



City of Guelph

Report:

COMMUNITY DESIGN AND DEVELOPMENT SERVICES Planning (Report #07-06)

TO: Community Development and Environmental Services Committee

DATE: 2007/02/09

SUBJECT: DEVELOPMENT PRIORITIES PLAN (DPP) 2007

RECOMMENDATION:

“That Guelph City Council approve the seventh annual Development Priorities Plan 2007 attached to Community Design and Development Services Report 07-06 dated February 9, 2007;

That Staff be directed to use the Development Priorities Plan to manage the timing of development within the City for the year 2007;

That amendments to the timing of development, as outlined by Schedules 2, 3 and 4 of the plan, be permitted only by Council approval, unless it can be shown that there is no impact on the capital budget and the dwelling unit targets for 2007 are not exceeded; and

That staff be directed to include the recommended changes to the 2008 Development Priorities Plan, as identified in Community Design and Development Services Report 07-06, to respond to the Provincial Growth Plan for the Greater Golden Horseshoe.”

BACKGROUND:

The attached document is the seventh annual Development Priorities Plan (DPP). This plan provides a multi-year forecast of development activity as measured by the anticipated registration of draft plans of subdivision. This report recommends approval of the 2007 DPP to assist staff in setting priorities for the review of new plans of subdivision and registration of currently approved plans.

The Provincial Growth Plan for the Greater Golden Horseshoe has significant implications for the future development of the City. Since staff views the DPP as the logical tool to monitor the City's commitments for intensification and density outlined by the Growth Plan, this report also contains a number of recommended changes to improve the DPP starting with the 2008 DPP.

REPORT:

The 2007 DPP recommends that Council support the creation of up to 1087 potential dwelling units from the registration of plans in 2007 (See Schedule 2).

This figure is the lowest recommended total since the DPP was created in 2001. The figure also reflects a couple of new realities for new development.

1. The DPP needs to respond to the population projections forecast. The population projections forecast recommends the creation of approximately 900 potential new units per year for the years 2006 to 2011. This is down from the 1000 dwelling units per year for the years 2001 to 2006.
2. The Growth Plan for the Greater Golden Horseshoe requires that 40% of new growth occur within the built up areas of Cities by the year 2015. Since most of the new subdivision activity identified by the DPP is expected to be identified beyond the built boundary (i.e. Greenfield area) there is the need to take a more conservative approach to Greenfield approvals and commitments.

Included in the 1087 potential units is a carryover of 162 units that were identified for registration in 2006. If these units are removed, 920 new units are included in the recommendation. In the recommendation, consideration was also given to the fact that only 648 potential units were registered in 2006. When the figures are combined (648 +1087) the average for the two years would be 868 units. Both the number of new units (920) and projected two year average (868) are consistent with Council's current population projections forecast of 900 units per year.

The breakdown of the components of the 1087 dwelling units is 662 detached, 64 semi-detached and 361 townhouses. If these registrations are endorsed, the City will continue to have a sufficient supply of lots and blocks in registered plans to respond to market needs and trends and maintain a competitive market place in terms of pricing. In terms of short-term supply, there are 2785 potential units (as of December 31, 2006) currently available for building permits in registered plans. This overall number is down slightly from the number of potential units in last year's DPP (2907 units). The number of potential detached and semi-detached dwellings has, however, remained consistent with the approximately 940 units last year. This is generally consistent with one of the recommendations in last year's DPP, which was to try and increase the short-term supply of these types of units. The vast majority of potential units in the short term supply, approximately 1800 units (65%) are in potential multiple residential projects (**Schedule 7**).

This year's DPP also recommends a number of plans for consideration of draft plan approval in 2007 (see **Schedule 3**). Included in the plans are approximately 878 future dwelling units, which is also in keeping with the population projections (900 units per year).

Implications of the Provincial Growth Plan and the future of the DPP

On June 16, 2006 the Province released the Growth Plan for the Greater Golden Horseshoe, 2006. This plan was prepared under the Places to Grow Act, 2005 as part of the Places to Grow initiative to plan for healthy and prosperous growth throughout

Ontario. The new growth plan has significant implications for the future development of the City. Since its inception, the DPP has been used effectively as a tool by City Council to manage the rate and timing of development from new plans of subdivision. As a result, City staff view the DPP as the logical tool to be modified to monitor the City's obligations under the Growth Plan. Of particular interest is that the Growth Plan establishes intensification and density targets for certain areas of municipalities. The Growth Plan also establishes population and employment projections for Guelph. The following discussion highlights some of the obligations under the Growth Plan and recommendations by City Staff on how the DPP could be modified to monitor these obligations.

Intensification Target

The Growth Plan establishes that single tier municipalities, like Guelph, will plan for a phased increase in the yearly percentage of residential intensification so that by the year 2015 a minimum of 40% of all residential development occurring annually within each municipality will be within the defined Built-Up Area (which includes the Urban Growth Centre). Currently, City staff are reviewing and refining a draft "built boundary" with representatives of the Ministry of Public Infrastructure Renewal. This built boundary should be established in early 2007. Since the Growth Plan states that all municipalities will develop strategies to phase in and achieve intensification and the intensification targets, the following changes are recommended to future Development Priority Plans starting with the 2008 DPP:

- ◆ The mapping for the 2008 DPP (Schedule 4) will clearly identify the built boundary.
- ◆ Building permit statistics (Schedule 5) will continue to show an overall City total but also be broken into permits within the defined "Built up" areas and designated "Greenfield" areas to monitor the percentage of new development within the two areas.
- ◆ The Schedules and mapping for the 2008 DPP will be modified to show all potential residential developments (infill and subdivisions) within the "Built-Up" and "Greenfield" areas to provide an inclusive inventory of potential residential units in both areas.

Density Targets

The Growth Plan also specifies a set of density targets for the identified Urban Growth Centre and the designated Greenfield area. The City of Guelph is one of the identified municipalities where a minimum density target of 150 people and jobs per hectare is to be achieved in the Urban Growth Centre. Similar to the establishment of the Built Boundary, the Ministry of Public Infrastructure and Renewal will meet with City Staff to establish the boundary of the Urban Growth Centre in Downtown Guelph.

The density target for the designated Greenfield area is to be not less than 50 residents and jobs combined per hectare. The density target is to be measured over the entire designated area, not by individual project, and excludes areas such as provincially significant wetlands where development is prohibited. Census data, released every five years, will be used to monitor progress towards achieving the targets, although

municipal data is expected to be used to supplement the census to obtain a count of jobs and residents that is as accurate as possible. The following changes are therefore recommended to future Development Priority Plans starting with the 2008 DPP:

- ◆ The Mapping for the 2008 DPP will identify the Urban Growth Centre Boundary and the Built Boundary. It will also provide a density estimate for the areas based on the most recent census information as supplemented by municipal data.
- ◆ A schedule will provide the density estimate for all draft approved plans within the designated Greenfield area based on the land use schedule for each draft approved plan.
- ◆ A density estimate for all new Draft Plans of subdivision recommended for consideration in 2008 in the Greenfield area will be provided based on the information available at the time of publication of the DPP (**NB: As noted in Section 4, Draft Plans of subdivision identified for consideration by the DPP does not commit Council to approving the plan in whole or in part. As the most appropriate time to review and establish future densities is at the time of Draft Plan approval, individual plans showing less than the density target will likely have to be modified to achieve the target).**)

Population Projections

The population projections established by the Growth Plan are significantly higher than the current approved projections by City Council. Further, the projections contained in the Growth Plan must be used for planning and managing growth in the Greater Golden Horseshoe.

Given the projections established by the Growth Plan, it is expected that the City's current population projection will need to be revisited in the near future. It is expected that the DPP will continue to be the primary growth management tool to assist City Council in managing the rate and timing of new growth.

The Financial Implications of Growth:

The Development Priorities Plan continues to be a useful tool to assist with integrating the financial implications of growth related capital costs with the timing of development (subdivisions) in new growth areas. The DPP was developed in part to ensure that capital works for development are not advanced ahead of the Council approved scheduling in the City's Capital budget. For example, one of the criteria influencing the priority of subdivision registrations each year is the need for any required capital works to be approved by Council in the 10-year capital budget. In other words, in order for a subdivision (or phase of a subdivision) to be recommended for registration by staff, all capital works (e.g. Sanitary sewer extension) required to allow the registration must be approved by Council. This is true for the 2007 DPP.

While the DPP is a useful short term scheduling tool for the capital budget, there is clearly the need to look at the longer term implications of growth on both the capital and

operating budgets. This year Staff introduced 10-year capital and 3-year operating forecasts into the budget process to begin to examine the medium and longer-term commitments on the growth of the City. It is clearly the desire by Council to develop a financial model, which could effectively deal with the implications of growth on both the operating and capital budgets in the long term.

One of the difficulties experienced by staff in researching this subject is that we are not aware of the availability of such a model. Some municipalities have attempted to estimate the operating costs of different forms of land use, but that work involves a number of assumptions, requires having good base information and the final product illustrates order of magnitude differences as opposed to hard numbers. There is considerable work required to develop a model, but staff are committed to this project.

In order to work towards developing a financial model, staff envision three distinct steps:

1. Understand the gap between all the costs of growth (e.g. operating and capital) and the revenues and other means the municipality has available to it to construct and pay for the growth (e.g. Development Charges, Tax revenues, Developer contributions). On the capital side, this involves calculating all capital related costs irrespective of the limitations of the DC legislation. On the operating side this involves estimating the costs of services by different forms of development relative to the tax revenues received.
2. In order to complete the analysis in step 1, there will be the need to review, and possibly update, information needed to develop the financial model including data on long-term growth related costs (E.g. Trails Master Plan, Fire Services Study, Recreation, Parks and Culture Strategic Plan, Guelph and Area Transportation Plan, Water Supply Master Plan, Waste Water Master Plan). Information gaps will be determined.
3. Development and refinement of the financial model. This step will include any assumptions used to create the model and the determination of how the model will be used.

During the steps there will be the need for a considerable amount of interaction with Council so that everyone understands how the model was produced and what it is intended to do. Also, given the time required and complexity of the issue the work cannot be undertaken in-house. Therefore, Staff commit to issuing a request for proposals (RFP) by the end April 2007 to retain a consultant to undertake the steps necessary to complete this project. Costs associated with the retention and completion of the study are eligible under the Development Charges Act since this study deals with the implications of growth. Current DC's will therefore be used to fund the project and all costs will be recovered when the DC by-law is updated. Finance staff will lead this initiative with the assistance of various staff from other service areas. Staff expect that Steps 1 and 2 will be completed by the end of the 2007 with the financial model being developed during 2008 along with the Development Charges update and together with any other data needed to fill in the information gaps (e.g. completion of water and waste water master plan and optimization studies). The timing for the overall project still fits within the overall Local Growth Management study.

Other Highlights and Information Contained within the DPP

The following, in point form, are other important highlights found in Sections 6, 7 and 9 of the attached DPP 2007:

- ◆ The DPP continues to be a useful tool in meeting the City's Strategic goal of managing growth in a balanced sustainable manner. During 2006, the DPP was also effective in assisting staff in establishing priorities for the review and approval of new applications for draft plan approval of residential plans of subdivision.
- ◆ Registration activity in 2006 was significantly less than the dwelling unit target set by Council as a limit to growth. The target for 2006 was 1287 units. During 2006, only seven (7) plans of subdivision (or portions of these plans) were registered resulting in the potential creation of 648 dwelling units (see Schedule 1 of the DPP). The average registration activity for the years 2001 to 2006 is 1004 potential units per year. This is consistent with the Council approved population projections forecast, which called for a growth of 1000 units per year from 2001-2006.
- ◆ Residential building permit activity continued to show a decline. A total of 837 residential permits were issued in 2006 representing a decline of 3% from 2005. The current trend in residential permit activity is expected to continue in 2007.
- ◆ Requests for development approvals and registrations are expected to remain active during 2007. Requests to register all or parts of 9 subdivisions are contained within the recommended dwelling unit target of 1087 dwellings contained on Schedule 2 of the 2007 DPP (see conclusions and recommendations Section 10). Four (4) registrations are expected in the east, four (4) in the south and one (1) in the west. Not all requests for approvals and registrations made by the Development Community are reflected by the recommended targets.
- ◆ A managed approach to the approval of new units has once again allowed the City to maintain the medium term inventory of units at approximately 6300 units in 2006 down from approximately 7600 units in 2003. This equates to an overall supply of approximately 7 years (see Schedule 7 of the DPP) using the assumption of 900 units per year. In terms of supply by type of residential unit, there is a 5 year supply of single and semi-detached dwellings, a 6 year supply of townhouse units and a 14 year supply of apartment units.

City staff recommend that the Development Priorities Plan (DPP) 2007 be approved (Schedules 2, 3 and 4) and used as a guide to manage the rate and timing of development for the next year.

CORPORATE STRATEGIC PLAN:

To manage growth in a balanced sustainable manner.

FINANCIAL IMPLICATIONS:

All capital works (e.g. sanitary sewer extensions) required for the plans for subdivision recommended by Staff for registration in 2007 have been previously approved by Council in the Capital budget.

Staff commit to developing a financial model to deal with the longer term implications of growth. The development of this model will be funded through Development Charges.

DEPARTMENTAL CONSULTATION/CONCURRENCE:

The Development Priorities Plan team is made up of various staff members from Community Design and Development Services (Development and Parks Planning and Engineering), and Finance. The DPP team supports the Development Priorities Plan (2007) and the recommendations in this report.

COMMUNICATIONS:

N/A

ATTACHMENTS:

2007 Development Priorities Plan

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