

October 10, 2025

Provincial Land Use Policy Branch
Ministry of Municipal Affairs and Housing
13th Floor, 777 Bay Street
Toronto, Ontario
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Re: ERO 025-0844: Review of Proposed Updates to the Projection Methodology Guideline to Support the Implementation of the Provincial Planning Statement, 2024

On behalf of our many municipal clients, we are submitting our comments related to the Proposed Updates to the Projection Methodology Guideline (PMG) to support the implementation of the Provincial Planning Statement, 2024 (PPS, 2024).

1. Introduction

Watson & Associates Economists Ltd. (Watson) is one of Canada's leading economic consulting firms, comprising municipal economists, planners, accountants, and support staff. The firm has been in operation since 1982. We work with municipalities across the Province on assignments related to growth management strategies, demographic forecasts, comprehensive reviews, employment strategies, housing studies, municipal finance and economics, and more. Watson is a recognized leader in the growth management field across Ontario, having completed numerous comprehensive reviews for lower-tier, upper-tier and single-tier municipalities over the past two decades.

It should be noted that Watson has collaborated with the Ontario Professional Planners Institute (OPPI) in developing recommendations, some of which align with those presented in this document. Our focus in this document is primarily on methodological improvements that, in our view, would enhance the effectiveness and applicability of the PMG for municipalities across Ontario.

2. Overview Commentary

As part of our review of the proposed new PMG, we note that Watson generally supports the updated document, which replaces the 1995 PMG. Watson's approach on growth forecasting and land needs assessment has historically aligned with the principles of the 1995 guideline, and we agree that a refreshed document is necessary to better reflect the policy direction of the PPS, 2024. While the core principles of the two documents remain largely consistent, the updated PMG introduces several key



distinctions. Specifically, it places greater emphasis on the use of Ministry of Finance (MOF) population forecasts and on more detailed analysis of housing needs, and provides new alternative approaches for conducting land needs assessments (LNAs).

The proposed PMG offers a range of methods and options that we believe are essential, given the diversity of municipalities across Ontario. Municipalities vary widely in both scale and geography, from slower-growing rural townships to rapidly expanding urban centres. In light of this diversity, it is critical that the PMG maintain sufficient flexibility to ensure its effective and context-sensitive application across the Province.

Provided herein is a summary of our key recommendations that would enhance the effectiveness and applicability of the PMG.

3. Recommendations

3.1 Working with Ministry of Finance Population Projections

Recommendation #1: Define and differentiate between population projections, forecasts, and targets.

As a starting point, the PMG should clearly define and differentiate between terms regarding population projections, forecasts, and targets. These terms have different meanings, which can result in significantly different outcomes with respect to long-range planning, infrastructure, and municipal service needs for municipalities.

- **Target:** A target represents a desired state, expressed as a policy objective (e.g., the Bill 23 target of 1.5 million homes in Ontario over 10 years).
- **Population Projection:** This represents a mathematical extrapolation of past trends based on calculations regarding future migration, fertility, and mortality rates.
- **Population Forecast:** A forecast goes a step beyond a projection. It is the best possible estimate of future growth based on historical trends, expected changes resulting from reasoned assumptions, and anticipated implementation of policies affecting growth-generating projects.

The PMG should also clearly indicate how municipalities are to work with and distinguish between targets, projections, and forecasts when preparing long-range growth forecasts and LNAs. Understanding the nuances between these terms has important implications on long-range land use planning, housing needs, infrastructure needs, municipal service delivery and all other decisions, which heavily rely on provincial direction regarding population and housing growth.



Recommendation #2: The Ministry of Municipal Affairs and Housing (MMAH) should emphasize that both the MOF projections and the PMG approach to population growth allocations represent a first step in establishing a baseline growth analysis for municipalities.

As noted on page 12 of the proposed PMG, the MOF projections are ultimately based on historical trends and cannot fully account for future events, such as, but not limited to, significant changes to near-term economic or housing market conditions, major economic expansions or business closures within a region of Ontario, large-scale planned Urban Boundary expansions, infrastructure constraints and/or the timing of major regional or local infrastructure improvements/expansions. It is important that the Province emphasizes that the PMG represents a guideline only to assist municipalities with the preparation of growth forecasts and urban LNAs. Accordingly, all municipalities have the flexibility to test, document, and modify their approach and ultimate population, housing, and employment projections, based on local considerations and circumstances. This may result in a different and potentially more informed outcome regarding the total population projections, growth allocations, and urban land needs for a respective municipality. Accordingly, it is appropriate for municipalities to test and supplement the PMG methodology to demonstrate where local circumstances may result in a different and potentially more accurate outcome regarding the long-term population outlook at the Census Division (CD) level, and/or growth allocations by local municipality. When considering large, fast-growing Ontario municipalities, the recommended provincial PMG should encourage the results of growth and land needs to be tested and informed by additional local analysis.

Recommendation 3: The updated PMG should define and incorporate seasonal and non-permanent populations within the methodology.

In municipalities with a notable student population component, the PMG should acknowledge that additional steps are required to incorporate and address the unique demographic characteristics, housing requirements, and infrastructure needs of this population segment. Similarly, the PMG should also acknowledge that additional technical steps are required to project population and housing in municipalities with a significant seasonal component.

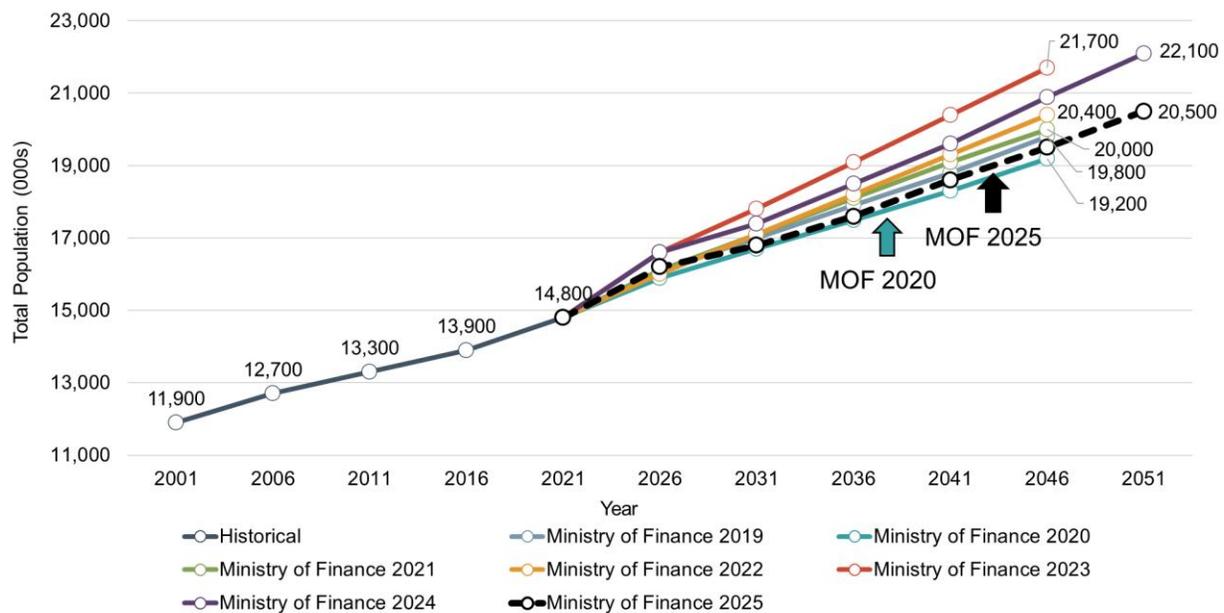
Recommendation 4: Align MOF population projections to Official Plan five and 10-year review cycles.

The *Planning Act* requires Official Plans (OPs) to be revised every five years after an amendment is made or 10 years after a new OP is approved. While population growth trends can vary on an annual basis, as noted on page 4 of the proposed PMG document, the urban land needs of a community do not generally fluctuate annually, given the long-term nature of land use planning. Accordingly, municipalities are not required to update their long-range forecasts outside of the statutory *Planning Act* requirements.



The MOF population projections are updated annually, including a major update every five years that incorporates the results of the latest Census. Figure 1 summarizes the range in long-term MOF population projections over the past seven years (2019 to 2025). While the near- and longer-term results of these annual population projections varied significantly during this historical period (largely as a result of COVID-19 impacts), variations over the longer-term historical period (e.g., five years) are less pronounced. These longer-term demographic trends are important to consider when developing longer-term population projections.

Figure 1
Summary of Ministry of Finance Population Projections for the Province of Ontario, 2019 to 2025



Source: Statistics Census, 2001 to 2021, and Ontario Ministry of Finance (MOF) Population Projections, 2019 to 2025.

To better align MOF population projections with five to 10-year Official Plan Review (OPR) cycles, it is our recommendation that MMAH emphasize that the major MOF population projection updates (which are prepared every five years following the results of the most recent Census) are to be coordinated with OP updates, to the extent possible. This would help limit unnecessary updates and revisions to municipal growth forecasts and urban land needs studies. It would also reduce the potential to significantly overstate or understate long-term OP growth forecasts that are narrowly focused on MOF population projections that may have been prepared during outlier years, such as the years immediately following the COVID-19 outbreak. Adopting a five-year focus on the MOF projections, and allowing for ranges in long-term population growth, also recognizes and addresses the lack of precision that planners and



demographers have in projecting/forecasting population growth over the long term at any given point in time.

It is appropriate that demographic trends identified between the major five-year updates (as part of MOF annual projections) are considered and monitored as part of the OPR process. The PMG, however, should emphasize that long-term population growth analysis studies conducted for the purpose of an OPR should be fixed to the results of the major five-year MOF population projection updates. Such an approach should assist all relevant parties in achieving the overarching provincial priority of cutting red tape, streamlining approvals, and ultimately providing more housing options for Ontarians.

Recommendation 4: The PMG should set an upper population threshold as part of the population allocation process.

Based on our understanding of the proposed PMG, two methods are offered to address the population allocation process, as follows:

- Method A is based on a municipality's current population share of the CD (e.g., 2021 or 2024, based on the most recent Census data or postcensal data); and
- Method B is based on the municipality's share of population growth within the CD over a 10-year period (e.g., 2011 to 2021 or 2014 to 2024, based on the most recent Census data or postcensal data). The proposed PMG recommends applying population growth share trends from consecutive five-year periods within the previous 10 years to account for short-term variations in population growth.

We note that these two methods have the potential to generate varying outcomes regarding the percentage share of population growth, particularly in cases where a municipality has experienced notably higher population growth over the past 10 years relative to the average population growth rate for the CD. Figure 2, below, illustrates these two approaches when applied to the Region of Halton, as an example.



Figure 2
Summary of the Ministry of Finance Halton Region Population Projection by
Municipality, 2024 to 2051, Using Proposed Projection Methodology Guideline
Method A and Method B

Method A – Existing Population Share

Municipality	2024 Population Share ^[1]	2024 to 2051 Population Growth Projection	2051 Total Population Projection
City of Burlington	30%	68,500	265,900
Town of Halton Hills	10%	23,600	91,600
Town of Milton	23%	53,000	205,800
Town of Oakville	36%	82,900	321,600
Halton Region	100%	228,000	884,900

^[1] Historical population share derived from Statistics Canada population estimates.

Note: Population includes net Census undercount.

Source: Historical population shares derived from Statistics Canada, Table 17-10-0155-01, 2024 to 2051 Halton Region population projections adapted from Ontario Ministry of Finance Population Projection, Summer 2025, and municipal allocations derived by Watson & Associates Economists Ltd.

Method B – 10-Year Trend-Adjusted Population Share

Municipality	2014 to 2019 Population Growth Share	2019 to 2024 Population Growth Share	Population Growth Share - Trend Adjustment	2024 to 2051 Population Growth Projection	2051 Total Population Projection
Calculation Step	A	B	$C = B + (B - A)$		
City of Burlington	13%	9%	4%	9,600	207,000
Town of Halton Hills	6%	6%	5%	12,300	80,300
Town of Milton	44%	42%	41%	93,000	245,800
Town of Oakville	38%	44%	50%	113,100	351,800
Halton Region	100%	100%	100%	228,000	884,900

^[1] Historical population derived from Statistics Canada population estimates.

Note: Population includes net Census undercount.

Source: Historical population shares derived from Statistics Canada, Table 17-10-0155-01, 2024 to 2051 Halton Region population projections adapted from Ontario Ministry of Finance Population Projection, Summer 2025, and municipal allocations derived by Watson & Associates Economists Ltd.



As summarized in Figure 3 below, the two methods generate significantly different outcomes with respect to the share of population growth by local municipality and the total projected population for the CD. For Halton Region, if each municipality were to use the upper range in assigning their respective population growth allocation, the total 2051 population forecast would be 955,100, which is 70,200 people (8%) above the 2025 MOF population projection for Halton Region by 2051.

Figure 3
Range of Ministry of Finance Population Projection by Municipality for Halton Region, 2024 to 2051 Using the Proposed Provincial Projection Methodology Guideline Method A and Method B

Municipality	2024 to 2051 Population Growth Range (Methods A or B in Brackets)	2051 Total Population			
		Method A	Method B	Percentage Difference Between Methods A and B	Choosing Highest Growth Between Methods A and B
City of Burlington	9,600 (B) - 68,500 (A)	265,900	207,000	-22%	265,900
Town of Halton Hills	12,300 (B) - 23,600 (A)	91,600	80,300	-12%	91,600
Town of Milton	53,000 (A) - 93,000 (B)	205,800	245,800	19%	245,800
Town of Oakville	82,900 (A) - 113,100 (B)	321,600	351,800	9%	351,800
Halton Region	157,800 - 298,200 (Mix)	884,900	884,900	0%	955,100
2051 Halton Region total population difference relative to the 2025 MOF projections if choosing the high growth method by municipality.					70,200
2051 Halton Region population percentage difference relative to the 2025 MOF projections if choosing the high growth method by municipality.					8%

Note: Population includes net Census undercount.

Source: 2024 to 2051 Halton Region population projections adapted from Ontario Ministry of Finance Population Projection, Summer 2025, and municipal allocations derived by Watson & Associates Economists Ltd.

It is acknowledged that long-range population forecasting is not precise. Typically, the longer the projection period, the less accurate long-term growth projections become. Given this uncertainty, it is industry practice to often identify a range when preparing long-term growth forecasts or projections. For example, the 2025 MOF projections identify a range of 13% between the medium and high provincial growth scenarios with respect to the difference in the total 2051 population. A similar range is also identified between the medium and low provincial MOF growth scenarios. We recommend that the long-term Ontario-wide population ranges established by the MOF through the low, reference, and high provincial growth scenarios should represent the upper and lower thresholds regarding the range in population projections at the CD level.



3.2 Developing Housing Needs Forecasts

Recommendation 5: Forecast housing needs should account for future changes in headship rates where an historical trend has been observed.

The proposed PMG recognizes a number of broad factors that can influence housing needs, including population growth, economic factors, housing supply and demand, and infrastructure capacity. The proposed PMG provides a comprehensive three-step approach to determining the amount of housing needed for municipalities over the planning horizon, based on the amount of population growth projected over the period. This includes identifying the type of housing units needed and the allocation by geographic location to assess housing and residential land needs in accordance with the PPS, 2024. Municipalities can also consider housing affordability and market choice provisions in their housing needs assessments, which is considered a positive advancement in promoting a greater supply and diversity of housing options.

In Chapter 3, step 1 of the proposed PMG recommends using the forecast population by age structure and applying age-specific headship rates (i.e., household formation rates) to determine forecast housing needs. It is important to recognize, however, that forecast headship rates used to calculate future housing needs may vary from those in the latest Census data based on observed historical trends.

Recommendation 6: A Housing Propensity Analysis should be provided by housing tenure when this approach is used to determine forecast demand by housing type.

It is our opinion that considering future housing demand by tenure (i.e., ownership and rental housing) and affordability is critical in informing near- and longer-term housing propensity by structure type. Accordingly, where a housing propensity analysis is undertaken to inform long-term housing demand by structure type, it is recommended that this analysis be carried out by housing tenure to then inform total housing propensity by unit type.

Recommendation 7: Consider thresholds or limits to contingency factors to ensure that forecast housing needs are not overstated.

Chapter 3, step 2 of the proposed PMG recommends that the housing needs generated from step 1 be adjusted to reflect local housing market factors and conditions that may impact the quantum of housing needs by housing type. The approach is intended to capture both existing and future housing needs, considering market vacancy, market contingency, market choice, and existing housing inventory (including units under construction) in accommodating the housing needs calculated. Furthermore, housing needs are recommended to be assessed by market/affordability, to help inform municipal housing targets. Again, this is considered a comprehensive approach to



assessing both existing and future housing needs in a municipality and provides a more standardized approach to identifying housing affordability needs.

3.3 Developing Employment Forecasts

Recommendation 8: It is recommended that employment forecasts carried out by municipalities are informed by the North American Industry Classification System (NAICS) as opposed to the National Occupational Classification (NOC).

Employment forecasts carried out by municipalities are usually informed by NAICS by Statistics Canada. The NOC system classifies jobs and occupations based on the type of work performed, regardless of the industry, whereas NAICS classifies jobs by the type of business or economic activity in which they are performed.

The NOC system has advantages and disadvantages when utilized in growth forecasts. In our opinion, a key advantage of using employment classified by NOC lies in the ability to understand employment by specific skills, responsibilities, education, and training. This insight is useful for understanding the quality and type of workforce a municipality needs to attract, especially given the shift toward a knowledge-based economy.

The fundamental limitation of using NOC employment data for land use planning is the inability to directly correlate occupations with the specific land use requirements of an industry. In contrast, NAICS sectors like Manufacturing (NAICS 31-33) and Transportation and Warehousing (NAICS 48-49) are inherently understood as Employment Lands Employment, as most jobs are accommodated in industrial-type buildings. Relying on NOC could lead to an underestimation of Employment Area land demand, as the rise in high-skilled jobs in industrial operations might be mistakenly classified as office uses. Therefore, it is recommended that municipalities use NAICS data as the primary source for employment growth forecasts, with NOC data serving as a supplementary tool. NOC data could be a valuable source of information for economic development strategies where municipalities seek to identify and address local workforce gaps.

3.4 Assessing Land Needs

Recommendation 9: The PMG should provide greater clarity regarding the level of detail needed to translate forecast housing needs by unit type into net residential land area when preparing an LNA.

Chapter 5 of the proposed PMG offers three distinct methods for conducting a Community Area LNA to determine the land required for housing and jobs. It is recognized that Community Land Need is sensitive to the results of the housing needs forecast by structure type established in Chapter 3 of the proposed PMG document.



The PMG would benefit by providing greater clarity regarding the level of detail needed to translate forecast housing needs by unit type into the net residential land area for the purpose of the LNA. More specifically, there is a lack of guidance for situations where a shortfall of low-density housing units coexists with a surplus of medium-density and/or high-density units. It is assumed under Methods 1 and 3 that the housing needs are blended (i.e., low-density, medium-density, or high-density units), where the housing needs are calculated based on a net housing need (i.e., no differences in need by housing type). Method 2 utilizes multiple net residential density assumptions, as directed on page 45 of the document. This approach applies different densities to specific housing needs by housing unit types, such as low-density, medium-density, or high-density housing, but does not explain how mismatches in supply and demand between housing density types are to be addressed when assessing urban land needs.

3.5 Embracing Technology in the Preparation, Implementation, and Monitoring of the Growth Analysis and the Urban Land Needs Assessments

Recommendation 10: MMAH should assume a leadership role, encouraging the use of technology to improve systems and processes regarding long-range growth analysis and urban LNAs.

The proposed PMG represents a positive step for Ontario municipalities to develop a more consistent and standardized approach that is not only related to the growth analysis and land methodology but also with respect to data management practices and the use of shared data and technology. Watson has partnered with several Ontario municipalities to develop customized growth management technology tools. These tools are designed to spatially monitor, analyze, and report on demographic trends, development activity, and urban land supply. These municipal clients have recognized the value of integrating robust technology into their planning processes. **Watson would be pleased to meet with the Ministry to discuss how training methods and the adoption of technology can be utilized to implement the PMG, as well as to develop additional growth monitoring tools.**

It is recognized that as demographic conditions and development trends continue to evolve across Ontario, the growth analysis and LNAs must remain responsive and adaptive as conditions change. Given the increasing pace of demographic change and economic disruption, there is a risk that the growth analysis and land needs assumptions and corresponding results that inform OPs may become outdated prior to their scheduled five- to 10-year update.

Accordingly, regular monitoring is critical for municipalities, working with their public and private sector stakeholders, to identify early in the process any potential variations in recent development trends against the results of the growth analysis and LNAs. Leveraging data-driven systems and GIS-based technologies can make this process more efficient and transparent, supporting municipalities in testing growth and land



needs scenarios, tracking development activity, and aligning their long-range planning with real-time growth conditions. Ultimately, this will allow municipalities and all relevant stakeholders an increased ability to adjust planning direction and policies, as well as corresponding infrastructure plans, before significant gaps emerge.

It is recognized that there are opportunities to significantly enhance traditional spreadsheet-based growth tracking files through the use of automated, web-based growth management systems. The use of such technology should be encouraged by MMAH, provided that there is a review of inputs and cross-checking of outputs from technical experts with strong industry knowledge related to demographics, land economics, and urban planning.

It is our recommendation that, with MMAH assuming a leadership role, further direction and support be provided by the Province to encourage the development of technology-driven tools that would facilitate the ongoing maintenance of the critical datasets developed through the requirements of the PMG. Enhanced growth management and monitoring systems offer the potential to provide a clearer understanding of recent growth trends across a municipality and to provide insights into the potential broad-ranging impacts of urban growth. Ultimately, such tools would generate greater efficiencies within municipalities when responding to changes in real estate market conditions, development pressures, and provincial planning policy direction.

We appreciate the opportunity to provide comments related to the proposed changes on behalf of our municipal clients.

Yours very truly,

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