PROPOSED UPDATES TO THE PROJECTION METHODOLOGY GUIDELINE

To support implementation of PPS, 2024

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Preface

In 2024, the Province released the Provincial Planning Statement (PPS, 2024), replacing the Provincial Policy Statement, 2020, and revoked the Growth Plan for the Greater Golden Horseshoe 2019 (Growth Plan). The PPS, 2024 is a policy statement issued under the authority of section 3 of the *Planning Act* and came into effect on October 20, 2024. The PPS, 2024 applies to all decisions in respect of the exercise of any authority that affects a planning matter made on or after October 20, 2024.

Planning authorities shall base population and employment forecasts on the Ontario Population Projections (MOF projections), published by the Ministry of Finance (MOF) and may modify, as appropriate. Sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of at least 20 years, but not more than 30 years, informed by provincial guidance.

The Ministry of Municipal Affairs and Housing (MMAH) is seeking feedback on proposed guidance that would assist planning authorities with establishing population and employment forecasts and identifying related land needs requirements to plan their communities and support meeting Ontario's significant growth needs.

Before the PPS, 2024 came into effect, in accordance with the Growth Plan, municipalities in the Greater Golden Horseshoe were required to use a land needs assessment methodology. The 1995 Projection Methodology Guideline (PMG) has been available to be used elsewhere in Ontario to assist in determining population and employment forecasts and assessing housing and land needs requirements. An update to the PMG is needed to support the implementation of the PPS, 2024, reflect recent provincial government priorities, and incorporate new information, data sources and best practices.

Seeking feedback

The Province is now seeking feedback on a proposed population and employment forecast guidance that would replace the existing PMG. Should the government adopt the proposed guidance, subject to consultation, input and refinement, and issue new guidance, the government would consequentially repeal the PMG.

While not included here, the final version of guidance may include hypothetical scenarios to show how municipalities could implement the recommended methods. These scenarios could be based on specific geographies and/or typologies (e.g., *large and fast-growing municipalities*, northern municipalities, and small or rural municipalities).

Each scenario could include a background narrative with hypothetical local conditions to illustrate step-by-step how different municipalities would follow and implement the guidance. The scenarios could illustrate how the proposed guidance is applicable to a range of considerations. If there are any specific matters you would like addressed or better explained through case study scenarios, please include the specifics of what would be most helpful.

Please submit comments on the Environmental Registry of Ontario (ERO) in response to posting #025-0844. Comments may also be provided by email to growthplanning@ontario.ca. The deadline for written comments is October 11, 2025. Feedback will be taken into consideration prior to a final decision about the proposed guidance.

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List of Acronyms

Acronym	Term
ARU	Additional Residential Unit
CMHC	Canadian Mortgage and Housing Corporation:
CD	Census Division
CSD	Census Subdivision
DGA	Designated Growth Areas
ELE	Employment Land Employment
FSI	Floor Space Index
FSW	Floor Space per Worker
GE	General Employment
MZO	Minister's Zoning Order
MOF	Ministry of Finance
MMAH	Ministry of Municipal Affairs and Housing
MPAC	Municipal Property Assessment Corporation
NOC	National Occupation Classification data
PPU	Persons-per-unit
PMG	Projection Methodology Guideline
PPS	Provincial Planning Statement
SABE	Settlement Area Boundary Expansion

Chapter 1: Introduction

As Canada continues to be a leader in population growth among the G7 nations, the bulk of this growth is occurring in Ontario. It is essential that Ontario municipalities' growth planning adequately anticipates these pressures, both in the near term and well into the future. Adequate growth planning ensures the land and infrastructure needs of current and future Ontarians are in place and reflect the diverse needs of Ontarian families and businesses, as well as overall balance in the housing market.

A major step towards achieving the ambitious planning required to adequately and affordably house a growing population and workforce the Province released the Provincial Planning Statement (PPS, 2024). The PPS, 2024 is a policy statement issued under the authority of section 3 of the *Planning Act* and applies to all decisions in respect of the exercise of any authority that affects a planning matter made on or after October 20, 2024.

The PPS, 2024 provides overall policy directions on matters of provincial interest related to land use planning and development in Ontario, and applies province-wide, except where provincial policy, a provincial plan or applicable legislation or regulation provides otherwise. Provincial guidance, including guidance material, guidelines and technical criteria may be issued from time to time to assist planning authorities and decision-makers with implementing the policies of the PPS, 2024. Information, technical criteria, and methods outlined in the guidance are meant to support implementation but not add to or detract from the policies of the PPS, 2024.

PPS, 2024 policy context

As a part of the implementation of the PPS, 2024, planning authorities must establish the amount of population and employment growth to plan for and determine the amount of land required to accommodate that growth.

The PPS, 2024 policies provide the parameters for the amount of growth to be planned for in municipalities. Of specific relevance is the following policy direction:

As informed by provincial guidance, planning authorities shall base population and employment growth forecasts on Ontario Population Projections published by the MOF and may modify as appropriate (policy 2.1.1).

Notwithstanding policy 2.1.1, municipalities may continue to forecast growth using population and employment forecasts previously issued by the Province for the purposes of land use planning (policy 2.1.2).

At the time of creating a new official plan and each official plan update, sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of at least 20 years, but not more than 30 years, informed by provincial guidance (policy 2.1.3).

In addition, the PPS, 2024 provides policy direction that could impact the amount of growth to be planned for and the associated land needs. This includes, but is not limited to, the following policies:

Planning authorities shall provide for an appropriate range and mix of *housing options* and densities to meet projected needs of current and future residents of the *regional market area* (policy 2.2.1).

Planning authorities shall support general *intensification* and *redevelopment* to support the achievement of *complete communities*, including by planning for a range and mix of *housing options* and prioritizing planning and investment in the necessary *infrastructure* and *public service facilities* (policy 2.3.1.3).

Planning authorities shall establish and implement minimum targets for *intensification* and *redevelopment* within built-up areas, based on local conditions (policy 2.3.1.4).

To support the achievement of *complete communities*, a range and mix of *housing options*, *intensification* and more mixed-use development, *strategic growth areas* should be planned:

a) to accommodate significant population and employment growth;

b) as focal areas for education, commercial, recreational, and cultural uses;

c) to accommodate and support the transit network and provide connection points for inter- and intra-regional transit; and

d) to support *affordable*, accessible, and equitable housing (policy 2.4.1.2).

Planning authorities are encouraged to establish density targets for *designated growth areas*, based on local conditions. *Large and fast-growing municipalities* are encouraged to plan for a target of 50 residents and jobs per gross hectare in *designated growth areas* (policy 2.3.1.5).

Planning authorities shall designate, protect, and plan for all *employment areas* in *settlement areas* (policy 2.8.2.3).

They must also promote economic development through the provision of a mix and range of employment uses, *intensification* of employment uses and mixed-use development, and the provision of employment uses located both inside and outside of *employment areas* (policy 2.8.1.1).

Major office and major institutional development should be directed to *major transit station areas* or other *strategic growth areas* where *frequent transit* service is available (policy 2.8.1.4).

The guidance supports policy implementation but does not add to or detract from the policies of PPS, 2024.

Scope

Population and employment forecasts are important components needed for planning authorities, including upper-tier, single-tier, and lower-tier municipalities without planning responsibilities ('municipalities'), to plan their communities. This information can be used by municipalities to identify growth areas, manage infrastructure, attract employment and economic development, and coordinate public services to meet short and long-term needs. Municipalities make local land use planning decisions that will determine the future of their communities and municipal planning decisions and planning documents (e.g., official plans) must be consistent with the PPS, 2024.

This guidance is intended to help municipalities develop population and employment forecasts and identify the quantity of land needed by the municipality by the planning horizon. However, the focus of guidance is on the quantum of lands required for *settlement areas* and employment, and not the location of new *settlement areas*, location of expansions to *settlement areas*, location of *employment areas*, or the suitability of whether a particular area of land should be included or removed from an *employment area*. These matters are to be addressed consistent with relevant PPS, 2024 policies.

Guiding principles

This guidance is based on the following principles:

Ambition and balance: provide ample, adequate planned and serviced land, reducing and avoiding market imbalances or distortions stemming from an insufficient land supply relative to demand.

Consistency and functionality: produce functional and actionable results that assist municipalities in ensuring land use planning decisions are consistent with the policies of the PPS, 2024.

Transparency: provide a standardized approach to identifying the forecasted population and employment to the planning horizon, transparently allow for identifying the quantity of housing needs by type and assessing land needs.

Clarity and ease of implementation: provide a clear set of guidelines that can easily be followed by upper, lower, and single-tier municipalities of varying size and conditions.

Considerations for the guidance

There are several aspects to consider when using the guidance, including:

- Municipalities would update their population and employment forecasts and implement them in their official plans at the time of their next official plan update pursuant to the *Planning Act*. The *Planning Act* requires official plans to be revised every five years after an amendment is made, or ten years after a new official plan is approved. Municipalities would not be required to update their long-range forecasts outside of the statutory *Planning Act* requirements.

  The land needs of a community generally do not fluctuate on an annual basis given the longer-term nature of land use planning. As such, municipalities can accurately address changes in growth forecasts and land needs through the standard official plan review cycle.

- The PPS, 2024 requires municipalities plan to meet projected needs for a time horizon of at least 20 years, but not more than 30 years. The MOF publishes the MOF projections, which are projected by year for a range of up to 25 years beyond the census year on which the projections are based.

Municipalities should use the most recent MOF projections published and available at the time of an official plan update, accompanied by relevant market indicators aimed at providing the most accurate picture possible of the supply and demand dynamics relating to land use.

It is recommended that municipalities plan to the horizon that aligns with the outer range of the MOF projections available at the time of an official plan update. Municipalities could use any specific horizon, provided that the projection year is within 20 to 30 years.

In addition, municipalities should consider the timing of a 'major' update issued by the MOF (i.e., projections that are updated to incorporate data published from the most recent census) and align their long-range forecasting work accordingly.

- A coordinated, integrated and comprehensive approach should be used when dealing with planning matters within municipalities, across lower, single and/or upper-tier municipal boundaries, and with other orders of government, agencies, boards, and Service Managers. The guidance reflects PPS, 2024 policy direction encouraging inter-municipal collaboration and coordination through all stages of the forecasting and land needs assessment processes. Coordination is recommended to ensure the methods of allocating projections for each municipality consider the future population, housing, land use, infrastructure needs within an entire census division, in accordance with PPS, 2024 policies.

Projections and forecasts: A projection extrapolates present trends (e.g., fertility, mortality, and migration) to a future state (e.g., population) based on the assumption that the trends would continue. A projection is neutral and does not consider how changes in assumptions or potential uncertainty in the continuation of past trends would impact the future. By contrast, a forecast is a best estimate to predict a future state (e.g., population, employment) that builds on present trends and considers the potential impacts that changing variables and assumptions may have.

Guidance contents

The proposed guidance is organized as follows:

- chapter 2 outlines the methods for establishing a municipality's population projection
- chapter 3 outlines the steps for developing a municipality's housing needs forecast
- chapter 4 outlines the methods for determining a municipality's employment needs forecast
- chapter 5 outlines the steps to undertake a land needs assessment to accommodate a municipality's projected population and employment needs
- chapter 6 outlines information on implementation, including collaboration between municipalities, documentation, and using the results

Where a word is italicized, the definition of the word or phrase is to be understood as reflecting the corresponding definition in PPS, 2024. For non-italicized terms, the normal meaning of the word applies. Where a word or phrase is typically used in a planning context, the meaning associated with the use of that word or phrase within the planning context is intended to apply. A glossary is provided to clarify certain terms that are used in the guidance.

Any references to specific policies and associated policy numbers in this document are references to the corresponding policies in the PPS, 2024.

Chapter 2: Establishing Municipal Population Projections

Overview

The purpose of Chapter 2 is to identify and allocate the MOF population projections from the census division (CD) to the municipality (i.e., census subdivision (CSD)) to the planning horizon.

The MOF population projections reflect annual demographic trends and are issued for each of Ontario's 49 CDs. They are foundational to the development of future municipal population projections.

The approach is to develop upper and lower future population projection ranges, to support municipalities plan for future needs, while providing a test on municipal projections in relation to the CD to ensure a reasonable outcome. The range would be developed using two methods:

1. a municipality's population share of the CD, and
2. the municipality's share of population growth within the CD.

The outcome of this chapter would be used as an input in developing housing and employment forecasts.

Population step 1: obtaining and determining municipal projections

Purpose

The purpose is to identify the MOF projections for the applicable CD geography and determine each municipality's share of the projection.

Policy basis

As informed by provincial guidance, planning authorities shall base population and employment growth forecasts on Ontario Population Projections published by the MOF and may modify, as appropriate (policy 2.1.1).

Recommended approach

To achieve the objective, municipalities should disaggregate the MOF projections from the CD to the CSD (i.e., the municipality) to the planning horizon. Municipalities should apply at least two different methods (outlined below) to obtain projection results based on past growth and on assumptions for future growth.

Single-tier municipalities whose geographic boundary aligns with a CD could use the MOF projections for the CD.

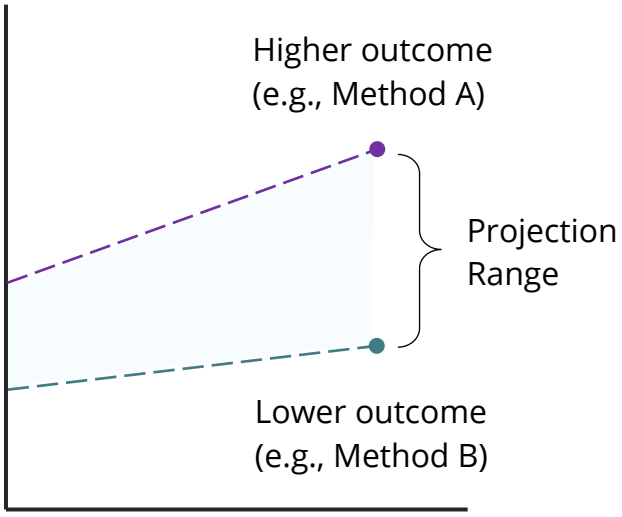
Municipalities are equipped to develop employment forecasts and assess housing and land needs based on the MOF projections (as explained in other parts of the guidance).

There are two recommended methods for determining the municipality's share in the projection:

1. **Population share (Method A):** Accounting for the municipality's share in the CD projected population, according to the MOF projections. For this method:
    - municipalities should use the latest data available from Statistics Canada for their population and the CD total population to calculate the share of CD scale population
    - municipalities apply the population shares to the MOF's CD scale population projections for the municipality's planning horizon to get their population projection
2. **Growth share (Method B):** This method relies on linear growth for each municipality within the CD to calculate the share of a municipality's growth within the CD. For this method:
    - municipalities use the latest data available from Statistics Canada on population growth for the CD and for the CSD/municipal level to calculate their share of CD growth
    - municipalities, to obtain their population projections, would calculate growth shares from an appropriate consecutive five-year period within the previous 10 years to account for short term variations in population. They would then apply the growth shares to the MOF's CD population projections for the municipality's planning horizon.

If a municipality anticipates growth outside the projection range, it should document the approach and data sources used and provide the rationale and methodology behind the calculation. Examples of rationales may include assumptions such as major infrastructure investment, unusual growth patterns that would skew the development of a municipal-scale projection, and immigration forecast updates, etc.

The approach might result in a diverse range of growth projections for different municipalities. As such, municipalities with minimal population growth should use the current population as a 'floor'. Later steps consider other matters that would affect housing, employment, and land use planning to ensure adaptable and resilient resource allocation and infrastructure development.



The two methods each yield a different outcome. These two outcomes serve as forecasting parameters by providing municipalities with a range for reasonable growth projections.

Figure 1: Illustration of the population projection range

Municipalities in the Greater Golden Horseshoe (GGH) may continue to use the population growth forecasts to 2051 provided in Schedule 3 of A Place to Grow: Growth Plan for the Greater Golden Horseshoe 2019, to help with the transition to base population and employment forecasts on the MOF projections. Municipalities may continue to forecast growth using population and employment forecasts previously issued by the Province for the purposes of land use planning (policy 2.1.2).

However, they will be required to base their population and employment growth forecasts on the MOF projections in the future, where the forecasts in Schedule 3 no longer satisfy the policy requirement to plan for a horizon of at least 20 years.

Considerations

The MOF updates population projections annually to reflect the latest and emerging demographic trends and data on fertility, mortality, and migration. There is a comprehensive review, and major updates conducted every five years, which are based on the most recent census and additional supporting data, review of methodology and long-term assumptions.

The methodology used by the MOF to develop long-term population projections is the cohort-component method, essentially a demographic accounting system. The calculation starts with the base-year population (the starting year where the population number from which the accounting method adds and subtracts population), distributed by age and gender.

A separate analysis and projection of each component of population growth is made for each year, starting with births. Then, projections of deaths and the five migration components (immigration, emigration, net change in non-permanent residents, interprovincial in- and out-migration, and intra-provincial in- and out-migration) are also generated and added to the population cohorts to obtain the population of the subsequent year, by age and gender.

This methodology is followed for each of the 49 CDs. The Ontario-level population is obtained by summing the projected CD populations.

The MOF projections are based on population growth trends and consider all streams of inward and outward migration patterns and targets. They do not include explicit economic assumptions or public policy choices (e.g., regional development, land use, infrastructure). They represent the base-case scenario if current trends continue.

While the MOF publishes three population growth scenarios at the provincial level (i.e., reference, high and low), projections at the CD scale are issued using the reference scenario. It is recommended that CD projections are used as the basis for the population projection, as it is more reflective of growth in the municipality.

While population projections are the policy basis on which to plan for future needs, they are subject to uncertainty due to factors such as economic downturn/recession, population surge/decline etc., which can create significant challenges for land use planning. For example, if a sudden economic downturn occurs, it could lead to lower population growth than projected, resulting in overestimation of the need for housing, infrastructure, and services. Alternatively, an unexpected population surge due to migration could strain a municipality's existing resources and infrastructure.

The MOF projections do not reflect local characteristics regarding existing and planned infrastructure capacity or availability, economic and planning assumptions, information from official plans or locally prepared projections. Therefore, the local context is helpful in supplementing the MOF projections.

Every five years, a major update to the MOF projections is produced to include results from the latest Census (now 2021) and to review the methodology and long-term assumptions. This is a major update. A consultation process with ministries, upper-tier municipalities, and academic demographers takes place to gather feedback to validate the major assumptions.

Every year, an update to the technical report and tables is released by the MOF to include the latest population estimates and the most recent data on fertility, mortality, and migration. This is a minor update.

The MOF projections are the only publicly available set of population projections for Ontario and its 49 CDs, where the population of the CDs sum to the population of Ontario. Because the MOF projections are updated each year and provide detailed age results, they are used for planning purposes throughout the Ontario government, and by municipalities, school boards, health units, researchers, and the private sector.

The MOF projections are based on population growth trends and consider all streams of inward and outward migration patterns and targets. They do not include explicit economic assumptions or public policy choices (e.g., on regional development, land use, new infrastructure). They represent the base-case scenario if current trends continue.

Unusual growth scenarios (e.g., high, or low) that use the MOF projections can lead to planning outcomes that misalign population and employment land needs and infrastructure. For example, overestimating growth may cause infrastructure to be overbuilt and create financial strain for the municipality. Alternatively, underestimating growth can result in insufficient infrastructure, service shortfalls, and municipalities may face increased capital costs to address undercapacity issues.

In cases where the municipality is aware of upcoming significant development or infrastructure investment, it may adjust its population forecast upwards to best utilize available (and planned) infrastructure. These may include, for example, upgraded municipal water servicing, impacts of Minister’s zoning orders, or new major facilities. Municipalities should ensure that any adjustment is grounded in local data availability and circumstances, and the rationale is clearly documented to ensure that they can demonstrate how and why the adjustments were made to support informed decisions by the approval authority.

The recommended approach mitigates some of the uncertainty by establishing a range of population projections that would inform municipal forecasts. However, it is ultimately based on historical trends and cannot fully account for future events.

All municipalities have the flexibility to modify their projections, within the projection range, based on local conditions. The approach fits a variety of different types of municipalities and diverse local conditions using publicly available data sources. This approach:

- enables lower-tier municipalities with planning authority to establish forecasts through evidence-based decision-making
- supports planning authorities to assess whether municipalities are over- or under-projecting the population at the planning horizon
- provides flexibility to municipalities to convert the MOF projections (as required by the PPS, 2024) to support long range planning within an official plan; and
- equips municipalities to assess housing, employment and land needs with a municipal population projection based on the MOF projections (as explained in other parts of the guidance)

Outcome

The results of the two methods would become the upper and lower parameters of the range of reasonable growth projections for each municipality (before the application of adjustments based on additional market indicators—see chapter 3). Each one of the recommended methods could produce either the higher or lower parameters of a municipality's projection range, depending on the population and growth patterns of the municipality in relation to the CD. Each municipality would select a growth projection within its projection range. The projection range provides flexibility to municipalities to convert the MOF projections (as required by the PPS, 2024) into forecasts to support long range planning within an official plan.

Determining population projections at the CSD level provides a starting point for population step 2, where population projections by age cohort are established as an input for identifying required housing. The outcome is also a direct input for identifying employment need.

Municipalities that anticipate no growth or negative growth in the planning horizon may still benefit from developing housing and employment forecasts. Therefore, they should follow relevant steps in the guidance. For example, existing housing stock may not match the type of housing identified in the housing needs or employment may require additional land, etc.

Population step 2: developing population projections by age cohorts

Purpose

The purpose is to project future population size and characteristics, by age cohorts. Information on the share of each age group in the municipality's population then informs the development of housing forecasts, as changes in the age structure of the population impacts housing needs in the municipality.

Policy basis

As informed by provincial guidance, planning authorities shall base population and employment growth forecasts on Ontario Population Projections published by the MOF and may modify, as appropriate (policy 2.1.1).

Recommended approach

Municipalities are recommended to take census data on the age of primary household maintainer and compile the data into five-year age groups. This data is used to determine the share of each age group in the projected population. Five-year age groups are generally used, as annual projections require more data and labour to calculate.

Municipalities should extrapolate the census population for the latest census year by applying a growth calculation, similar to the growth share approach in population step 1. For each five-year cohort, municipalities apply the growth shares for an appropriate consecutive five-year period within the previous 10 years. The share of the growth for each cohort would then be applied to the municipal projected population from population step 1. The approach accounts for short term variations in population projections.

As an alternative, a municipality may undertake a more complex cohort-survival model accounting for births, deaths and immigration using additional data sources. The approach should be documented with a rationale provided to explain why the cumulative total would be different from population step 1.

Whether developing an age structure projection, or extrapolating age cohorts from the latest census, the projected population at the horizon for the municipality from population step 1is the control for the results developed in this step. Municipalities should review the total population by age cohort developed in this step against the results of population step 1. It is anticipated that municipalities would refine their approach and calculations through an iterative process to ensure the results of both population step 1and population step 2 align.

Considerations

The MOF publishes projections by age and sex for the 49 CDs. This data could be used as a control when assessed in coordination and collaboration with municipalities within the same CD to ensure that the combined projected population by age cohorts are not over- or under-projecting the CD population at the horizon. However, the age cohort projections themselves are not useful as a starting point to disaggregate at the municipal scale.

Outcome

The result is a municipal level population projection by five-year age groups that is the input for calculating housing needs (Chapter 3).

Chapter 3: Developing Housing Needs Forecasts

Overview

The purpose of Chapter 3 is to determine the amount of housing needed to the horizon year, accounting for *intensification* within built-up areas in existing *settlement areas* and the need for additional *settlement area* land (i.e., *designated growth area* land) to accommodate future housing needs.

Once municipalities have established their population projections, they should calculate the housing needs for the entire population and develop a housing needs forecast to accommodate growth in the planning horizon.

The approach to developing housing needs forecast to the horizon considers a municipal level forecast of housing by type (e.g., low, medium, high density) and location (*intensification* within *settlement areas*/*designated growth areas*) based on housing needs by age cohort. This housing needs information would be used as an input for assessing land needs. Municipalities could adjust their housing needs forecast to account for additional data sources, affordable housing, and market demand forecasts or indicators.

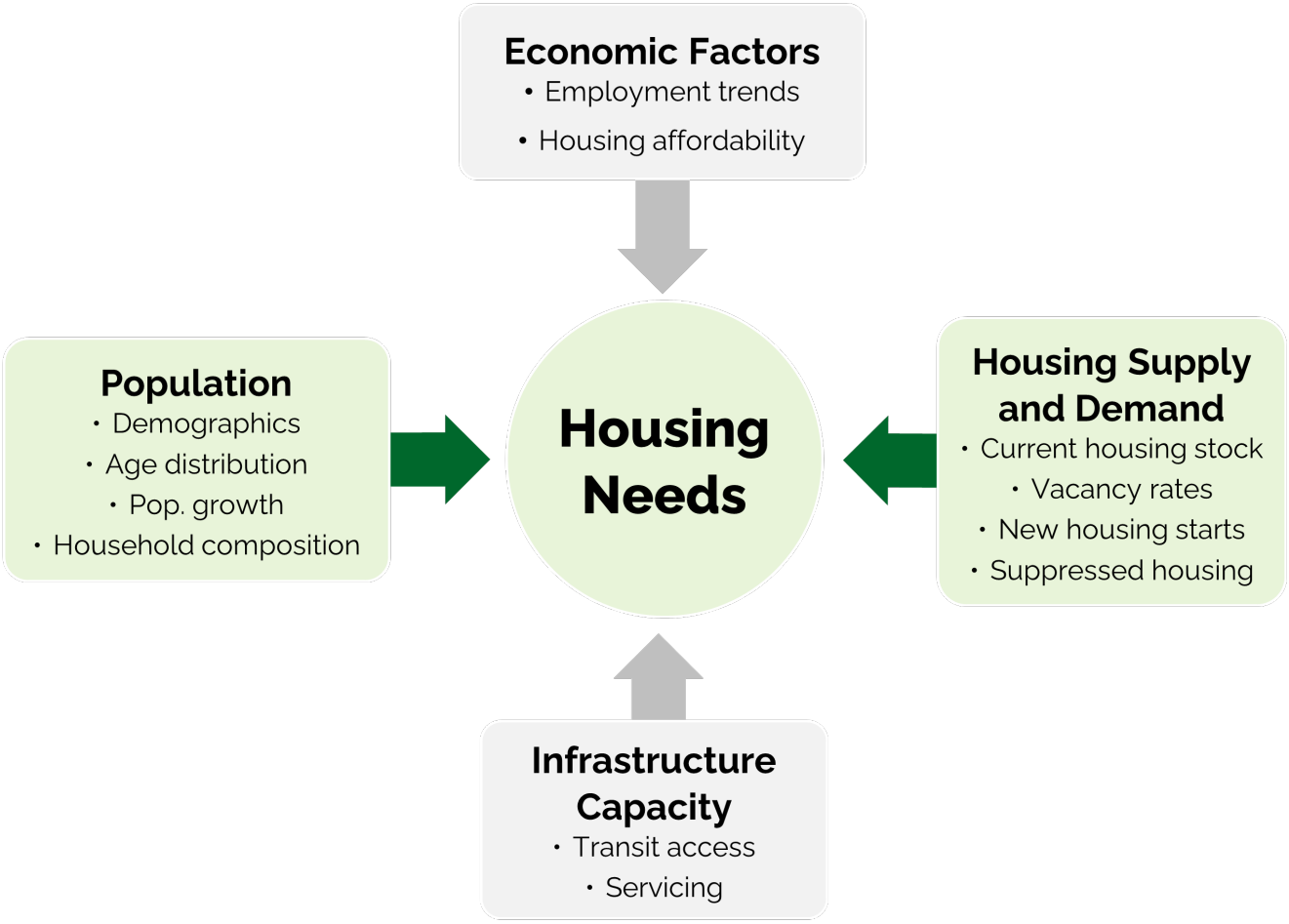


Figure 2: Diagram of factors influencing housing needs

Housing step 1: calculating projected housing needs

Purpose

The purpose is to determine the municipality's projected total housing needs, which is the number of households to be accommodated in the planning horizon, in housing units.

Policy basis

At the time of creating a new official plan and each official plan update, sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of at least 20 years, but not more than 30 years, informed by provincial guidance (policy 2.1.3).

To provide for an appropriate range and mix of housing options and densities required to meet projected requirements of current and future residents of the regional market area, planning authorities shall:

a) maintain at all times the ability to accommodate residential growth for a minimum of 15 years through lands which are designated and available for residential development; and

b) maintain at all times where new development is to occur, land with servicing capacity sufficient to provide at least a three-year supply of residential units available through lands suitably zoned, including units in draft approved or registered plans (policy 2.1.4).

Recommended approach

Municipalities should use the municipal-level population projections, calculated in chapter 2, and apply the age-specific headship rate to calculate the projected total housing needs. The headship rate is defined as the proportion of people who head a household (i.e., primary household maintainer) within a population cohort.

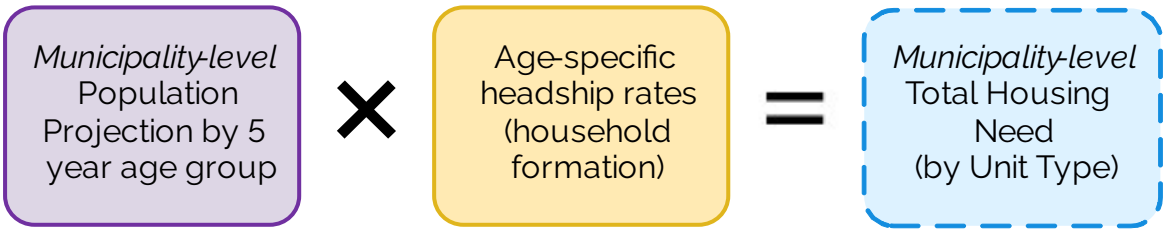


Figure 3: Diagram of housing step 1 – calculating housing needs

Considerations

In general, municipalities should assume that household formation rates by age will not vary significantly from those in the latest census. While each household is associated with a housing unit, it is not necessarily linked to a particular type of housing unit. As a result, household formation should not vary in response to the expected change in the mix of housing types resulting from policy. If any deviation from recent census rates is assumed, a clear rationale and robust analysis should be provided to substantiate the change.

Municipalities should consider suppressed household formation, housing tenure and propensities for households to occupy certain types of housing starting at this step. Housing needs categorized by unit type may be carried over through subsequent steps for a more accurate land needs assessment in chapter 5 (and especially using method 2 for land needs assessment).

Headship rates that are age specific are available at the CSD level through the most recent census household data from Statistics Canada, and they are generally consistent over time. Households are social arrangements that vary by age and life cycle choices and includes events such as moving away from one's parents, forming couples, getting divorced, or the death of a spouse. Municipalities may refine headship rates data to reflect anticipated demographic changes and household trends, provided the adjustment is evidence-based, follows a clear rationale and that the decision-making process is clearly documented.

To be consistent with PPS, 2024 policies, municipalities should consider repeating Housing Step 1 to account for a 15-year planning horizon. PPS, 2024 policy 2.1.4 a requires planning authorities maintain at all times the ability to accommodate residential growth for a minimum of 15 years.

The short-term planning horizon in PPS, 2024 policy 2.1.4.b (see above), seeks to maintain a minimum availability of a three-year supply of residential units, on land suitably zoned with sufficient servicing capacity, to accommodate short-term development growth patterns. In particular, to coordinate infrastructure needs with land supply. This three-year supply is accounted for within the land need assessment adjustments detailed in Chapter 5.

Outcome

The outcome is the number of housing units needed in the horizon year. This is the input for developing a housing needs forecast in Housing Step 2.

Housing step 2: Developing a housing needs forecast

Purpose

The purpose of housing step 2 is to develop a housing needs forecast for the total number of households anticipated in the planning horizon. This is based on number of housing units needed in the horizon year, which would be adjusted according to local conditions and to reflect existing housing stock.

Policy basis

At the time of creating a new official plan and each official plan update, sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of at least 20 years, but not more than 30 years, informed by provincial guidance (policy 2.1.3).

To provide for an appropriate range and mix of housing options and densities required to meet projected requirements of current and future residents of the regional market area, planning authorities shall:

a) maintain at all times the ability to accommodate residential growth for a minimum of 15 years through lands which are *designated and available* for residential development; and

b) maintain at all times where new development is to occur, land with servicing capacity sufficient to provide at least a three-year supply of residential units available through lands suitably zoned, including units in draft approved or registered plans (policy 2.1.4).

Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected needs of current and future residents of the regional market area by:

a) establishing and implementing minimum targets for the provision of housing that is *affordable* to *low and moderate income households*, and coordinating land use planning and planning for housing with Service Managers to address the full range of *housing options* including *affordable* housing needs;

b) permitting and facilitating:

    1. all *housing options* required to meet the social, health, economic and well-being requirements of current and future residents, including *additional needs housing* and needs arising from demographic changes and

employment opportunities; and

2. all types of residential *intensification*, including the *development* and *redevelopment* of underutilized commercial and institutional sites (e.g., shopping malls and plazas) for residential use, development and introduction of new *housing options* within previously developed areas, and *redevelopment*, which results in a net increase in residential units in accordance with policy 2.3.1.3;

c) promoting densities for new housing which efficiently use land, resources, *infrastructure* and *public service facilities*, and support the use of *active transportation*; and

d) requiring *transit-supportive* development and prioritizing *intensification*, including potential air rights development, in proximity to transit, including corridors and stations (policy 2.2.1).

Recommended approach

Municipalities should adjust the projected total housing needs obtained in Housing Step 1 to consider any relevant local housing market factors that could impact the number and type of units needed.

Then, the existing housing stock should be subtracted from the total housing needs to get a forecast of the number of additional units required to accommodate growth in the municipality.

It is recommended that when developing a housing needs forecast municipalities consider factors such as the following (the list of local housing market factors is not exhaustive):

- suppressed household formation:

  Due to factors including demographic shifts, housing affordability, and availability of different unit types, there may be fewer census households than would have formed otherwise. Municipalities should use an approach that could be applied to calculate the extent of household suppression that is appropriate for its local data, circumstances and context. Each municipality should seek to obtain and document information that is relevant to its local circumstances.

  Municipalities may include an analysis of headship rates in comparison to other comparable municipalities. Where a municipality may identify a trend where its historical headship rates is lower than rates of similar municipalities, the

municipality should adjust headship rate upward to account for lower, or suppressed, household formation.

Available general resources include reports by Canada Mortgage and Housing Corporation (CMHC), for example, on household by maintainer, and by the Office of the Parliamentary Budget Officer on household formation and the housing stock.

- *housing options* and affordability:

  Municipalities should develop their housing needs forecast while considering their minimum targets for the provision of housing for all market segments, especially as suggested by market indicators. These include a mix of larger, family-sized homes, smaller workforce or student housing, ground-oriented housing, mid-rise, and high rise, as well as housing that is *affordable* to *low and moderate income households* and the PPS, 2024 requirement to provide for an appropriate range and mix of *housing options*. These factors may require adjustments relative to affordability and housing options, including the availability of various unit types, at the census base year.

- target vacancy rates to achieve market balance:

  The forecast could be adjusted to compensate for significant over- or under-supply in housing stock in the census year, which, if exists, is evident by data on vacancy rates. To determine unusually high or low vacancies, planning authorities from each market area should calculate their natural rate of vacancy. This means the rate of unoccupied housing units that allows for the normal functioning of the housing market, including turnover, choice, and mobility. The intention is to achieve a balance in the market, without inducing rent inflation, such as due to a chronic undersupply of housing units, or deflation, such as being the result of a structural oversupply of housing units. In the absence of data or capacity to calculate the natural rate of vacancy, a range of 3% to 5% should be applied.

- "market contingency factor":

  This factor indicates fluctuations in supply and demand due to unusual events. Examples include: changes in the economy on the provincial, federal or international level; changes in land use planning or other legislation or regulations that would affect landowners' ability to develop their land or the pace of development; and macro changes that could have implications on local housing markets, such as a major change in seasonal population (e.g., students), intra-provincial relocation decisions driven in part by affordability) or major

technological or societal shifts (e.g. hybrid/remove work enabled through technological enhancements), and increasing demands to live beyond core metropolitan regions. A municipality could provide for a contingency factor by adjusting the forecasted housing needs upwards by a percentage, depending on the extent of data available.

Any adjustments should take into account the character and type of the units (e.g., size, quality, affordability, etc.).

When adjusting the housing needs forecast to reflect these or other factors, municipalities should substantiate the adjustment(s) by documenting the evidence and the decision-making process on which they rely.

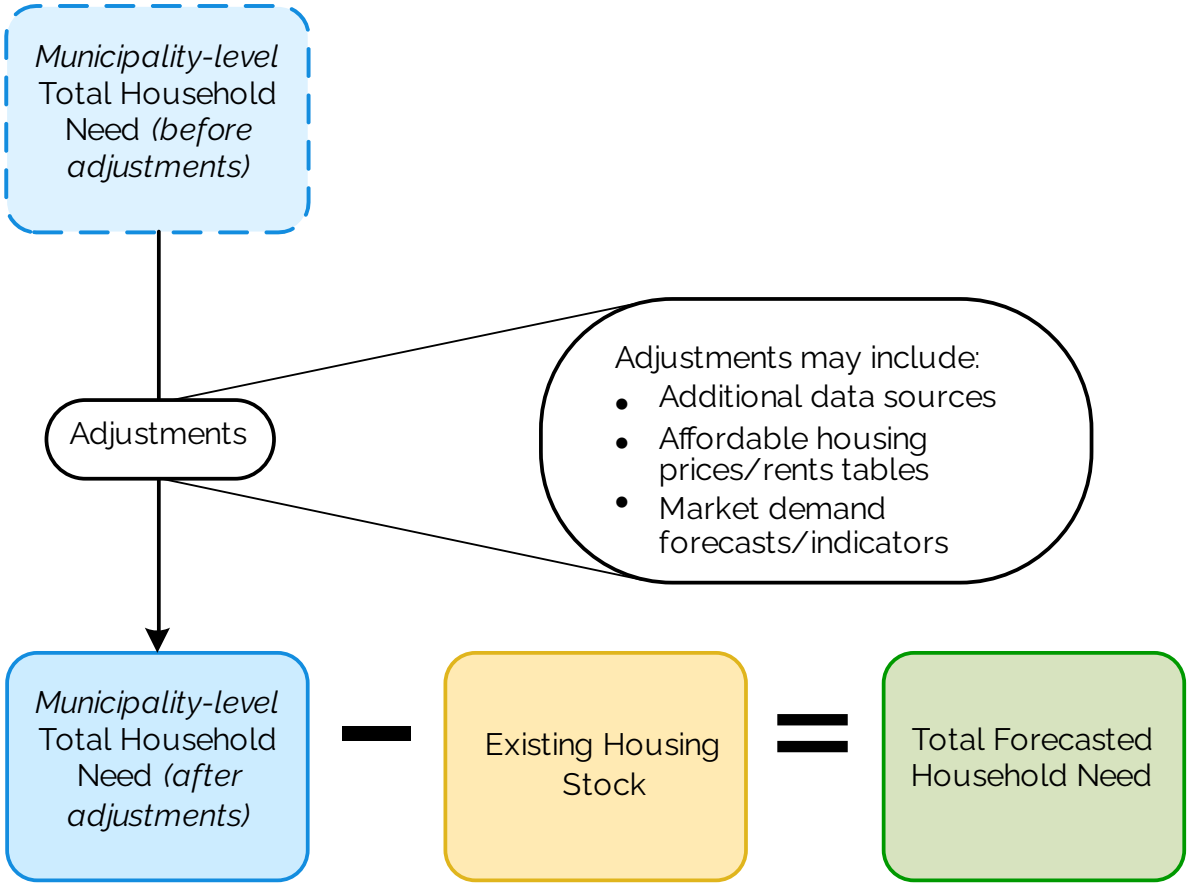


Figure 4: Diagram of housing step 2 – developing a housing needs forecast

Considerations

Housing needs adjustments, particularly for vacancy rates and market contingency, may or may not have a significant impact on the forecasted housing needs to the horizon year. However, they are more likely to have implications for short- and medium-term land needs assessments per policy 2.1.4.

Existing stock includes units that are under construction. Municipalities should also consider fluctuations of stock, such as the results of seasonal occupancy. Housing units that are in land use approval process would be accounted for in the land needs assessment, not in the existing housing stock in this step.

When calculating the existing housing stock, municipalities should consider additions to the housing stock since the census base year that was used for projections and subtract those housing units from the forecasted need. A municipality could use, for example, information from building permits, classified by unit type.

Moreover, municipalities should consider stock loss that needs to be replaced due to demolitions, conversions, abandonment, impacts of a changing climate and natural hazards. Information on stock loss may be available internally (e.g., building permits issued) or from external sources (e.g., CMHC starts/completions data or updated assessment data from the Municipal Property Assessment Corporation (MPAC)).

Municipalities who are able to obtain the data needed to support housing needs adjustments would be able to determine land needs more accurately (chapter 5).

Once municipalities calculate the total forecasted housing needs (i.e., the outcome of this step), they should also plan for infrastructure development to match the increase of supply to accommodate that need. This includes improving existing infrastructure to facilitate some of the housing needs to be accommodated through intensification, which is accounted for in housing step 3.

Outcome

The outcome is the total forecasted housing needs, in the planning horizon. This is the input for determining housing accommodated through *intensification* and the estimated housing to be accommodated through new development in housing step 3.

Housing step 3: planning for intensification

Purpose

The purpose is to determine the amount of housing that can be accommodated through *intensification*. Furthermore, it provides supporting data needed to estimate the amount of housing to be accommodated through new development, which would impact land needs. This is referred to here as the estimated housing needs outside the built-up area.

Policy basis

Planning authorities shall support general intensification and redevelopment to support the achievement of complete communities, including by planning for a range and mix of housing options and prioritizing planning and investment in the necessary infrastructure and public service facilities (policy 2.3.1.3).

Planning authorities shall establish and implement minimum targets for intensification and redevelopment within built-up areas, based on local conditions (policy 2.3.1.4).

To support the achievement of complete communities, a range and mix of housing options, intensification and more mixed-use development, strategic growth areas should be planned:

a) to accommodate significant population and employment growth;

b) as focal areas for education, commercial, recreational, and cultural uses;

c) to accommodate and support the transit network and provide connection points for inter-and intra-regional transit; and

d) to support *affordable*, accessible, and equitable housing (policy 2.4.1.2).

Recommended approach

To estimate housing needs outside the built-up area, municipalities should subtract the amount of housing that can be accommodated through *intensification* (according to their *intensification* targets) from the total forecasted housing needs.

The municipality's *intensification* targets should be set to reflect municipal objectives, local conditions, and various forms of *intensification*, such as (but not limited to):

- opportunities for in-fill and *redevelopment*, including reuse of *brownfield sites* and underutilized shopping malls and plazas, development of vacant and/or underutilized lots within previously developed areas, the expansion or conversion of existing buildings, and additional residential units (ARU) on farms where appropriate
- *infrastructure* availability and capacity
- market demand
- availability and viability of surrounding *prime agricultural areas*; and
- environmental constraints

Figure 5: Illustration of housing step 3 – planning for intensification

Considerations

In setting intensification targets and determining the amount and type of housing units that can be accommodated through *intensification*, municipalities should consider the overarching PPS, 2024 goal of creating and supporting *complete communities*, affordability needs, transit supportive densities, housing typology, tenure trends and seasonal housing. In addition, municipalities should consider the PPS, 2024 requirement to plan for a range and mix of *housing options*.

Outcome

The outcome is the total estimated housing needs outside the built-up area and is the input to identify the amount of land needed to accommodate new housing developments.

Chapter 4: Developing Employment Forecasts

Overview

The purpose of Chapter 4 is to establish the amount and type of employment growth that should be accommodated over the planning horizon; as well as the location of the employment growth (*intensification* within *settlement areas* / *designated growth area*). This employment growth information would be an input in assessing land needs.

The relationship between employment and housing (Chapter 3) is circular. Through income, employment influences housing demand; while through mobility, housing availability affects employment opportunities along with other factors (e.g., climate change impacts, supply chain considerations, geopolitical instability).

The recommended approach for identifying employment needs focuses on considering demographic factors (e.g., population growth, labour supply etc.), in addition to other, factors such as *infrastructure* capacity and government policies at the federal, provincial, and municipal levels.

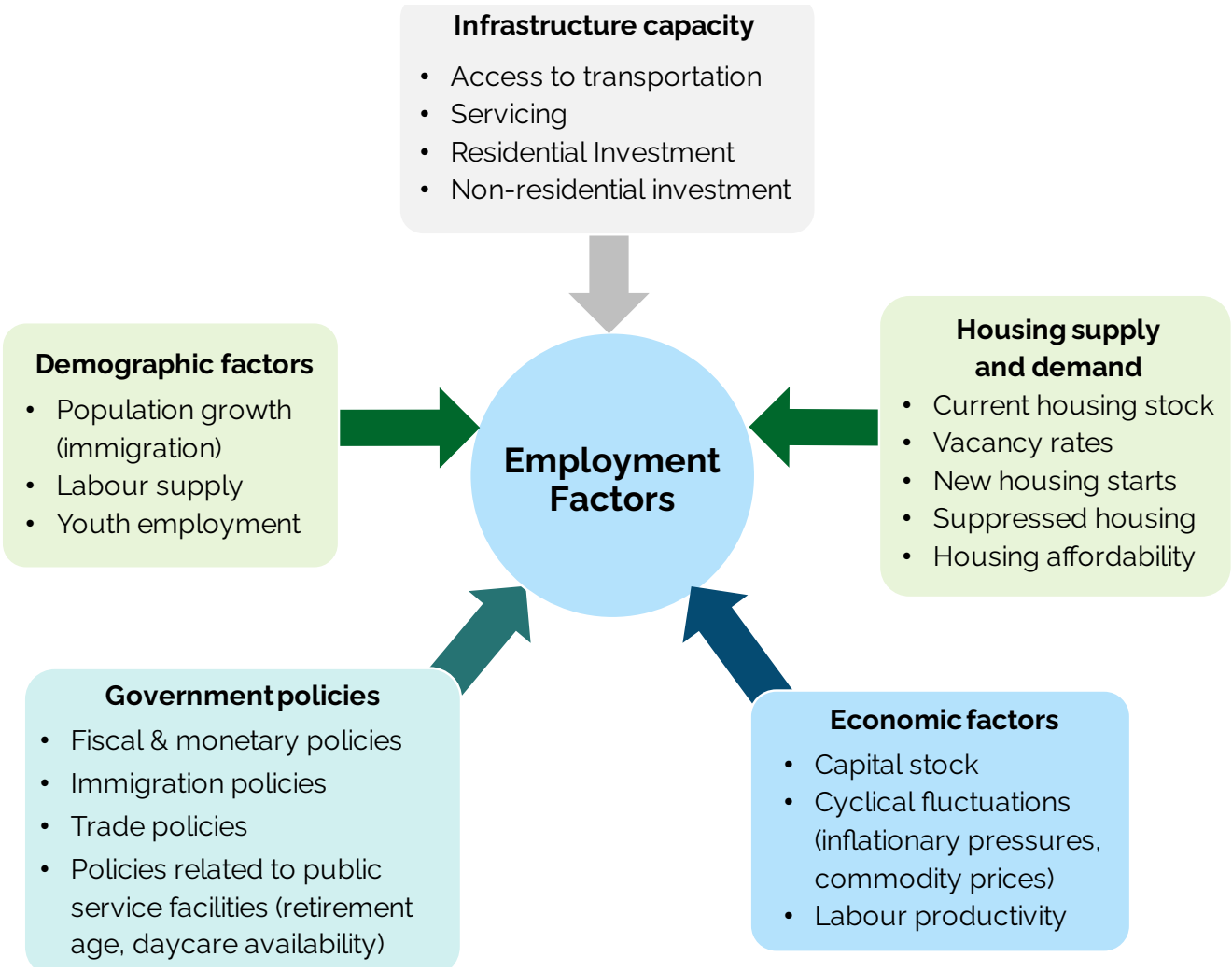


Figure 6: Illustration of factors informing employment projections

Employment step 1: calculating projected employment need

Purpose

The purpose is to determine the municipality's projected total employment needs, which is the number of jobs needed to accommodate employment in the planning horizon.

Policy basis

As informed by provincial guidance, planning authorities shall base population and employment growth forecasts on Ontario Population Projections published by the MOF and may modify, as appropriate (policy 2.1.1).

Recommended approach

Municipalities should identify employment needs by calculating their municipal activity rate and applying it to their projected population.

Calculating municipal activity rate

The municipal activity rate is the ratio of jobs in a municipality to the population of the municipality. It is determined by dividing the base (present day) employment, or the total number of jobs, by the municipality's base (present day) population. Municipalities are recommended to obtain their base employment from a combination of data sources including:

- the Place of Work Status occupation data at the CSD scale

  Statistics Canada defines Place of Work Status as whether a person worked at home, worked outside Canada, had no fixed workplace address, or worked at a specific address (i.e., usual place of work). Consequently, Place of Work data takes into consideration fixed and non-fixed places of work and work from home circumstances

- municipal employment surveys (if available) to support obtain the municipality's base employment; and

- base population, which is the present-day population, may be obtained from Statistics Canada and is available at the CSD (municipal) level

Municipalities are encouraged to refine their respective activity rate, to accommodate the potential for future changes in employment needs, by considering a variety of factors including an analysis of recent changes in the type and nature of employment (i.e., increased automation, micro-distribution models, sectoral concentration within a municipality), municipal land use planning objectives, significant changes made or proposed by major local or regional employers, and infrastructure availability and planned investment.

Figure 7: Illustration of step 1 – calculating municipal activity rate

The municipality's role as provincial and regional employment and service centre may result in significantly different municipal activity rates and employment compositions between municipalities. Therefore, coordination between municipalities is crucial and recommended as outlined in PPS, 2024 policy 6.2.1.

Applying municipal activity rate to forecast population

Once the municipal activity rate is calculated, it would be multiplied by the municipality's projected population in the planning horizon, obtained in Chapter 2, population step 1. The result is the total municipal employment needs – the number of jobs anticipated in the horizon year.

Considerations

The municipal activity rate provides for a comprehensive view of employment in a municipality. In addition to accounting for work from home and commuter employment, it takes into consideration variations in age structures, demographic differences, circumstances of underemployment and market limitations.

Not all municipalities have access to a municipal employment survey to help assess current employment within their geographic area. Therefore, by coordinating with one another, municipalities can ensure that individuals working outside their municipality of residence are counted in the municipality where they are employed**.**

Data obtained from: *Statistics Canada Census Data at the census subdivision (municipal) level.*

Figure 8: Illustration of step 1 – calculating municipal employment needs

The municipal labour force participation rate is the ratio of people employed (or looking for work) to the population of the municipality. Both the municipal labour force participation rate and the municipal activity rate are available from Statistics Canada.

In developing employment forecasts, municipalities should use the municipal activity rate, which provides a comprehensive metric of how employment interacts with the entire population and is useful for municipal and land use planning. The municipal activity rate captures variations in age structure and demographic differences, supports growth planning (i.e., alignment between jobs creation, housing, infrastructure, and services), and reflects local conditions.

The labour force participation rate risks undercounting jobs within municipalities as a result of the scope of what is being counted. The participation rate does not account for people who are underemployed, or people who may be eligible to work but cannot, due to familial obligations or job market limitations. As a result, the labour force participation rate only accounts for a subset of workers and their full capacity to be employed.

Outcome

The outcome of this step is the projected estimate of future jobs needed. This is the input in employment step 2 for developing an employment forecast needed to accommodate employment in the planning horizon.

Employment step 2: developing an employment forecast

Purpose

The purpose is to develop an employment forecast for the total population in the planning horizon. This is based on the projected employment need, while considering local conditions.

Policy basis

As informed by provincial guidance, planning authorities shall base population and employment growth forecasts on Ontario Population Projections published by the MOF and may modify, as appropriate (policy 2.1.1).

Recommended approach

Municipalities should make adjustments to the total employment need, based on local factors and available data, and document any adjustments to demonstrate their rationale and accompanying evidence. Municipal forecasts should consider any potential impacts of shifting economic conditions, and it is important to use a variety of data sources to assess and refine the growth potential of employers, to accommodate new employment trends, and take into consideration local factors such as communities with a predominant student population and seasonal employees.

Key factors influencing adjustments may include:

- planned future business investments and infrastructure development
- labour market policies and changes in demographic trends
- changes in industrial composition and
- shifts in trade policies and international market conditions

In addition, the existing jobs stock needs to be subtracted from the total employment needs to determine the employment forecast.

Considerations

Possible sources of adjustments of the municipal employment forecast include municipal employment surveys, development data and infrastructure constraints and opportunities.

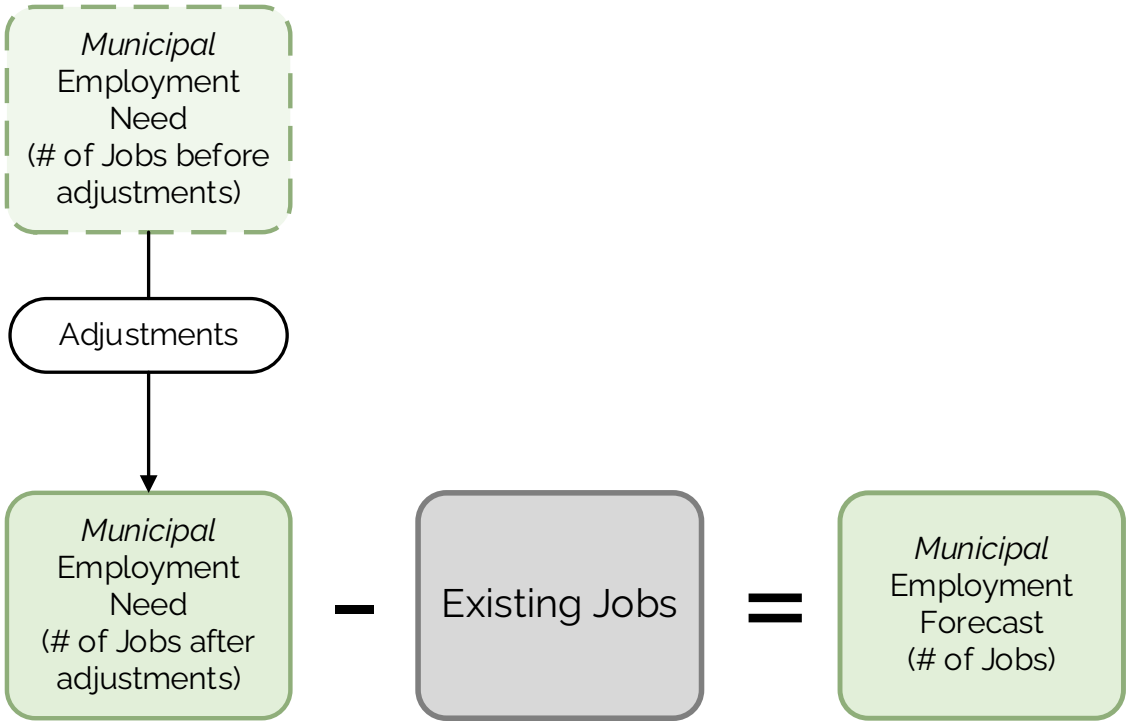


Figure 9: Diagram of step 2 – developing an employment forecast

Outcome

The outcome is the total forecasted employment in the municipality in the planning horizon. This is the input for determining the number of jobs to be accommodated by land use category in employment step 3.

Employment step 3: employment categorization by land use

Purpose

The purpose is to categorize forecast jobs for the municipality into different types of employment uses to ensure that there is a sufficient land supply for all uses.

Policy basis

Planning authorities shall promote economic development and competitiveness by (policy 2.8.1.1):

a) providing for an appropriate mix and range of employment, institutional, and broader mixed 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) identifying strategic sites for investment, monitoring the availability and suitability of employment sites, including market-ready sites, and seeking to address potential barriers to investment;

d) encouraging *intensification* of employment uses and compatible, compact, mixed-use development to support the achievement of *complete communities*; and

e) addressing land use compatibility adjacent to *employment areas* by providing an appropriate transition to sensitive land uses.

As defined in the PPS, 2024, *employment areas* are areas designated in an official plan for clusters of business and economic activities including manufacturing, warehousing, and goods movement. Uses excluded from *employment areas* are institutional and commercial, retail and office not associated with the examples of primary employment uses listed above, unless subject to transition under the *Planning Act*.

Planning authorities shall protect *employment areas* that are located in proximity to *major goods movement facilities and corridors*, including facilities and corridors identified in provincial transportation plans, for the *employment area* uses that require those locations (2.8.2.2).

Recommended approach

In accordance with PPS, 2024, some types of jobs may be located within *employment areas* while others may not. The types of jobs that may be located in *employment areas* include manufacturing, research and development in connection with manufacturing, warehousing, goods movement, associated retail and office, and ancillary facilities. To accurately calculate municipal land needs, municipalities should determine the number of jobs within and outside *employment areas*.

Municipalities should classify forecast jobs into the following employment land use categories:

- **General Employment (GE):** Jobs primarily serving the needs of the local and regional population that are within the *settlement area* but are primarily outside of *employment areas*. These jobs primarily serve a resident population, including retail, commercial, hospitality, institutional, educational, health care and work from

home employment. Jobs typically located in standalone office buildings. Some smaller or rural municipalities may not have many of these types of jobs.

- **Employment Land Employment (ELE):** Jobs related to industries and activities that are generally not compatible with sensitive land uses and are primarily located within or adjacent to *employment areas* (e.g., manufacturing & warehousing jobs)
- **Rural Employment:** Resource and agriculture-based jobs (e.g., mining, forestry, feed / fertilizer facilities) that are typically located outside of *settlement areas.* Municipalities may consider including an appropriate share of other job categories such as GE jobs located outside of *settlement areas* (e.g., gas and service stations).

Municipalities may consider including fewer or additional land use sub-categories as appropriate, reflecting local conditions and planning objectives.

Small municipalities that do not have detailed data available may use a simplified method to determine the accommodation of GE jobs. Further details are provided in Chapter 5: Land Needs Assessment.

The simplified method enables municipalities to estimate the land need for GE jobs forecasted, based on inputs such as past permits, approvals, official plans and known employment trends in the municipality.

Considerations

Municipalities are recommended to use the National Occupation Classification (NOC) data provided by Statistics Canada, as a special request for details that would be useful for municipalities beyond the broad classifications publicly available, to inform the classification of jobs by land use category, as it provides for a standardization in the identification and categorization of jobs, which is based on the training, education, experience, and responsibilities that they entail.

Jobs can further be classified through supplemental data such as employment surveys, development applications received / approved or an economic development strategy (if applicable).

However, municipalities do have the flexibility to adjust their job structures and the provision of jobs within each land use category based on local conditions including market disruptions, changes in economic activity, changes in *infrastructure* and capital investments etc., which in turn impacts the total percentage share of employment in each land use category and the resultant number of jobs per land use category.

The mix could be assumed to remain constant, or municipalities may anticipate that its job structure would change, over the planning horizon. Municipalities could adjust the current job category structure accordingly. These adjustments provide municipalities flexibility to adapt to local employment circumstances and recognize varying local contexts.

In some situations, industrial lands need to be redesignated to accommodate food or agricultural processing to support employment within the agri-food sector, whereas agricultural production and some direct processing likely occurs in *prime agricultural area* and/or rural lands. Growth in this type of employment may or may not trigger a need for additional employment lands but this potential scenario should be taken into consideration when categorizing forecasted jobs.

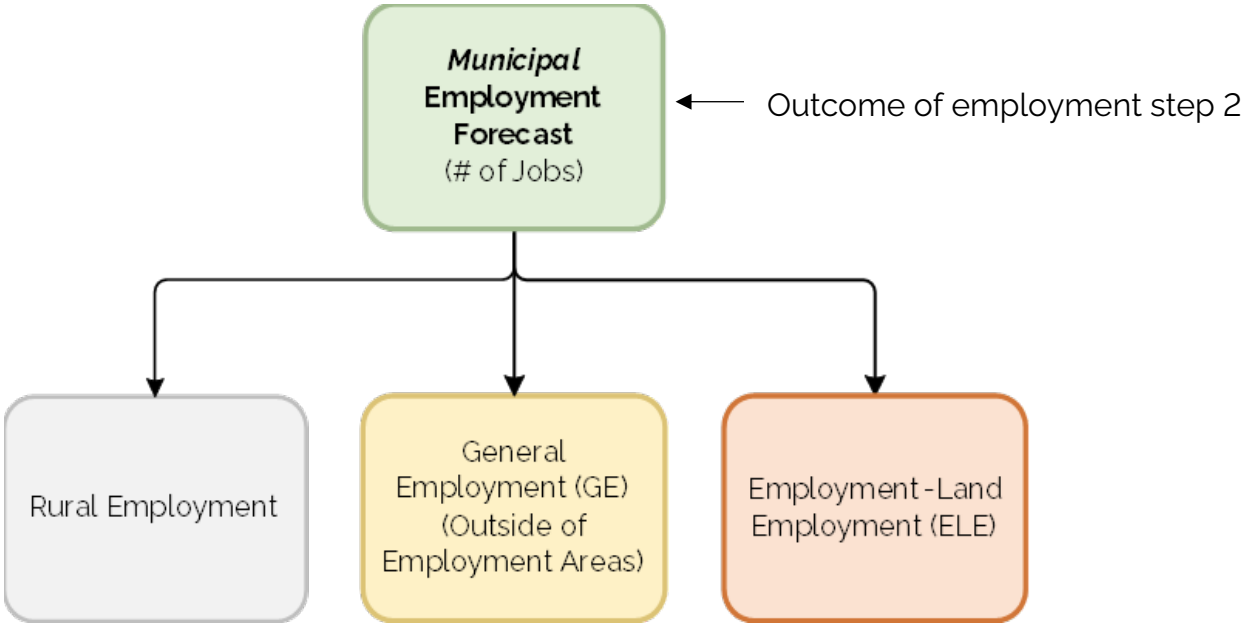


Figure 10: Diagram of employment step 3 – employment categorization by land use

Outcome

The outcome is the categorization of the jobs forecasted for the municipality by different types of employment uses. The results are an input to determining the ability of municipalities to accommodate jobs through *intensification* in employment step 4.

Employment step 4: planning for employment intensification

Purpose

The purpose is to determine the number of jobs that can be accommodated through *intensification* and through new development which would impact land needs.

Policy basis

Planning authorities should support the achievement of complete communities by accommodating an appropriate range and mix of land uses, *housing options*, transportation options with *multimodal* access, employment, *public service facilities* and other institutional uses, recreation, parks and open space, and other uses to meet long-term needs (policy 2.1.6a).

Planning authorities are encouraged to establish density targets for *designated growth areas*, based on local conditions. *Large and fast-growing municipalities* are encouraged to plan for a target of 50 residents and jobs per gross hectare in *designated growth areas* (policy 2.3.1.5).

Major office and major institutional development should be directed to *major transit station areas* or other *strategic growth areas* where *frequent transit* service is available (policy 2.8.1.4).

Planning authorities shall plan for, protect and preserve *employment areas* for current and future uses, and ensure that the necessary *infrastructure* is provided to support current and projected needs (policy 2.8.2.1).

Recommended approach

Once the employment forecast is grouped into land use categories, municipalities should determine the number or share of GE jobs and ELE jobs that may be planned to be accommodated within the existing built-up area through *intensification*.

Municipalities would consider recent building permit data and development applications to assist with understanding market absorption and *intensification* potential. Determining the number or share of jobs that go into built-up areas or *designated growth areas* would be based on the existing employment patterns, size, and community characteristics. Municipalities may consider policy-based *intensification* potential encouraging the *redevelopment* of underutilized land and planning for higher densities (e.g., within *major transit station areas*). *Intensification* of ELE jobs refer to jobs that may be accommodated

within existing *employment areas* and would be generally less responsive to policy initiatives in favour of market demand and industry needs.

In turn, this provides supporting data needed to assess land needs and estimate the number of jobs to be accommodated within *designated growth areas*, or as part of a *settlement area* boundary expansion, including new *employment areas* for ELE jobs. This step also helps municipalities satisfy PPS, 2024 requirements as municipalities are required to establish minimum *intensification* targets per policy 2.3.1.4.

Considerations

If a municipality does not currently have or anticipate having significant office development in the future, the office employment category can be omitted, and any non-ELE jobs can be reflected as part of the GE category.

Generally, in larger municipalities, a significant amount of GE jobs would be directed to built-up areas. This is due to factors such as *intensification*, and development within *strategic growth areas*, *major transit station areas* and others, such as mixed-use areas where *frequent transit* is available.

Municipalities with major office development and major institutional development may consider subdividing the GE category to assist in planning, such as within *strategic growth areas*.

Municipalities have the flexibility to remove consideration of work-from-home from the GE category and create a separate category to account for remote and hybrid work options.

Municipalities can also create additional categories to forecast by type of employment in each land use area.

Municipalities should consider underutilized *employment areas* (i.e., vacant or under used) to accommodate growth, as these areas could result in unaccommodated jobs that need to be addressed. Furthermore, the new definition of *employment area* results in more jobs to be accommodated by *intensification*, for areas such as underdeveloped strip malls etc.

In some situations, warehousing and logistics uses located within *employment areas* may not have a significant number of jobs or may be heavily automated. However, due to the nature of their function, these uses have sensitive / intensive land uses and cannot be intensified. Municipalities should take this into consideration when determining additional employment land needs.

This work would be coordinated with the housing forecast and its calculation for intensification in the next chapter, especially with respect to 'work-from-home' employment. Not all 'work-from-home employment is fully remote and as a result cannot be excluded from calculations to determine adequate land supply for a mix of uses.

Outcome

The outcome is the number of GE and ELE jobs that would be anticipated to be accommodated outside of the built-up area and existing *employment areas*. In turn, this will assist in determining land needs.

Where appropriate, industrial, manufacturing, and small-scale warehousing are encouraged to locate in *strategic growth areas* and other mixed-use areas where *frequent transit* service is available, outside of *employment areas*. As such, functionally, these jobs may be treated as GE jobs as they do not impact *employment area* land needs.

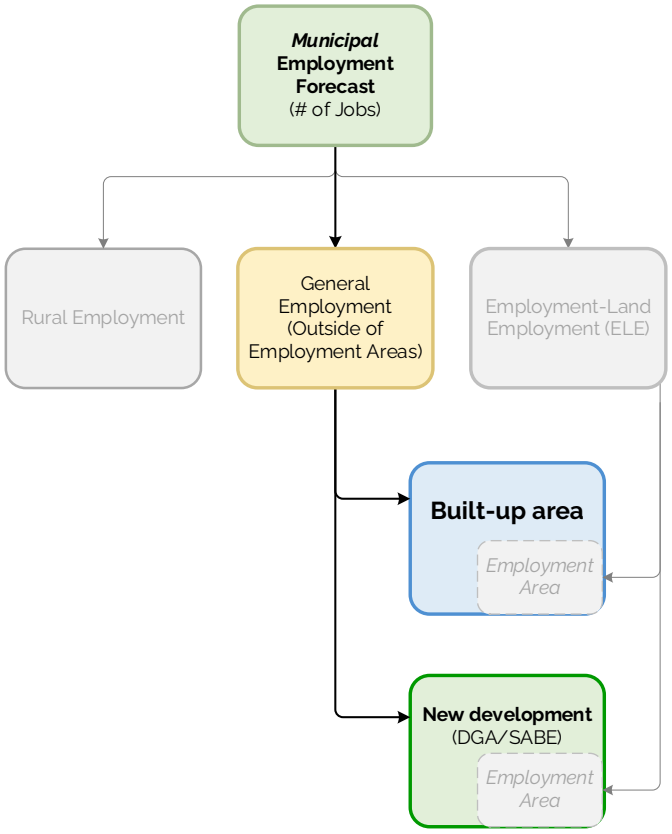


Figure 11: Diagram illustrating jobs in the Employment Land Employment category feeding into the employment area land use.

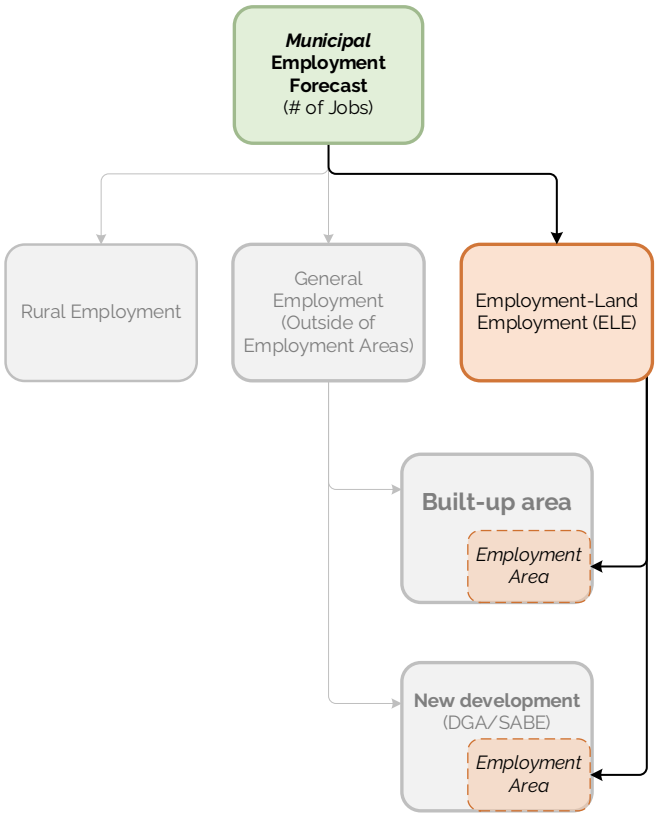


Figure 12: Diagram illustrating jobs in the General Employment category feeding into both built-up areas and new development.

Chapter 5: Land Needs Assessment

Overview

Chapter 5 guides municipalities in determining the amount of land required to accommodate an appropriate range and mix of land uses to meet a municipality's projected needs over a 20 to 30-year planning horizon.

Three methods are provided to identify the quantity of land needed for housing and jobs, while considering *employment area* land needs separately from GE and rural employment land needs. Each method is based on PPS, 2024 policy direction and considers available data and local conditions.

Purpose

The purpose is to determine if land is required to accommodate the forecasted needs identified in Chapters 3 and 4 and, if so, calculate the amount of land needed.

Policy basis

At the time of creating a new official plan and each official plan update, sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of at least 20 years, but not more than 30 years, informed by provincial guidance. Planning for *infrastructure*, *public service facilities*, *strategic growth areas* and *employment areas* may extend beyond this time horizon (policy 2.1.3).

The intention of the guidance is to assist municipalities develop population and employment forecasts and identify the overall quantity of land needed by the municipality to the planning horizon. The location of new settlement areas, location of expansions to settlement areas, location of employment areas, or the suitability of whether an area of land should be included or removed from an employment area are therefore not in scope to be addressed in the guidance. However, the outcome of quantifying land needs would be a supporting resource for municipalities in implementing these other aspects of the PPS, 2024.

Recommended approach

It is recommended that municipalities quantify municipal land needs based on municipal forecasted population and employment, using one of (or combination of) the following three methods:

method 1: People and jobs per hectare

method 2: Multiple densities

method 3: A simplified method, using Method 1 or 2 for housing land need plus an estimate (i.e., a percentage) for employment land need (i.e., GE and ELE jobs)

methods 1 and 2 are appropriate for most municipalities. Where the data is available for some of the forecasts (i.e., housing and/or employment), it is recommended that the municipality uses the most elaborate method to develop a land needs assessment for those forecasts.

Municipalities are encouraged to use both methods 1 and method 2 and compare their results. The comparison assists in ensuring land need is neither under or over estimated. Following this exercise, municipalities should provide a rationale for their chosen method, and the resulting land need.

Method 3 is only recommended for cases where a municipality does not have sufficient data or lacks the means/capacity to obtain the data necessary for applying one or both of the methods. In general, the simplified approach is only appropriate for a largely rural municipality with a very small population.

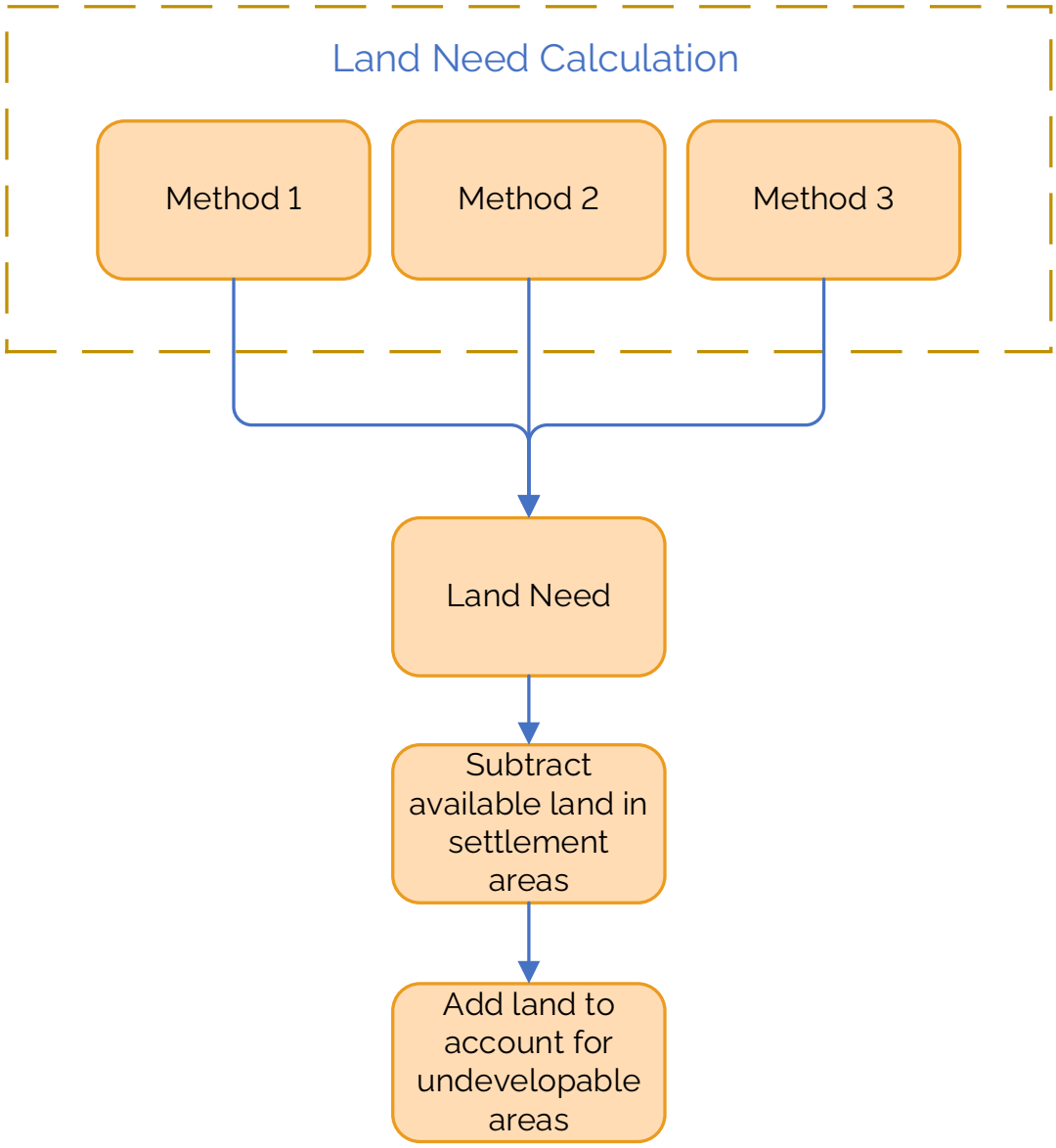


Figure 13: Calculation steps for adjusting land need outcomes. These steps are performed after land need is calculated, regardless of method used.

It is recommended that municipalities choose the method or methods that is most suitable for them, considering available data and local conditions. It is also possible to mix and match components of the methods depending on available data and land use planning approaches to density.

A common aspect to each method is that municipalities would consider land adjustments, (both upward and downward) to account for land designated and available for development, the impact of Minister's zoning orders (MZOs) issued or other provincial priorities affecting the use of land since the official plan or official plan update came into effect, and compensation steps (i.e., considering the impact of employment land removals):

- Subtract developable and vacant land

  This is to account for land that is already available to accommodate development within the *settlement area* and *employment area* to prioritize existing land, ensure its efficient use and support the orderly progression of growth.

- Add to compensate for undevelopable lands or anticipated lags in land development (if needed)

  There may be lands within *settlement areas* that are not able or anticipated to be developed by the horizon for a range of policy reasons or market conditions. Municipalities should compensate for these lands to ensure there is sufficient land to the horizon.

An integral aspect in each method is coordination between lower-tier municipalities, and coordination between lower-tier municipalities and upper-tier municipalities with planning responsibilities.

Method 1: people and jobs per hectare

Municipalities would add up the number of residents in estimated housing units (i.e., number of people) and the number of jobs outside of *employment areas* (i.e., number of GE jobs).

The number of people is obtained from the housing forecast is then converted from housing units to people by undertaking an analysis of persons-per-unit (PPU) according to unit type.

The number of jobs is obtained from the employment land needs. For the purpose of the mixed-use portion of *settlement areas*, the basis for the assessment is the GE jobs after subtracting existing jobs and *intensification*.

The combined total of residents and jobs would be divided by the planned density target set by the municipality. The outcome of dividing residents and jobs by the planned density

targets is the municipality's developable land needs in net hectares. Municipalities will then determine an adjusted land needs in gross hectares.

Municipalities may rely on census data for information on unit size by housing type to assist in determining an appropriate PPU by housing type. The level of detail for the analysis should be commensurate with the size of the municipality, the amount and type of housing demand and the available data. Statistics Canada provides data at the census tract level to inform a detailed analysis. However, municipalities may use aggregated data at the CSD level.

For *employment areas*, municipalities would follow a similar approach using ELE, and then apply the density target (i.e., jobs per hectare).

Municipalities would be recommended to use a gross density target. PPS, 2024 policy 2.3.1.5 encourages all municipalities, to establish density targets, and explicitly encourages *large and fast-growing* municipalities to plan using a specified gross density target.

The intent is that the results reflect all the land needed to accommodate the forecasted need before any adjustments are applied. The resulting land needs is the total quantity of land required for housing and employment.

Method 1:

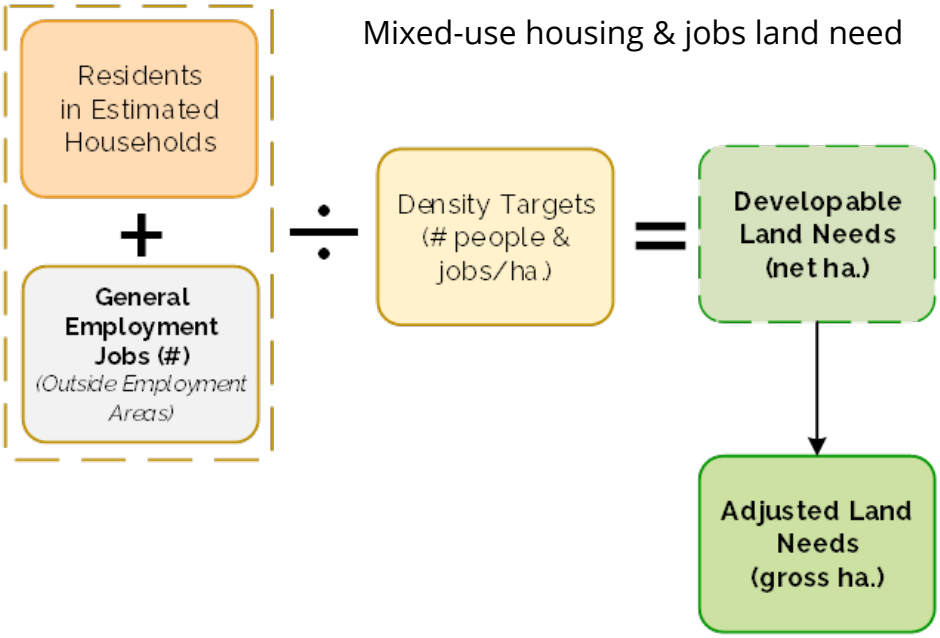


Figure 14: Method 1 steps for calculating housing and jobs land needs using people & jobs per hectare.

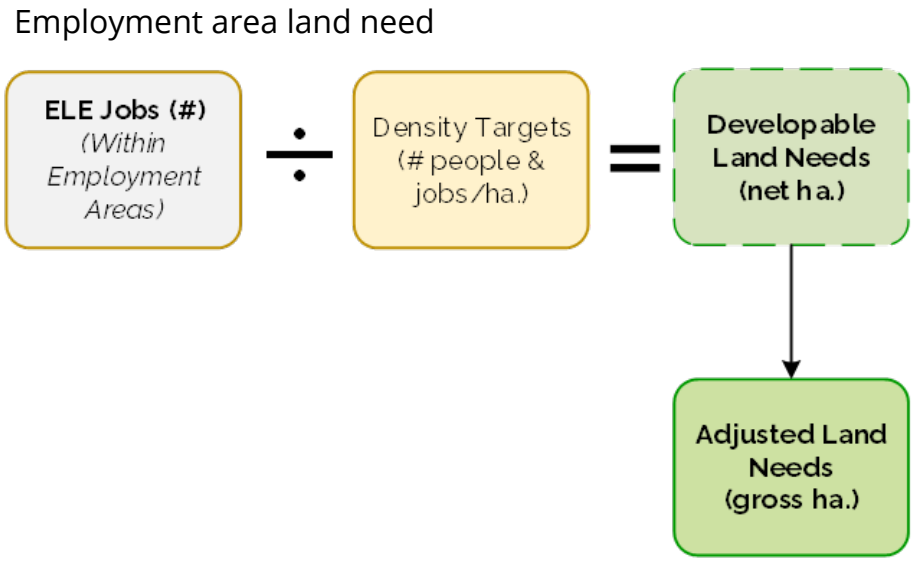


Figure 15: Method 1 steps for calculating *Employment Area* land needs using people & jobs per hectare.

Method 2: multiple densities

Method 2 is the most detailed of the three methods because it applies a specific density to each type of development (i.e., each type of housing unit and each type of job). By using specific densities, municipalities would achieve the most accurate land assessment with the intention that this would lead to the most efficient use of land that best reflects community needs.

Method 2 supports the PPS, 2024 policy encouragement for mixed-use development and a range and mix of *housing options* to the extent that data is available to the municipality.

The amount of land is calculated by multiplying each type of development by its relevant density factor, given the extent of available data.

For housing, different housing typologies should be accounted for. The housing needs by type (e.g., low-density, medium-density and high-density) that remain to be accommodated after housing step 3 should be taken into account, each according to their specific net density assumptions. Municipalities should consider densities of different typologies by using standard industry and land use planning practices, i.e., the floor space index (FSI) or unit per hectare.

For employment, municipalities may rely on standard industry and land use planning practices to identify the floor space per worker (FSW) ratio for different job types.

Specifically, method 2 uses a FSW ratio to calculate GE jobs and *employment area* land needs. The land for GE jobs is combined with the housing land needs to determine the overall land needs for both housing and jobs, separate from *employment areas*.

Since both housing and employment assessments are 'net', narrowly accounting for only the land required for the specific typology, municipalities should adjust the results upward to account for gross land needs required to accommodate development, including roads, parks, stormwater management and other components not accounted for. The adjustments would be expected to vary by typology and need, according to community needs. Municipalities could base the adjustment on local data, including recent development proposals and approvals, building permit applications, price, rent, and vacancy dynamics across building types, and land use planning requirements. Municipalities are encouraged to engage the public and stakeholders early in local efforts to inform any adjustments, as a component of implementing the PPS, 2024. Municipalities should document the adjustments made to determine the gross land needs.

The resulting land needs is the total quantity of land required for housing and employment.

Method 2:

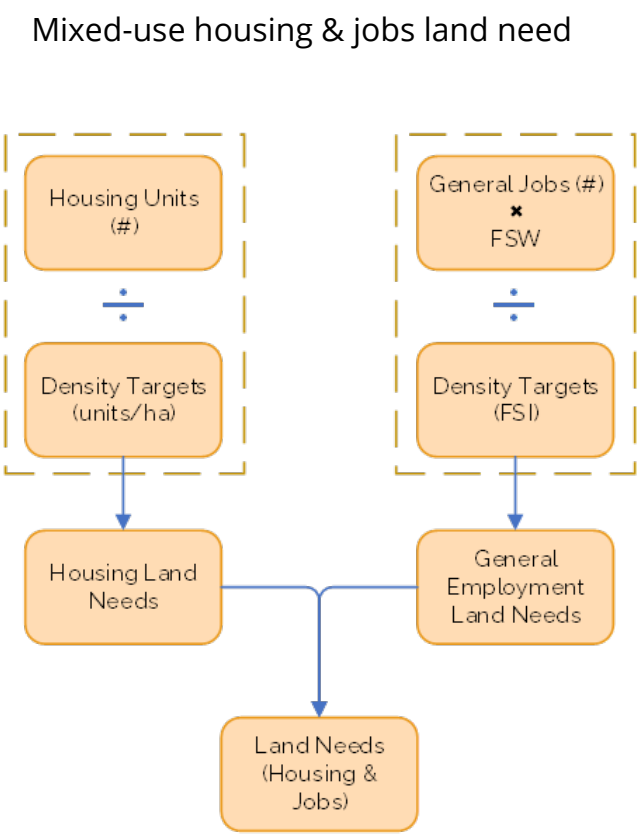


Figure 16: Method 2 steps for calculating land needs for housing and jobs.

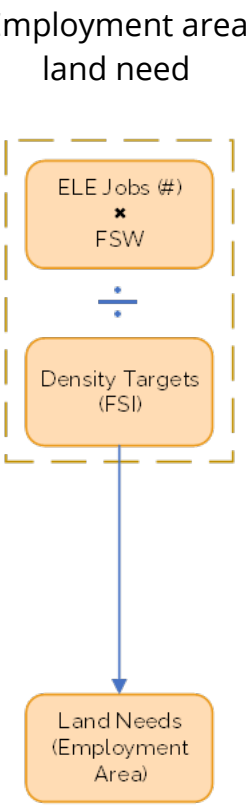


Figure 17: Method 2 steps for calculating *employment area* land.

Method 3: simplified

Method 3 is a simplified method, which provides steps to determining land needs when a municipality does not have detailed data available.

For housing and GE jobs, municipalities could determine their housing land needs and then add an estimated factor (i.e., percentage) to accommodate jobs. Municipalities may use method 1 (i.e., applying people per gross hectare density) or method 2 (i.e., applying housing units per net hectare density) to determine their housing land needs.

Once a municipality determines the housing land needs, the simplified method enables municipalities to estimate the land needs for non-*employment area* jobs forecasted, which is based on factors such as the existing built form, building permit approvals, current zoning, official plan designations and historic development and growth patterns. Estimates can also be forward looking, if for example there is knowledge of a major employment change coming to a municipality.

For *employment areas*, municipalities would develop an estimate of *employment area* density to apply to their forecasted ELE jobs. The estimate would be based on available data and past development.

Considerations for using method 3

Smaller and more rural municipalities would be advised to use this method, where there are resources and capacity constraints in undertaking the work required for methods 1 or 2. For example, small, rural, or northern municipalities may not have sufficient data to assess land needs for each type of housing and employment development.

Municipalities may opt to use this simplified method based on population size, lack of data necessary for utilizing the land-based method involving FSW, availability of data on previous employment growth (within and outside of *employment areas*), or other considerations.

Method 3 is based on estimations, with housing and job land needs deriving from available housing density data, and *employment area* land needs deriving from employment estimates and local job typologies. As an approach based on estimations, the results from method 3 may cause an over- or under-projection of land needs. However, the scope would be relatively minimal.

Method 3:

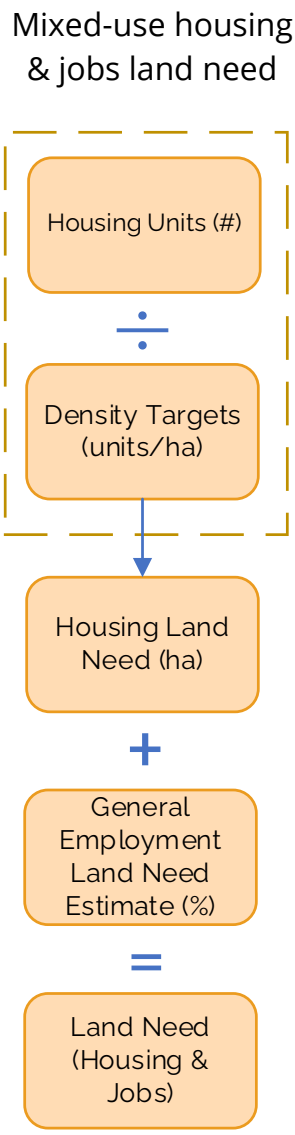


Figure 18: Method 3 steps for calculating land need for housing and jobs.

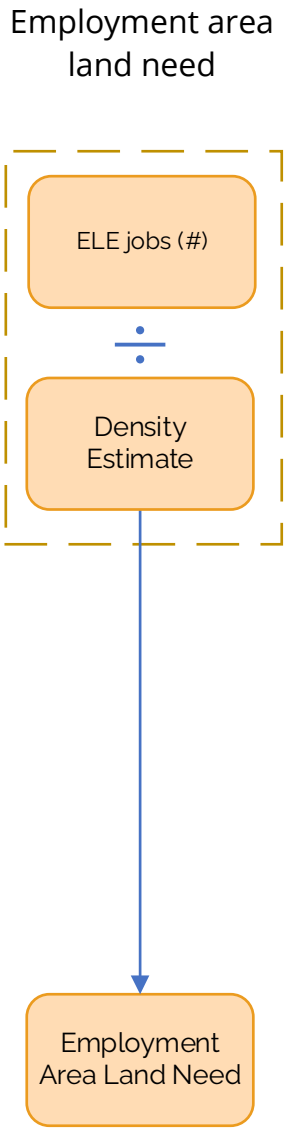


Figure 19: Method 3 steps for calculating *employment area* land need.

Comparing the land needs assessment methods

A table comparing the three methods, their benefits and considerations for municipalities when selecting their approach to their land needs assessment, can be found below.

Methods provided in guidance	Benefits
Method 1: Using a people and jobs per hectare density factor. • People – converted back from number of housing units forecasted. • Jobs – from employment land needs.	• Measuring the number of people rather than housing units allows municipalities to more accurately gauge density (e.g., identifying service levels needed).
Method 2: multiple densities calculation using FSW data for jobs and a Floor Space Index (FSI) density factor. • Housing units from forecasting. • Employment space in square metres calculated from FSW.	• Using surface area instead of number of jobs as a unit of measurement for employment accounts for variations in land needs for different types of jobs. • Allows for calculation of land needs that are reflective of needs for specific housing and jobs by type.
Method 3: simplified method, using method 1 or 2 for housing land needs + estimate (percentage) for employment land needs. • Results from housing forecasts or people converted from number of housing units forecasted. • Estimate for employment land needs.	• This simplified version may be used by municipalities that lack sufficient data to calculate specific employment outside of *employment areas*.

Figure 20: Chart illustrating a comparison of the three land needs methods

Considerations

- inter-municipal collaboration is encouraged through all stages of the forecasting process
- method 2 provides a more accurate assessment of land needs that reflects built form and end-user needs. In the case of neighbouring jurisdictions using different methods, the result calculated by the municipality using method 2 would take precedence; and
- municipalities without readily available data for calculating their own FSW ratios may consider using FSW ratios from a neighbouring municipality that has this data available

Outcome

Using any of the above methods would provide municipalities with the information needed to assist in future planning to ensure sufficient land is available to achieve market balance and to support PPS, 2024 implementation.

Where there is an identified need for land beyond what is available within *settlement areas* (land for mixed-use housing and jobs and *employment areas*) municipalities would ensure that the appropriated policies of the PPS, 2024 are applied. Municipalities may also consider the removal of land from *employment areas*.

Chapter 6: Implementation

The purpose of Chapter 6 is to recommend to municipalities general best practices for the implementation of the guidance. The chapter outlines the significance of collaboration between municipalities and documentation of land needs assessment processes. Finally, chapter 6 identifies uses for the municipal land needs assessment results as part of PPS, 2024 implementation.

Intermunicipal coordination

Collaboration between municipalities would be essential for achieving the outcomes of all steps of the forecasting and land needs assessment process and is encouraged as a cornerstone of the methodologies in the guidance for supporting the implementation of PPS, 2024 policies. Coordination between municipalities is recommended to ensure the distribution of projections for each municipality considers the future housing, population, *infrastructure*, and other land use needs within the whole CD. In addition, each municipality could test its calculations compared with the projections for the CD.

Policy basis

A coordinated, integrated, and comprehensive approach should be used when dealing with planning matters within municipalities, across lower, single and/or upper-tier municipal boundaries, and with other orders of government, agencies, boards, and Service Managers including:

a) managing and/or promoting growth and development that is integrated with planning for *infrastructure* and *public service facilities*, including schools and associated childcare facilities;

b) economic development strategies;

c) managing natural heritage, water, agricultural, mineral, and cultural heritage and archaeological resources;

d) infrastructure, multimodal transportation systems, public service facilities and waste management systems;

e) ecosystem, shoreline, watershed, and Great Lakes related issues;

f) natural and human-made hazards;

g) population, housing and employment projections, based on *regional market areas*, as appropriate; and

h) addressing housing needs in accordance with provincial housing policies and plans, including those that address homelessness (policy 6.2.1).

Municipalities, the Province, and other appropriate stakeholders are encouraged to undertake a coordinated approach to planning for large areas with high concentrations of employment uses that cross municipal boundaries (policy 6.2.8).

Where planning is conducted by an upper-tier municipality, the upper-tier municipality in consultation with lower-tier municipalities shall:

a) identify and allocate population, housing and employment projections for lower-tier municipalities;

b) identify areas where growth and development will be focused, including strategic growth areas, and establish any applicable minimum density targets;

c) identify minimum density targets for growth and development taking place in new or expanded settlement areas, where applicable; and

d) provide policy direction for the lower-tier municipalities on matters that cross municipal boundaries (policy 6.2.9)

Where there is no upper-tier municipality or where planning is not conducted by an upper-tier municipality, planning authorities shall ensure that policy 6.2.9 is addressed as part of the planning process, and should coordinate these matters with adjacent planning authorities (policy 6.2.10).

Documentation

Municipalities should document their forecasting and land needs assessment work through a detailed written report that substantiates the specific quantitative values reported.

In addition, if a municipality decides to use an alternative approach (or approaches) for the forecasts and land needs assessment than what is outlined in this guidance, they are expected to document that information. Municipal staff will need to document the approach (or approaches) used, the base data, the adjustments made and provide the rationale and methodology (or methodologies) behind the calculations.

Municipalities should share with the appropriate approval authority all documentation regarding the forecasting and land needs assessment to demonstrate how they have satisfied the PPS, 2024 requirements.

Using the municipal land need assessment results

Municipalities should use the results of their land needs assessment process to ensure satisfying PPS, 2024 requirements.

The result of the land needs assessment is a total quantum of land needed at the municipal level. This provides a critical input to the official plan or official plan amendment process through which the appropriate locations of any proposed *settlement area* boundary expansions, the removal of *employment area* land for non-employment uses, and the planning of development in *designated growth areas* will ultimately be determined. These decisions will be updated by municipalities through official plan or official plan amendment process, subject to statutory approval.

Glossary

Base year: Base year is the present-day population, or the latest available population. It may be obtained from Statistics Canada and is available at the CSD (municipal) level.

Census Division: A census division (CD) is a geographic term used by Statistics Canada for statistical reporting. It falls between the province/territory level and the municipality (i.e., census subdivision). It refers to a group of neighbouring municipalities joined together for the purposes of regional planning and managing common services (such as police or ambulance services). These groupings are established under laws in effect in certain provinces of Canada. Census division is the general term for provincially legislated areas (such as county, and regional district) or their equivalents. Census divisions are intermediate geographic areas between the province/territory level and the municipality (census subdivision).

Census Subdivision: A census subdivision (CSD) is a geographic term used by Statistics Canada for statistical reporting. It is general term for municipalities (as determined by provincial/territorial legislation). This includes cities, towns, townships, and other types of incorporated municipalities. This also includes areas treated as municipal equivalents for statistical purposes, such as Indian reserves, Indian settlements, and unorganized territories.

Cohort survival model: A method to track births, deaths, and migration patterns over time to forecast the future population. Though tracking cohorts, this method provides information about how populations change over time, which can be used to plan service delivery and resource allocation.

Complete communities: means places such as mixed-use neighbourhoods or other areas within cities, towns, and *settlement areas* that offer and support opportunities for equitable access to many necessities for daily living for people of all ages and abilities, including an appropriate mix of jobs, a full range of housing, transportation options, *public service facilities*, local stores, and services. *Complete communities* are inclusive and may take different shapes and forms appropriate to their contexts to meet the diverse needs of their populations (PPS, 2024).

Employment areas*:* means those areas designated in an official plan for clusters of business and economic activities including manufacturing, research, and development in connection with manufacturing, warehousing, goods movement, associated retail and office, and ancillary facilities. An *employment area* also includes areas of land described by subsection 1(1.1) of the *Planning Act*. Uses that are excluded from *employment areas* are institutional and commercial, including retail and office not associated with the primary employment use listed above (PPS, 2024).

Employment Land Employment (ELE): Jobs related to industries and activities that are generally not compatible with sensitive land uses and are primarily located within or adjacent to *employment areas* (e.g. manufacturing & warehousing jobs).

General Employment (GE):

a) Jobs primarily serving the needs of the local and regional population that are within the settlement area but are primarily outside of *employment areas*. These jobs primarily serve a resident population, including retail, commercial, hospitality, institutional, educational, health care and work from home employment. As institutional uses (e.g., hospitals, health care, education) are excluded from *employment areas* and as a result must be accommodated in the GE category consistent with the new definition of employment in the PPS, 2024.

b) Jobs typically located in standalone office buildings (e.g., company headquarters or a consulting firm). Some smaller or rural municipalities may not have many of these types of jobs located in standalone office buildings (e.g., a doctor's office within a plaza with retailers and personal care services). This category may vary based on municipal interpretations of e*mployment areas.*

Headship rates, or household formation rates: the proportion of primary household maintainers (i.e., household heads) in a given population. This information is available through the census household data from Statistics Canada.

Housing options: means a range of housing types such as, but is not limited to: single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, laneway housing, garden suites, rooming houses and multi-residential buildings, including low- and mid-rise apartments. The term can also refer to a variety of housing and tenure arrangements.

Intensification: means the development of a property, site or area at a higher density than currently exists through:

a) *redevelopment*, including the reuse of *brownfield sites* and underutilized shopping malls and plazas;

b) the development of vacant and/or underutilized lots within previously developed areas;

c) infill development; and

d) the expansion or conversion of existing buildings

(PPS, 2024).

Labour force participation rate: Defined by Statistics Canada as the percentage of the working age population (i.e., age 15 years or older) that are either employed or unemployed. This rate measures the portion of working age population who are employed or actively seeking employment.

Major transit station area: the area including and around any existing or planned *higher order transit* station or stop within a *settlement area*; or the area including and around a major bus depot in an urban core. *Major transit station areas* generally are defined as the area within an approximate 500 to 800-metre radius of a transit station (PPS, 2024).

Municipal activity rate: the total number of jobs located within a municipality divided by its base (present-day) population. The municipal activity rate provides a more comprehensive metric of how employment interacts with the entire population, which is useful for municipal and land use planning. The activity rate captures variations in age structure and demographic differences, supports growth planning (alignment between jobs creation, housing, infrastructure, and services), and reflects local conditions.

Place of Work Status by Occupation: refers to the physical space in which a person works, which along with municipal employment surveys can be used to obtain the municipality's base employment. This data is available from Statistics Canada at the census subdivision level.

Primary household maintainer: defined by Statistics Canada for the purposes of the Census, refers to the first person in the household identified as someone who pays the rent or the mortgage, or the taxes, or the electricity bill, and so on, for the dwelling. In the case of a household where two or more people are listed as household maintainers, the first person listed on the Census form is chosen as the primary household maintainer.

Projection range: refers to applying the two methods for disaggregating the MOF projection. The result of applying the two outcomes serve as forecasting parameters – or projection range – as a basis to form a future population projection at the municipal scale.

Regional market area: refers to an area that has a high degree of social and economic interaction. The upper or single-tier municipality, or planning area, will normally serve as the *regional market area*. However, where a *regional market area* extends significantly beyond these boundaries, then the *regional market area* may be based on the larger market area. Where *regional market area*s are very large and sparsely populated, a smaller area, if defined in an official plan, may be utilized (PPS, 2024).

Rural Employment: Resource and agriculture-based jobs, typically outside of *settlement areas* (includes a share of other job categories).

Settlement areas: means urban areas and rural *settlement areas* within municipalities (such as cities, towns, villages, and hamlets). Ontario's *settlement areas* vary significantly in terms of size, density, population, economic activity, diversity and intensity of land uses, service levels, and types of *infrastructure* available. *Settlement areas* are:

a) built-up areas where development is concentrated, and which have a mix of land uses; and

b) lands which have been designated in an official plan for development over the long term.

(PPS, 2024)

Strategic growth areas: means within *settlement areas*, nodes, corridors, and other areas that have been identified by municipalities to be the focus for accommodating *intensification* and higher-density mixed uses in a more *compact built form*. *Strategic growth areas* include *major transit station areas*, existing and emerging downtowns, lands in close proximity to publicly-assisted postsecondary institutions and other areas where growth or development will be focused, that may include infill, *redevelopment* (e.g., underutilized shopping malls and plazas), *brownfield sites*, the expansion or conversion of existing buildings, or greyfields. Lands along major roads, arterials, or other areas with existing or planned *frequent transit* service or *higher order transit* corridors may also be identified as *strategic growth areas* (PPS, 2024).

Suppressed Household Formation: New households that would have been formed but are not due to a lack of attainable options. The persons who would have formed these households include, but are not limited to, many adults living with family members or roommates and individuals wishing to leave unsafe or unstable environments but cannot due to a lack of places to go.

Appendix: List of Data Sources

- Ministry of Finance: Ontario Population Projections
- Ministry of Finance: Ontario Population Projections – Data Catalogue
- Statistics Canada - Municipal data on population estimates: StatsCan CSD Population Estimates
- Statistics Canada - CD data on population estimates: Statistics Canada CD Population estimates
- Rural Ontario Institute: data source of additional rural demographic data
- StatsCan data on household size by housing type and community
- School board enrollment projections may account for school age cohort data
- Statistics Canada population data by age by CSD

Ministry of Municipal Affairs and Housing

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