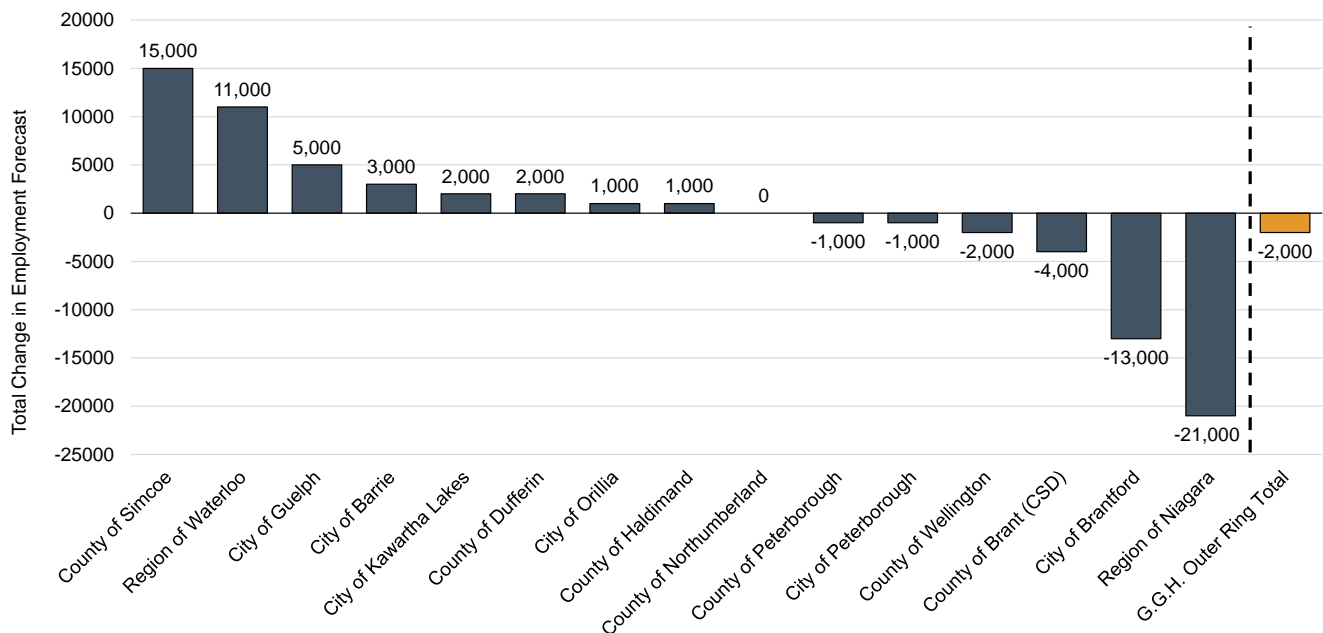


Figure 17
Comparing A Place to Grow (2019) and the 2020 Technical Report G.G.H. Population Forecasts (Reference Scenario) by 2041



Source: A Place to Grow (2019) and Greater Golden Horseshoe Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd. Figure by Watson & Associates Economists Ltd., 2020.
Note: Population includes the net Census undercount estimated at approximately 3% for the forecast period.

Figure 18
Comparing A Place to Grow (2019) and the 2020 Technical Report G.G.H. Employment Forecasts (Reference Scenario) by 2041



Source: A Place to Grow (2019) and Greater Golden Horseshoe Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd. Figure by Watson & Associates Economists Ltd., 2020.

How Many Households will be Required to Accommodate the Reference Population Forecast by 2051 Across the G.G.H.?

The 2020 Technical Report provides background data regarding forecast housing growth by type (ground-related and apartments) corresponding with the Reference Forecast to 2051. While the 2020 Technical Report forecasts a lower population by approximately 170,000 persons across the G.G.H. by 2041, this relatively lower population forecast is anticipated to require approximately 172,000 additional households when compared to the previous housing forecast prepared under the 2012 Technical Report to the 2006 Growth Plan.

In accordance with the 2020 Technical Report, the higher household forecast is anticipated to be driven by relatively stronger demand for ground-related housing across many G.G.H. upper-tier and single-tier municipalities. In contrast, relatively stronger demand for apartments is anticipated in the City of Toronto and the Region of Waterloo.

Despite stronger anticipated demand for ground-related housing in many G.G.H. municipalities, the revised Reference forecast anticipates that average housing occupancy levels or persons per unit (P.P.U.) will fall more sharply from 2016 to 2041 (refer to Figure 20). This downward P.P.U. trend is anticipated to be driven by relatively stronger housing demand from population in older age groups relative to the results of the previous 2012 Technical Report.

It is important to note that in the 2020 Technical Report apartments are defined as apartment buildings less than or equal to/greater than 5 storeys. All other housing types are categorized as ground-oriented. The 2020 Technical Report notes that it does not replicate or predict the housing mix that would be determined by each of the upper-tier/single-tier municipalities through their respective M.C.R. exercise and Growth Plan conformity exercise.

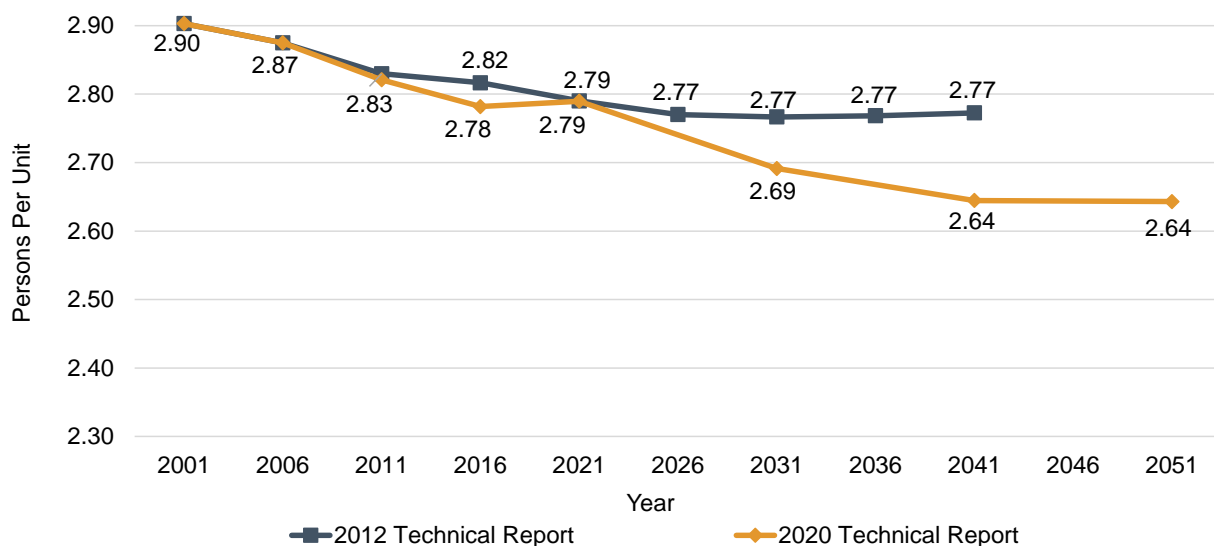
It is important for municipalities to recognize that the accommodation of skilled labour and the attraction of new businesses are inextricably linked and positively reinforce one another. To ensure that economic growth is not constrained by future labour shortages, effort will be required by municipalities to continue to explore ways to attract and accommodate new skilled working residents to the G.G.H. across a diverse range of employment opportunities and a broader choice of affordable housing options. Attraction efforts must also be linked to housing accommodation (both ownership and rental), municipal services and infrastructure as well as quality of life attributes which appeal to the younger mobile population, while not detracting from the region's attractiveness to older population segments.



Figure 19
G.G.H. Housing Forecast to 2041, 2020 Technical Report

Housing	Total Housing by 2041		
	2012 Technical Report	2020 Technical Report	Difference
G.T.H.A.	3,571,000	3,688,000	117,000
G.G.H. Outer Ring	1,290,000	1,345,000	55,000
Total G.G.H	4,861,000	5,033,000	172,000

Figure 20
Forecast Trends in Average Person Per Unit (P.P.U.), 2016 to 2051



Source: Greater Golden Horseshoe Growth Technical Report Reference Forecasts (2012 and 2020), by Hemson Consulting Ltd.
Figure by Watson & Associates Economists Ltd., 2020.
Note: Population includes the net Census undercount.

What Types of Employment is the G.G.H. Anticipated to Attract?

The 2020 Technical Report provides additional details regarding the amount of employment by type, including Population-Related Employment (P.R.E.), Employment Land Employment (E.L.E.), Major Office Employment (M.O.E.) and Rural Employment (R.E.). In comparison to the previous forecasts prepared through the 2012 Technical Report, the revised employment growth forecast prepared under the 2020 Technical Report assumes the following:

- Stronger employment growth related to M.O.E. within the City of Toronto;
- Less employment growth related to E.L.E. across most G.G.H. upper-tier and single-tier municipalities, except for the Region of Waterloo;
- Less P.R.E. allocated to the G.T.H.A., but relatively more employment in this category allocated to the G.G.H. Outer Ring; and
- Relatively more rural-based employment across the G.G.H., largely within the Outer Ring.

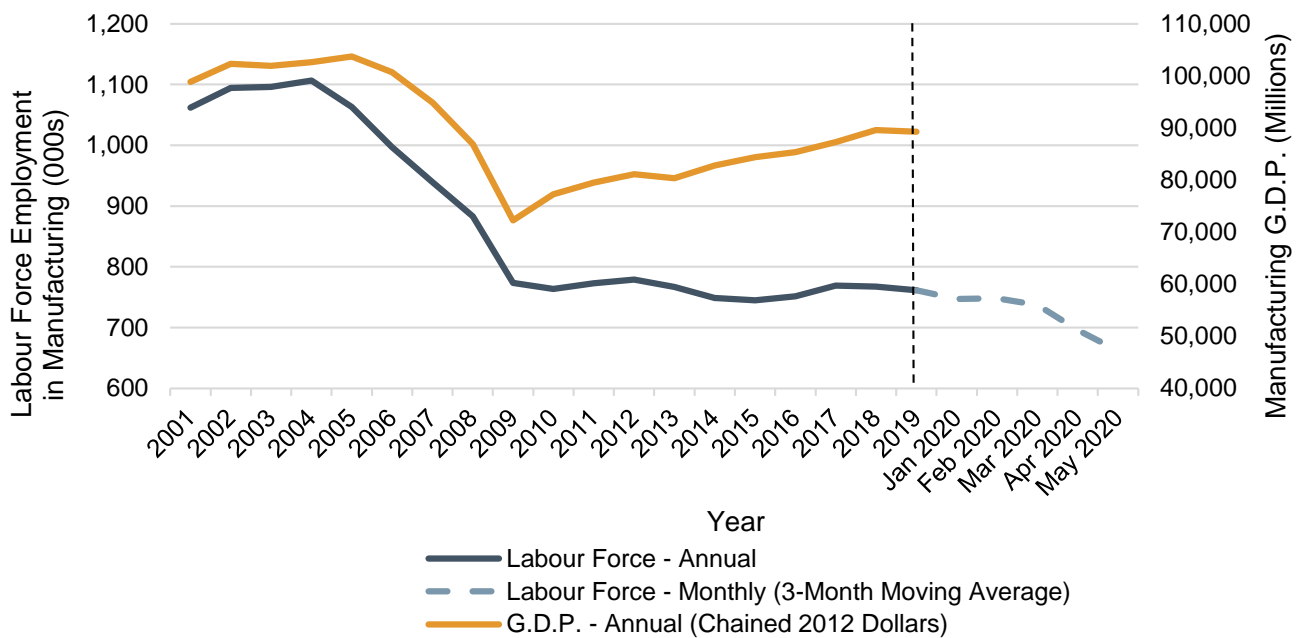
It is recognized that E.L.E growth across the G.G.H. was not as robust between 2001 and 2016 as previously anticipated in the 2012 Technical Report. This has largely been due to increased outsourcing of domestically manufactured goods to emerging global markets combined with



increased automation of manufacturing processes. Between 2003 and 2010, these challenges were further exacerbated in the manufacturing sector across the G.G.H. and more broadly across Ontario and Canada due to a high Canadian dollar relative to other world currencies, particularly the U.S. dollar. Since 2010, the manufacturing sector across Ontario including the G.G.H. has shown

signs of a steady recovery in terms of economic output, measured through gross domestic product (G.D.P.). While manufacturing job losses have generally stabilized since 2010, the manufacturing sector has not represented a large component of job growth across Ontario in recent years (refer to Figure 21). Looking forward, the manufacturing sector is not anticipated to be a key driver of job growth across the G.G.H.

Figure 21
Manufacturing Labour Force Employment and G.D.P. in Ontario, 2001 to 2020 Y.T.D



Source: Annual labour force data from Statistics Canada Labour Force Survey, Table 282-0125, and monthly data from Table 14-10-0091-01. Annual G.D.P. data from Statistics Canada Table 36-10-0402-01, by Watson & Associates Economists Ltd., 2020.

In light of the structural changes in the macro economy discussed above, combined with an increased emphasis on knowledge-based industries and service-providing businesses, it is anticipated that a larger share of E.L.E growth in Employment Areas will be comprised of non-industrial uses. Accordingly, this has important implications on the manner in which existing and future Employment Areas are planned across the G.G.H.

Figure 22 summarizes the amount of annual employment growth by type for the G.G.H. as a whole over the next several decades in accordance with the 2020 Technical Report relative to historical trends between 2001 and 2016. The most notable change in the annual employment forecast by type relative to historical trends relates to E.L.E. Between 2001 and 2016, E.L.E. declined across the G.G.H. by

approximately 3,000 jobs annually. In contrast, over the 2016 to 2051 forecast period, E.L.E. is projected to increase by approximately 27,000 jobs annually. It is noted by Watson that this represents an ambitious forecast relative to historical trends. To ensure that market opportunities are maximized in Employment Areas, it will be important for municipalities to:

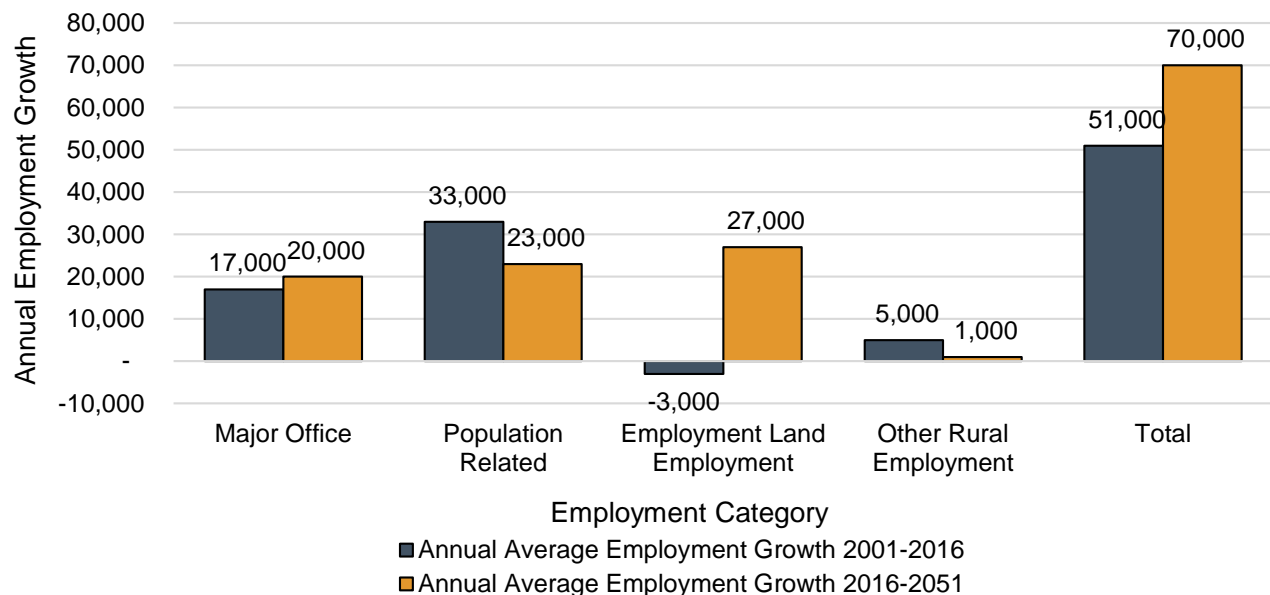
- Regularly track and monitor employment growth trends by sector as well as long-term Employment Area land needs;
- Ensure that an adequate supply of serviced Employment Areas is available and on the market at all times; and
- Update employment strategies and economic development initiatives regularly to ensure that the evolving needs of Employment Areas and mixed-use areas are properly

addressed, and municipal services are adequately phased.

Relative to historical trends, annual employment growth related to M.O.E. is also anticipated to be stronger between 2016 and 2051. As previously mentioned, this relative increase in annual M.O.E. has largely been allocated to the City of Toronto in the 2020 Technical Report, reflective of the recent strength of the office real estate sector within downtown Toronto over the past decade. The 2020 Technical Report

anticipates that the office market will continue to strengthen in the sub-urban markets across the “905” region. Forecast M.O.E. growth within the G.G.H. Outer Ring is anticipated to be relatively minimal according to the 2020 Technical Report. Based on analysis recently undertaken by Watson, it is our opinion that the potential long-term opportunities related to the office market have been understated in the Region of Waterloo.

Figure 22
G.G.H. Annual Employment Forecast by Type, 2016 to 2051



Note: Figures may not sum to totals due to rounding.

Source: Derived from Greater Golden Horseshoe: Growth Forecasts to 2051 Technical Report, June 16, 2020, Hemson Consulting Ltd., by Watson & Associates Economists Ltd., 2020.

What are the Potential Impacts of COVID-19 on the Long-Term Growth Forecast for the G.G.H.?

The 2020 Technical Report acknowledges that while the immediate economic impacts from coronavirus disease (COVID-19) are anticipated to be severe, the long-term effects of the pandemic on the Ontario, national and global economies are uncertain at this time. The 2020 Technical Report goes on to identify that despite the longer-term consequences of COVID-19 to some industries, firms, and individuals, the long-term economic outlook for the G.G.H. remains positive and the region will continue to be attractive to newcomers, mainly international migrants who represent a key driver of population growth to the G.T.H.A. In contrast to the G.T.H.A., population and employment growth across the G.G.H. Outer Ring is largely driven by net migration from other areas of the Province, most notably the G.T.H.A., as opposed to immigration.

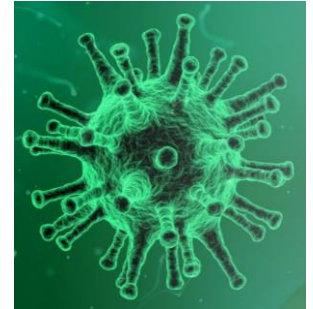
A recent report released by R.B.C. Economics identifies that on-going border restrictions, travel-related health fears, and the global economic downturn are expected to reduce immigration levels sharply in 2020.¹ The R.B.C. report also points out that while temporary foreign workers are exempt from entry restrictions, fewer are coming due to logistical and financial burdens related to COVID-19 work restrictions and isolation requirements. After the COVID-19 crisis, many economists warn that immigration may remain relatively low compared to recent years, because relatively higher unemployment rates during the post-COVID-19 economic recovery

period in Canada will reduce the incentive for immigrants to come.²

This near-term scenario has the potential to reduce population growth levels and soften the housing market in areas of Ontario where population growth is most heavily dependent on immigration. For the G.G.H., the City of Toronto and the Region of Peel would potentially be the most heavily impacted by such a trend, while the remaining “905” Area of the G.T.H.A. would also be impacted to a lesser extent.

In contrast to the G.T.H.A., near-term population growth and housing development are not anticipated to be as severely impacted by COVID-19 for most of the G.G.H. Outer Ring municipalities since, as previously identified, population growth within these municipalities is more heavily influenced by net migration from other areas of Ontario, rather than immigration. In fact, recent municipal surveys conducted by Watson indicate that a number of Outer Ring municipalities identify COVID-19 as a key driver of future housing growth within their respective municipalities.

In addition to its broader impacts on the economy, COVID-19 is also anticipated to accelerate changes in work and commerce as a result of technological disruptions which were already in play prior to the pandemic. As such, enterprises will increasingly be



¹ R.B.C. Economics. Current Analysis. COVID-19 Derails Canadian Immigration. May 29, 2020.

² Stalling immigration may add to Canada's COVID-19 economic woes. Fergal Smith, Steve Scherer. Reuters. May 27, 2020.

required to rethink the way they conduct business with an increased emphasis on remote work enabled by technologies such as virtual private networks (V.P.N.s), virtual meetings, cloud technology and other remote work collaboration tools. These trends are anticipated to have a direct influence on commercial and industrial real estate needs over both the near and longer terms. In light of these anticipated trends, it is important that the long-term employment forecasts for the G.G.H., summarized in Proposed Amendment 1, adequately consider the manner in which these impacts are likely to influence the nature of employment by type as well as by place of

work. Today, approximately 7.3% of the G.G.H. workforce is identified as working from home on a full-time basis, up from 6.7% in 2001. During this same time period, the percentage of workers who reported having no fixed place of work increased from approximately 8% to 12%.¹ It is anticipated that the percentage of people who work from home on a full-time and part-time basis, as well as those who do not have a fixed place of work, will steadily increase over the long term. As this percentage continues to steadily rise, it may reduce the relative need for future industrial and commercial building space associated with the Schedule 3 employment forecast.



¹ Statistics Canada defines no fixed place of work employees as “persons who do not go from home to the same workplace location at the beginning of each shift. Such persons include building and landscape

contractors, travelling salespersons, independent truck drivers, etc.”

Conclusions

The G.G.H. represents home to approximately one in every four Canadians.¹ With a robust economy, vibrant and diverse communities, and a world class reputation for quality of life, the G.G.H. will continue to be an attractive region to new residents and business investment. For these reasons, the G.G.H. is anticipated to be one of the fastest growing regions in North America with respect to population and employment. It is important to recognize that the long-term growth forecasts provided in Proposed Amendment 1 do not reflect a status quo scenario. The successful implementation of the Growth Plan lies within a well coordinated, integrated, and phased approach to land-use planning, infrastructure needs, municipal service delivery, and public sector financial planning. This will clearly involve significant financial commitment and partnership from all levels of government.

As G.G.H. municipalities now begin to plan for the 2051 horizon, it will be critical that development pressures are well-managed to provide sustainable options in accommodating more people and jobs while protecting what is valuable to G.G.H. residents and businesses. A key opportunity and challenge in planning for future growth across the G.G.H. over the next several decades will be to manage change in a



manner that enhances the region's livability while embracing development patterns which are sustainable from a triple-bottom line perspective (i.e. economic, environmental, and social impacts).

To discuss this further, please contact:

Jamie Cook, MCIP, RPP, PLE
Managing Partner and Director, Land Economics
Watson & Associates Economists Ltd.
cook@watsonecon.ca
Office: 905-272-3600 ext. 237
Mobile: 905-301-7199
watsonecon.ca

¹ G.G.H. population share of Canada based on 2016 Statistics Canada Census data.