



Growth Management

Municipality of Middlesex Centre

Discussion Paper

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In association with:



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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
C.R.	Comprehensive Review
G.D.P.	Gross Domestic Product
G.G.H.	Greater Golden Horseshoe
G.M.S.	Growth Management Strategy
P.P.S.	Provincial Policy Statement
O.P.	Official Plan

1. Introduction

1.1 What is an Official Plan?

The Municipality of Middlesex Centre is currently undertaking an update of its Official Plan (O.P.) to reflect the Municipality's next 25-years. An O.P. is a long-range planning document that guides the use of land in the Municipality as well as its future growth and development. It provides direction on how and where change and growth should take place and identifies the services and facilities needed to support the development of healthy and complete communities while providing measures to conserve the Municipality's natural and cultural heritage.

1.2 Why is an update to the Municipality's Official Plan Required?

The provincial *Planning Act* requires every municipality to update its O.P. every five years, or every 10 years after the approval of a new O.P. The O.P. must be consistent with the Provincial Policy Statement (P.P.S.), a provincial document that includes policy direction on matters of provincial interest related to land-use planning and development. The O.P. update is also an opportunity to ensure that O.P. policies continue to address evolving local priorities and changing community needs. The O.P. update will incorporate the outcomes and priorities of recently completed studies and plans (i.e. strategic plan, economic development strategy and development charge by-law).

Once an updated O.P. is in effect, it is an important guide for a municipality's planning decisions. It means that:

- Council and municipal officials must have regard to the O.P. when reviewing planning applications;
- Major infrastructure plans, servicing plans and master plans, including sewer or watermains, for example, must conform to the plan (although plans may be done in parallel to the O.P. update); and
- All municipal by-laws, including zoning and related by-laws, must conform with the O.P. and will need to be updated to ensure that they are consistent with the O.P. policies.

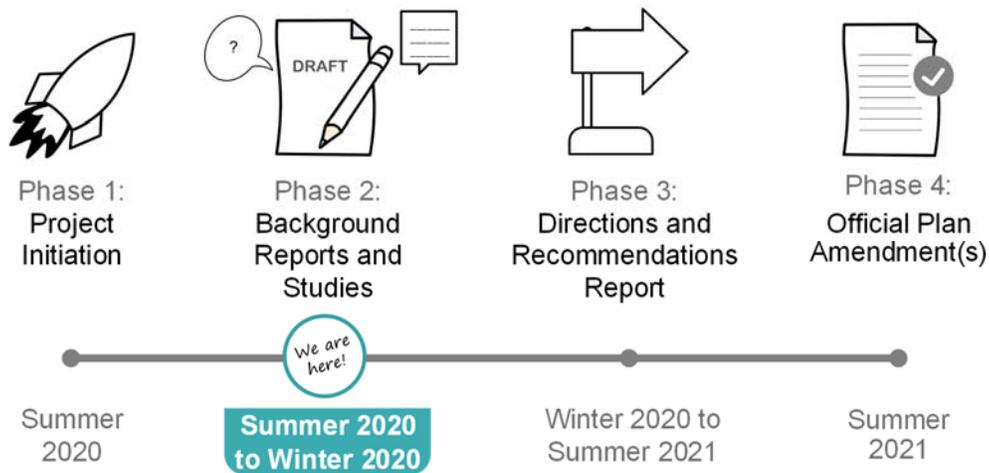
It is important to note that the O.P. is not a static and inflexible document; some changes can occur prior to the update through an amendment that is evaluated against

policy criteria and objectives of the O.P. Major changes to the O.P. that are anticipated to have a significant impact on the Municipality are reserved for review during a Comprehensive Review (C.R.), which is carried out as part of the O.P. review process.

1.3 What is the Timeline and Process of the Official Plan Update?

The C.R. is a key part of the O.P. process leading up to Phase 4, the draft O.P., as illustrated in Figure 1. Details of the C.R. are provided below.

Figure 1
Timeline and Process of the Official Plan Update



1.4 What is a Comprehensive Review?

A C.R. is part of the O.P. review process and used to establish a long-term vision and planning framework for a municipality that fosters a sustainable approach to future residential growth and economic development. Typically, a C.R. examines future population and employment growth potential and corresponding urban land needs over a long-term planning horizon. For municipalities located outside of the Greater Golden Horseshoe (G.G.H.) in Central Ontario, the long-term planning horizon is the year 2046.¹ Major components of the C.R. include:

¹ For municipalities located within the G.G.H. urban land needs are reviewed over a slightly longer time horizon to the year 2051.

- Preparation of long-term population, housing and employment forecasts;
- Review of intensification and density targets;
- Urban land needs assessment and real estate market analysis; and
- A review of O.P. policies, including a range of policy themes, such as growth management, environmental policies, agricultural land-use policies, climate change, affordable housing and housing options, policies on transportation and mobility, and economic development.

The C.R. ultimately provides the Municipality of Middlesex Centre with background information to inform the review of the County's O.P. policies and the designated land supply within Middlesex Centre.

1.5 What is Growth Management?

Growth management typically involves establishing a long-term vision for a broad region or municipality, including its urban communities, rural lands, and protected countryside. Key to implementation are planning policies aimed at influencing how and where growth or change occurs. Such planning policies are required to ensure that as Ontario municipalities, such as Middlesex Centre, continue to mature and evolve, this process occurs in a financially, environmentally, and socio-economically sustainable manner.

Growth management policies also recognize that while it is not an objective to prevent or limit population and employment growth, municipalities should be planned in a manner that aims to potentially enhance livability and economic prosperity, while protecting what is important to residents and local businesses. As previously discussed, the Province of Ontario has established a provincial framework for growth management for municipalities to follow. Core growth management concepts address the following growth elements:

- Availability of land and future urban land needs, land utilization (i.e. density and built form), urban design, appropriate types and locations of urban and rural land uses, phasing of development and redevelopment;
- Efficient utilization of municipal services and infrastructure as well as the movement of people and goods;
- Economic vitality, "place making," structural economic trends and the changing nature of work;
- Increasing housing choice and affordability; and
- The protection of the natural environment and cultural heritage.

It is important to recognize that the Municipality of Middlesex Centre's C.R. and the new O.P. are forward-looking documents which are designed to proactively plan for and accommodate change over the next several decades. Given uncertainties regarding future change and disruption, these documents are to be comprehensively updated at a minimum every ten years. Within these comprehensive updates, O.P. amendments may also be required.

1.5.1 Can we Stop or Slow Down Urban Development and Population Growth?

While it is possible for Middlesex Centre to slow or constrain urban development, it is difficult for the Municipality to reduce population growth pressures. This is because population growth and urban growth pressure across Canada, including the Municipality of Middlesex Centre, are largely controlled by broader macro-economic forces (i.e. provincial job growth) and federal immigration policies. For the past several decades, Canada has maintained ambitious immigration targets which are largely aimed to mitigate economic and fiscal challenges associated with an aging population and labour force base.

For Middlesex Centre, population growth is not anticipated to be primarily driven by immigration, as opposed to Canada's larger urban centres, but rather through migration from elsewhere in Ontario and to a lesser extent from other Provinces. It is also important to note that in the absence of positive migration levels, Middlesex Centre's population and labour force base would be expected to gradually decline over the next several decades. Positive population growth is an essential component of a growing and competitive labour force and business community. Population and business growth also contribute to the generation of new jobs for local residents as well as revenue sources to pay for existing and new municipal services and infrastructure.

1.5.2 What are the Impacts of COVID-19 on the Municipalities Near-Term Growth Potential?

To date, the downward impacts of COVID-19 on global economic output have been severe. Economic sectors such as travel and tourism, accommodation and food, manufacturing, energy and finance have been hit particularly hard. Canada's Gross Domestic Product (G.D.P.) declined by approximately 39% in the second quarter of

2020 (April to June), even as economic activity has improved in May and June as containment measures have gradually been loosened since May 2020.¹

Overall, required modifications to social behavior (i.e. physical distancing) and increased work at home requirements resulting from government induced containment measures and increased health risks have resulted in significant economic disruption largely related to changes in consumer demand and consumption patterns. Furthermore, escalating tensions and constraints related to international trade have also begun to raise further questions regarding the potential vulnerabilities of globalization and the structure of current global supply chains.

At the current time, the level of sustained economic impact related to this “exogenous shock” to the world and Canadian economy is largely unknown. Notwithstanding this uncertainty, it is generally clear that the longer COVID-19 persists on an international scale, the greater the severity of the current global recession.

Despite the near-term consequences of COVID-19 to some industries, firms, and individuals, the long-term economic outlook for Southern Ontario remains positive. Notwithstanding this positive long-term outlook, there are a number of reasons to remain cautious with respect to the broader demand for housing across Southern Ontario over the near-term (i.e. the next one to three years). 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 2020.² The R.B.C. report also points out that while temporary foreign workers are exempt from entry restrictions, fewer are coming to Canada 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 may reduce the incentive for immigrants coming into the Country.³ This near-term scenario has the potential to reduce population growth levels and soften the housing market, particularly

¹ Reuters Business News, August 28, 2020.

² R.B.C. Economics. Current Analysis. COVID-19 Derails Canadian Immigration. May 29, 2020.

³ Stalling immigration may add to Canada’s COVID-19 economic woes. Fergal Smith, Steve Scherer. Reuters. May 27, 2020.

in larger urban areas of Ontario where population growth is most heavily dependent on immigration.

In contrast, population and housing growth in Middlesex Centre is largely driven by net migration from other areas of the Province, most notably the City of London and the G.G.H., as opposed to immigration. For smaller municipalities, such as Middlesex Centre, COVID-19 may act as a near-term driver of future housing growth driven by increased opportunities for remote work and the reconsideration by some Ontario residents to trade “city lifestyles” for “smaller town living”. However, it is important to recognize that the Municipality’s growth outlook is also tied to the broader economic health of the Province as a whole. As such, a prolonged retraction in Provincial economic output (i.e. Gross Domestic Product) resulting from COVID-19 is also anticipated to negatively impact local economic development and population growth.

1.5.3 Why are Long-Term Population and Employment Forecasts Important to Growth Management?

Long-term population and employment forecasts help municipalities accommodate growth and manage change. They are integral to ensuring long-term financial, socio-economic and environmental sustainability of municipalities. More specifically, they are used to plan for and provide government services, build and maintain infrastructure, and avoid over or under designating land for urban development. A few examples of how growth forecasts are applied to key public sector priorities are provided below:

- **Housing Supply** – to assess land needed to maintain a 25-year supply of designated, serviced or serviceable urban land to support a range of housing options without over designating land;
- **Economic Development and Tourism Plans** – designed to enhance local job creation, investment attraction, and business retention efforts. To ensure that Employment Areas are designated and preserved to reflect local employment needs;
- **Financial Studies and Strategies** – which forecast anticipated operating and capital costs as well as revenues. To establish comprehensive reports and data inputs related to municipal finance and infrastructure such as development charges background studies and municipal asset management plans;
- **Corporate Strategic Plans** – which set out corporate priorities and actions over the next five years;

- **Infrastructure Planning** – used to optimize capacity and cost recovery of existing and planned infrastructure; and leverage infrastructure to align with settlement areas and higher density; and
- **Transportation Planning/Transit** – forecasts used to develop transit/ transportation strategies and long-term plans (road reconstruction, trails, active transportation, etc.) to address anticipated growth.

Figure 2 illustrates why population and employment forecasting is important to an integrated approach to growth management.

Figure 2
Population and Employment Forecasts and
Integration with Growth Management

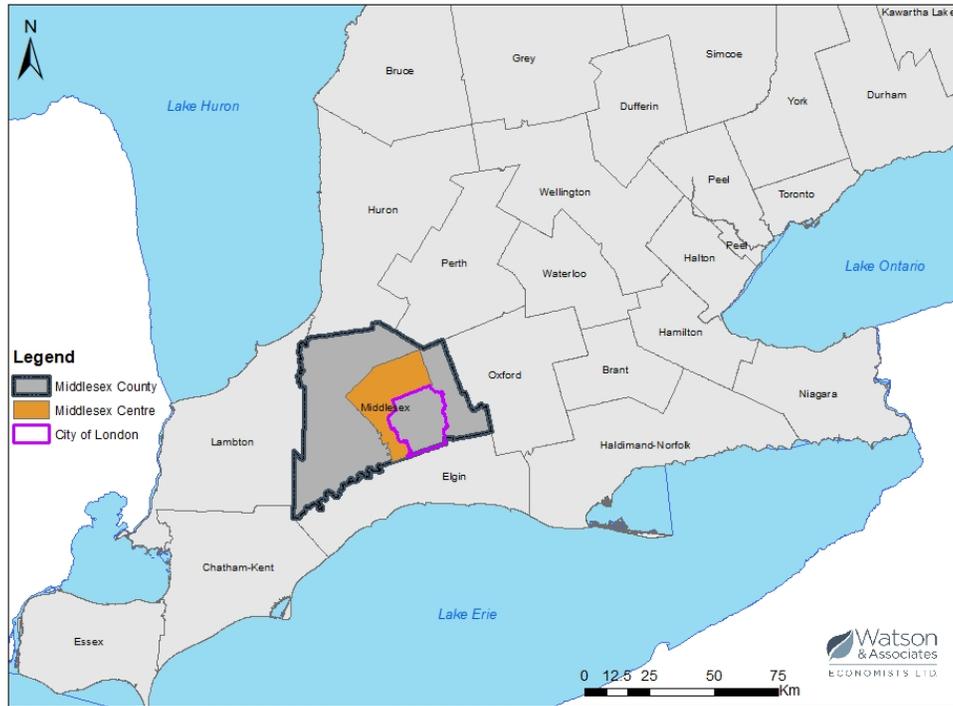


2. Regional Economic and Demographic Growth Trends

Primarily a rural County in southwestern Ontario, Middlesex County is comprised of 8-lower-tier municipalities. In 2016, the Municipality of Middlesex Centre had the second highest population in the County. Figure 3 illustrates the geographic location and

configuration of Middlesex Centre within the context of Middlesex County and southwestern Ontario.

Figure 3
Middlesex Centre within the Context of Middlesex County and the Surrounding Area



According to the Ministry of Finance, the economic region of London / Middlesex County is forecast to reach 672,600 people by 2046.¹ From 2016 to 2046, the economic region of London and Middlesex County is expected to accommodate an additional 201,000 people, representing an average annual growth rate of 1.2%.

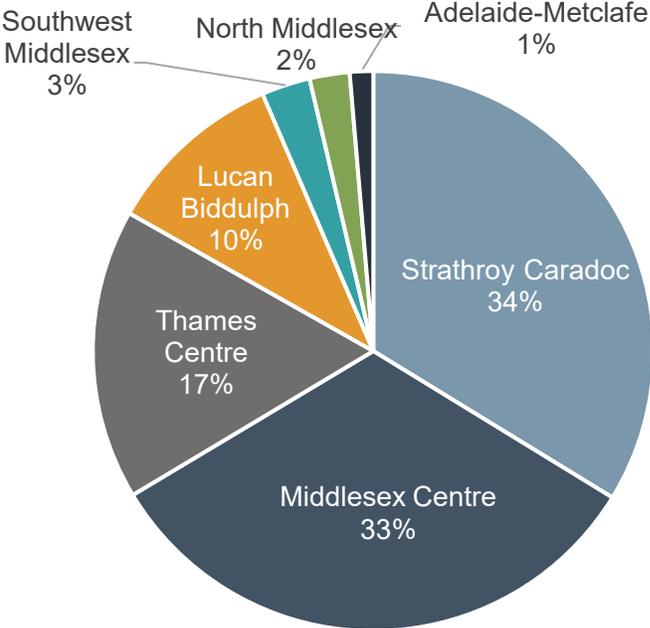
Middlesex County has recently updated their population and housing forecasts in draft to the year 2046 as part of their County O.P. Review.² The County's long-term population forecast ranges between 96,300 and 107,600 people by 2046, which represents an increase of between 19,300 to 30,600 people between 2016 to 2046. Within Middlesex County, the three largest lower-tier municipalities, Strathroy-Caradoc, Middlesex Centre, and Thames Centre accounted for 72% of the County's population in 2016. It is expected that these three areas will continue to grow and make up the bulk

¹ Ontario Ministry of Finance, *Ontario Population Projections, 2018-2046, Summer 2019* for Middlesex County, 94. Middlesex County includes the City of London.

² Middlesex County, *Population Projections for Middlesex County, 2020*.

of the County's overall population growth. As shown in Figure 4, between 2016 to 2019 Strathroy-Caradoc, Middlesex Centre and Thames Centre accounted for 83% of the County's residential building permits (new dwellings only).

Figure 4
Middlesex County
Residential Building Permits (New Dwellings Only), 2016 to 2019



Source: Historical building permit data derived from Statistics Canada building permit data for Middlesex Centre by Watson & Associates Economists Ltd., 2020.

3. Drivers of Forecast Population, Housing and Employment Growth to Middlesex Centre

Future population, housing and employment growth within the Municipality of Middlesex Centre is dependent in large measure on the following:

- Continued economic growth and prosperity across Southwestern Ontario and the London / Middlesex economic region;
- The ability of Middlesex Centre to attract and encourage new industry while positioning itself as a hub for innovation, entrepreneurship, value-added services, small business development and investment retention within the London / Middlesex economic region;
- Continued outward growth pressures from the G.G.H. and the City of London primarily driven by competitively priced, ground-oriented housing supply in

Middlesex Centre located within proximity to local and regional employment opportunities;

- The ability of Middlesex Centre to accommodate a growing labour force through a diverse range of housing options by structure type, location, tenure and affordability;
- The Municipality's attractiveness to the 65+ age group as a retirement/future retirement destination; and
- Quality of life factors (e.g. housing affordability, low crime rate, access to education, arts, culture and recreation).

4. What Local Growth Management Objectives and Policies will the Municipality of Middlesex Centre Official Plan Explore?

Healthy and complete communities are required to meet the day-to-day needs of people and businesses throughout all stages of their life. Critical to this goal is a long-term growth management strategy which accommodates growth and change in a manner which preserves the Municipality's livability while embracing development patterns which are sustainable from a triple-bottom line perspective. These goals may have specific targets and are to be implemented through an O.P. tailored to the local community.

Key Elements of a Healthy and Complete Community

- Ensuring that all residents can access goods, services and places of employment, and making it easier to do so as the community grows;
- Supporting the use of alternative forms of active transportation options (cycling and walking) to improve accessibility and impact on the environment;
- Meeting the housing needs of people of all ages, abilities and income groups;
- Ensuring that actions and the use of resources consider immediate and long-term environmental and fiscal impacts;
- Encouraging sustainable growth by using existing infrastructure and underutilized land, including identifying opportunities to protect the natural environment and reduce the financial cost burden on the municipality and residents;
- Ensuring that parks, open space and recreational amenities are fully leveraged by residents by improving accessibility connections to these sites;

- Accommodating a wide range of employment opportunities for residents by supporting business diversity within the community;
- Building on the distinct character of the Municipality’s communities by preserving community heritage sites and respecting local culture;
- Protecting Employment Areas from conversion to non-employment uses;
- Supporting the access to affordable and healthy food, as well as protecting agricultural lands that secure local food production for the Municipality and surrounding rural region.¹

4.1 Accommodating Housing

4.1.1 Providing a Range of Housing Options



Middlesex Centre’s current housing stock primarily consists of owner-occupied ground-oriented housing, particularly single detached and semi-detached dwellings. More specifically, the Municipality’s housing stock is comprised of 98% ground-oriented (single detached, semi-detached and townhouses) and 2% apartments.² Less than 1% of Middlesex Centre’s current housing stock is represented by rental occupied housing.³

To achieve the intensification targets currently set out in the Municipality’s O.P., and to accommodate future housing needs across a growing, aging and diversifying population base, a greater proportion of Middlesex Centre’s existing and future population will need to be accommodated through medium and high-density households and other purpose-built rental housing options.

From a real-estate market perspective, the objective of accommodating a greater share of population in high-density households, particularly for families, can be challenging, given the relatively higher price and carrying costs associated with larger apartments (i.e. apartments with greater than two bedrooms) compared to more compact ground-

¹ Adapted from *Building Complete Communities: Supporting Quality of Life* prepared by the Ontario Ministry of Municipal Affairs and Housing, accessed online January 27, 2020: <http://www.mah.gov.on.ca/AssetFactory.aspx?did=15007>.

² Based on 2016 household counts by Statistics Canada Census Profiles.

³ Based on housing data obtained from Canada Mortgage and Housing Corporation (CMHC) Housing Market Information Portal.

oriented housing forms with comparable livable space (i.e. townhouses, stacked townhouses/back-to-back townhouses and other low-rise hybrid buildings). These market realities need to be addressed when assessing planning policy objectives against consumer demand. The feasibility of high-density housing forms across Middlesex Centre’s existing neighbourhoods may also need to be further examined against current zoning permissions for residential development. To facilitate this shift towards more compact high-density urban development, Middlesex Centre may need to consider the use of planning and/or financial tools, as well as other policies that address the implementation of the Municipality’s long-term vision.

4.1.2 Residential Intensification



What is Residential Intensification?

According to the P.P.S., residential intensification is defined as:

“intensification of a property, site or area which results in a net increase in residential units or accommodation and includes:

- a) redevelopment, including development of brownfield sites;
- b) the development of vacant or underutilized lots within previously developed areas;
- c) infill development; or
- d) development and introduction of new housing options within previously developed areas;
- e) the conversion or expansion of existing industrial, commercial and institutional buildings for residential use; and
- f) the conversion or expansion or conversion of existing residential buildings to create new residential units or accommodation, including accessory apartments, additional residential units, rooming houses, and other housing options.”

Residential intensification can provide positive effects on a Municipality such as Middlesex Centre, recognizing that any intensification project must also conform with good planning principles and be compatible with surrounding development. This includes:

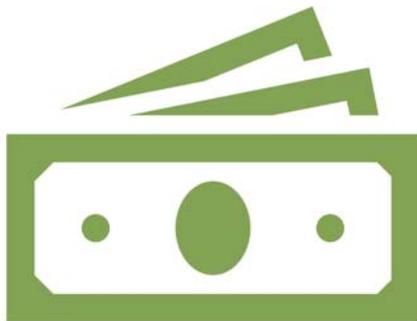
- Helping revitalize core areas of the Municipality including Villages Centres and main streets;
- Making more efficient use of infrastructure (i.e. roads, water, wastewater);

- Creating the potential for higher density development supportive of alternative modes of transportation (i.e. cycling and walking) and
- Providing increased housing options including within proximity to employment opportunities and other amenities.

As outlined in the Middlesex County's O.P., 15% of all housing development is to occur through intensification and redevelopment.¹ Historically, Middlesex Centre has experienced limited residential intensification.

Looking forward, there are several challenges that Middlesex Centre will need to address to accommodate residential intensification in the Municipality, including; lack of available lands or for redevelopment, lack of housing choice, limited market demand with respect to both buyers and developers, shortfalls in development feasibility and opposition to intensification. As a result of this, Middlesex Centre may need to consider various financial incentives and planning tools to help the municipality achieve their intensification target.

4.1.3 Housing Affordability



Providing a broad range and mix of housing to meet the needs of current and future residents includes both market-based and affordable housing. Affordable housing is targeted towards low and/average income earners; for example, those who earn a minimum wage or individuals who are receiving government assistance such as seniors or people with a disability. Providing housing to these individuals is an ongoing challenge and requires careful planning at all levels of government.

Although the stock of housing in Middlesex Centre continues to grow, affordability for local residents remains a significant challenge due to housing price appreciation and rising housing accommodation costs, which are increasing at a faster rate relative to household incomes.² Middlesex Centre will need to consider new policies as well as

¹ Middlesex County, *Middlesex Municipality Official Plan*, Section 2.3.7a. Housing Policies, (2-17), Consolidated Version August 2006.

² Approximately 13% of households in Middlesex Centre spend more than 30% of household income on shelter which is lower than the provincial average. As a

planning and financial tools that can assist in creating a broader range of affordable housing choices for its residents.

comparison, approximately 28% of households in Ontario spend more than 30% of household income on shelter.

4.1.4 Continuing to Plan for Older Generations



Demographic trends strongly influence both housing need and form (i.e. structure type and density). Across the Municipality of Middlesex Centre, the population is getting older on average, primarily due to the aging of Middlesex Centre's existing Baby Boomer resident base. The first wave of this demographic group turned 70 years of age in 2016. Not only is the Baby Boom age group large in population, it is also diverse with respect to age, income, and lifestyle/life stage. Accommodating empty nesters/seniors is a key planning issue across Ontario municipalities including Middlesex Centre, as a growing percentage of the population will reach 75 years of age and older over the next 15 years. The aging of Middlesex Centre's population is anticipated to drive the need for seniors' housing and other housing forms geared to older adults (i.e. assisted living, affordable housing, adult lifestyle housing).

The physical, socio-economic and lifestyle characteristics of the 75+ age group (on average) are considerably different than those of younger seniors, empty-nesters and working-age adults. On average, older seniors have less mobility, less disposable income and typically have greater health care requirements compared to younger seniors. Typically, these characteristics associated with this age group often drive their relatively higher propensity for medium- and high-density housing forms that are in proximity to urban amenities (e.g. hospitals/health care facilities and other community facilities geared towards seniors).

4.1.5 *Protecting what is Valuable to Middlesex Centre Residents*



As previously discussed, the key goal of the Municipality's G.M.S. is to accommodate growth in a sustainable manner while protecting what is valuable to residents and businesses. This involves developing in a manner which maximizes land utilization and limits encroachment into rural areas. Middlesex Centre's rural lands not only provide natural heritage, wildlife habitat, water, mineral and aggregate resources, they also provide opportunities for recreation and agricultural production. Other the other hand, while urban intensification and increased urban density represents a key aspect in reducing urban land needs, these goals must be carefully weighed against other objectives related to cultural and architectural heritage protection as well as the preservation of community character.

4.2 **Attracting Talent**



A healthy and complete community provides opportunities for current residents to live, work and play in the Municipality. It also should also allow opportunities for existing and future in-commuters that live outside of Middlesex Centre to work in Middlesex County. Notwithstanding the current impacts of COVID-19, the labour force within Middlesex Centre has steadily increased in recent years, while the unemployment rate has gradually declined. Attracting and retaining local talent is critical to generating new business investment, cultivating entrepreneurialism and innovation, as well as providing a range of services to local residents in areas such as education, health care, professional services, retail as well as accommodation and food services.

A growing local labour market combined with local industry attraction also supports a more diverse and competitive population and employment base. For Middlesex Centre's local labour force base to grow, attraction efforts must also be linked to housing accommodation (both ownership and rental), municipal services and infrastructure, as well as quality of life attributes that appeal to the younger mobile population, while not detracting from the Municipality's attractiveness to older population segments.

For more information on this topic, please refer to the *Municipality of Middlesex Centre Economic Diversification Paper*.

5. Preparing for Future Healthy and Complete Communities

This discussion paper explores several fundamental opportunities and challenges that the Municipality of Middlesex Centre faces over the next 25 years and beyond. Below is a summary of growth management questions that the paper poses in building healthy and complete communities.

- What steps can the Municipality of Middlesex Centre undertake in building communities with a balance of employment and housing opportunities that encourage well-aligned live/work opportunities?
- What programs, approaches and initiatives should the Municipality consider with respect to workforce development and in-migration?
- How can the Municipality of Middlesex Centre urban structure facilitate and promote active forms of transportation (walking, cycling)?
- Where are the best locations for high-density housing (e.g. apartments), and how can such developments be integrated into existing communities and planned greenfield areas?
- Is it appropriate for the Municipality to target higher levels of residential intensification relative to current targets set out in the Middlesex County O.P.?
- Is there an opportunity to increase the utilization (density) of existing designated urban lands in both new greenfield and existing built-up areas? Should the Municipality's developing urban lands be more compact?
- How should the Municipality's Village Centres evolve in accommodating residential, retail, and other forms of non-retail growth?
- What policies or initiatives should the Municipality explore that may facilitate affordable housing options and range of housing forms (both ownership and rental)?
- Should the Municipality encourage the growth of large format retail uses?
- Combating climate change is a global challenge. How important is it for Middlesex Centre to include policies that encourage local initiatives in the fight against climate change?

The above questions will be addressed in the Growth Management Strategy (GMS) report which is anticipated to be released by the Municipality of Middlesex in the Winter of 2020/2021.