

November 10, 2015

Chair Emmerson and Members of Regional Council
Regional Municipality of York
17250 Yonge Street
Newmarket, Ontario
L3Y 6Z1

MGP File: 15-2414

Attention: Denis Kelly, Regional Clerk

Dear Sirs and Madams;

Re: York Region Preferred Growth Scenario

I am writing in follow-up to my deputation before you at last Thursday's Committee of the Whole meeting. You may recall I referenced a Discussion Brief forwarded to staff, that had apparently not made its way in to the agenda package for this item. I have attached it to this letter, and hope you have the time to consider it before your Council meeting of November 19th. We did try to keep it short.

On review of Staff's report, and of the discussion at Committee, I question the logic of the recommended 45% Intensification target. I believe it is a quite arbitrary, and does not land on a sustainable "balance" point. If 50% presents "unwarranted risk" for being "overly optimistic" and "forcing the market [to] shift too far, too quickly", there does not appear to be any scientific basis for asserting that that risk is resolved at a 45% target. As discussed in the brief, the Region's real risk arises from implementing the Growth Plan's requirement to achieve its minimum 40% Intensification target.

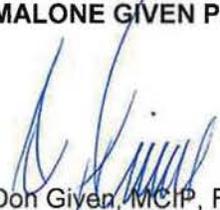
The market shift required to get from current household choices (19% Apartments) to the 34% figure required to enable the Growth Plan target is already a very significant challenge. It is only compounded, not resolved, by adopting a higher target.

I urge you to ask staff to explore the specific risks inherent in the Growth Plan 40% target vs. the 45% recommendation as they complete their analysis. I would further urge that staff review the 70 People + Jobs (P+J) density target for new communities imbedded in the YROP. This standard is unique to York Region. All other Regions in the GTA have implemented the Growth Plan's 50 P+J/ha requirement, yet staff is now proposing that the target increase to an overall average of 54 P+J/ha, and a new community average of 75 P+J/ha.

Forcing the 70 or higher target will lead to a community form that I believe was neither anticipated nor intended by Council's adoption of its new OP. It further risks York's competitive position in attracting the work force of the future. I believe it is critical to review this target now, as it will likely be material to the Region's land requirements to 2041.

Yours very truly,

MALONE GIVEN PARSONS LTD.



Don Given, MCIP, RPP, PLE
President

cc Bruce McGregor, CAO.
Val Shuttleworth, Chief Planner

DISCUSSION BRIEF:

THE RISKS ATTACHED TO AN INTENSIFICATION TARGET GREATER THAN 40%

SUMMARY:

Implementing the Growth Plan requires York Region to adopt a minimum 40% Intensification Target. Achieving that target will require some 31,600 households, most of them families, to choose apartment living to find a home in York Region. Achieving a 50% target requires an additional 18,000 households to make that choice. These forced shifts introduce significant risk that intensification targets are not achievable.

The Region's DC revenue forecasts are in jeopardy if these housing shifts do not occur. A 40% Intensification Target puts \$688 million in DC revenues in question. A 50% target compounds this challenge, putting \$1.08 billion in DC revenues at risk.

Adopting an Intensification Target greater than 40% and reducing potential greenfields supply of bankable ground-related housing puts the Region's capacity to service its debt and invest in new infrastructure at risk. It burdens local municipalities with delivering more expensive community services to intensification areas, and denies a significant portion of the future labor force its preferred housing choice.

Adopting a 40% target does not constrain the achievement of higher rates. It is a minimum that can be surpassed if the supporting framework can be put in place. It is the prudent response to the greater uncertainties attached to a higher intensification target.

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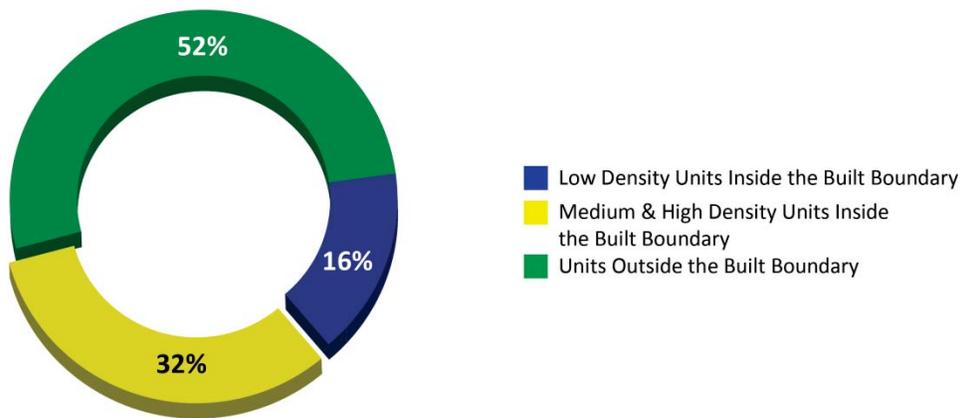


1

Intensification greater than 40% is not sustainable

- **“Real” intensification from 2006 to 2014 was 32 %**
 - “Intensification”¹ refers to infill development within the “Built Boundary” (BB) - a line established by the Province as part of its implementation of the Growth Plan
 - The BB line was intended to capture the extent of urban development – the “Built Up Area”, as of June 2006
 - In areas undergoing development, the BB was defined to include lands in which construction was advanced at least to the poured foundations stage. This also incorporated inside the BB some extensive areas of low density² greenfields lands that were well advanced in the development process, but not to the point where foundations had been poured³
 - Over the period from 2006 to 2014, these lands generated single family and semi-detached housing that made up 16% of all unit production in York Region
 - These low density units are not true “intensification” units⁴ but are being included when planners refer to an achieved intensification rate of 48% over that period
 - This low density unit production is an artifact of the BB definition, and cannot be expected to be sustained into the future - the “real” intensification rate generated by medium and high density units inside the BB was 32% (48% -16%)
 - The Growth Plan does not mandate an intensification target greater than 40%

Figure 1: “Real” intensification was 32%



Intensification Record - York Region
(2006-2014)

Source: Region of York

¹ See Appendix A for definitions and related Growth Plan policies.

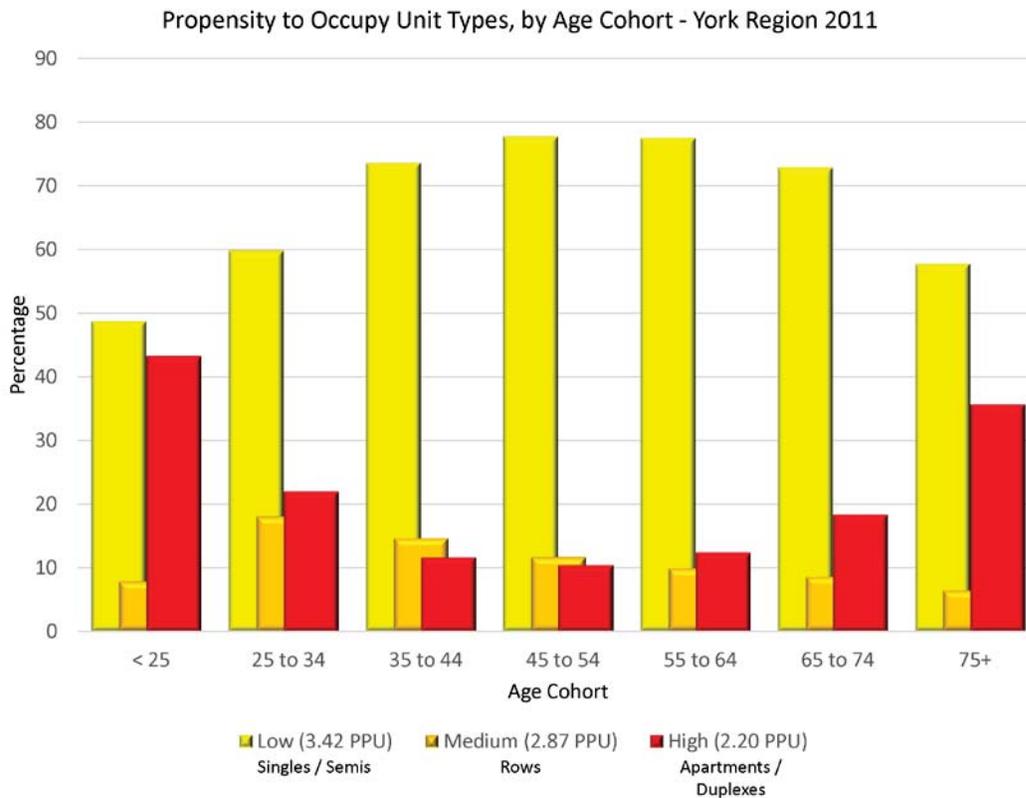
² Single family and semi-detached units.

³ See mapping in Appendix B.

⁴ As described in YR Land Budget 2010.

- **Achieving even a 40% intensification rate requires an unprecedented number of families to adopt apartment living**
 - Housing requirements into the future are forecasted on the basis of the housing choices made by households today
 - These choices are measured by the extent to which household heads at different ages occupy different housing types - termed "propensity" to occupy those types
 - Future housing requirements are then calculated by applying the unit type propensities to the future age profile at each forecast horizon

Figure 2: Most families prefer low density housing:

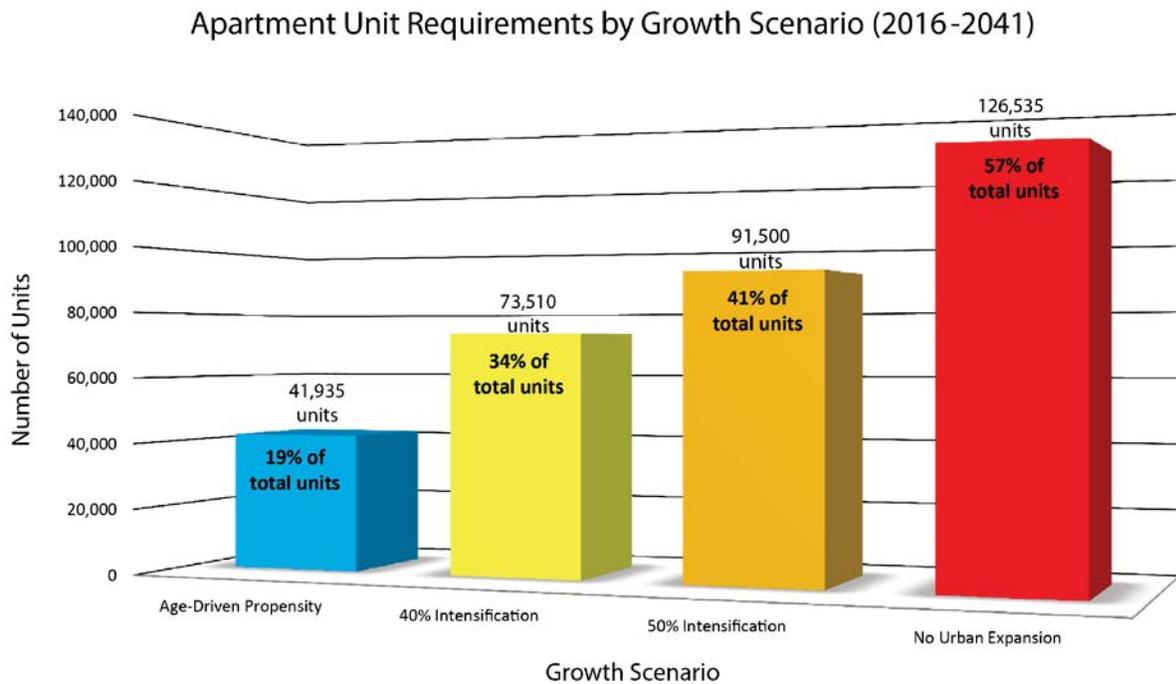


Source: 2011 Census, C4SE.

- Applying these "Age-Driven Propensities" to York Region's forecasted population growth shows that **19% of households** to 2041 would opt to live in roughly 41,500 apartments (see Figure 3)
- Families, the bedrock of YR's growth and economic prospects, will continue to prefer ground-related housing
- This preference equates to a high certainty that ground-related housing will continue to find a market in York Region, i.e., there is low risk attached to its absorption and its ability to generate DC revenues

- o Achieving a 40% Intensification Target requires **34% of households** to choose apartment living and occupy 73,510 units
- o Achieving a 50% target would require **41% of households** to make that choice, occupying 91,500 units
- o Enabling a No Urban Expansion scenario would require **57% of households** making that choice, occupying 126,535 units
- o Achieving the Growth Plan's minimum 40% Intensification Target therefore requires some **31,575 households**, most of them families, to shift their housing preference to apartments in order to find a home in York Region (73,510 – 41,935)
- o Adopting a 50% target would require an additional 17,990 households to opt out of ground related housing to stay in York Region (91,500 – 73,510)
- o The No Urban Expansion scenario requires 53,025 households over and above the 40% scenario expectation to move into apartments vs. their preferred ground-related units in order to find a home in York Region (126,535 – 73,510)

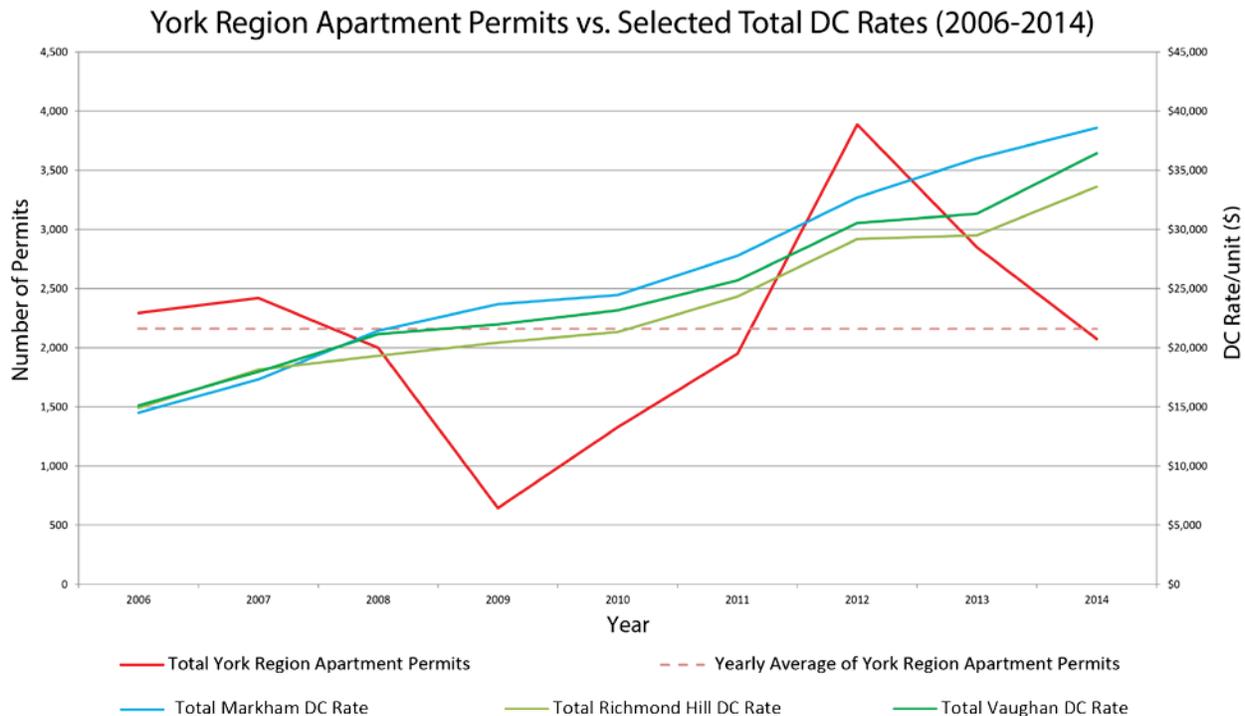
Figure 3: 40% Intensification requires 31,575 households to choose apartment vs. ground-related housing:



Source: CASE, Region of York

- **Increasing DC's, parkland cash in lieu and Section 37 takings are making apartments too expensive**
 - DC increases are already depressing apartment land values, and are expected to increase significantly in 2017
 - Global economic volatility is bringing additional uncertainty to the role of foreign investment in condominium apartment development
 - At an average sales price of \$600/sq. ft., a 1,000 sq. ft. apartment costs \$600,000. This cost must be weighed, as it is by homebuyers, against that of e.g. a ground-related townhome in Sharon
 - This same comparison will hinder prospects for market absorption of apartment units in the northerly part of the Region

Figure 4: DC & other costs are limiting apartment production:



Source: Region of York, City of Markham, Town of Richmond Hill, City of Vaughan, Malone Given Parsons Ltd.
 Note: DC rates assume a 50/50 split between large and small apartment units.
 Note: Total DC Rates include York Region and School Board DC's

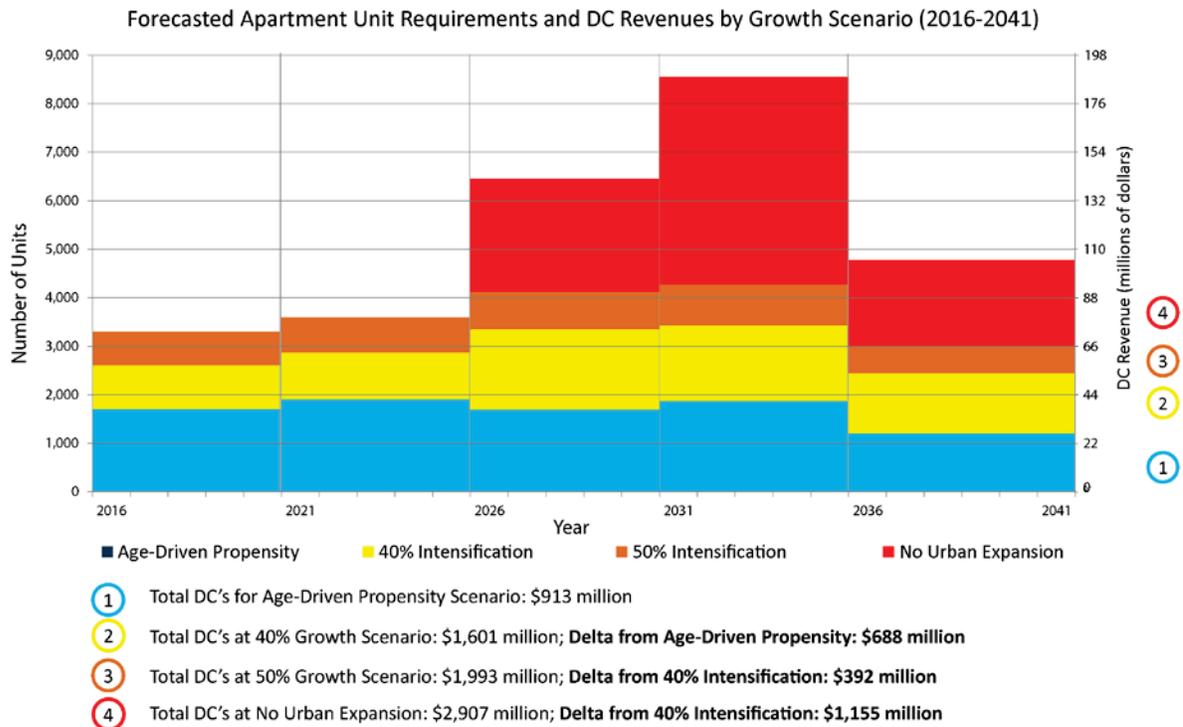
There is no reasonable basis for assuming that families will shift their preferences to apartments to the extent assumed by even a 40% intensification rate, or that developers will bring such units to market when costs are increasing and the market's willingness to pay is not.

2

Targeting intensification greater than 40% threatens the Region's debt service capacity

- Targeting even 40% intensification is already a \$688 million assumption that a significant shift in behavior will materialize
 - Apartment unit production requirements defined by current preferences by age group is for **41,935 units** between 2016 and 2041 (the blue band in the graph below)
 - The production requirement to enable the 40% intensification scenario is for **73,510 units** (the yellow band)
 - The difference is **31,575 units**. At current York Region DC rates⁵ that difference equates to **\$688 million** in DC revenues between 2016 and 2041
 - There is already an element of risk attached to the assumption that it is possible to achieve a 40% intensification target by shifting those 31,575 households from ground-related to apartment units

Figure 4: Fiscal risk increases with higher intensification targets:

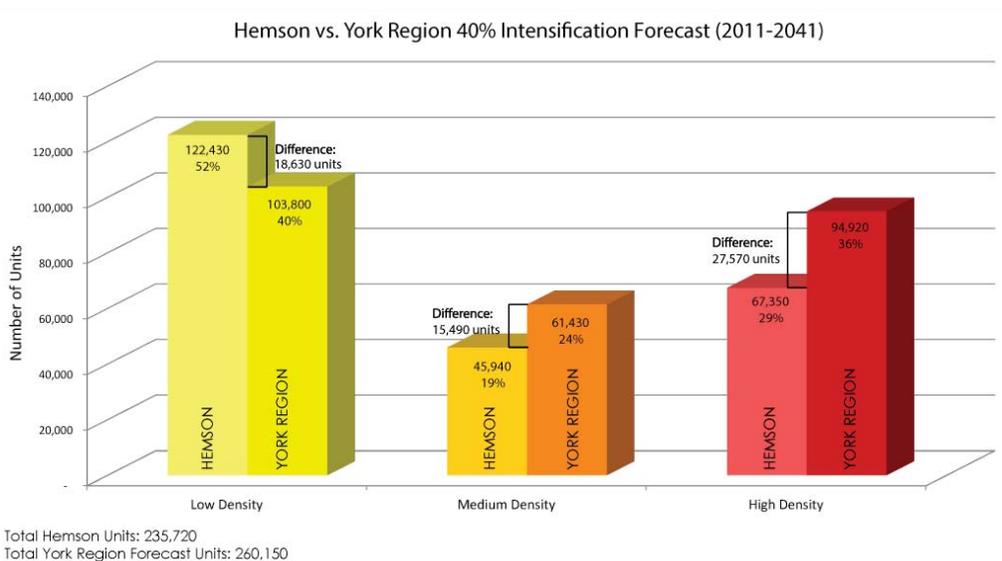


Note: Horizon dates are as of June for each year.
Source: Region of York, C4SE, Malone Given Parsons Ltd.

⁵ As indexed to July 2015 assuming a 50/50 split between small (< 650 sq.ft) and large apartments.

- Targeting a 50% intensification rate puts another \$392 million at risk**
 - The production requirement to enable the 50% intensification scenario is for **91,500 units** (the orange band in the graph)
 - As compared to the 40% target, the difference is roughly **18,000 units**. At current DC rates that difference equates to another **\$392 million** in DC revenues between 2016 and 2041
 - Targeting a 50% intensification rate for the Region assumes that **\$1.08 billion** in DC revenues will be realized from almost **49,600 households** choosing apartments over ground related units
- The No Urban Expansion (“NUE”) scenario layers in even more risk**
 - The NUE scenario requires production and occupancy of **126,535** apartment units. It is achievable only if family households are effectively split to occupy 2 or more apartment units
 - As compared to the 40% target, the difference is **53,025 units**. That difference equates to **another \$1.16 billion in DC revenues at risk** between 2016 and 2041
- The Region’s forecasts go beyond the Hemson Growth Plan forecasts in substituting apartments for ground-related family accommodation**
 - The Hemson 2011-2041 forecasts underlying Amendment 2 to the Growth Plan estimated requirements for 122,430 low density units in York, and **67,350 apartment units**
 - The York Region 40% scenario forecasts for the same period reduce low density units by 18,630 to an estimated requirement for 103,800 units; apartment units are increased by 27,570 to **94,920 units**, accounting for 36% of total units, vs. Hemson’s 29%

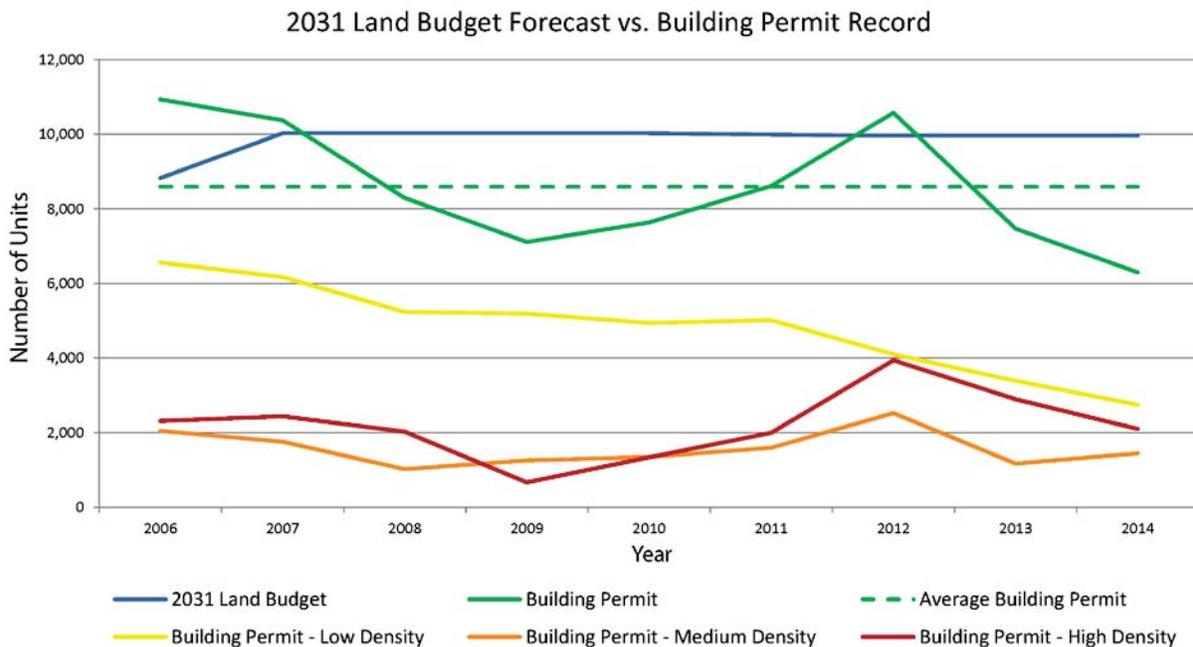
Figure 5: York Region goes beyond Hemson in its commitment to apartment living:



Source: Hemson Consulting (June 2013); York Region Forecast (40% Growth Scenario)

- **The Region’s revenue forecasts are not being met, and are further constrained by significant delays in bringing new housing to market**
 - Unit production, and attendant DC revenues fell short of forecasts by some 11,500 units over the 2006 to 2014 period
 - The shortfall has been concentrated in single family & semi-detached units, representing 76% of the shortfall in units, a greater amount in DC revenues
 - These shortfalls highlight the uncertainties risks inherent in forecasting generally, even for the units types otherwise considered most “bankable”
 - Apartment construction remains constrained by uncertainties about how cash in lieu of parkland will be levied

Figure 6: Unit production has not met forecasts:



Source: Region of York

- o A range of factors will hold expected unit production off the market for some years to come

Figure 7; Supply of Some 34,600 New Units is Being Delayed

ROPA # & Municipality	Units Expected	Expected Horizon for First Building Permits	Reasons for Delay
ROPA 1 East Gwillimbury	ROPA 1: 7,400 Other Designated Greenfields: 5,600	2018	<ul style="list-style-type: none"> • Complex planning process and sewage capacity constraints; ~ 12,000 units await UYSS planned for 2024
ROPA 2 Vaughan	8,700	2018	<ul style="list-style-type: none"> • Complex planning process; ~ 5,700 units await trunk extension planned for 2028.
ROPA 3 Markham	12,900	2018	<ul style="list-style-type: none"> • Complex planning process

Implementing the Growth Plan is introducing a new order of fiscal risk. Exceeding its mandated Intensification Target compounds risk and threatens an already challenged ability to service debt and deliver new infrastructure.

3

The Region’s analysis does not consider local municipal impacts of intensification or the services necessary to support complete communities

- York Region’s evaluation criteria⁶ and supporting analysis are focused on Regional services, including transportation, trunk services, water supply and treatment plants and police services and their costs
- The analysis does not consider school board costs, or local municipal requirements for:
 - Local piped service capacity improvements
 - Road and intersection capacity improvements
 - New and retrofit stormwater management requirements
 - New “urban” fire and other service requirements
 - Park, library and community centre requirements
- Introducing such additional services to the built up area comes at a cost premium, particularly for requirements to support access to parkland and community facilities
- The example below describes local municipal service requirements to support 40% and 50% intensification targets in Markham:

Figure 7: Further intensification brings significant infill service obligations:

Facility Need within the Built Boundary by Intensification Scenario	Average Service Level	40%	50%	No Urban Expansion
Library				
Buildings (sq.ft./capita)	0.42	29,938	37,192	51,734
Land (ha/10,000pop)	0.22	1.53	1.90	2.64
Fire Services				
Buildings (sq.ft./capita)	0.26	18,607	23,115	32,153
Land (ha/10,000pop)	0.14	1.01	1.26	1.75
Indoor Recreation				
Major Facilities (sq.ft./capita)	3.01	214,455	266,419	370,584
Land for Major Facilities (ha/10,000pop)	1.40	9.94	12.35	17.17
Parks Development & Facilities				
Park Development (ha/1,000pop)	2.29	163.06	202.57	281.77
Public Works				
Buildings (sq.ft./capita)	0.23	16,679	20,721	28,822
Land (ha/10,000pop)	0.15	1.09	1.35	1.88
Total Buildings (sq. ft.)		279,680	347,447	483,293
Total Land (ha)		176.63	219.43	305.22

Greater intensification requires greater delivery of infill municipal services to sustain complete communities.

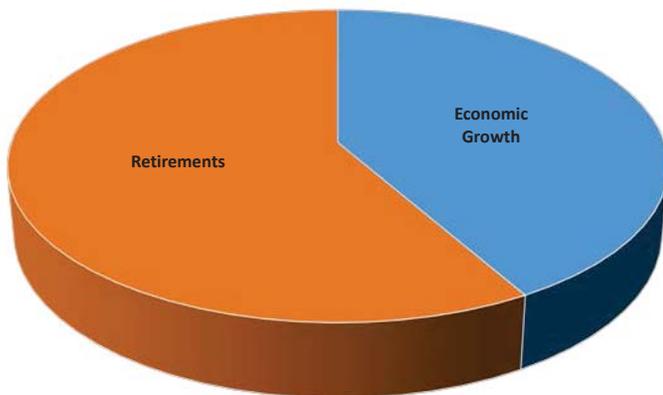
⁶ See *Draft Growth Scenario Evaluation* Report of the Commissioner of Corporate Services and Chief Planner, York Region Committee of the Whole, September 10, 2015.

4

Targeting intensification greater than 40% threatens affordability and economic development aspirations

- It is generally recognized that the supply of land for ground-related housing is severely constrained, and won't be resolved until the 2018 -2020 period
- This supply constraint underlies the ongoing run-up in housing prices, supported by a low interest rate environment
- Targeting 50% intensification will further reduce future greenfield supply in York, heighten the perception and reality of supply limits, and push prices higher still
- Projection of current housing preferences by age group shows that roughly 80% of households to 2041 prefer ground-related housing
- Constrained ground-related housing supply will impair York Region's ability to achieve its economic aspirations
 - Replacing retiring "Baby Boomers" drives a significant in-migration component, but those retirees will continue to live in place – in ground-related housing.
 - In-migration will be concentrated in age groups that prefer ground-related housing
 - York Region's employment structure drives above average income profiles – in-migrants are better able to afford the higher cost of the ground-related housing they prefer
 - Constraining the supply of ground-related housing to support higher intensification target denies 31,600 to almost 50,000households the housing they would prefer, and may force the talent of the future to look elsewhere for housing and employment

Figure 8 : York Region needs to attract talent to sustain its economy and support growth



York Region Recruitment Requirements – 2015 to 2025 (C4SE)

York Region's ability to fulfill its economic growth aspirations must be considered as part of the intensification target decision.



A 40% Intensification Target is a minimum that can be surpassed

- Intensification targets are minimums that can be surpassed
- Achieving even the 40% target will depend on our ability to put transit and community infrastructure in place and deliver affordable and attractive higher density housing to families
- Success in delivering that framework and achieving higher intensification rates is not constrained by adopting a 40% target

Adopting a 40% target is the prudent response to the greater uncertainties attached to a higher intensification target.

APPENDIX A

Growth Plan Provisions re Intensification



Intensification – Growth Plan Definitions and Policy

Key Definitions

- **Intensification:** the development of a property, site or area at a higher density than currently exists through: redevelopment, including the reuse of brownfield sites; the development of vacant and/or underutilized lots within previously developed areas; infill development; or the expansion or conversion of existing buildings
- **Intensification Areas:** lands identified by municipalities or the Minister of Infrastructure within a settlement area that are to be the focus for accommodating intensification. Intensification areas include urban growth centres, intensification corridors, major transit station areas, and other major opportunities that may include infill, redevelopment, brownfield sites, the expansion or conversion of existing buildings and greyfields.
- **Intensification Target:** Intensification areas along major roads, arterials or higher order transit corridors that have the potential to provide a focus for higher density mixed-use development consistent with planned transit service levels.

Policy 2.2.3

1. By the year 2015 and for each year thereafter, a minimum of 40% of all residential development occurring annually within each upper and single-tier municipality will be within the built-up area.
2. If at the time this Plan comes into effect, an upper or single-tier municipality is achieving a percentage higher than the minimum *intensification target* identified in policy 2.2.3.1, this higher percentage will be considered the minimum *intensification target* for that municipality.
3. If at the time this Plan comes into effect, an upper or single-tier municipality has established in its official plan an *intensification target* that is higher than the minimum *intensification target* identified in policy 2.2.3.1, this higher target will be considered the minimum *intensification target* for that municipality.

Source: *Growth Plan for the Greater Golden Horseshoe, 2006. Office Consolidation, June 2013.*

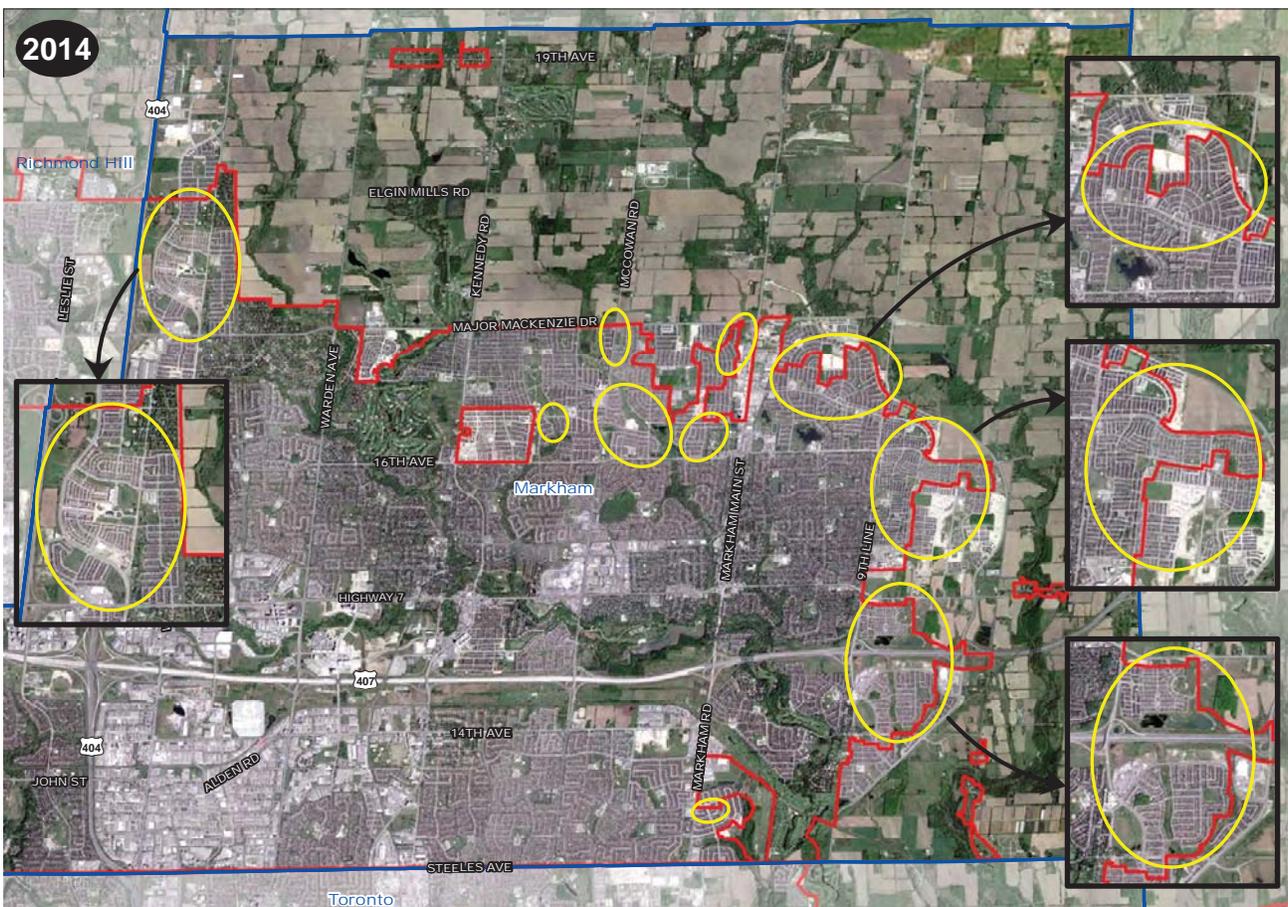
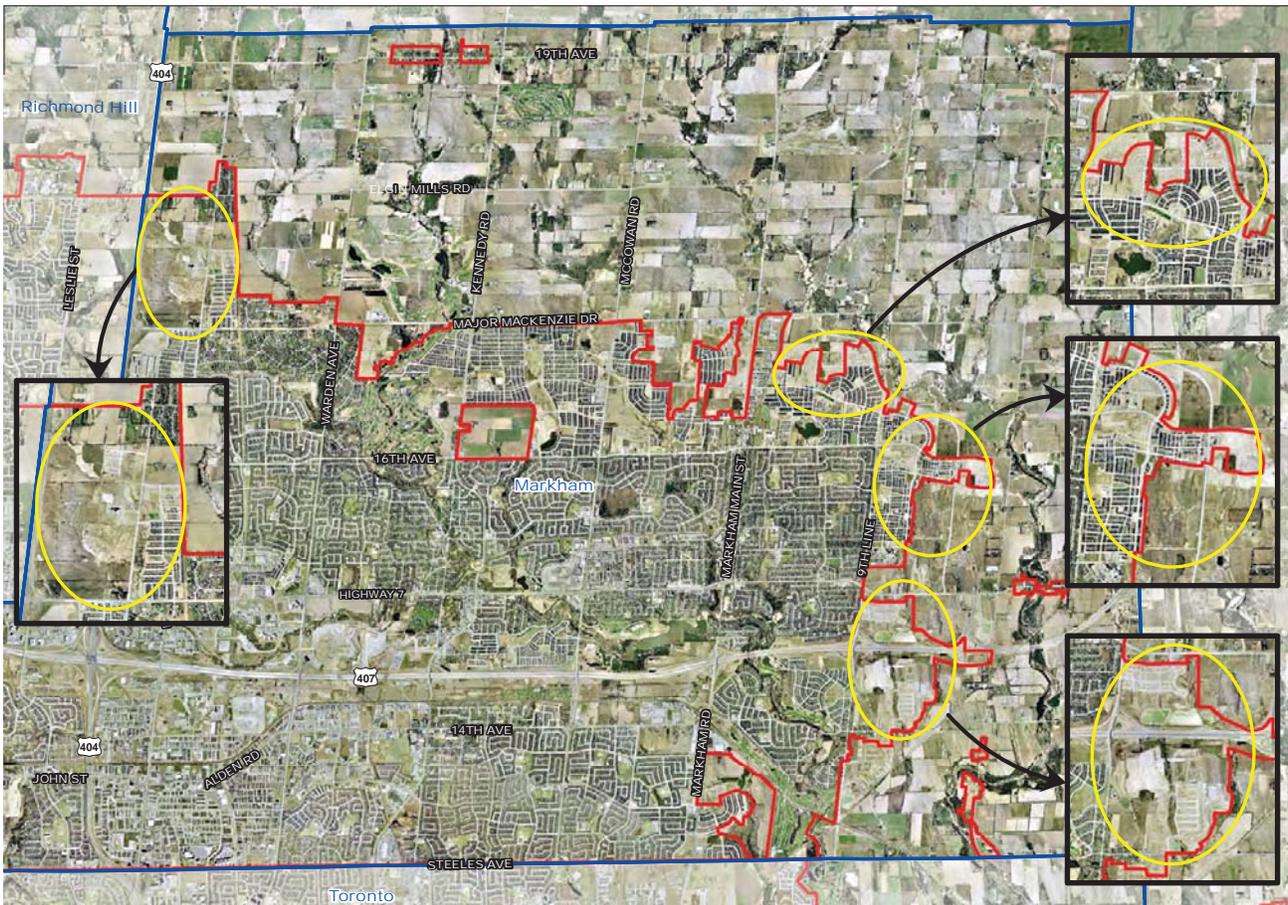


APPENDIX B

Low density development within the Built Boundary, 2006 – 2014



BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014 MARKHAM

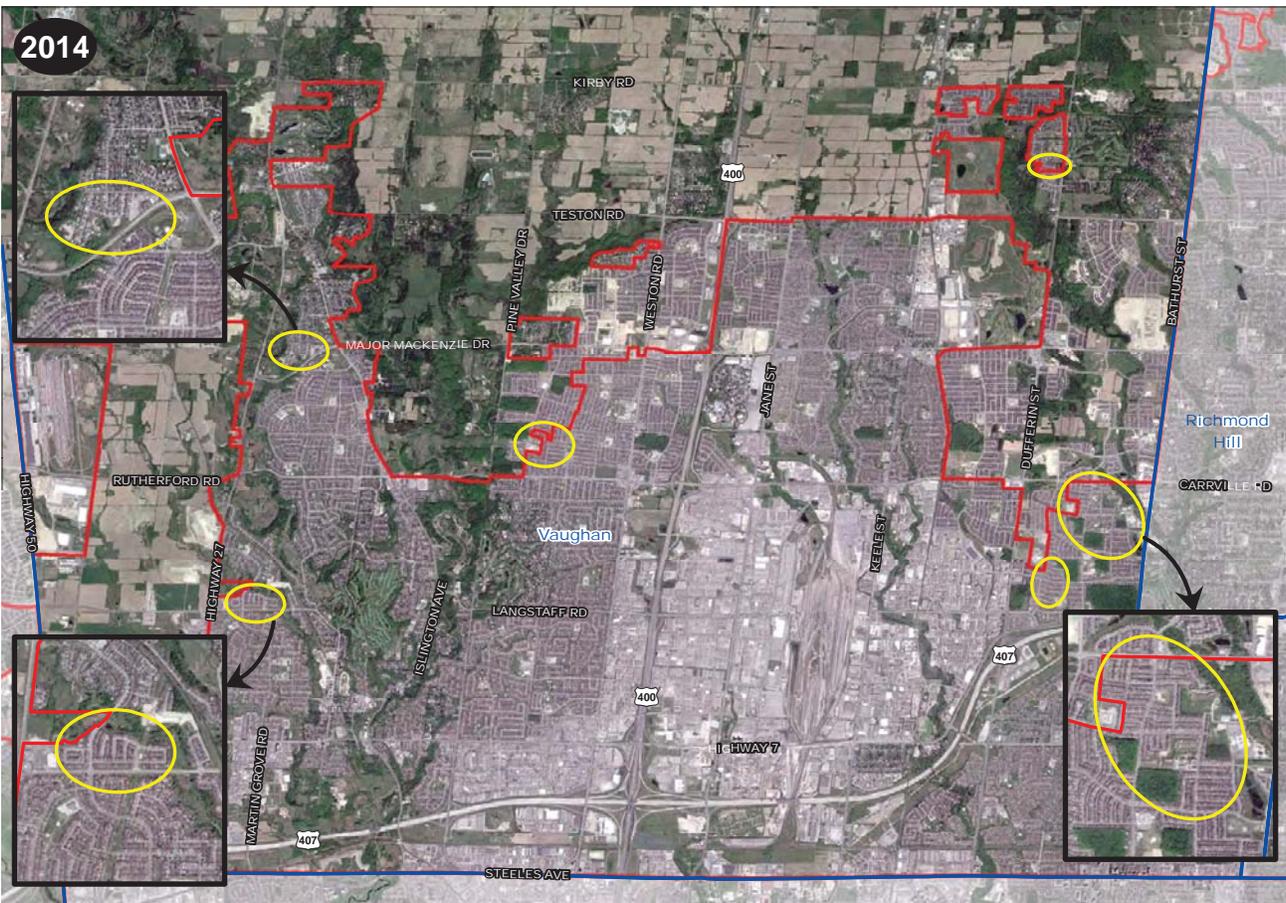
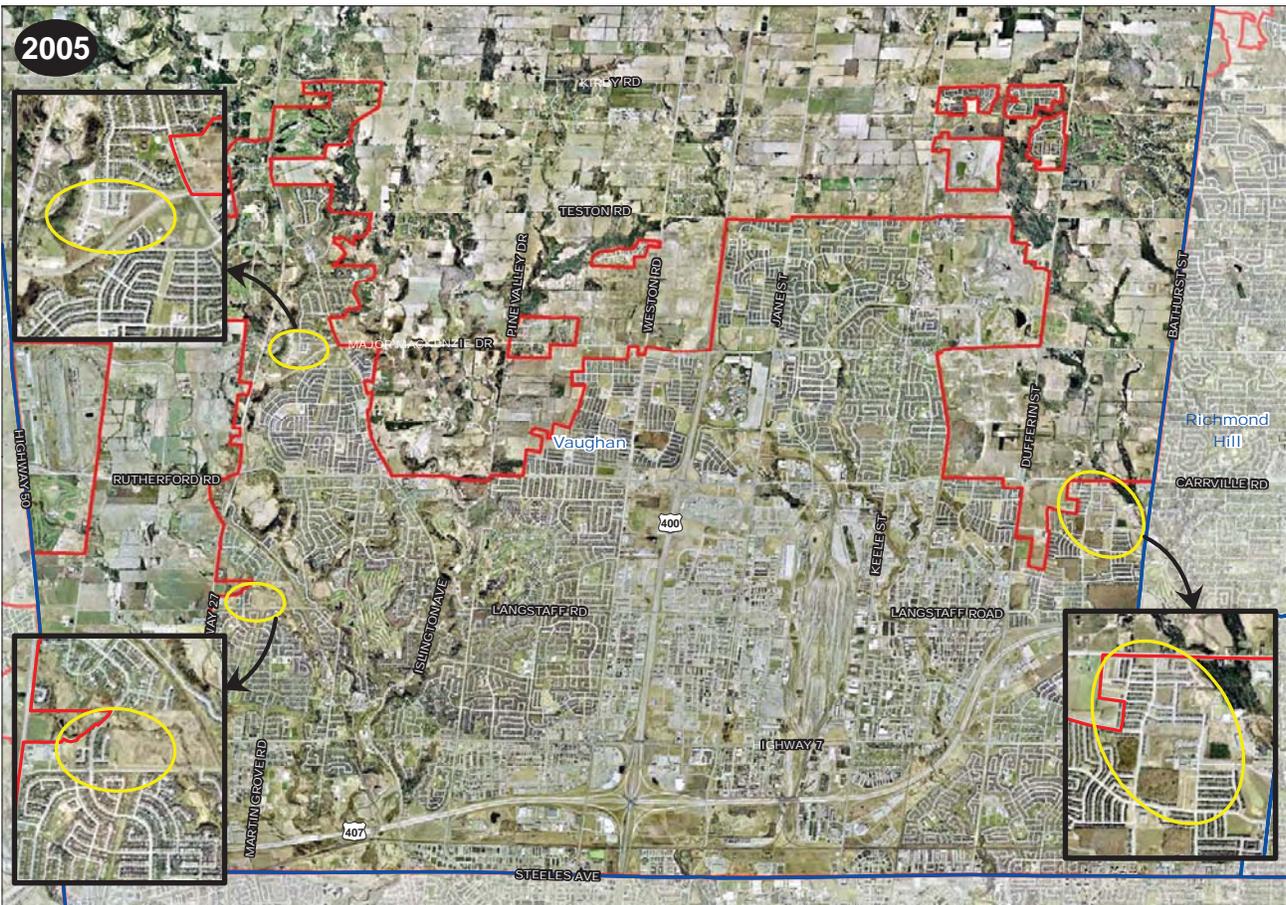


- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

Sources: Built Boundary for the Growth Plan for the Greater Golden Horseshoe, 2006 © Queen's Printer for Ontario, 2008. Reproduced with permission of the Ministry of Public Infrastructure Renewal. Date: October 9, 2015

BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014

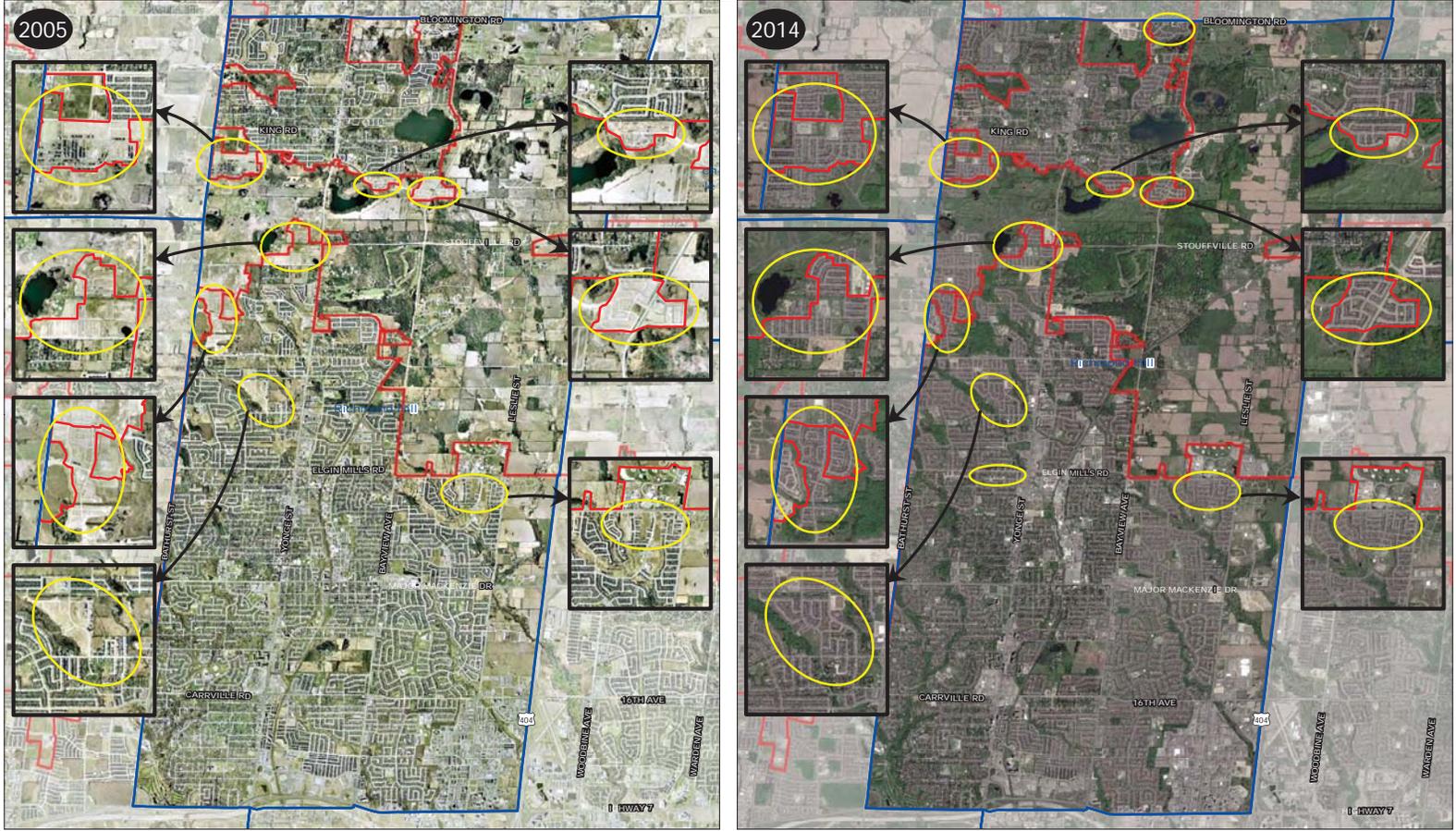
VAUGHAN



- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

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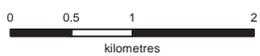
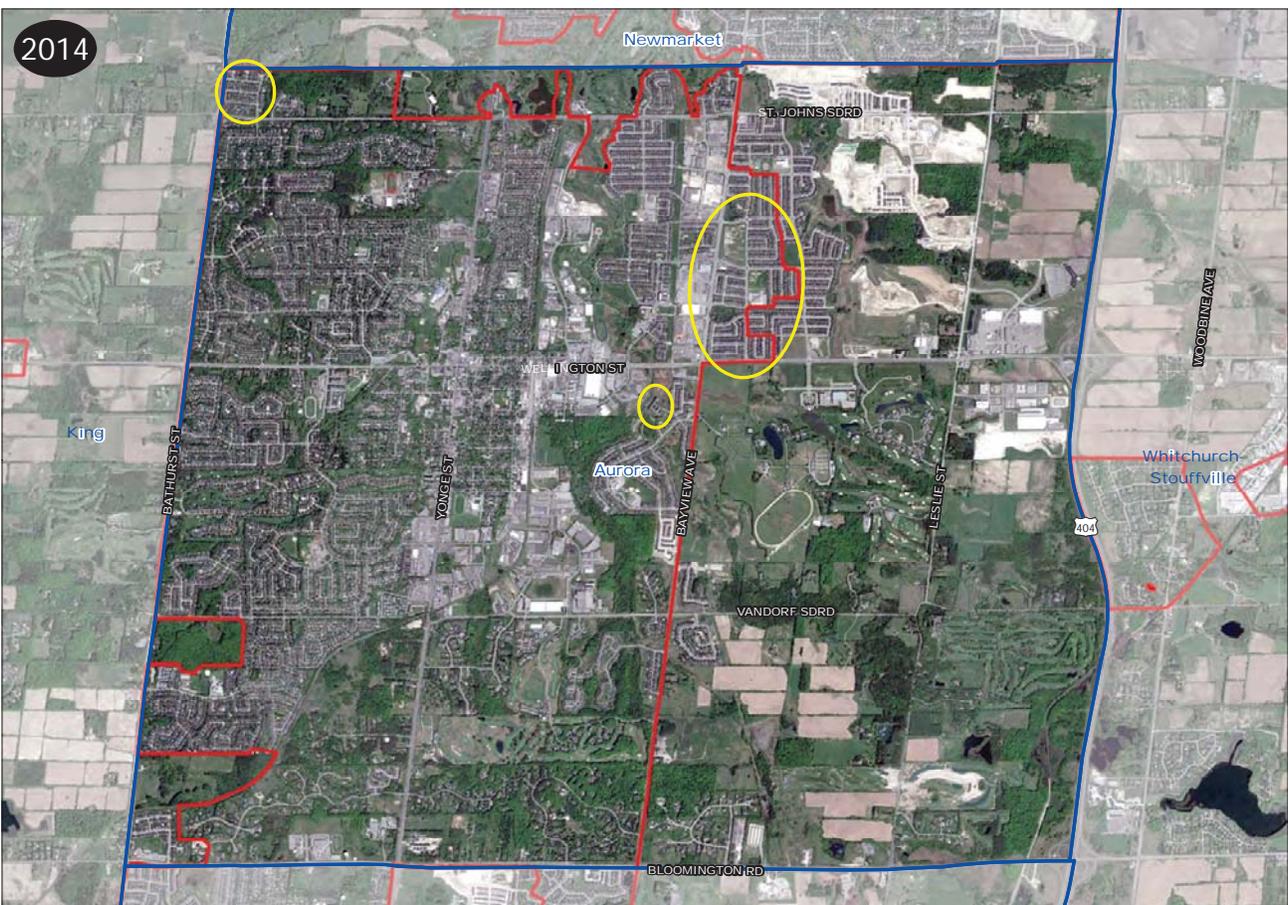
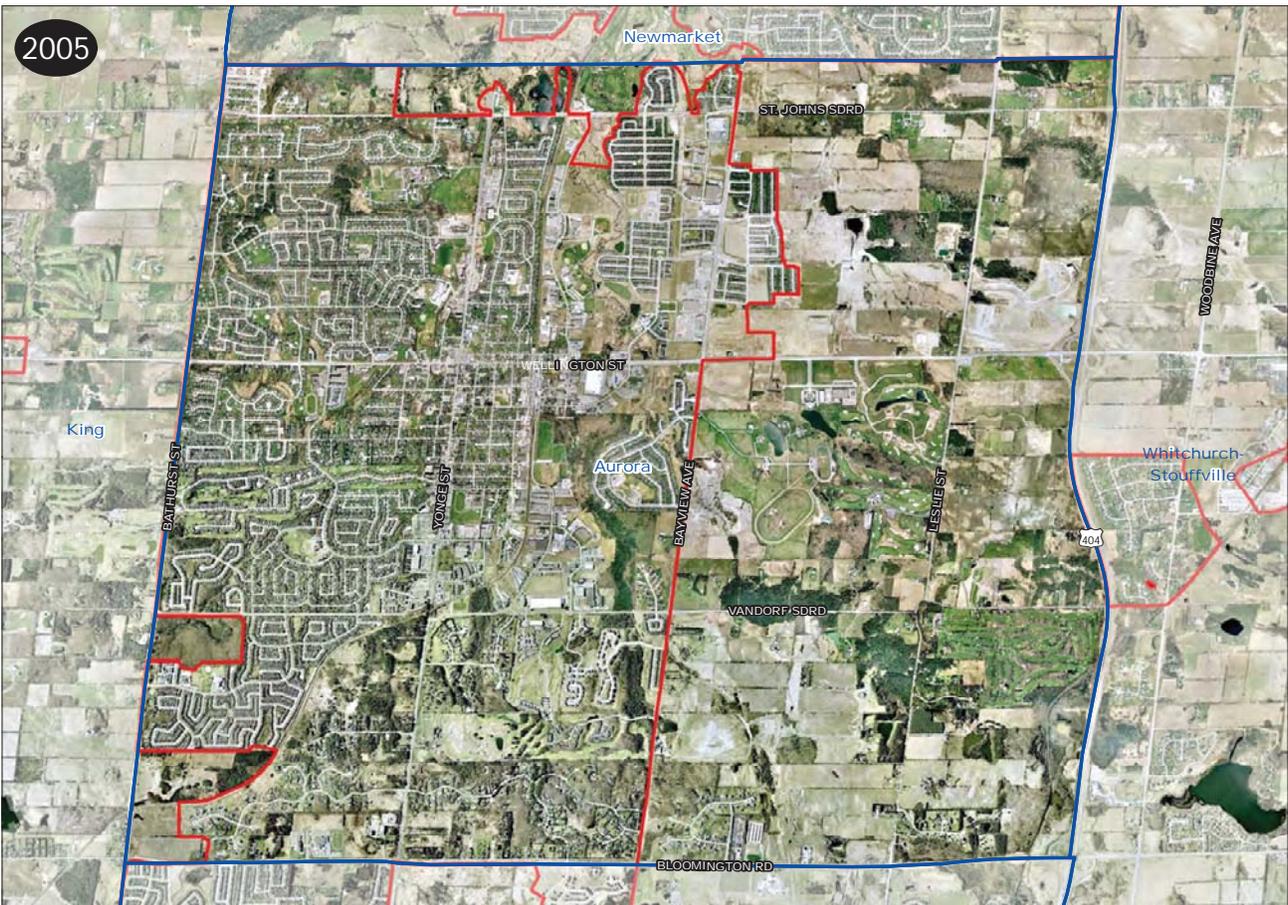
BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014: RICHMOND HILL



○ Built Boundary 2006
 ○ Areas Built-Out Between 2005 to 2014
 ○ Municipal Boundary

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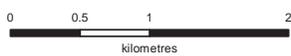
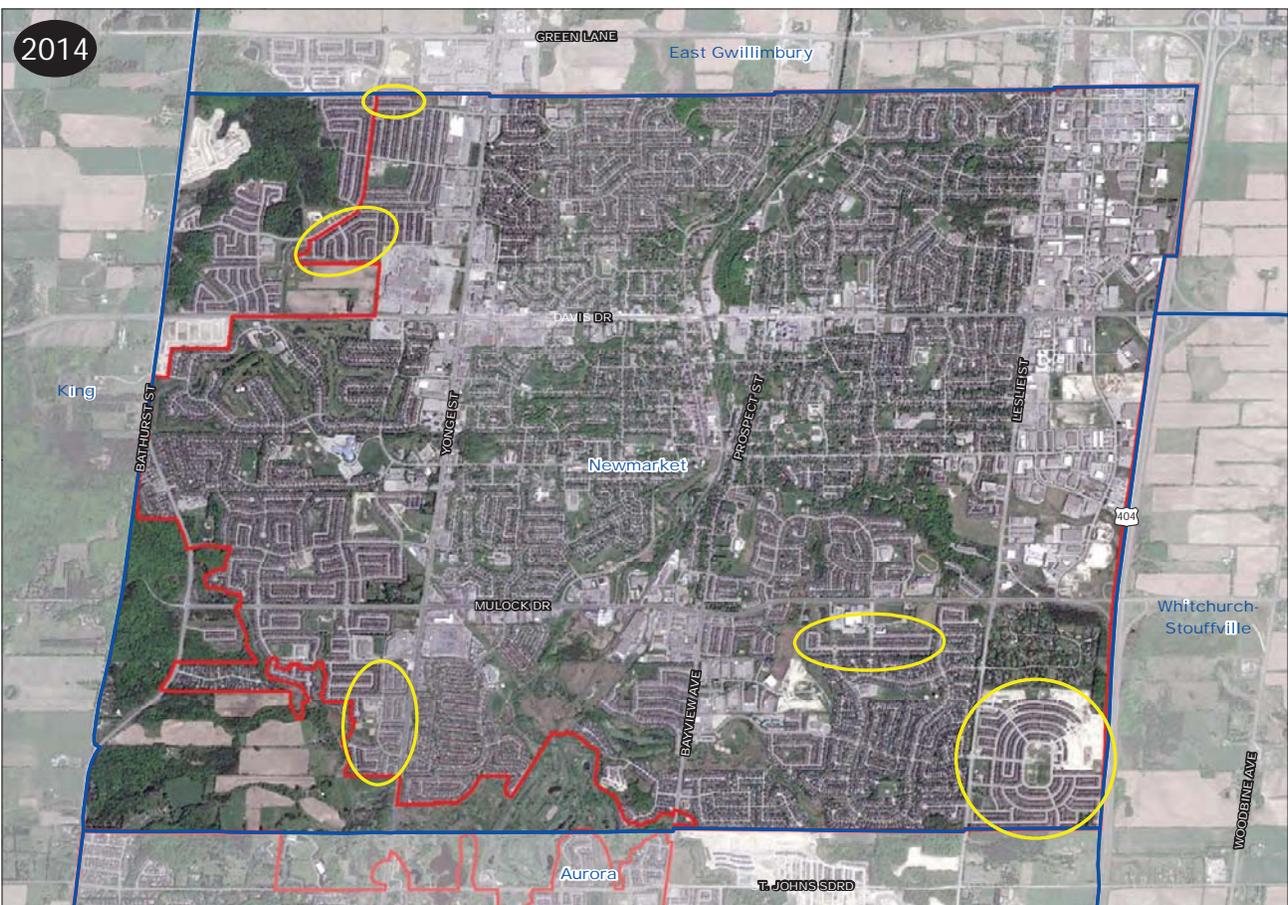
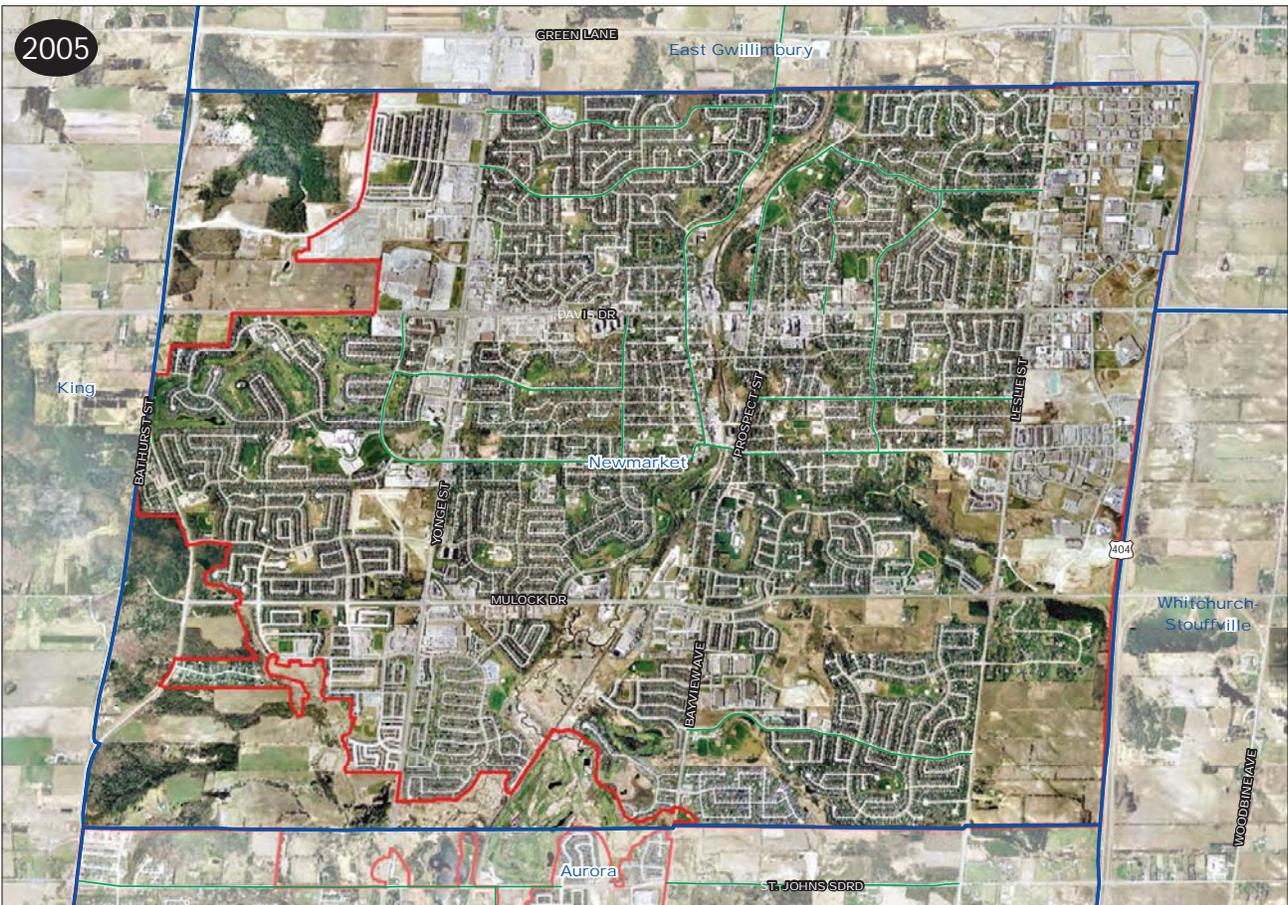
BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014 AURORA



- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

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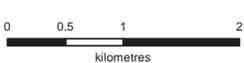
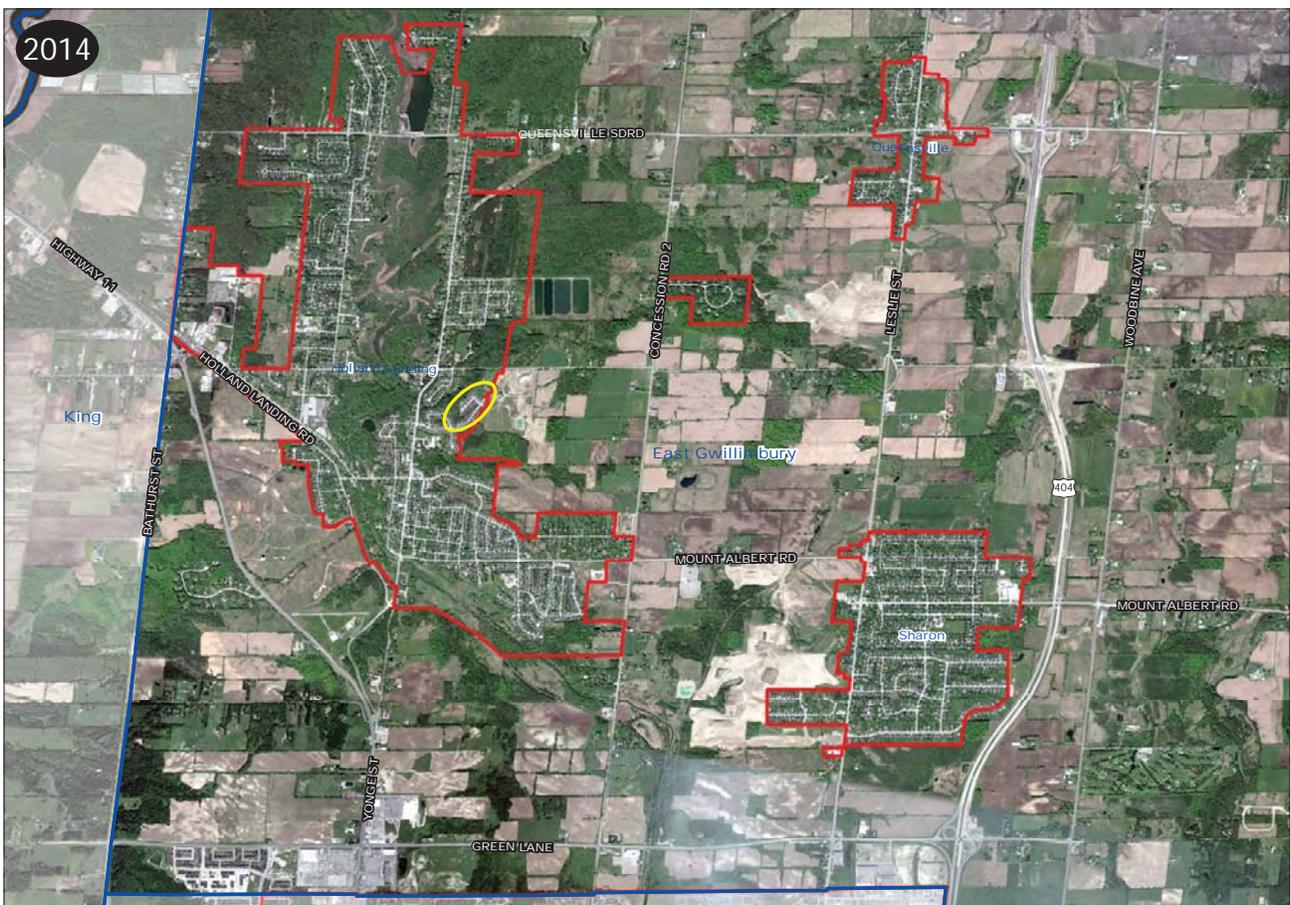
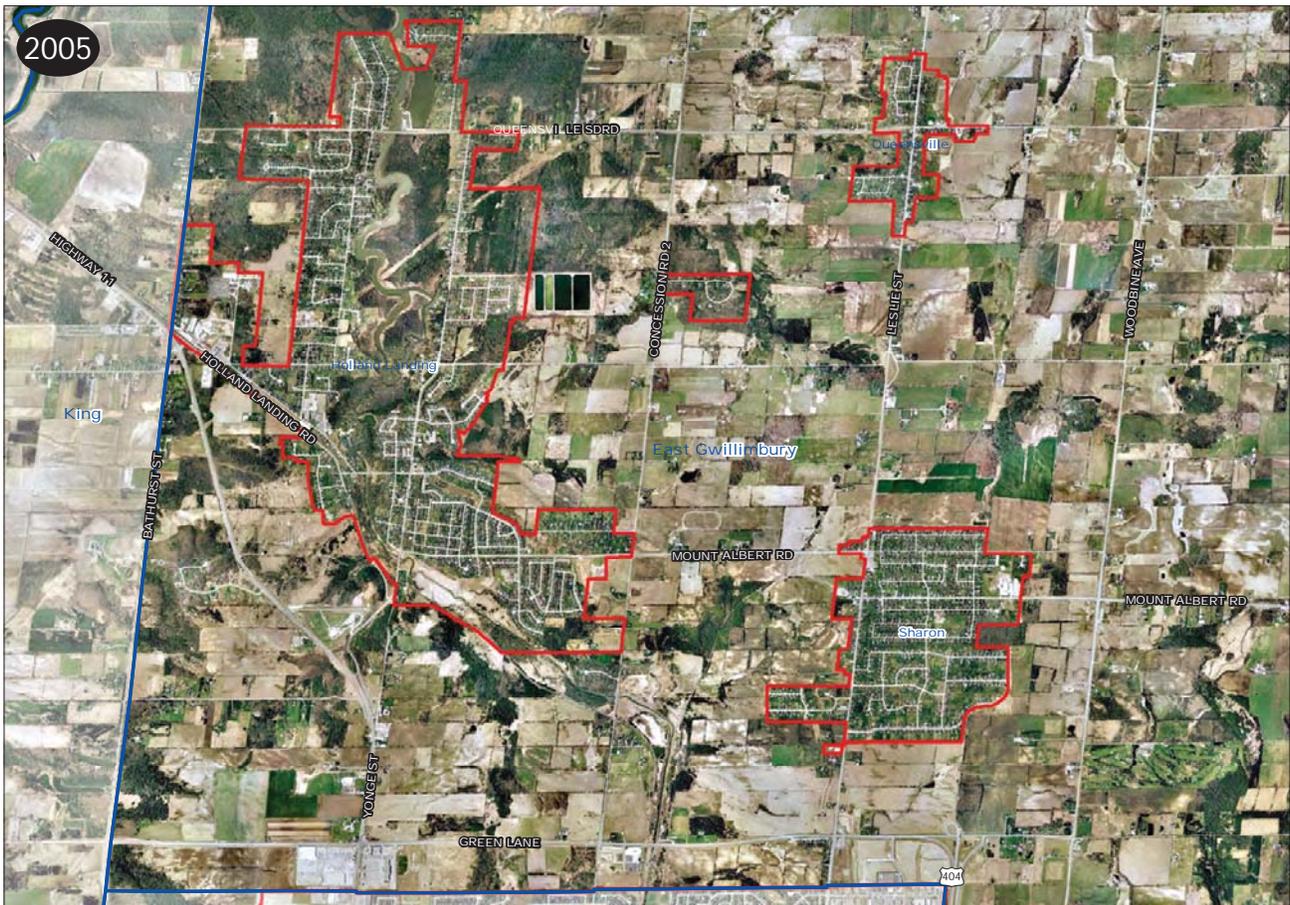
BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014 NEWMARKET



- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

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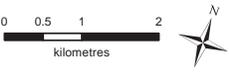
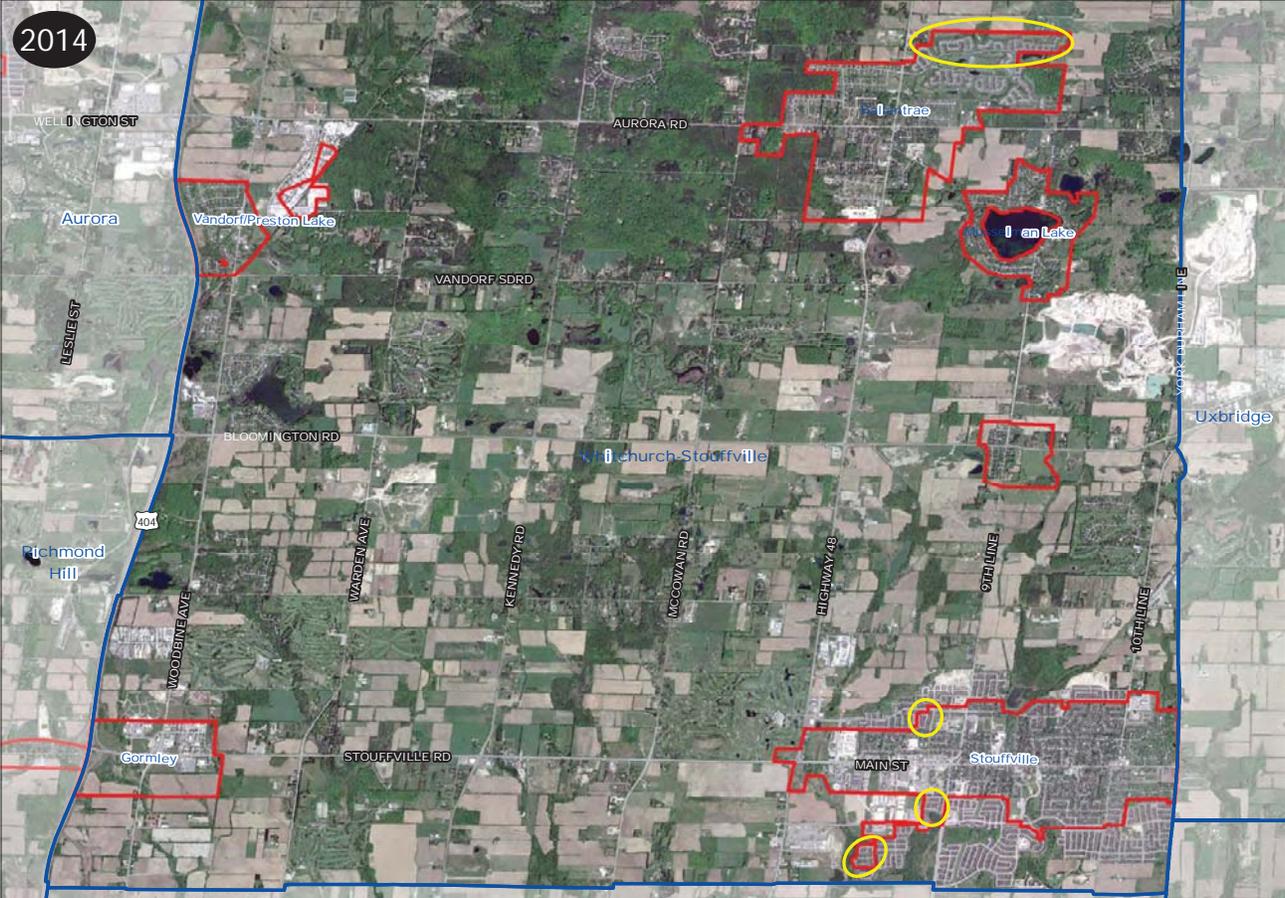
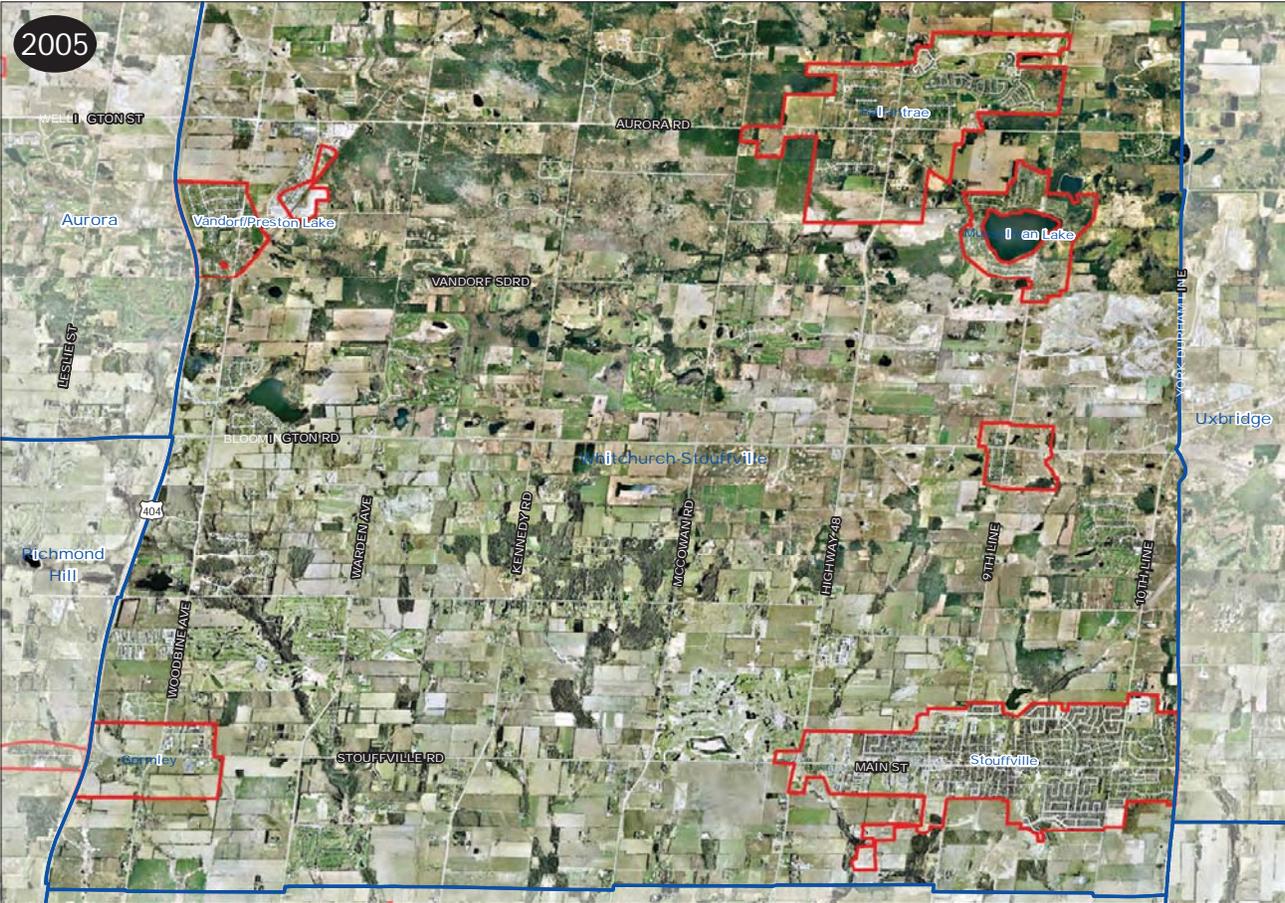
BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014 EAST GWILLIMBURY



- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

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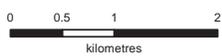
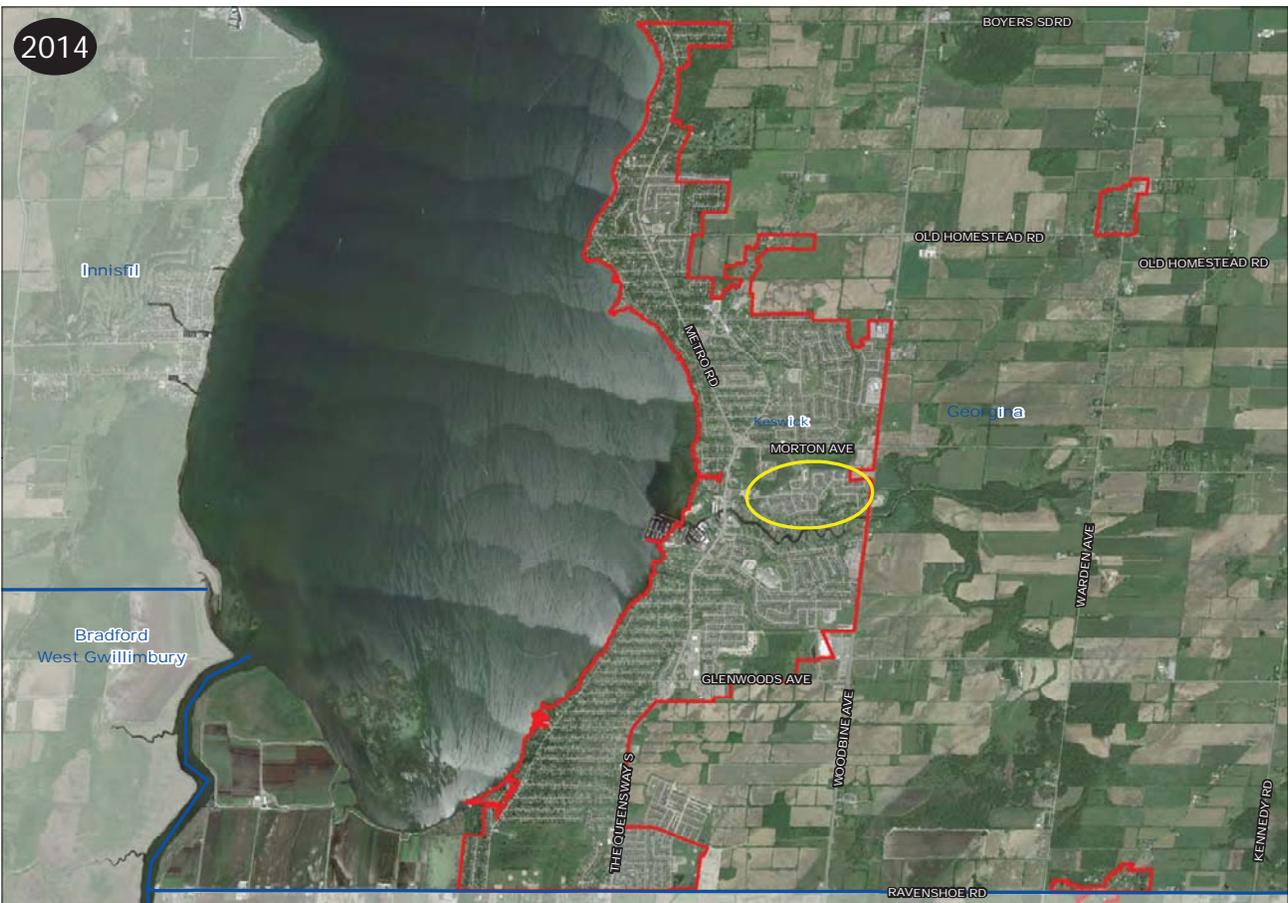
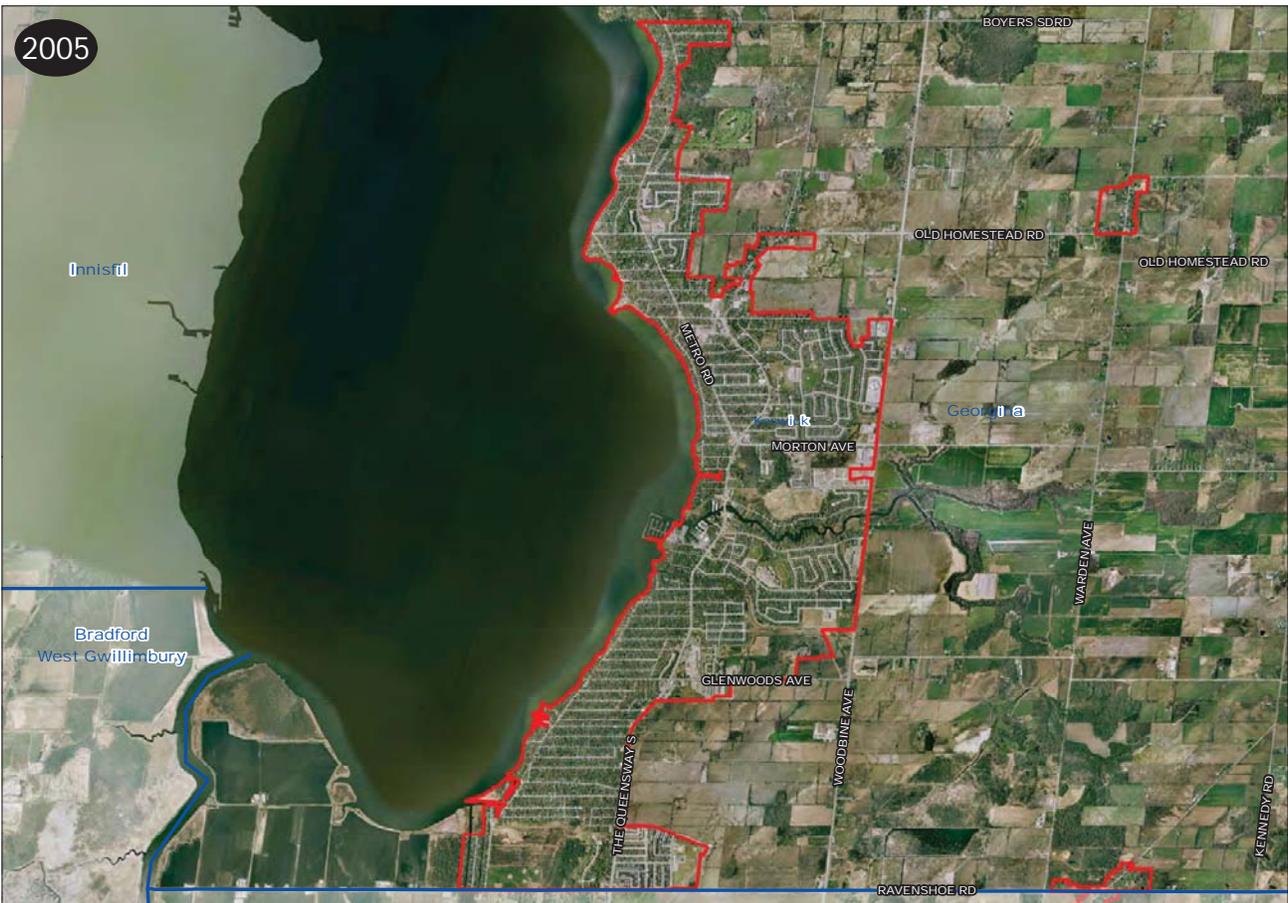
BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014 WHITCHURCH-STOUFFVILLE



- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

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BUILD-OUT OF LANDS WITHIN THE BUILT BOUNDARY 2005 - 2014 GEORGINA



- Built Boundary 2006
- Areas Built-Out Between 2005 to 2014
- Municipal Boundary

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