



Hemson Consulting Ltd.

1000 – 30 St. Patrick Street, Toronto, ON M5T 3A3  
416-593-5090 | hemson@hemson.com | www.hemson.com

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**ERO Number: 025-0844**

Ministry of Municipal Affairs and Housing

To Whom It May Concern,

**Re: Comments on Proposed Updates to the Projection Methodology Guideline to Support Implementation of the Provincial Planning Statement, 2024 (PPS 2024)**

This letter provides comments on the proposed guidance (the Guideline) to assist planning authorities with developing growth forecasts and assessing land needs for long-range planning. The comments are offered from the perspective of a consulting firm with more than 40 years' experience in forecasting, demographics, land needs analysis, planning policy, and municipal finance.

Of particular relevance is our extensive knowledge and understanding of population and employment forecasting in Ontario. Hemson has undertaken growth management assignments in virtually every municipality in southern Ontario, in many northern Ontario communities, and in most Census Metropolitan Areas across Canada. Over more than four decades, we have developed and refined forecasting techniques that are now widely recognized as industry standards—including assisting the Province in preparing the original Projection Methodology Guideline in 1995. From 1989 to 2020, we prepared several iterations of population and employment forecasts of the Greater Toronto Area and Hamilton and Greater Golden Horseshoe, including three forecasts for the Growth Plan for the Greater Golden Horseshoe (2005, 2012, and 2020). In addition, we have prepared dozens of land need assessments for municipal official plans and OMB/LPAT/OLT hearings.

These observations also reflect our ongoing consultation with municipal clients. Nonetheless, the views expressed below are our own.

## A. COMMENTS AND RECOMMENDATIONS

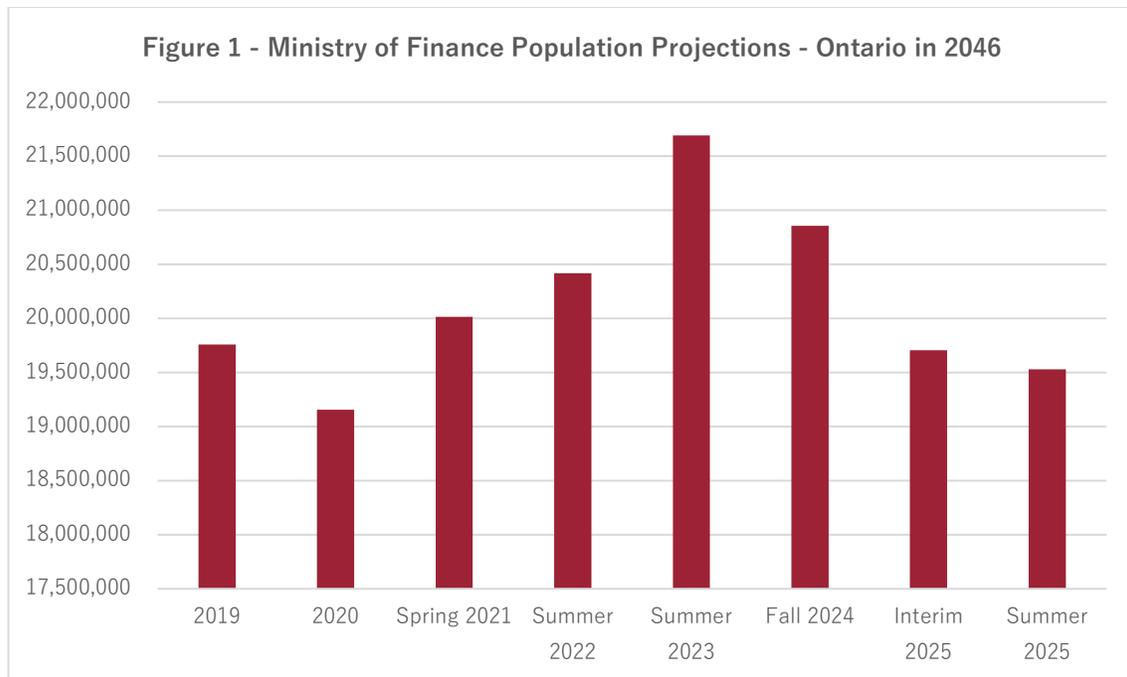
The following comments and recommendations are intended to strengthen the proposed Guideline and ensure its effective application across planning authorities. They highlight areas where greater clarity, direction, or methodological refinement would improve consistency, accuracy, and transparency in the preparation of population, housing, and employment forecasts, as well as in land needs assessments.

### i. Limitations of MOF Projections Require Greater Attention

The PPS, 2024 requires that planning authorities base population and employment forecasts on the Ontario Population Projections published by the Ministry of Finance (MOF), which they may modify, as appropriate (Policy 2.1.1). The proposed Guideline highlights circumstances where such modifications may be warranted (see pages 11-12). However, aside from a textbox on page 5, the Guideline does not sufficiently address the limitations of the MOF Projections for long range planning. In particular:

- **Narrow scope of assumptions:** The MOF Projections are produced annually for Ontario and its 49 Census Divisions. They largely reflect a continuation of recent migration trends over the remainder of the projection period along with the continuing evolution of long-term fertility and mortality patterns. To that extent, they are not intended to be “forecasts” that explicitly account for long-term structural changes in the economy, a precise outlook for Federal immigration policies, and Provincial and local housing demand, land use plans, infrastructure investment, or the availability of land for development. As a result, the projections may, for example, overstate growth in Census Divisions with limited developable land or understate growth in Census Divisions targeted for major infrastructure expansion.
- **Sensitivity to federal policy changes:** In recent years, significant adjustments to Federal targets for permanent immigration and policies regarding the number and type of non-permanent residents have been reflected in the MOF Projections. As Figure 1 illustrates, projections for Ontario as a whole have varied considerably from year to year, driven by specific government policies relating to international student numbers, temporary foreign worker eligibility, and permanent immigration targets. This variability has been especially pronounced in certain Census Divisions.

In short, while the MOF Projections can provide valuable insights, they must be interpreted with caution considering their variability, sensitivity to changing Federal policies, and limited capacity to reflect local development conditions.



Source: Ontario Ministry of Finance, Population Projections 2019-2025

Accordingly, we recommend that the Guideline explicitly direct planning authorities to establish growth forecasts based on long-term economic, demographic, and structural market analysis rather than short-term demographic trends that dominate the MOF Projections in any given year.

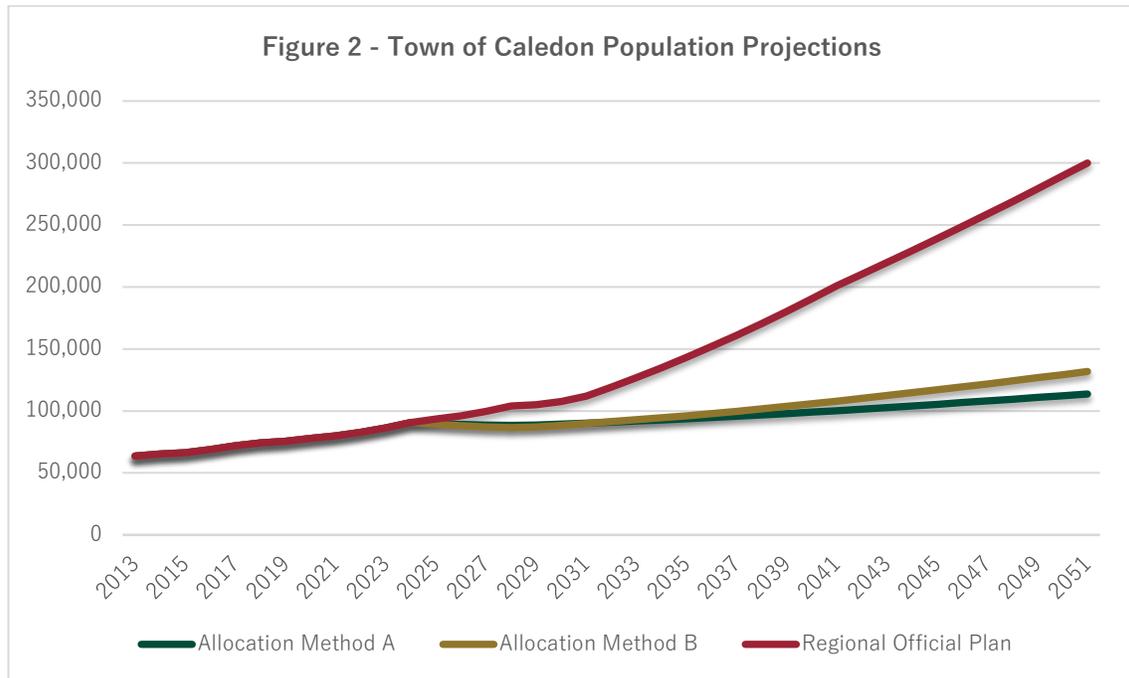
**ii. Reinforce Flexibility to Modify Population Projections**

The Guideline sets out two approaches for allocating a municipality’s share of the MOF projected population within its Census Division.

**Method A** is an allocation based on a municipality’s current share of the Census Division population, using the most recent Census or postcensal data.

**Method B** is an allocation based on a municipality’s share of population growth within the Census Division over the most recent 10-year period. To address short-term variations in growth, Method B further recommends applying growth-share trends derived from consecutive five-year intervals within that period.

While these approaches provide a standardized framework, in some cases neither method will produce an appropriate result. For example, in Peel Region, the Town of Caledon is forecast to reach 300,000 residents by 2051—a significant increase from its current population. Figure 2 illustrates the significant difference between Caledon’s 2051 forecast under the former Regional Official Plan now incorporated in the Town’s plan and the allocation results produced by the Guideline’s methods.



Source: Hemson Consulting; Region of Peel Official Plan, 2022

Accordingly, we recommend that the Guideline more explicitly reinforce the flexibility afforded to municipalities to modify their projections *beyond* the projection range generated by the two allocation methods (see, for example, the second paragraph on page 12).

**iii. Increase Emphasis on Regional Market Areas**

The PPS 2024 requires that planning authorities provide for an appropriate range and mix of housing options and densities to meet the projected needs of current and future residents within the regional market area (Policy 2.2.1). It also recommends that a coordinated, integrated, and comprehensive approach should be used when preparing, among other planning matters, population, housing and employment projections based on regional market areas (Policy 6.2.1).

The proposed Guideline emphasizes the importance of inter-municipal collaboration and coordination throughout all stages of the forecasting and land needs assessment process (see pages 5, 51-52). However, in our view, more concrete guidance is needed to ensure consistent and coordinated approaches. Specifically, we recommend that the Guideline:

- require all planning authorities to consider population and employment forecasts, as well as residential and non-residential land needs, within the broader regional market area;
- direct municipalities within a regional market area to undertake forecasts and land needs assessments concurrently, in order to standardize approaches and assumptions and ensure regional needs, including appropriate timing of large-scale infrastructure, are met; and
- increase emphasis on the importance of considering a regional perspective when undertaking forecasting, land needs analysis, and planning for infrastructure, multimodal transportation systems, public service facilities, waste management systems, economic development, and the management of natural resources and natural heritage, consistent with Policy 6.2.1 of the PPS 2024.

**iv. Provide Specific Examples or Templates for Planning Authorities**

We believe that the Guideline would be strengthened by including illustrative examples or templates to help planning authorities—particularly smaller municipalities or those experiencing slow, predictable growth—apply the methodology consistently and effectively.

**v. Use NAICS Rather Than NOCS Employment Data**

The draft guideline (p.34) recommends that municipalities request customized National Occupation Classification (NOC) data from Statistics Canada to inform job classification by land use category. NOC data provide occupation-based information, which is useful from some perspectives, but is of limited use for forecasting employment by type. A more suitable dataset would be *place of work employment* by North American Industry Classification System (NAICS). NAICS is the widely accepted standard for classifying employment by industry, with subcategories for detailed sector analysis. Many municipal employment surveys are already structured around NAICS, making it a practical and consistent framework for forecasting.

**vi. Provide Direction on Suppressed Household Formation**

On page 18, the proposed Guideline identifies “suppressed household formation” as a factor to consider in determining household formation rates and household growth. While a definition is provided, limited guidance is offered on how planning authorities should incorporate this factor into their analysis. Additional direction or examples would help ensure consistent and appropriate treatment across jurisdictions.

More specifically, the Guideline directs that where a municipality’s historical headship rates are lower than those of comparable municipalities, rates should be adjusted upwards to account for suppressed household formation (see pages 20-21). We recommend that such adjustments be made only after careful consideration of the reasons underlying these differences, as a lower headship rate in one municipality versus another is not likely to be solely attributable to suppressed household formation.

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This letter reflects our considered opinion on the proposed Guideline and takes account of the views of the many municipal clients with which we have discussed the matter. We thank you for the opportunity to make this submission. Should you have any questions regarding our comments, please do not hesitate to contact us.

Yours Truly,

**HEMSON Consulting Ltd.**



Russell Mathew  
Partner



Stefan Krzeczunowicz  
Partner