Attachment 1

York Region

2041 Preferred Growth Scenario

2041 Draft Growth Scenario Evaluation

November 2015

York Region

1. SUMMARY

Below are highlights from the 2041 Draft Growth Scenario Evaluation. This report is the first in a series of attachment reports that bring forward supporting background material for the preferred growth scenario.

The preferred growth scenario is to be used as the basis for further discussion and refinement leading to a recommended scenario to be presented to Council in the spring of 2016.

The Attachment reports in this series are:

1. 2041 Draft Growth Scenario Evaluation (Attachment 1)
2. York Region 2041 Population and Employment Forecasts (Attachment 2)
3. York Region 2041 Intensification Strategy (Attachment 3)
4. York Region Land Budget (Attachment 4)
5. Consistency and Conformity with Provincial Policy (Attachment 5)
6. Phase 2 Consultation Update (Attachment 6)

All six attachment reports are to be considered at the Committee of the Whole meeting on November 5, 2015 and should be read in the order in which they are listed above.

1.1 Highlights

1. Regional and Provincial policy regime generally favours the “no urban expansion” scenario
2. A preliminary high level fiscal analysis shows that the three draft growth scenarios are similar, with the “no urban expansion” scenario having slightly less capital requirements
3. Intensification at or above 50% represents an aggressive policy option that risks forcing the market too far, too quickly
4. Reasonable balance between policy and the market is likely achievable at an intensification rate between 40% and 50%

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2. PURPOSE

This report evaluates three draft growth scenarios against land use and infrastructure planning considerations, market analysis and fiscal analysis

This attachment report provides a comparative evaluation of the three draft growth scenarios endorsed in principle by Regional Council in April 2015. This evaluation compares and contrasts the three draft growth scenarios in the context of land use and infrastructure planning inputs, a market analysis study and a preliminary fiscal analysis.

The purpose of this evaluation is to inform the development of a preferred growth scenario for consideration to update the *York Region Official Plan, 2010* (YROP-2010), in conformity with Amendment 2 to the *Growth Plan for the Greater Golden Horseshoe* (*Growth Plan*). The preferred growth scenario should balance the impacts and benefits of the goals, objectives and policies of the Region and the Province, including the *Provincial Policy Statement, 2014 (PPS)* and *Growth Plan*, while reflecting the residential housing market's ability to achieve the forecasted growth.

3. BACKGROUND

Three draft growth scenarios, of varying levels of intensification, were endorsed in principle by Regional Council for consultation and evaluation

York Region is currently undertaking a Regional municipal comprehensive review to update the YROP-2010 to conform to Amendment 2 of the *Growth Plan,* consistent with the *PPS,* and to also review YROP-2010 policies. The municipal comprehensive review constitutes the mandatory five-year review and update of the YROP-2010, a requirement under the *Planning Act*.

In April 2015, Regional Staff presented three draft growth scenarios which were endorsed in principle by Regional Council for further consultation and evaluation. The three draft growth scenarios, as outlined below, were developed by York Region staff based on various levels of residential intensification.

Table 1
Draft Growth Scenarios Comparison

	40% Intensification Scenario	50% Intensification Scenario	"no urban expansion" Scenario
New Ground-Related Units (2011-41)	66%	59%	53%
New Apartment Units (2011-41)	34%	41%	47%
Total Units (2011 – 41)	100%	100%	100%
Total Stock* Ground-Related / Apartments	79% / 21%	75% / 25%	71% / 29%
Whitebelt Land Requirements (hectares)	2,460	1,260	0
Community Lands	2,300	1,100	0
Employment Lands	160	160	0

*includes existing built housing stock

40% intensification is the minimum allowable by the *Growth Plan*. Both the 40% and 50% intensification scenarios require an expansion to the urban area to accommodate growth to 2041. The "no urban expansion" scenario represents the highest level of intensification possible, and would require no urban area expansion, beyond the urban boundary expansions adopted in 2010 for East Gwillimbury, Vaughan and Markham (ROPAs 1, 2 and 3, respectively). It is noted that none of the three draft growth scenarios considers removal of lands from the Greenbelt or Oak Ridges Moraine Conservation Plans.

A number of factors and inputs were identified for consideration during the review of the three draft growth scenarios

In September 2015, Council adopted the recommendations of the Draft Growth Scenario Evaluation report (Clause 10 of Committee of the Whole Report No. 13), in which staff outlined a number of factors that would inform the municipal comprehensive review and evaluation of the three 2041 draft growth scenarios. These factors include, but are not limited to:

- The planned urban structure of centres and corridors that provides a focus for intensification, mixed-use development and live/work opportunities
- Transit supportive and pedestrian oriented new, complete communities
- Protection of the Greenbelt and Oak Ridges Moraine and agricultural, rural and resource areas

- Transit investment to support intensification
- The pace of growth and timing of required infrastructure investment for water and wastewater and transportation (including senior level government investment)
- The relative capital investment of water & wastewater service for each growth scenario
- The long-term financial impact of growth and fiscal responsibility
- Job creation to match labour force growth that requires the identification and protection of employment lands
- Housing diversity and affordable housing to offer regional residents housing choices and for attracting a more diverse and skilled labour force
- A land use planning analysis that will include an assessment of options for different locations for urban expansion, should this be required as part of the preferred scenario

Sections 4 through 6 below represent the evaluation of the three draft growth scenarios

The following sections of this report provide an evaluation the three draft growth scenarios to inform the selection of the preferred growth scenario which is the subject of the York Region 2041 Preferred Growth Scenario report.

4. LAND USE AND INFRASTRUCTURE PLANNING ASSESSMENT

A number of factors and inputs including land use planning, transportation, and water and wastewater considerations have been reviewed

The land use and infrastructure planning assessment component of the draft growth scenario evaluation considers a number of factors and inputs. The land use planning context includes, but is not limited to, environmental, agricultural, sustainability and support for the Region’s urban structure, including supporting centres and corridors.

The land use and infrastructure planning component of this evaluation reflects the six main goal areas of the YROP-2010

The land use and infrastructure planning assessment is organized into the six subsections that correspond to the six main goal areas of the YROP-2010. These six main goal areas are derived from Chapters 2 through 7 in YROP-2010. Each of the following six main goals areas of YROP-2010 have been cross referenced with supporting policies from Vision 2051, *PPS* and the *Growth Plan*, and have been summarized in Appendix A. All supporting provincial policies and plans (including the *Greenbelt Plan* and *Oak Ridges Moraine Conservation Plan*) were considered throughout this evaluation.

4.1 Goal: To protect and enhance the natural environment for current and future generations so that it will sustain life, maintain health and provide an improved quality of life

The preferred growth scenario should support land uses and development patterns that contribute to a sustainable environment, preserve natural linkages, and improve the quality and quantity of water resources. Under the “no urban expansion” scenario, no new land would be brought into the urban area, and would therefore preserve lands adjacent to the existing Regional Greenlands System, Greenbelt and Oak Ridges Moraine natural features from urban development.

None of the draft growth scenarios consider removing lands from the *Greenbelt Plan* or *Oak Ridges Moraine Conservation Plan* areas. An urban expansion under either the 40% or 50% intensification scenario could present opportunities to acquire and secure additional lands within the Greenbelt and Regional Greenlands System to support regional linkages.

The ability to introduce innovative techniques to conserve water and wastewater, and to effectively manage stormwater, can be achieved under all three scenarios. Some techniques and technologies may be more easily introduced in a greenfield development under either the 40% or 50% intensification scenario. A more compact infrastructure network provides more operational flexibility and system resiliency.

The Lake Simcoe Region Conservation Authority indicated their preference that the preferred growth scenario be of a level of intensification greater than the minimum established by the *Growth Plan*. The 50% intensification scenario would require 1,200 fewer hectares of whitebelt lands as compared to the 40% intensification scenario. A greater intensification scenario would minimize the impact on rural lands within the whitebelt. The applicable key natural heritage and hydrologic feature policies of the *Lake Simcoe Protection Plan* have been incorporated into the YROP-2010 and would apply to any expansion of the urban area. The Conservation Authorities and the Province have articulated their support for the policies of the YROP-2010, in particular Chapter 2, to protect natural features and functions as growth occurs under any of the draft growth scenarios.

Overall, this goal and supporting policies are best achieved under the “no urban expansion” scenario; however, natural environment impacts of new development resulting from an urban boundary expansion, under either the 40% or the 50% intensification scenario, may be partially offset through community design in keeping with the Region’s *New Communities Guidelines*.

4.2 Goal: To improve the health and well-being of residents and workers in the Region by planning and developing sustainable active communities

The growth scenario that best supports this goal area of YROP-2010 promotes healthy, safe and complete communities, and best provides an appropriate range and mix of housing types and densities. The preferred growth scenario should create opportunities for high-quality public open spaces and active transportation and should take into account the availability of existing and planned community infrastructure.

The provision of safe and healthy communities is closely associated with community design and less so with the degree of intensification at a Regional scale. New communities, which are defined as new urban boundary expansion areas, and currently include ROPAs 1, 2 and 3, are subject to the Region’s *New Communities Guidelines* which aim to create complete communities, consistent with the objectives of Regional and Provincial policies and plans.

New community infrastructure and services, including new schools, are predominantly population driven. Accordingly, these services will be required where population growth occurs. The degree to which the ability to provide for population based services is affected by any one draft growth scenario is minimal. However, the higher the rate of intensification, the more likely that the use of existing community infrastructure can be optimized.

Regional and Provincial policy direction requires the provision of a range and mix of housing types across the Region. Under the “no urban expansion” scenario, all new housing after 2031 is generally anticipated to be higher density (row and apartment) housing types. This would result in a more diversified overall housing stock. Under the “no urban expansion” scenario, no new additional lands would be designated for residential uses, including ground-related housing. This would have the effect of constraining the supply of new ground-related housing, which would leave fewer options for new housing choices in the post 2031 period.

Overall, planning for complete communities, the provision of human services, and a range and mix of housing types can be achieved under all three draft growth scenarios and is influenced little by the degree of intensification established at the Regional scale.

4.3 Goal: To create a competitive and flexible economic environment that encourages investment and a diversity of employment opportunities

The preferred growth scenario should support an appropriate range of employment uses to meet long-term needs, an innovation economy and the Region’s planned urban structure of centres and corridors. The preferred growth scenario should also encourage compact and mixed-use development that incorporates compatible employment uses and ensures that sufficient land exists to accommodate a range of employment uses.

There are three types of employment uses: major office employment, population-related employment and employment land employment. Each type of employment use has different land requirements and considerations. Major office can be achieved in a lower density built form (i.e. industrial condominiums) within traditional business parks and in intensification areas including the Region’s centres and corridors. Population-related employment includes retail and professional service uses and can be accommodated in range of different land uses. Employment land employment includes more land extensive uses such manufacturing, distribution and warehousing. The preferred growth scenario should balance opportunities to provide for a diverse range of employment uses.

Today’s highly skilled workforce is attracted to areas that provide easy access to daily amenities, employment opportunities and affordable housing options. This form of city building is more easily achieved under the “no urban expansion” scenario, as increased intensification within the built boundary provides better opportunities for compact mixed-use development to be realized. Further, the “no urban expansion” scenario best recognizes York Region’s centres and corridors as the focus of economic activity and culture. A higher level, “no urban expansion”, intensification scenario focuses office employment growth in centres and corridors and would support the clustering of economic sectors.

The long-term supply of employment lands is best achieved under a 40% or 50% intensification scenario. There is a need to continue to maintain employment land employment lands for goods producing and warehousing logistics. Once employment lands have been identified, those lands would be protected for the long-term, unless it is demonstrated in future regional municipal comprehensive reviews that they are no longer required for employment purposes. In addition, not all employment uses can be appropriately accommodated through intensification of existing employment lands or in mixed-use communities. Under both the 40% and the 50% intensification scenarios it is anticipated that approximately 160 hectares of whitebelt land would be required to service employment growth to 2041.

This evaluation demonstrates that economic and employment growth within the Region to 2041 is equally achievable under all three draft growth scenarios. The 40% and 50% intensification scenarios require a degree of expansion to accommodate additional lands for more land extensive employment uses, while the no urban boundary expansion forecasts growth in the major office employment category that balances our urban structure of centres and corridors.

4.4 Goal: To enhance the Region’s urban structure through city building, intensification, and compact and complete communities

The preferred growth scenario should enhance the Region’s urban structure though intensification, redevelopment and building compact transit oriented mixed-use communities, in keeping with the approved policy direction of the Region and the Province.

The greatest levels of intensification, mixed-use development and live/work opportunities are directed to the Region’s centres and corridors. As highlighted in the York Region Intensification Strategy (Attachment 3 in this series) sufficient opportunities exist within the built boundary to support a significant amount of apartment growth to 2041.

Under the “no urban expansion” scenario, increased pressure may be placed on lands outside of the Region’s centres and corridors, but within the urban boundary, to intensify. Some of these areas do not have the same level of access to services and infrastructure investment to support higher levels of intensification as the Region’s centres and corridors.

Higher levels of intensification under the “no urban expansion” scenario can optimize the significant Regional and Provincial investments that have been made in infrastructure to support high density, mixed-use development within the Region’s centres and corridors, including water and wastewater facilities, bus rapid transit and subway infrastructure. Higher levels of intensification support a transit-oriented built form, increased opportunities for active transportation, and complete, walkable and mixed-use communities.

The higher the intensification target, the easier it is to achieve the goals and objectives of city building and support the Region’s urban structure, including centres and corridors. Accordingly, the no urban boundary expansion provides better support for this policy direction.

4.5 Goal: To protect the Agricultural, Rural, and Holland Marsh Specialty Crop Areas and support the agricultural industry as essential components of the Regional fabric

The preferred growth scenario should support Regional and Provincial policy directions to protect agricultural uses, support a diversified rural economy, and retain the character of lands within the rural area. The Holland Marsh and Specialty Crop areas and other agricultural and rural lands within the Region are protected under the provincial *Greenbelt Plan* and *Oak Ridges Moraine Conservation Plan* and would remain protected under either the 40% or 50% intensification scenarios as sufficient land exists within the whitebelt lands outside of the Greenbelt and Oak Ridges Moraine.

Under retainer to the Region, Planscape Inc. provided input on the three draft growth scenarios from an agricultural perspective. That input is summarized in a Scoped Agricultural Assessment of Preferred Growth Scenario, which is available on York.ca. This assessment identifies that a majority of whitebelt lands within the Region are agricultural lands. As such any expansion of the urban boundary to support growth will require the designation of whitebelt lands from agricultural to urban. It is the opinion of Planscape Inc. that the “no urban expansion” option is preferred.

The “no urban expansion” scenario is considered to be more sustainable, as rural and agricultural lands within the whitebelt would not be redesignated for urban uses. The impact of any proposed expansion on agricultural and rural areas within the whitebelt is considered in the 2041 Preferred Growth Scenario Land Budget (Attachment Report 4 in this series). Given the above, the “no urban expansion” scenario would result in the least amount of impact on agricultural lands in York Region.

4.6 Goal: To provide the services required to support the Region’s residents and businesses to [2041] and beyond, in a sustainable manner

Generally services such as transit, and water and wastewater, can be delivered more sustainably and effectively under a higher density, “no urban expansion” scenario, as more residents and employees are concentrated in a smaller area to make better use of such services. The evaluation of each draft growth scenario is discussed in greater detail below in the context of both the Transportation and Water and Wastewater Master Plan updates.

4.7 Infrastructure Planning

Transportation inputs were considered in the evaluation of the three draft growth scenarios through the Transportation Master Plan update

High level roads and transit inputs were considered in the evaluation of the three draft growth scenarios as part of the Transportation Master Plan study which is currently being completed. Table 2 presents the results of preliminary Transportation Master Plan analysis of the three draft growth scenarios.

Table 2
Transportation Indicators

	40% Intensification	50% Intensification	“no urban expansion” Scenario
Trips (AM Peak Period)			
Auto	684,500	683,200	682,800
YRT	53,900	52,500	51,600
Viva	48,900	49,900	50,600
YRT and Viva /Total Trips	13%	13%	13%
Total Vehicle Kilometres Traveled (AM Peak Period)	4,234,900	4,209,400	4,101,700
Total Vehicle Kilometres Traveled Per Capita (AM Peak Period)	2.37	2.35	2.29
Per Cent Change (relative to 40% intensification)	0%	-1%	-3%
Total Vehicle Hours Traveled* (AM Peak Period)	141,700	135,900	124,100
Total Vehicle Hours Traveled* Per Capita (AM Peak Period)	0.079	0.076	0.069
Per Cent Change	0%	-4%	-13%
Green House Gas Emissions	3,125,496	3,107,022	3,029,001
Per Cent Change	0%	-1%	-3%

*Results are derived from the Regional Transportation Demand Forecasting Model as a relative comparison between each scenario. Results should not be cited outside the context of this review.

Significant vehicle travel time savings realized under the “no urban expansion” scenario as compared to the 40% and 50% scenarios

It is assumed that transit services would be redistributed throughout the Regional network to service any new urban boundary expansion areas under either the 40% or 50% intensification scenarios. The number of forecasted AM peak period YRT/Viva transit trips as a percentage of total peak period trips is the same across all three draft growth scenarios. However, Transportation Services staff expect that transit usage will be higher overall under a higher density, “no urban expansion” scenario, as more trips will be directed towards other forms of transit including, GO rail and Toronto Transit Commission services (Spadina and Yonge Subways).

Generally fewer AM peak period auto trips are forecasted under the “no urban expansion” scenario as compared to the 40% intensification scenario. Total vehicle kilometres traveled per capita during the AM Peak period under the “no urban expansion” scenario is 3% less than the 40% intensification scenario. In addition, there is a minimal (1%) difference in total vehicle km traveled per capita between the 40% and 50% intensification scenarios. However, total vehicle hours traveled per capita is approximately 13% less under the “no urban expansion” scenario. Under the “no urban expansion” scenario a higher proportional share of total trips are shorter in distance and time.

“No urban expansion” reduces risk of inflow and infiltration as compared to the 40% and 50% intensification scenarios

Environmental services have provided considerations for this assessment through the Water and Wastewater Master Plan update currently being completed. These considerations include greenhouse gas emissions related to operational facilities, managing risks associated with inflow and infiltration, and per capita water use.

Greater lengths of water and wastewater infrastructure are required to service areas within the expansion lands under both the 40% and 50% intensification scenarios. Accordingly, there is greater potential risk of inflow and infiltration into sewer infrastructure under 40% and 50% intensification scenarios as compared to the “no urban expansion” scenario, which would require less new linear infrastructure to service.

It is also anticipated that there may be greater per-capita water use under the 40% and 50% intensification scenarios as compared to the “no urban expansion” scenario. This is due in part to larger lot sizes which typically require more outdoor water use as compared to medium and high density development.

It is anticipated that the 40% and 50% intensification scenarios will have higher greenhouse gas emissions due to additional pumping and treatment needs, as the infrastructure is extended to areas beyond the current urban boundary. Conversely, the “no urban expansion” scenario corresponds to lower greenhouse gas emissions from facility operations.

New infrastructure required to service potential expansion areas under both the 40% and 50% intensification scenario is considered to be the same. Accordingly, the associated capital costs are also considered to be the same. The “no urban expansion” scenario would require upgrades to existing infrastructure including additional water storage facilities and twining of existing watermains and sewers.

The land use and infrastructure planning assessment indicates a preference for the “no urban expansion” scenario

The current land use planning regime in Ontario and York Region places an emphasis on sustainable growth through intensification. The land use and infrastructure planning assessment component of this evaluation demonstrates a preference for the “no urban expansion” scenario. The above sections demonstrate that Regional and Provincial planning goals, objectives and policies generally favour the “no urban expansion” scenario. Also, the analysis of transportation and infrastructure planning inputs generally show increased benefits associated with the “no urban expansion” scenario over those associated with the 40% and 50% intensification scenarios.

5. FISCAL ANALYSIS

Preliminary fiscal analysis indicates “no urban expansion” represents the lowest capital requirements to support growth

Early stage fiscal analysis by Finance Department staff indicates that the capital requirements for the scenarios are reasonably similar, although the “no urban expansion” scenario is the lowest cost. However, based on the housing market analysis provided by Hemson Consulting Ltd., the “no urban expansion” scenario is not likely to be achievable given the amount of change in development pattern it requires within the limitations imposed by demographic and economic factors.

Master planning work is currently underway and is expected to be completed in early 2016. Departments are expected to have a much clearer understanding of growth infrastructure needs once these processes have been completed. In addition, the development charges by-law review is scheduled to begin in 2016. These studies and analysis will form the main inputs for a robust fiscal analysis of the preferred growth scenario.

Under all scenarios, it is likely that a significant increase in development charge rates will be needed to pay for the infrastructure to support future growth. Furthermore, development charges are not expected to cover the full capital cost of the necessary infrastructure and development charge collections may be lower than anticipated if growth does not materialize as expected (i.e., under the “no urban expansion” scenario).

6. HOUSING MARKET ANALYSIS

Hemson Consulting Ltd. was retained to undertake a housing market analysis to examine the potential to achieve each of the three draft growth scenarios

York Region has retained the services of Hemson Consulting Ltd. to examine the housing market’s likelihood of achieving the forecasted growth under each of the three draft growth scenarios. Appendix B to this report represents the consultant’s full analysis. The analysis considered the types of housing that households’ desire and need based on demographic, income and other market characteristics. This housing market analysis has also been completed in response to concerns raised by the building industry about what the market will reasonably absorb.

A number of current market trends are at play and affect the demand for housing in the short and medium term

The historical demand for housing in the GTHA and York Region is largely associated with demographics of households. Over the past 10 years there has been a significant shift favouring medium and higher density housing in the GTHA. In York Region specifically, apartment completions represented approximately 10% of new housing completions and have reached 30% in the most recent five year period. This shift shows the related influence of price, policy and demographics. The analysis identifies a number of trends that affect the demand for different housing types in York Region and the Greater Toronto Area and Hamilton. These trends include:

- older adults living longer
- younger adults choosing to stay “at home” for longer
- significant number of Millennials (currently age 25) who aging into young adults who enter the housing market in apartments
- rising real estate prices have limited the available choices for households that would have historically moved on from apartment units

- Millennials are leading a shift in locational preferences towards a return to urban living

These trends are assumed to continue to occur in the short and medium terms.

Family households are expected to continue to drive demand for ground-related housing

Future housing demand in the GTHA and York Region is anticipated to continue to be largely based on accommodating family households. The degree to which families can be accommodated in medium and higher density housing (apartment and row units) versus ground-related housing (single-detached and semi-detached units), generally preferred by families, is a primary determinant of the level of intensification that is achievable.

Despite a noticeable shift in the number of new apartment units constructed in the GTHA and York Region over the past 10 years, the study raises concerns that an overly ambitious policy shift towards an unrealistic share of apartment units may present unwarranted risk associated with shifting the market too far, too quickly.

"No urban expansion" scenario forecasts unreasonably high share of GTHA apartment growth within York Region

The no urban boundary expansion forecasts an unreasonably high level of apartment growth as all growth in the post 2031 period is forecasted to be apartments and row units. The "no urban expansion" scenario also depends on York Region receiving an unrealistic share of GTHA apartment growth and may lead to additional growth outside of the Region where ground-related housing can be accommodated. This scenario would have a greater possibility of success if a "no urban expansion" approach were applied equally across the GTHA and surrounding municipalities.

It is likely that the "no urban expansion" scenario would result in a failure to accommodate planned population growth, as households look outside the Region for locations that provide ground related housing options. There are financial implications associated with not achieving planned population growth, as the Region would not realize its return on capital investments. Therefore, from a market perspective, the "no urban expansion" scenario does not meet the test of being a reasonable outlook.

The housing market analysis supports a level of intensification between 40% and 50%

Under the "no urban expansion" scenario, the ability for the York Region market to absorb a significant portion of the GTHA's apartment growth to 2041 may be overly optimistic. The Hemson study raises concerns that intensification at or above 50% may result in a failure to accommodate planned population growth, as people look to other areas outside of the Region that provide ground-related housing options.

The 40% intensification scenario reflects the minimum amount of intensification required by the *Growth Plan* and is very likely to be achievable. Therefore Hemson Consulting Ltd. concludes that the scenario that best balances policy and the market likely lies between 40% and 50% intensification.

7. IDENTIFICATION OF A PREFERRED GROWTH SCENARIO

The preferred growth scenario should balance policy, fiscal responsibility and the ability to achieve forecasted growth

The preferred scenario should balance the goals, objectives and policies of YROP-2010, Vision 2051, the *PPS*, and the *Growth Plan*, while taking into account market realities, the need to maximize the Region's infrastructure investments and ensure fiscally responsible growth and service provision into the future. Based on the evaluation provided in Sections 4 through 6, above, there is a need to temper the findings of the land use and infrastructure planning assessment, which favours a higher level of intensification, with the financial and market realities of what the York Region housing market will bear.

All things considered the results of this evaluation point towards a level of intensification between 40% and 50%

For a Region known for its progressive planning policy, the bare minimum required under the *Growth Plan* (40% intensification scenario) is not advisable. The land use and infrastructure planning assessment (Section 4) demonstrates a policy preference towards the ""no urban expansion"" scenario over both the 40% and 50% intensification scenarios. The fiscal analysis component of this evaluation (Section 5) concludes that the three draft growth scenarios are reasonably similar although the "no urban expansion" scenario has the lowest capital requirements.

However, it is important to balance those components of the evaluation of the degree to which the market can absorb the forecasted housing supply under each of the three draft growth scenarios over time. As earlier demonstrated, a level of intensification at, or above, 50% places an overly optimistic expectation for York Region to absorb a significant portion of the GTA's apartment growth to 2041. While the goals, objectives and policy directions of the Region and the Province favour the "no urban expansion" scenario, there are concerns that the housing supply forecasted by this scenario will not meet the needs and requirements of family households, which continue to drive demand for ground-related housing.

All things considered, this evaluation finds that the scenario that best achieves the goals, objectives and policies of the Region and the Province, while ensuring fiscal responsibility, and best reflects the market's ability to realize the forecasted growth, likely lies somewhere between the 40% and 50% intensification scenarios.

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Accessible formats or communication supports are available upon request.

Table 1
Land Use and Infrastructure Planning Policy Matrix

YROP-2010 Goal	YROP-2010 Objectives	Vision 2051 Goal Area	PPS 2014 Policies	Places to Grow
To protect and enhance the natural environment for current and future generations so that it will sustain life, maintain health and provide an improved quality of life.	2.1 To identify, protect and enhance the Regional Greenlands System and its functions to ensure a healthy system rich in native biodiversity. 2.2 To minimize risks to human health and safety and property associated with natural hazards. 2.3 To ensure the careful management of stormwater through the use of innovative techniques.	A Place Where Everyone Can Thrive A resilient Natural Environment and Agricultural System	1.8.1 Planning authorities shall support energy conservation and efficiency, improved air quality, reduced greenhouse gas emissions, and climate change adaptation through land use and development patterns. 2.1.1 Natural features and areas shall be protected in the long term. 2.1.2 The diversity and connectivity of natural features in an area, and the long-term ecological function biodiversity of natural heritage systems, should be maintained, restored or, where possible, improved, recognizing linkages between and among natural heritage features and areas, surface water features and ground water features. 2.2.1 Planning authorities shall protect, improve or restore the quality and quantity of water by: f) planning for efficient and sustainable use of water resources, through practices for water conservation and sustaining water quality	2.2.8.2 A settlement area boundary expansion may only occur as part of a municipal comprehensive review where it has been demonstrated that: d) where applicable, the proposed expansion will meet the requirements of the Greenbelt, Niagara Escarpment and Oak Ridges Moraine Conservation Plans e) the existing or planned infrastructure required to accommodate the proposed expansion can be provided in a financially and environmentally sustainable manner
To improve the health and well-being of residents and workers in the Region by planning and developing sustainable active communities.	3.1 To promote human health and well-being in York Region, where people can live, work, play and learn in accessible and safe communities. 3.2 To improve air quality, and mitigate and adapt to the impacts of climate change. 3.3 To ensure that human services are provided to meet the needs of residents and workers. 3.4 To recognize, conserve and promote cultural heritage and its value and benefit to the community. 3.5 To promote an appropriate mix and range of acceptable housing to meet the needs of residents and workers.	A Place Where Everyone Can Thrive Livable Cities and Complete Communities Appropriate Housing for All Ages and Stages	1.4.3 Planning authorities shall provide for an appropriate range and mix of housing types and densities to meet projected requirements of current and future residents of the regional market area 1.5.1 Healthy, active communities should be promoted 2.6.1 Significant built heritage resources and significant cultural heritage landscapes shall be conserved. 3.0 Development shall be directed away from areas of natural or human-made hazards where there is an unacceptable risk to public health or safety or of property damage, and not create new or aggravate existing hazards.	2.2.7.1 New development taking place in designated greenfield areas will be planned, designated, zoned and designed in a manner that: a) contributes to creating complete communities b) creates street configurations, densities, and an urban form that supports walking, cycling, and the early integration and sustained viability of transit services c) provides a diverse mix of land uses, including residential and employment uses, to support vibrant neighbourhoods d) creates high quality public open spaces with site design and urban design standards that support opportunities for transit, walking and cycling 3.2.6.2 Planning for growth will take into account the availability and location of existing and planned community infrastructure so that community infrastructure can be provided efficiently and effectively

YROP-2010 Goal	YROP-2010 Objectives	Vision 2051 Goal Area	PPS 2014 Policies	Places to Grow
To create a competitive and flexible economic environment that encourages investment and a diversity of employment opportunities.	4.1.A To promote human health and well-being in York Region, where people can live, work, play and learn in accessible and safe communities.4.1.B To encourage and support cultural, recreational, institutional and tourism.4.2 To support Regional Centres and Corridors as a focus of economic activity and culture in York Region.4.3 To ensure the long term supply and effective planning and design of employment lands.4.4 To ensure retail is well-designed and appropriately integrated into communities in a manner that encourages walking, cycling, and transit.4.5 To ensure that growth is fiscally responsible.	A Place Where Everyone Can ThriveLivable Cities and Complete CommunitiesAn Innovation EconomyOpen and Responsive Governance	1.3.1 Planning authorities shall promote economic development and competitiveness by:a) providing for an appropriate mix and range of employment and institutional uses to meet long-term needs;b) providing opportunities for a diversified economic base, including maintaining a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future businesses;c) encouraging compact, mixed-use development that incorporates compatible employment uses to support liveable and resilient communities; andd) ensuring the necessary infrastructure is provided to support current and projected needs	2.2.2.1 Population and employment growth will be accommodated by:f) ensuring the availability of sufficient land for employment to accommodate forecasted growth to support the GGH's economic competitiveness2.2.8.2 A settlement area boundary expansion may only occur as part of a municipal comprehensive review where it has been demonstrated that:e) the existing or planned infrastructure required to accommodate the proposed expansion can be provided in a financially and environmentally sustainable manner
To enhance the Region's urban structure through city building, intensification, and compact and complete communities.	5.1 To ensure that growth in York Region occurs in an orderly and sustainable manner. 5.2 To create high quality, sustainable communities. 5.3 To create vibrant and sustainable urban areas. 5.4 To achieve an urban, integrated and connected system of Regional Centres and Corridors. 5.5 To establish Local Centres as focal points of activity and culture for surrounding communities and to enhance Local Corridors as part of the network of connectivity within the urban structure. 5.6 To ensure the continued vitality of Towns and Villages throughout York Region. 5.7 To retain the rural character and cultural heritage of Hamlets while permitting limited growth through infilling.	A Place Where Everyone Can Thrive Liveable Cities and Complete Communities Interconnected Systems for Mobility Living Sustainably	1.1.2 Within settlement areas, sufficient land shall be made available through intensification and redevelopment and, if necessary, designated growth areas. 1.1.3.6 New development taking place in designated growth areas should occur adjacent to the existing built-up area and shall have a compact form, mix of uses and densities that allow for the efficient use of land, infrastructure and public service facilities. 1.1.3.8 A planning authority may identify a settlement area or allow the expansion of a settlement area boundary only at the time of a comprehensive review and only where it has been demonstrated that: a) sufficient opportunities for growth are not available through intensification , redevelopment and designated growth areas to accommodate the projected needs over the identified planning horizon; b) the infrastructure and public service facilities which are planned or available are suitable for the development over the long term, are financially viable over their life cycle, and protect public health and safety and the natural environment; c) in prime agricultural areas: 1. the lands do not comprise specialty crop areas; 2. alternative locations have been evaluated, and i. there are no reasonable alternatives which avoid prime agricultural areas; and ii. there are no reasonable alternatives on lower priority agricultural lands in prime agricultural areas; d) the new or expanding settlement area is in compliance with the minimum distance separation formulae; and e) impacts from new or expanding settlement areas on agricultural operations which are adjacent or close to the settlement area are mitigated to the extent feasible.	2.2.2.1 Population and employment growth will be accommodated by: a) directing a significant portion of new growth to the built-up areas of the community through intensification b) focusing intensification in intensification areas c) building compact, transit-supportive communities in designated greenfield areas 2.2.3.1 By the year 2015 and for each year thereafter, a minimum of 40 per cent of all residential development occurring annually within each upper- and single-tier municipality will be within the built-up area. 2.2.8.2 A settlement boundary expansion may only occur as part of a municipal comprehensive review where it has been determined that: a) sufficient opportunities to accommodate forecasted growth contained in Schedule 3, through intensification and in designated greenfield areas, using the intensification target and density targets, are not available b) the expansion makes available sufficient lands for a time horizon not exceeding 20 years c) the timing of the expansion and the phasing of development within the designated greenfield area will not adversely affect the achievement of the intensification target and density targets, and other policies of this Plan

YROP-2010 Goal	YROP-2010 Objectives	Vision 2051 Goal Area	PPS 2014 Policies	Places to Grow
To protect the Agricultural, Rural, and Holland Marsh Specialty Crop Areas and support the agricultural industry as essential components of the Regional fabric.	6.3.A To protect Agricultural and Holland Marsh Specialty Crop Areas for the future to ensure a sustainable agricultural industry.6.3.B To support York Region's farmers and agricultural organizations as valuable contributors to the community.6.4 To retain the character of lands in the Rural Area and to protect the viability of existing agriculture, agriculture-related and secondary agricultural uses.	A resilient Natural Environment and Agricultural System	1.1.5.7 Opportunities to support a diversified rural economy should be promoted by protecting agricultural and other resource-related uses and directing non-related development to areas where it will minimize constraints on these uses.2.3.1 Prime agricultural areas shall be protected for long-term use for agriculture.Mineral aggregate resources shall be protected for long-term use and, where provincial information is available, deposits of mineral aggregate resources shall be identified.	2.2.8.2 A settlement area boundary expansion may only occur as part of a municipal comprehensive review where it has been demonstrated that:f) in prime agricultural areas (i) the lands do not comprise specialty crop areas, (ii) there are no reasonable alternatives that avoid prime agricultural areas (iii) there are no reasonable alternatives on lower priority agricultural lands in prime agricultural areasg) impacts from expanding settlement areas on agricultural operations which are adjacent or close to the settlement areas are mitigated to the extent feasible4.2.2.4 Municipalities are encouraged to establish and work with agricultural advisory committees and consult with them on decision-making related to agriculture and growth management
To provide the services required to support the Region's residents and businesses to 2031 and beyond, in a sustainable manner.	7.1.A To reduce automobile dependence by enhancing opportunities for residents and workers to walk, cycle, take transit, and carpool. 7.1.B To ensure adequate water resources for today's residents and future generations, through conservation and efficiency. 7.2.A To create an active transportation system and programs that encourage walking, cycling and the use of public transit. 7.2.B To provide transit service that is convenient and accessible to all residents and workers of York Region. 7.2.C To promote a linked and efficient network for goods movement that supports economic vitality and minimizes conflicts with sensitive land uses. 7.3 To deliver safe, clean drinking water and provide long term water and wastewater services to York Region's communities, that are safe, well managed, and sustainable. 7.4 To achieve an efficient waste management system that minimizes material entering the waste stream, and is managed in the most economically efficient, environmentally sensitive and socially responsible manner. 7.5 To demonstrate leadership in energy conservation and innovation, and to encourage the co-ordinated, efficient and safe integration of utilities to better serve residents and businesses.	A Place Where Everyone Can Thrive Liveable Cities and Complete Communities Interconnected Systems for Mobility Living Sustainably Open and Responsive Governance	1.1.5.5 Development shall be appropriate to the infrastructure which is planned or available, and avoid the need for the unjustified and/or uneconomical expansion of this infrastructure. 1.6.6.1 Planning for sewage and water services shall: c) promotes water conservation and water use efficiency 1.6.7 Efficient use shall be made of existing and planned infrastructure, including through the use of transportation demand management strategies, where feasible. 1.6.7.4 A land use pattern, density and mix of uses should be promoted that minimize the length and number of vehicle trips and support current and future use of transit and active transportation 1.6.10.1 Waste management systems need to be provided that are of an appropriate size and type to accommodate present and future requirements, and facilitate, encourage and promote reduction, reuse and recycling objectives. Planning authorities should consider the implications of development and land use patterns on waste generation, management and diversion.	3.2.2.1 The transportation system within the GGH will be planned and managed to: a) provide connectivity among transportation modes for moving people and for moving goods b) offer a balance of transportation choices that reduces reliance upon any single mode and promotes transit, cycling and walking c) be sustainable, by encouraging the most financially and environmentally appropriate mode for trip-making d) offer multi-modal access to jobs, housing, schools, cultural and recreational opportunities, and goods and services e) provide for the safety of system users 3.2.5.4 Construction of new, or expansion of existing, municipal or private communal water and wastewater systems should only be considered where the following conditions are met: a) strategies for water conservation and other water demand initiatives are being implemented in the existing service area b) plans for expansion or for new services are to serve growth in a manner that supports achievement of the intensification target and density targets c) plans have been considered in the context of applicable inter-provincial, national, bi-national, or state-provincial Great Lakes Basin agreements

HOUSING MARKET ANALYSIS

York Region

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

- Proposed draft growth scenarios are being analysed to support sound long-term planning in York Region to 2041. The Region considered a 40% intensification scenario, a 50% scenario and a no-urban-boundary-expansion scenario which equates to about 65% intensification.

- The key recommendation is to plan for a new "mid-range" intensification scenario between the 40% and 50% intensification levels. No-expansion is considered a more theoretical scenario than a realistic regional planning option.

- In recent decades household and housing growth in the GTAH and York Region has been driven by family households seeking ground-related housing. Future housing demand in the GTAH and York will still be based largely on accommodating family households who typically seek ground-related housing.

- Recent housing market shifts favouring medium and higher density housing show the related influence of price, policy and demographics on housing demand; all of which will continue to occur in the short to medium terms, at least.

- The Region's draft growth scenarios reflect Provincial, Regional and local policy desires for denser urban development with a greater focus on mixed-use communities and transit-oriented transport.

- Rising residential prices and reduced housing affordability are national phenomena that have occurred for many reasons. Within the overall rising GTAH market, the *Growth Plan*'s policies to increase intensification and density and reduce lands dedicated to low density development will tend to increase single detached prices *relative* to higher density options. Changes to relative prices are a major mechanism by which the policy to shift market demand for housing by type is implemented.

- GTAH-wide attempts to shift the housing demand by type too far towards higher density — that is, well beyond *Growth Plan* levels — may result in reduced affordability for some housing types and may generate unintended consequences through households' location decisions.

- The other mechanism to implement the policy to shift housing demand by type, however, is to make intensification areas more attractive through good planning and the provision of infrastructure, particularly transit infrastructure, as York is doing at a number of locations, especially in its Urban Growth Centres.

- A mid-range growth scenario, between the 40% and 50% intensification scenarios, would strike a reasonable balance between these various factors.

I INTRODUCTION

The Region of York is currently undertaking a Municipal Comprehensive Review (MCR) which is required as part of the Region's obligations to undertake regular reviews of the *York Region Official Plan*. An MCR results in important planning determinations that include, among other things, the amount of housing demand planned to be met through intensification and the amount of additional urban lands that may need to be designated to accommodate growth for the planning horizon of 2041.

As an initial step in the MCR process, York Region Long Range Planning prepared three draft scenarios for accommodating growth in the Region to 2041. All were based on the same population and employment growth to 2041, the three draft scenarios varied by the amount of intensification to be planned for and, therefore, varied by the amount of new urban greenfield land required to be designated — the more growth accommodated through intensification, the less new urban land would be required. These draft growth scenarios were received by York Region Council on April 23rd, 2015 in the form of a staff report titled: *2041 York Region Draft Growth Scenarios and Land Budget*.

Hemson Consulting Ltd. was retained by the Region of York to undertake a housing market analysis to examine the potential to achieve any of the three different intensification scenarios. The three draft scenarios are the minimum 40% of all new housing units being provided through intensification as required by the Province's *Growth Plan for the Greater Golden Horseshoe* (the *Growth Plan*), a higher 50% intensification scenario and a third "no urban boundary expansion" scenario[1]. The latter scenario is based on a mix of intensification and greenfield growth until the

[1] *The percentage figures defining the scenarios, while described as intensification, represent the proportion all housing units in the Region that are constructed within the 2006 Built Up Area of York, as defined by the Province through Growth Plan implementation documents. Any units added within the Built Up area count towards the target without regard to whether the units are singles, semis, rows, apartments or accessory units. The units also count towards the target even if built on remaining scattered parcels of never-developed land that lie within the Built-Up Area and are, therefore, not exactly "true" intensification. That being, said, the vast majority of the units to be constructed within the Built Up area will be medium and higher density forms provided through infill and redevelopment.*

current urban land supply is exhausted around 2031 and then virtually all growth would be provided through intensification thereafter. The purpose of this report is to assess the likelihood of achieving each of the intensification scenarios within the context of York Region's housing market.

From a housing market perspective, the difference between scenarios is largely about what forms of housing units can be provided in the Region. Most intensification housing units are apartments, but can include a consequential number of infill rowhouses as well as infill single and semi-detached units and accessory units.

Designated Greenfield Areas (DGA) are development areas not inside the Built-Up Area. The DGA is the only location where substantial numbers of single and semi-detached units can be built; along with some greenfield rowhouses and apartments. For the new housing market, the trade off between intensification and greenfield development is largely a trade off between the number of households accommodated in single and semi-detached houses versus apartments, with any scenario including significant numbers of rowhouses.

As a result, the analysis presented in this report largely considers the types of housing that households want and need based on demographic, income and other market characteristics compared to policy directions seeking a different, typically denser, form of housing development.

The balance of this report is divided into four sections:

- Following this introduction, Section II discusses the demographic drivers of housing and household growth in the Greater Toronto Area and Hamilton (GTAH) and York and examines York Region's role within the GTAH housing market;
- Section III describes the policy context for managing growth and urban development in the GTAH, describes the growth forecast scenarios being considered by York and considers the nature of the Region's likely future housing demand; and
- Section IV provides commentary on the likelihood of York achieving the each of the three intensification scenarios and provides a recommendation on an appropriate range for an intensification target for the Region, based on the analysis.

II HOUSING GROWTH IN GTAH AND YORK DRIVEN BY FAMILIES SEEKING GROUND-RELATED HOUSING

Growth in households and demand for housing by type is driven largely by demographic forces; age and family status being key determining factors. Like individual housing choices, the collective housing decisions in the market also include location and price or affordability. Overall, the demand for new housing in the GTAH and York Region is shifting towards medium and higher density units due to demographics, affordability, changing preferences and planning policy. The understanding of these forces as they currently act on the housing market described in this section of the report provides the basis for future housing demand and to consider York Region's draft growth scenarios in the following sections.

To understand the character of recent and future housing demand in York Region, the Regional housing market must also be considered from a metropolitan perspective within the GTAH. The GTAH, in large measure, operates as a single housing market where Toronto accommodates most new arrivals to the area and many of the young adult households for the whole GTAH, while growth in the Regions is generated largely by those moving from Toronto to surrounding areas. In this respect there is fluidity in the market across municipal boundaries. As York Region has matured, these patterns are less extreme (many new arrivals to the GTAH now initially settle in Peel and York Regions), but the GTAH can still be considered as a single housing market.

A. HOUSEHOLD CHARACTERISTICS AND AGE ARE THE KEY INDICATORS OF HOUSING CHOICE

In recent decades household and housing growth in the GTAH and York Region has been driven largely by family households seeking ground-related housing[2]. Household needs are the primary determinant of housing type and, on average, age is a good indicator of these needs. Young adults typically start their first households as singles or childless couples in their early and mid-20s, followed by a long period as a family household involving pairing up and raising one or two children, followed by a period as "empty nesters" and, ultimately, as elderly households and widowhood. While there are many variations on family arrangements of single parents, single adults and childless couples, these are statistically less common and these characteristics do not always affect housing choices.

The household type — a family or non-family household[3] – by the age of the household maintainer is shown in Exhibits 1 and 2 for the GTAH and York Region. The pattern is very similar at both geographic levels, but the age structure of the population of York Region is more concentrated in the family-oriented age groups as shown in the age structure comparison chart in Exhibit 3.

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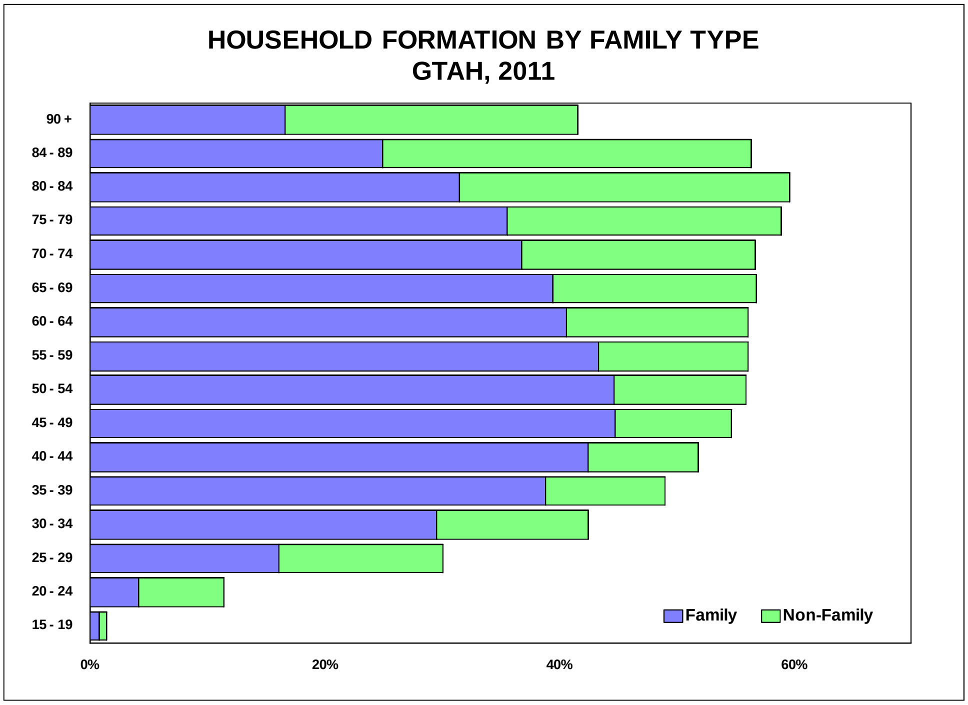
[2] *Ground-related housing is a collective term for single detached, semi-detached and rowhouse units; essentially the type of housing units that have a front door, a yard or outdoor area and immediate access to parking. This is distinct nearly all apartment units.*

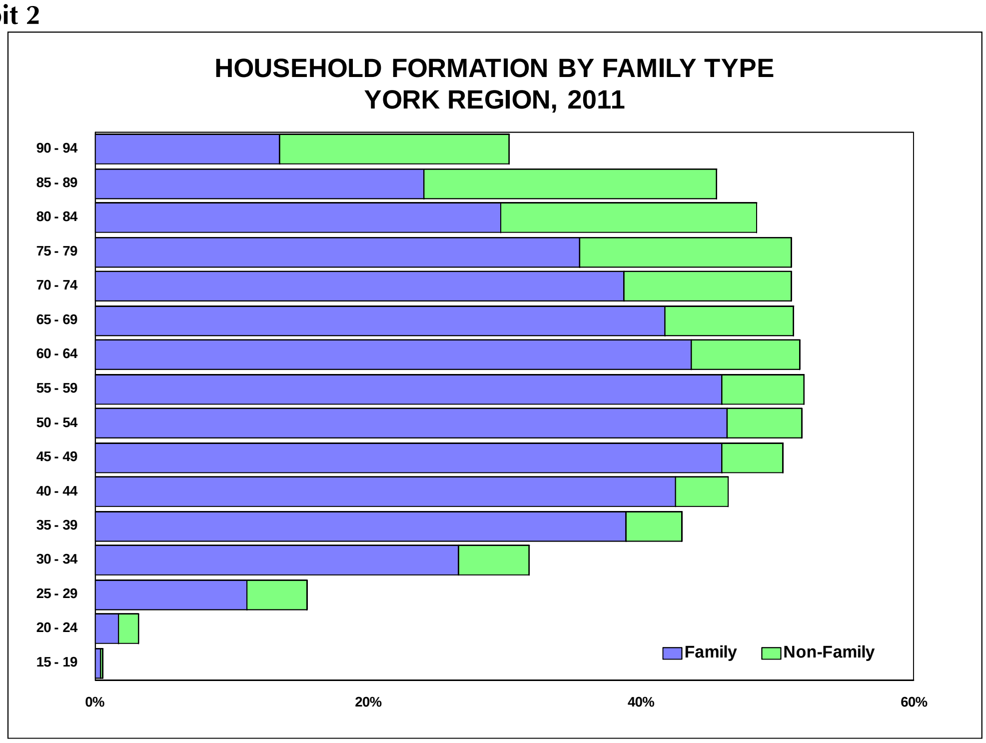
[3] *Family households for this purpose are couples (married or common law) with or without children at home. Non-family households are single adults of any age whether not yet married or common law or, later in life, divorced or widowed. Two or more single adults sharing a unit as roommates are still considered a non-family household.*

Exhibit 1



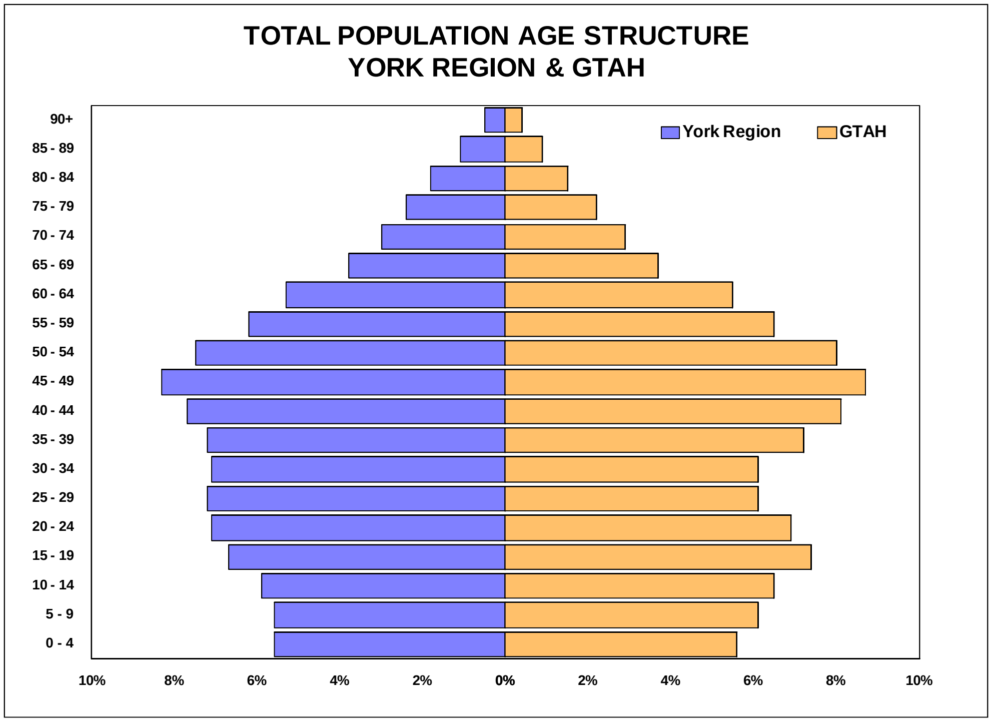
Source: Hemson Consulting Ltd. based on CMHC data.

Exhibit 2



Source: Hemson Consulting Ltd. based on CMHC data.

Exhibit 3



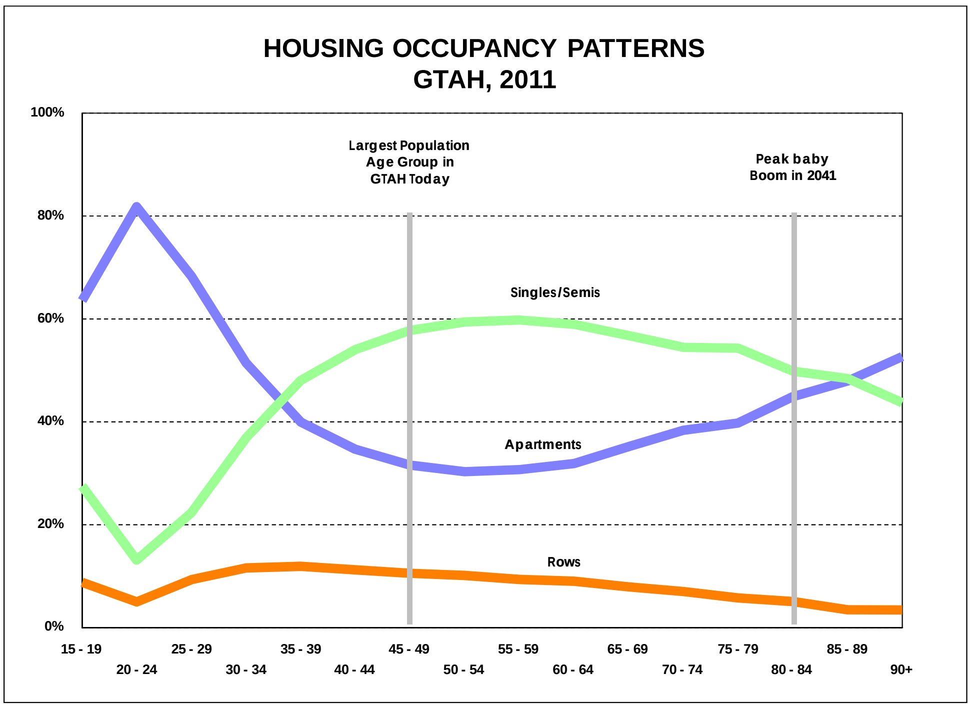
Source: Hemson Consulting Ltd. based on Statistics Canada data.

Housing choice by unit type typically tend to follow changes in family status. The young adults in their first household typically begin in an apartment unit, often rental, followed by a preference for ground-related housing during family years, especially while there are children at home. Later in life, divorce or the death of a spouse leaves single adults who typically return to higher density living.

Housing choice by unit type typically tends to follow changes in family status. As a result, one of the major factors driving demand for housing – the type of housing people choose to rent or buy at a given time (single detached, rows, apartments) – is the age structure of the population. In most observed cases housing demand in the GTAH and throughout North America generally follows a well-established pattern. It begins with apartment occupancy for new households started by young adults, often in a rental form. This typically progresses to ground-related housing when families are formed and children are born. The pattern then begins a gradual move again back towards apartment occupancy as divorcees and widows become more prevalent and as children move out of the family home, resulting in some empty nesters seeking to “downsize”. However, among aging households, apartment occupancy has not historically become the dominant choice until people are in their 80s.

The pattern of age structure and housing within the GTAH and York Region is illustrated in Exhibits 4 and 5 below which show the relationship between age of household head and housing unit preference. To be clear, what the graph shows is that in 2011 only about 20% of young adult households in the GTAH occupied a single-detached dwelling. Occupancy of single detached is much higher among their older peers, with a peak at 60% of those 55–59 occupying single detached. The apartments show an inverse pattern where a high proportion of young adult households occupy apartments, but fall as they enter family-oriented age groups and then rise again in later years.

Exhibit 4

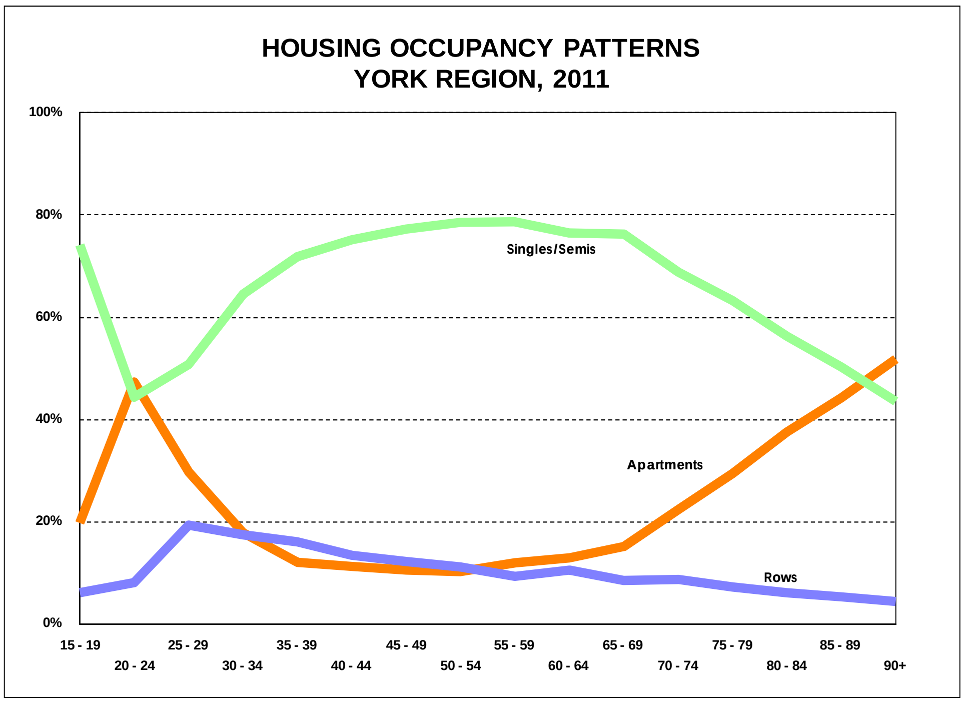


Source: Hemson Consulting Ltd. based on Statistics Canada, 2011 National Household Survey.

The chart also indicates the largest population age group in the GTAH is at the age of peak occupancy of ground-related housing meaning that the demand for this type of unit will remain high. Even the baby boom population, whose peak age groups will be 80–84 by 2041, will still likely continue to occupy more single detached than apartment units, if current patterns were to hold.

The pattern in York Region shows similar changes by age, but is much more oriented towards the single and semi-detached occupancies characteristic of the existing housing supply.

Exhibit 5



Source: Hemson Consulting Ltd. based on Statistics Canada, 2011 National Household Survey.

Demographics is not the only factor affecting housing demand. Actual housing choices by households are made in consideration of many additional factors, not the least of which are price and availability. While some individual households do make different choices, reflecting economic circumstances, family structure or personal preference, the patterns described remain the dominant housing choice patterns across the broader population, have become well-established over a very long period of time and can be expected to change only slowly over time.

B. YORK PLAYS AN IMPORTANT ROLE IN GTAH HOUSING MARKET

Within the context of the demographic drivers discussed above, York Region's role in the GTAH housing market for nearly 40 years has been primarily to provide ground-related housing to a rapidly growing GTAH population.

Household growth in the GTAH and York Region are shown in Tables 1 and 2 for the period from 1986 to a 2016 estimate. This long period of rapid growth initially occurred in response to greenfield development reaching the limits of the then-Metropolitan Toronto and construction of the York-Durham Servicing System (YDSS) as the key infrastructure to facilitate growth in York and Durham Regions.

The construction of the YDSS in the early 1980s opened up significant potential for greenfield development of single detached housing in York. At the same time, development in the then Metropolitan Toronto was reaching its urban boundaries and the supply of land for low density housing was becoming scarce. The effects of the increased servicing capacity in the Region, along with York's proximity to Toronto and its outward growth pressures resulted in significant population and housing growth in the Region from the mid-1980s onward. Household growth in York continues to outpace that of the GTAH as a whole today.

Year	Occupied Households	Growth	Average Annual Growth Rate
Table 1			
Historical Occupied Household Growth York Region, 1986 - 2016est			
1986	105,200		
1991	150,500	45,300	7.4%
1996	178,100	27,600	3.4%
2001	223,300	45,200	4.6%
2006	275,600	52,300	4.3%
2011	323,500	47,900	3.3%
2016est	364,000	40,500	2.4%

Source: Statistics Canada.

Year	Occupied Households	Growth	Average Annual Growth Rate
Table 2			
Historical Occupied Household Growth GTAH, 1986 - 2016est			
1986	1,460,000		
1991	1,656,000	196,000	2.6%
1996	1,798,000	142,000	1.7%
2001	1,969,000	171,000	1.8%
2006	2,160,000	191,000	1.9%
2011	2,371,000	211,000	1.9%
2016est	2,559,100	188,100	1.5%

Source: Statistics Canada.

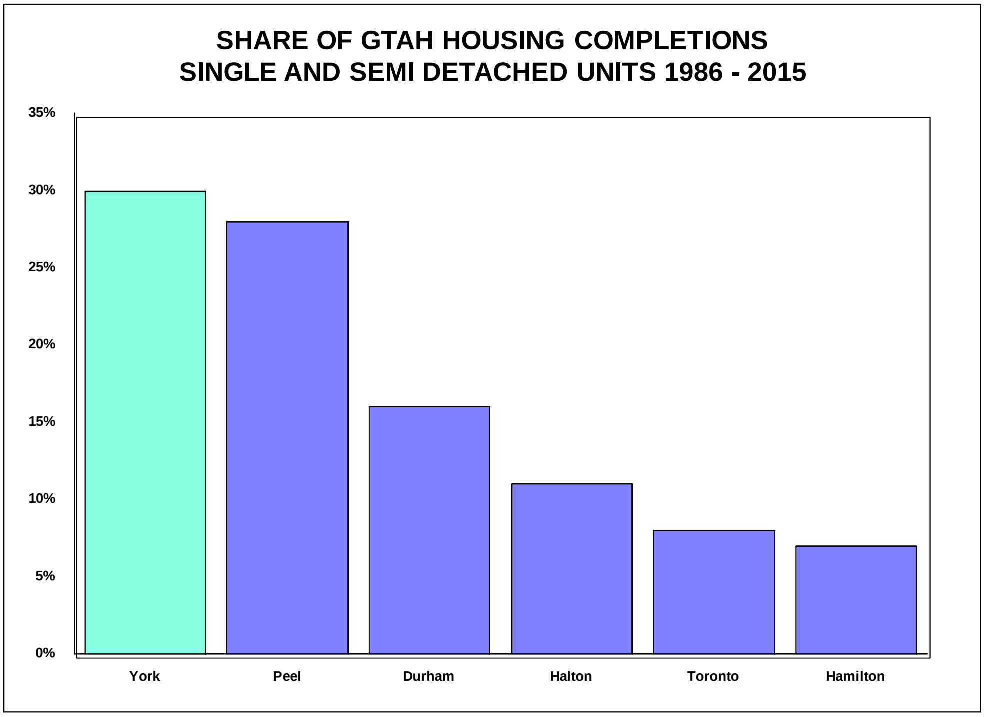
As shown in Table 3, in the 25 years from 1986 to 2011, York Region has accommodated 24% of the GTAH total housing unit growth and 36% of the single and semi-detached unit growth. York's role in the broader GTAH housing market has been defined through the provision of ground-related housing for families, especially as diminished greenfield supply for ground-oriented housing in the City of Toronto pushed demand outward.

Table 3 York Region's Share of GTAH Household Growth by Unit Type 1986 - 2011			
Unit Type	**Household Growth, 1986-2011**		**York's Share of GTAH Growth**
	York Region	**GTAH**	
Single & Semi-detached	146,000	407,000	36%
Row	33,000	128,000	26%
Apartment	40,000	377,000	11%
Total	**219,000**	**912,000**	**24%**

Source: Statistics Canada.

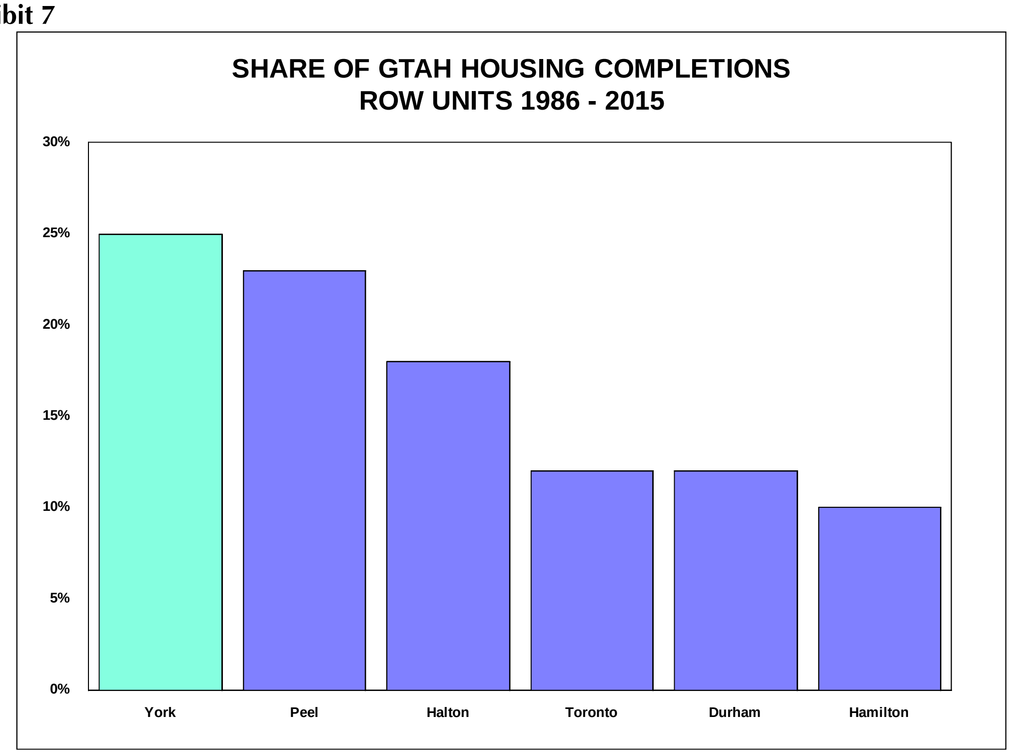
The following graphics in Exhibits 6, 7 and 8 compare the construction of new housing by type in the GTAH over the period from 1986 to 2015 comparing York to the other five GTAH upper- and single-tier municipalities. For single and semi-detached units and for row units, the number constructed in York Region is a little higher than that of Peel Region and much higher than all other areas. Apartments, on the other hand, have still remained concentrated in Toronto over the nearly 30 year period shown. As will be discussed in a later section of the report, Toronto's share has actually grown in recent years; this presents a key challenge to the policy goals of the *Growth Plan* and for York Region.

Exhibit 6



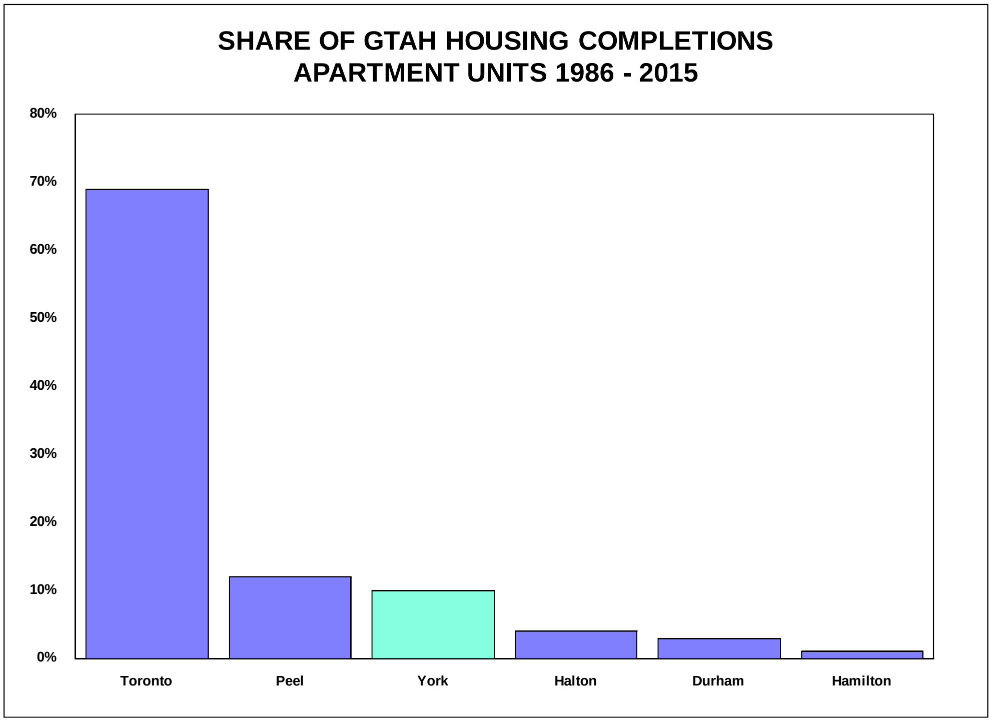
Source: Hemson Consulting Ltd. based on CMHC data.

Exhibit 7



Source: Hemson Consulting Ltd. based on CMHC data.

Exhibit 8



Source: Hemson Consulting Ltd. based on CMHC data.

As a result of the growth in recent decades, York's share of GTAH total households has doubled since 1986, now representing over 14% of the GTAH overall housing units. Its share of GTAH apartments was a much lower 5%, due to the concentration in Toronto, while nearly 20% of GTAH's ground-oriented units are in York Region.

More recently, the housing market in the GTAH as well as within York Region has undergone a shift in favour of higher density housing. This change is, in part, the result of the policy initiatives to shift the housing market and will likely influence the Region's future housing mix potential.

C. NEW HOUSING MARKET IS SHIFTING IN FAVOUR OF HIGHER DENSITY HOUSING DUE TO A RANGE OF ECONOMIC AND DEMOGRAPHIC FACTORS

Recent housing market shifts in the GTAH and York highlight the related influence of price, policy and demographic characteristics on household decision-making and housing markets. While housing choices have been described from a demographic perspective, the housing market should also be understood as the sum of an individual household's decisions about housing. These individual decisions are a complex combination of housing type desired, the type that might be acceptable, the tolerance for one or both of the household adults for commuting and, of course, price. Collectively, these decisions have created the housing type and price patterns that exist in the GTAH and York Region today.

Over the past 10 years there has been an enormous shift in the new housing market in GTAH. After a long period where new apartment construction was a relatively small part of the market (about 27% of new units from 1981 to 2006, the period of York's most rapid growth in single detached housing), the apartment share rose to over 50% in the five years through 2015.

The reasons for these changes are always complex, but the most important among them are:

- The major demographic force has been the baby boom echo population aging into the young adults who typically enter the housing market in apartments. The peak birth year of the baby boom echo in Ontario was 1990 (31 years after the peak baby boom birth year of 1959, that is, the parents of the echo). The peak of the baby boom echo is now 25, which is just around the age when most people move out from their parent's home and form their first household.

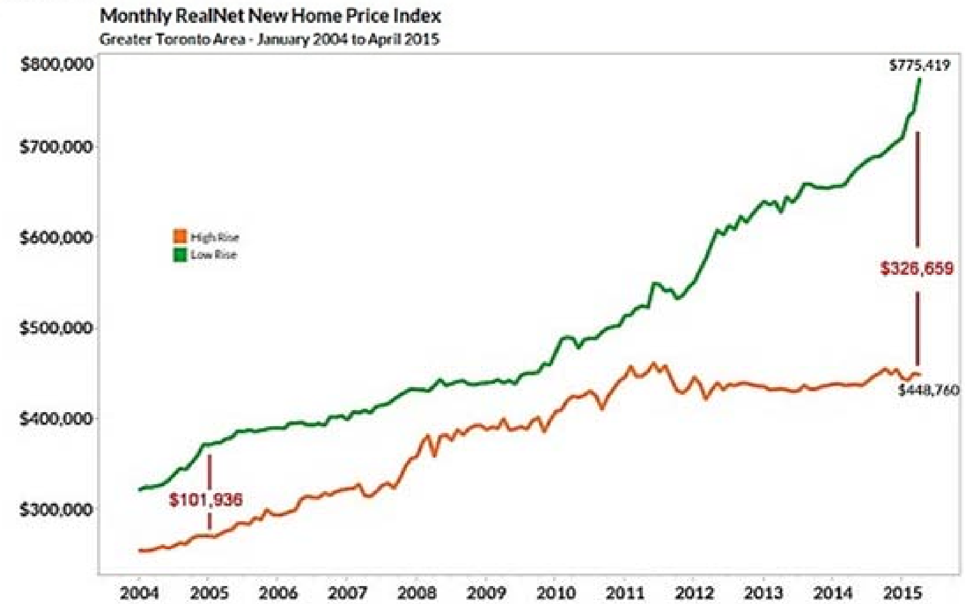
- In addition, the GTAH has received a large influx of young adults from other parts of Ontario. This is an established migration pattern of young adults attracted to the "big city" for post-secondary education or economic opportunity or making a lifestyle choice. Over the past 10 or so years, this migration has been particularly large, likely as a result of the recession and slow economic recovery that has occurred generally in Ontario, but has been concentrated outside of the Greater Golden Horseshoe (GGH). These migrants are concentrated in the late teens through mid-20s age groups and have, therefore, had a significant influence on the continued high demand for apartment units.

- This baby-boom echo population, often described as the millennial generation has been credited with a shift in housing preferences often characterized as a return to urban living. This is a social or cultural description of what was just described in economic and demographic terms. The degree to which this generation continues to hold these values as they age and have families is one of the major uncertainties in considering the long-term housing demand outlook. For the short term, at least, this group appears to be remaining more in apartments in urban locations for longer than their parents did.

- Rising real estate prices have limited the available choices for the households that might, in a more affordable market, have moved on from rental or ownership apartments to mostly-ownership ground-related units. Generally, low mortgage interest rates over most of the past 25 years and extremely low rates since the credit crisis and recession of 2008 have meant that affordability has not been limited quite as much as the rising prices might suggest. However, in the past few years, the rising prices have become a limitation for a much larger number of households. As a result, more young adult households are staying in apartments longer before moving on to ground-related units, increasing the demand for apartment relative to ground-related units.

- While there has been a substantial general increase in real estate values for units of all types, there has been one interesting shift within the market. That is, the difference in selling price between condominium units and ground-related units has grown, as shown by RealNet data in Exhibit 9. While the overall price increases arise from a number of factors and affect most Canadian markets, the wider *gap* between the apartment and ground-related pricing may be more local in origin. The large supply of apartment units in the GTAH market and the more restricted availability of serviced greenfield land, in accordance with *Growth Plan* policy, may, at least be partially responsible for the widening gap between the prices of the two types of units (though probably little to do with the overall residential price increases). Whatever the causes, the pricing has the effect of encouraging apartment purchases over ground-related housing purchases.

Exhibit 9

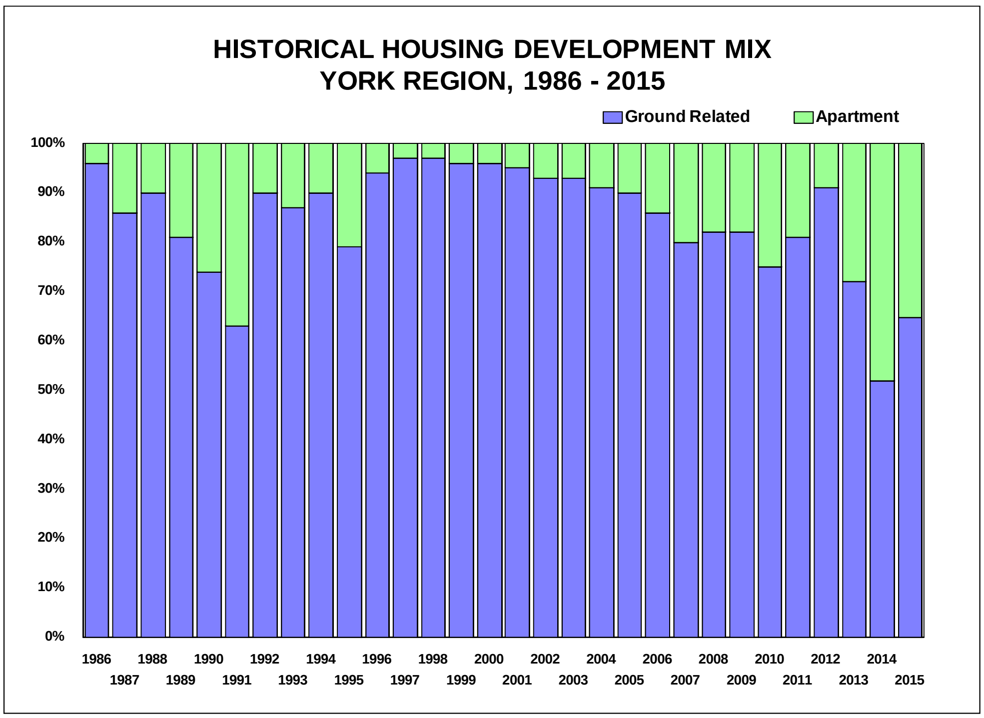


Source: RealNet Canada Inc.

Exhibits 10 and 11 show the share of new housing units completed in the GTAH and York Region among apartments and ground-related units. In both graphics, the effect of the late 1980s period of rapid growth with a high proportion of ground-related units can be seen. This was followed by the early 1990s recession when new housing construction reached historic lows, but included a high proportion of assisted housing units, mainly in apartment form. The current high housing growth period that has continued nearly unabated from the late 1990s, began by building almost entirely on ground-related units, but is increasingly shifting to apartment units — a "condo boom" that has now lasted more than 10 years. The current extraordinarily high share of apartment completions, over 70% of all housing estimated for 2015, is related to the timing of some very large apartment projects and is unlikely to repeated to subsequent years, though the 50% level may well persist in the short term, at least.

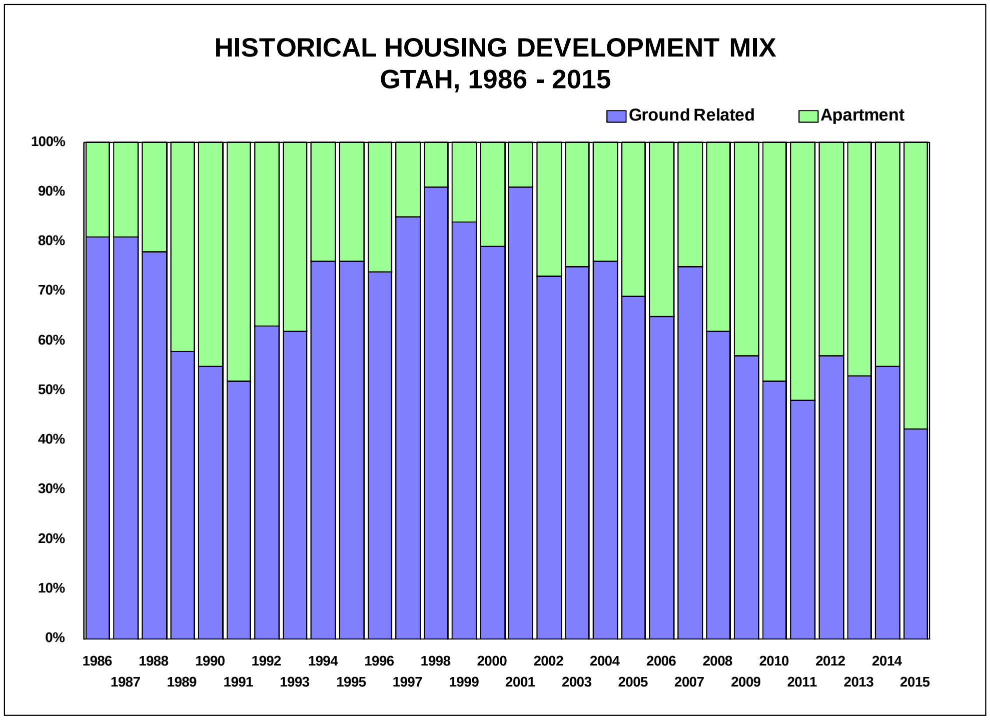
The market shift is also significant in York Region. From 1981 to 2006, the period of rapid single detached growth in the Region saw apartments representing just under 10% of new unit completions. This figure rose to almost 20% in the latter half of the last decade and to about 30% over the recent five year period. This is a very significant shift for York Region. However, housing markets have cyclical patterns and it cannot be assumed that the change in the GTAH and York Region market characteristics are entirely permanent.

Exhibit 10



Source: Hemson Consulting Ltd. based on CMHC data.

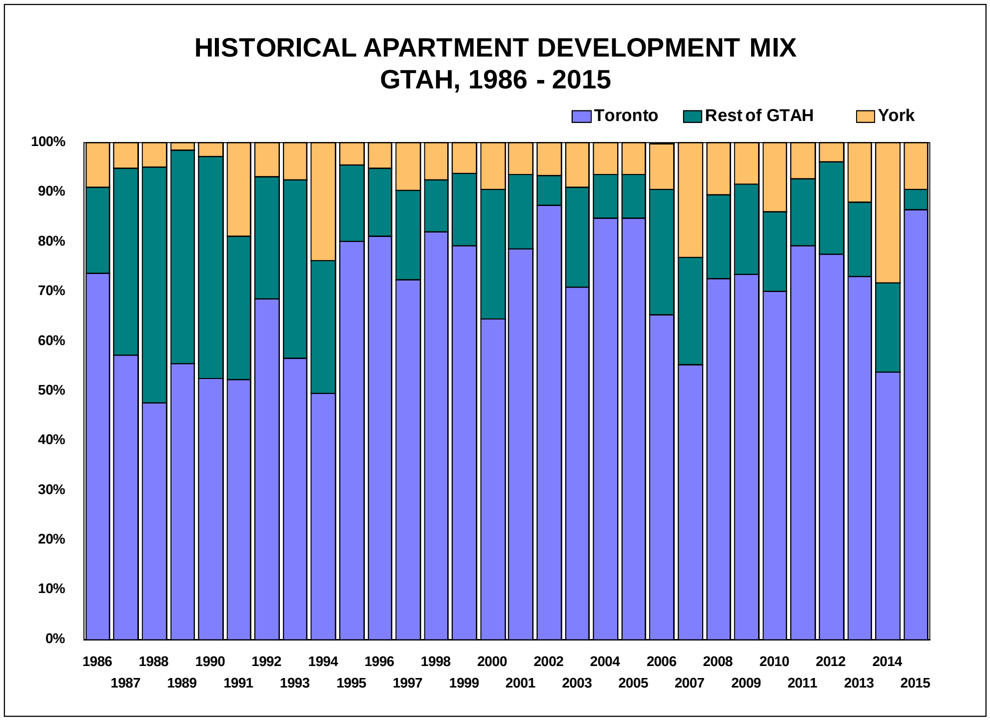
Exhibit 11



Source: Hemson Consulting Ltd. based on CMHC data.

From a *Growth Plan* policy perspective and from a York Region planning perspective, an important characteristic of the current condo boom is its geographic location. Exhibit 12 shows the City of Toronto's share of the GTAH market. The City's share has stayed persistently high and even risen somewhat in the recent high construction years. This pattern is not quite consistent with *Growth Plan* vision which envisioned large number of apartments, but that they would be spread much more evenly throughout the GTAH, including concentrations in the Urban Growth Centres (UGCs) outside Toronto. This includes York Region and its four UGCs in Markham City Centre, Vaughan Metropolitan Centre, Richmond Hill Centre / Langstaff and Newmarket. The share still being attracted to the City of Toronto does create a challenge for the surrounding regions to achieve their *Growth Plan* and official plan intensification targets, though York Region (and Peel) are in the best positions to do so in the context both of the current market and of infrastructure investment to support achieving the targets.

Exhibit 12



Source: Hemson Consulting Ltd. based on CMHC data.

D. HOUSING AFFORDABILTY CONTINUES TO BE A CHALLENGE IN THE GTAH AND YORK, BUT HIGH PRICES DO ENCOURAGE APARTMENT OCCUPANCY

Provincial and Regional planning policy encourages the provision of a range of housing types and tenures to meet the needs of the resident population at varied income levels and stages of life. A notion behind the policy is that appropriately set intensification targets necessitate the development of more medium and higher density housing units, such as row houses and apartments, which in turn contribute to housing affordability by providing opportunities for those who cannot afford to own a single-detached unit.

In the case of York Region, housing affordability is a key concern as rising housing costs have significantly outpaced household income growth for some time now. At the same time, rental units are a small component of the housing stock. The Region's 10-Year Housing Plan 2014 Progress Report highlights how the average resale house price increased by 90% between 2004 and 2014 as compared with a 21% increase in average hourly wage over the same time frame. While housing ownership has become increasingly expensive, rental housing continues to represent a marginal share of housing construction activity — only 1% of all housing starts in the Region over the past decade were for purpose built rental units.

The Region of York provides details of the method behind the calculation of housing affordability thresholds in the report *Affordable Housing Measuring and Monitoring Guidelines*, published in June 2015. The Region uses the definition of affordable housing as provided in the Provincial Policy Statement:

> Affordable: means a) in the case of ownership housing, the least expensive of: 1. Housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households; or 2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area; b) in the case of rental housing, the least expensive of: 1. a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or 2. a unit for which the rent is at or below the average market rent of a unit in the regional market area

Statistics Canada defines "low and moderate income households" as those households within the 60th percentile of the Region's income distribution. Based on household income data from the 2011 National Household Survey, the 60th percentile of the income distribution is approximately $111,000 (York Region's report identifies a similar figure of $112,835).

As shown in Tables 4 and 5, between 2011-2015, average incomes have increased by approximately 2% whereas average housing prices have increased 34%. The average price of a single-detached home in York Region is $811,000, second only to Toronto in the GTA.

Table 4	
Average Household Income York Region, 1986 - 2011	
Year	**Average Income**
1986	$52,205
1991	$74,290
1996	$74,280
2001	$91,880
2006	$103,420
2011	$110,750
2015 (est)	**$120,000 - $125,000**

Source: Statistics Canada.

Table 5		
Average Price of a Single Detached House GTA, 2012 & 2015		
Region	**Price in 2012**	**Price in 2015**
York Region	606,300	811,000
Toronto	660,000	843,300
Peel	483,600	602,300
Halton	577,600	708,000
Durham	332,300	438,400

Source: Toronto Real Estate Board.

According to income levels in York Region, households within the 60th percentile of the Region's income distribution earn $111,000 or less, for whom the home ownership affordability threshold is in the territory of $440,000. With a Region-wide average sale price of $811,000, the affordable housing threshold of $440,000 is just over half the average resale price for single detached units.

By comparison, however, the average resale price of condominium apartments in York Region in the second quarter of 2015 according to the Toronto Real Estate Board was about $375,000. This is below the affordable threshold $440,000 for the 60^{th} percentile income. The price is still high enough that there is not significant product available at the 40^{th} or lower percentile incomes. The supply of condominium apartments available for resale as well as the significant number of new units coming on stream is providing more affordable housing at least at the high end of the affordability range.

The affordable rental rate is $1,270 per month (calculated in the *Affordable Housing Measuring and Monitoring Guidelines* using 2014 figures).

According to the York Region *Affordable Housing Measuring and Monitoring Guidelines*, in 2014, only 31% of new housing stock fell within the housing affordability threshold. Of the total ownership units built, only 29% (1,825 units out of 6,334) were considered affordable units, whereas 100% (205) of the rental units fell within the affordability range. The number of units available within the 60th percentile drops significantly under the 50th percentile (18%) and very sharply under the 40th percentile (6%).

The market effect of many of the resale apartments and most of the rental apartments being within affordability ranges is that it should encourage apartment occupancy over other housing types. However, the challenge here is that most of the apartments existing or being built are not suitable (or at least desirable) to most family households with children in part due to simple square footage and in part due to the other perceived inconveniences of apartment living for many families (such as storage, outdoor space or parking access).

The question often raised in response to the observations about suitability of apartments for family living is why there are not or could not be more family-sized apartment units. In the typically high-rise poured concrete building, the construction cost is simply too high. Current costs to construct new medium quality wood-frame detached or rowhouse unit might be about $100 to $130 per square foot compared to about $210 per square foot for medium quality finishes in high-rise poured concrete construction. Construction costs alone (which are now typically around half of the sale price) start to stretch affordability for family sizes apartments. Or, from the perspective of current sale prices at $400 to $500 per square foot in York Region — and rising — a 1,200 square foot family size unit might be selling for $550,000 and would require a significant monthly maintenance fee. This price is also beyond the affordable range. In short, apartments are more affordable largely because they are smaller, which means the challenges of achieving intensification goals and affordability goals are not easily addressed by anticipating a rise in family-sized apartments.

Demographic forces, shifting market preferences and housing affordability combine to produce the housing market characteristics seen in the York Region and GTAH markets today. This provides the context to consider future housing demand and consider York Region's draft growth scenarios in the following sections.

III A RANGE OF INTENSIFICATION SCENARIOS ARE BEING CONSIDERED BY YORK

Planning policy at each the Provincial, Regional and local levels has for some time generally sought to achieve higher densities of residential development and less of a focus on single detached units in the new housing market. *Growth Plan* policies entrench these directions, providing a common policy base for the GGH, GTAH and York Region on these themes. Within this policy context York Region prepared the three draft growth scenarios being considered in this report. The scenarios themselves each incorporate a diverse range of housing types that assist in part to meet the demographic and economic characteristics of housing demand in York Region.

A. PLANNING POLICY ENCOURAGES MORE COMPACT URBAN FORM THAT IS ENCOURAGED THROUGH INFRASTRUCTURE INVESTMENT

Planning in York Region is undertaken within the context of the Provincial policy framework for growth management and land use planning, notably the *Growth Plan,* which complements the PPS and provides direction on managing growth and urban development across the Greater Golden Horseshoe (GGH) region. Planning policy in a variety of forms at the Provincial, Regional and local levels have for some time sought more a dense urban form and more apartment development to achieve a number of goals related to land use, transportation and community character. The *Growth Plan* advanced many of these goals and established mandatory policies with quantitative measures of density and land use.

In considering York's housing market for our current purposes, the key direction of the *Growth Plan* is that more housing growth should be provided through intensification and denser greenfield development. Section 2.2.3.1 requires that a minimum of 40% of all residential development occurring annually within upper- and single-tier municipalities, including York, be within the Built-Up Area, beginning in 2015, and for each year thereafter. The *Growth Plan* also requires that upper-tier municipalities plan to achieve a minimum density target of 50 persons and jobs combined per ha measured across the entire Designated Greenfield Area (DGA). The intensification goal and, to some extent, the greenfield density goal are achieved through shifting the housing mix towards more rows and especially more apartment units.

In addition to this overall shift in the GTAH housing market, the notion was that a significant geographic shift would also occur. Historically, the vast majority of GTAH apartments were in Toronto and the surrounding areas contained proportionally more ground-related housing. The *Growth Plan*, however, seeks to shift this pattern such that all parts GTAH would have a significant number of apartment units, relative to the past.

A key part of achieving these policy goals is the establishment of intensification nodes including the Urban Growth Centres (UGC) and building the supporting infrastructure, the most important of which is transit infrastructure.

B. THREE GROWTH SCENARIOS BASED ON VARIED DEGREES OF INTENSIFICATION ACHIEVEMENT

The growth scenarios prepared by the Region as part of the MCR reflect policy desires for denser urban development with a greater focus on mixed-use communities and access to public transit. The Region and its local municipalities embraced the policies and the desired outcomes of Provincial policy through the *York Region Official Plan* which supports the density and intensification directions of the *Growth Plan*, further set out at the local level through the official plans of lower-tier municipalities within York. Within York Region, the key growth areas are the four UGCs — Markham City Centre, Richmond Hill Centre / Langstaff, Vaughan Metropolitan Centre and Newmarket — which are supported by the GO system (which is moving toward all day two way service on many lines), the Spadina-York subway extension to Vaughan Metropolitan Centre, York's Viva system and the proposed Yonge subway extension to Richmond Hill Centre / Langstaff.

To implement the direction and achieve the goals of Provincial and Regional growth management policy, three growth scenarios were prepared, based on varying rates of intensification:

- one based on a minimum 40% intensification rate as required by the *Growth Plan*;
- one based on achievement of a higher intensification rate of 50%; and
- a third predicated on no future urban boundary expansions.

These three scenarios are described in detail in York Region Long Range Planning's *2041 York Region Draft Growth Scenarios and Land Budget*. Among the key results of the draft scenarios of importance for current purposes is the mix of higher density versus ground-related units in each of the scenarios. Over the 10 years to 2014, the Region has averaged 21% apartment units. In the three scenarios the share of apartment units of total unit growth from 2011 to 2041 is 33% apartments in the 40% scenario, 40% apartments in the 50% scenario and 47% apartments in the no expansion scenario. The ability, through policy and investment, to shift the housing market to the forecast higher levels of apartment growth in the scenarios is the central question of the analysis presented in this report.

C. INTENSIFICATION DOES INCLUDE A RANGE OF BUILT FORMS EVEN WITHIN THE HIGHER DENSTIY CATEGORIES, AS DOES GREENFIELD DEVELOPMENT

While much discussion of the draft growth scenarios and the various levels of intensification surround the number and share of higher density units in the new housing stock, it is important to understand that there is more to intensification than apartments. In the 40% and 50% intensification draft growth scenarios apartments represent over two thirds of the units and the remaining third are ground related units. By comparison, in the greenfield areas the units are about 10% apartments and 90% ground-related units.

Within these general groupings there is still a wide range of built forms. Apartments will be mostly concrete high rises, but will include other lower scale forms as well. High rise projects are increasingly incorporating podium "row houses" into the buildings; that is, two storey units with their own entrance that feel like a row to the occupants but are really larger apartment units integrated into a taller building.

Apartments include the low rise wood frame buildings, that is, three or four storey "walk ups" which are having a larger presence in the new housing market in recent years (though more in Peel and Halton than in York, at the present time). There is potential for a significant increase in the number of these buildings, since Ontario has amended the building code to allow up to six storey wood frame structures (as are common in British Columbia now). Wood frame structures are reported to represent a 10% to 15% cost saving compared to concrete.

In addition, there are a range of built forms that fall into the apartment category that are potentially more attractive to families in the marketplace. These other forms include stacked townhouses which already have a role in York's housing market. As well there are back-to-back rows, purpose build triplexes and four-plexes in mainly house-form buildings.

This wide variety of forms that can be provided to market have the potential to widen the appeal of the apartment products provided through intensification, in particular, by providing units that may be more attractive to family households, including families with children at home.

Many of this range of housing forms that fall within the category of apartments are provided by the market in the greenfield areas as well. While units in greenfield areas are primarily ground-related units, there are stacked rowhouses, low-rise apartments and some high rise apartments planned and built in greenfield areas. While these apartment units in greenfield areas do not "count" towards achieving the intensification targets for the built up area, it is also important to provide a range of housing unit types in all communities including the new greenfield communities. In the York Region draft growth scenarios for the 40% and 50% intensification draft growth scenarios, about 10% of the apartment units are assumed to be provided in the greenfield areas.

Understanding that there is a close relationship between different levels of intensification and the share of apartments in the mix of new housing is critical to assessing the draft growth scenarios. Equally important, however, is to understand that intensification does include a consequential number of ground related units and that higher density does incorporate a range of built forms.

D. DEMOGRAPHIC FACTORS WILL CONTINUE TO INFLUENCE GTAH AND YORK HOUSING DEMAND

The overall reasonableness or likelihood of achieving each of York's draft growth scenarios depends on a complex range of demographic, policy and market factors as described in the preceding sections. Overall, future housing demand in the GTAH and York are still, and will continue to be, largely based on accommodating family households who typically seek ground-related housing

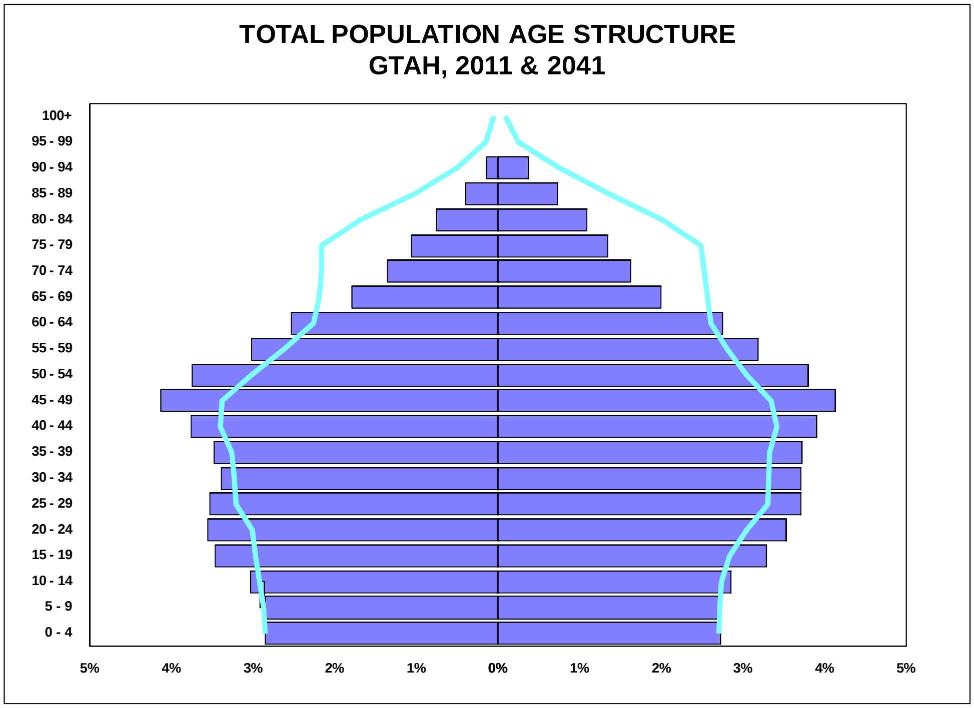
The future housing demand in the GTAH and York Region will continue to be focussed largely on those types of households that have been driving growth for some time.

The aging of the population in Canada and Ontario that is widely discussed in the media is indeed occurring and is often supposed to have a great influence on future housing demand. While this is the case nationally, aging is not occurring very rapidly in the GTAH. There will assuredly be a greater proportion of the population as seniors and a smaller proportion as children in the GTAH and York, just as there will be elsewhere.

Within the GTAH and York, however, there is a strong mitigating effect amongst those who drive the new housing market. The GTAH continues to experience in-migration, both international and domestic that is highly concentrated among those in their 20s and early 30s. At the same time growth in the surrounding Outer Ring is driven by families from the GTAH, who are in their 30s and 40s. The net effect of these in and out movements is to keep the population relatively younger. The housing market effect is that there will continue to be very significant demand for housing from the family formation age groups that typically seeks ground related housing.

Exhibit 13 shows the comparative age structures in GTAH for 2011 and 2041, indicating the pattern just described of more older people and fewer children, but little aging of the large age groups in between due to the effect of migration exchanges.

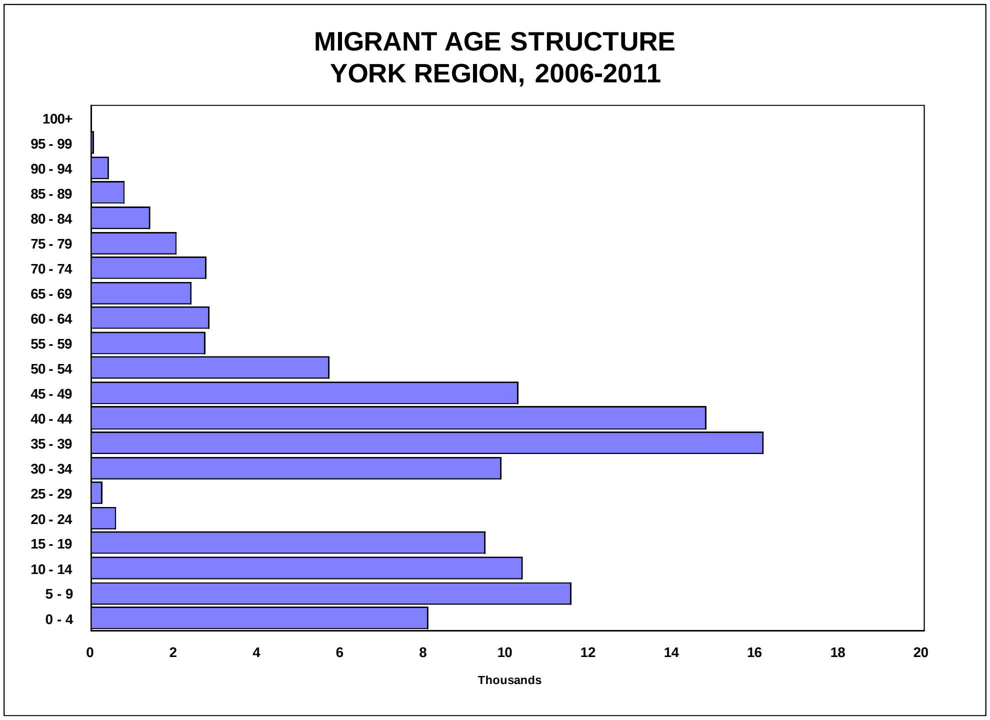
Exhibit 13



Source: Hemson Consulting Ltd. based on Statistics Canada data.

The pattern in York Region however is somewhat different from the GTAH overall. The migration pattern from the most recent Census period from 2006 to 2011 is shown in Exhibit 14. This pattern indicates York continues to be attractive to family aged households; that is, those in their 30s and 40s and their children. This pattern is closely aligned to the high demand for family-oriented ground-related housing in York Region. The graphic also indicates that there was little in-migration of young adults to York Region during this period, net in-migration in this age group being highly focussed on the City of Toronto. What this age group chooses for housing over the coming decades will be the driving force in the housing market over that period.

Exhibit 14



Source: Hemson Consulting Ltd. based on Statistics Canada data.

To put the effect of these demographic patterns in simpler terms, for the housing market, the young adults who in large part occupy the new condo units in Downtown Toronto are also a significant portion of the occupants of the newer apartments in York Region. As they get older; many will have domestic partners and many will have children as they age; most of these households will not find the recently-constructed small apartment units they now occupy as attractive once their family housing needs change.

The key challenge in shifting housing demand towards higher density units both at a GTAH level and within York Region is to meet the needs of the continued increase in the number of family households in the market. This could be achieved if empty nester households "freed up" the supply of ground related units by moving to apartments earlier in life. The trend, however, is that empty nesters are staying in the family home at least as long, on average, as they did in the past.

Alternatively, attracting more young families to live in high density apartment units would assist significantly in shifting demand in the overall GTAH market. However, this would be a major cultural shift in housing desires. As already described, most households with children desire more space than is available in most apartments, typically want some private outdoor space (even if it is a small yard) as well as conveniences such as parking and garage storage immediately at hand (groceries for four or dealing with hockey equipment is simply far more difficult in an apartment with underground parking and elevators). As well, the relative construction costs of concrete apartment buildings versus wood-frame ground related units also significantly influences available choices.

Despite all of these factors which appear to work against achieving the policies of shifting the housing type choices of households in the GTAH, much of the desired shift has occurred. This is in part related to changing residential preferences in favour of more urban forms and the influence of price on the available choices for households.

York Region, as a sub-market within the GTAH, may be less challenged by some of these factors working against a shift in housing preferences than the GTAH overall or some of the other 905 Regions, for a variety of reasons, including:

- The aging of York's existing relatively young population will mean more non-family households over time.
- A small change upwards in the migrant age structure pattern shown in Exhibit 14 for those in their 20s would also significantly increase the number of non-family households and family households that do not yet have children.
- A general maturing and urbanising of York from a previously very suburban character will attract a wider range of household types.
- Similarly, the large and growing employment base in York over time will continue to make York Region an attractive residential location for a wider range of household types if they can find suitable and affordable housing.
- Providing housing for this additional demand potential is being facilitated by the significant planning and investment that has gone into York Region's various centres and intensification areas.

- York is the only location in the GGH outside Toronto with 4 urban growth centres with the planned growth and infrastructure that those entail.
- York is about to be the only location beyond Toronto's boundary with a subway connection (Spadina-York to Vaughan) and only the only location with a proposed second connection to the TTC subway through the future Yonge Subway extension to Richmond Hill Centre / Langstaff.

Overall then, in our view, as York considers its plans for growth over the period to 2041 it needs to be cognizant of the limitations imposed by demographic and economic factors if too much change through planning policy is anticipated. At the same time York is in an attractive position to significantly change its historic development patterns to a denser more urban and transit-oriented form in many parts of the Region.

IV RECOMMENDATION IS TO PLAN FOR A NEW "MID-RANGE" INTENSIFICATION SCENARIO

The key recommendation of this analysis of Region of York's 2015 draft growth scenarios is that a new "middle" scenario, somewhere between the 40% and 50% levels of planned intensification, be prepared as the preferred scenario for planning for growth in York Region to 2041. The minimum 40% scenario is lower than current plans in the Region and is very likely achievable. The higher 50% scenario may be an aggressive policy position and may require a higher investment in infrastructure than is currently being planned and funded by the Region and, especially, the Province. The third "no urban boundary expansion" scenario is seen as more of a theoretical test, is unlikely to be achievable and would be counter to other interests of the Region, such as providing for a range of housing and household types and encouraging affordable housing. The result of this no expansion scenario would most likely be a failure to accommodate planned population growth as people look beyond York to locations that could provide the types of housing they desire.

In recommending a mid-range scenario between the 40% to 50% draft growth scenarios, we are striking a balance between the minimum required to meet policy and the most "optimistic" scenario of growth that might be achievable. In striking this balance, all the matters discussed in this report have been considered along with following which summarizes the key decision factors in striking that balance:

- Most housing growth in York Region is still from family households and the degree to which growth can be accommodated in apartments versus the ground-related units generally preferred by families is a primary determinant in the level of intensification that is achievable. On a balance of policy and market, the most reasonable scenario likely lies between 40% and 50% intensification.
- In seeking to reduce the amount of rural land consumed for urban purposes and to increase the level of intensification, the availability of urban land is the primary policy lever of the *Growth Plan* on a GTAH-wide basis. One mechanism by which this policy lever operates, however, is through price to shift demand. That is, planning policy intervention is changing the price

structure of housing to make lower density housing relatively less attractive and higher density housing relatively more attractive. If use of the price mechanism is pushed too far beyond the levels envisioned by the *Growth Plan*, unintended consequences may occur. These consequences might include reduced housing affordability, resulting in the failure to attract household growth to the GTAH. A land use policy that produces this effect may be seen as counter to other policies such as a desire for affordable housing for households in the GTAH.

- Policies of the Region of York are only one small part of the many forces operating on the GTAH housing market. However, the Region should be aware that it may contribute to some unintended consequences under the more extreme approaches associated with the no expansion scenario. Any of these types of market effects associated with 40% to 50% scenarios are already in play in the market today.
- Land availability and price are far from the only factors operating on housing market choices. Significant policies are in place to make the locations with higher density housing more attractive. These attractions include better planning and design and infrastructure investment, especially in transit services. These actions enable the Region to make its more intensified locations more attractive to people that would otherwise have lived elsewhere in York and these actions make the areas more attractive to other types of households that may not otherwise have chosen York Region.
- Most planning analysis around these issues assumes that the GTAH and York Region are "closed systems", that is, the planned 2041 population will be achieved no matter what other policies are in place. However, as the market is pushed towards higher density and higher pricing of ground-related housing, many households will not follow the expected results of the policy (by moving into an apartment), but rather move to Barrie or Niagara where they can afford this type of housing or, in the extreme, seek economic opportunities in other growing regions such as Alberta. As is often the case in planning, a policy needs to strike a balance between reaching for a result that is desirable from a social, economic or environmental perspective, while not over-reaching to either fail in the policy objective or to create unintended undesirable consequences.

Based on the foregoing, exceeding the minimum 40% intensification is a reasonable policy position for the Region and is reasonably achievable. Trying to achieve a rate of 50% or higher may undermine other planning goals, so a mid-range between the two draft growth scenarios strikes a reasonable policy balance for the Region.