
For Information

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REPORT TITLE: **PEEL GROWTH MANAGEMENT STRATEGY OVERVIEW REPORT – AN INTEGRATED APPROACH TO MANAGING GROWTH TO 2041**

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OBJECTIVE

The objective of this report is to provide Regional Council with a high level update on the overall Growth Management Strategy program, and with highlights of the companion reports that are before Council regarding the individual components of the program.

REPORT HIGHLIGHTS

- This overview report provides an update on the results of the Growth Management program established to implement an integrated approach to planning, servicing and financing growth in consultation with key stakeholders including local municipalities and representatives of the building industry.
- The need for a new approach to managing growth was identified as the Region's debt levels associated with growth related infrastructure have risen, Provincial policies around growth management have become more complex and as growth in Peel continues to change with increased emphasis on intensification.
- Positive progress has been made in identifying financial efficiencies related to updated water and waste water design criteria, growth scenarios that efficiently utilize existing infrastructure and the earlier collection of development charges, resulting in over \$0.5 billion in growth related costs being eliminated or deferred and therefore reducing the growth related cost revenue gap forecast.
- The integrated approach among disciplines in consultation with stakeholders has also resulted in the development of a number of coordinated draft materials that, once finalized, will provide a comprehensive framework for managing growth in Peel to 2041. Details can be found in the following companion reports titled:
 - "Peel 2041 Growth Allocation and Growth Management Regional Official Plan Amendment - Request to Proceed with Consultation on Draft Amendment"
 - "Transportation Planning and Servicing Growth to 2041 – Integrating with the Growth Management Strategy"
 - "Water and Wastewater Planning and Servicing Growth to 2041 – Integrating with the Growth Management Strategy"
 - "Financial Policy and Technical Inputs for 2041 Growth Based Development Charges By-law Update"

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- Although significant progress has been achieved on the draft materials, additional detailed work is required to finalize infrastructure master plans and provide input into a Development Charges Background Study which will be required for an update to the Region's Development Charges By-law. The growth allocation work will also provide the basis for updates to local municipal Development Charges By-laws.
- A key driver of the work to date and next steps is the recent update to the Provincial Growth Plan and the planned release by the Province of further detailed direction on several items including a mandated land budget methodology. The mandated land budget methodology is not expected from the province until the end of 2017.
- Staff have prepared a draft Growth Management Regional Official Plan Amendment (ROPA) that implements the growth management policies of the Provincial Growth Plan and provides a framework for further implementation work such as delineation of Major Transit Station Area boundaries. The balance of the full policy update will be in the various policy focus areas of the Peel 2041 Official Plan Update.
- Next steps include finalizing details of the infrastructure master plans and financial strategy, preparing a Development Charges Background Study and undertaking the required consultation on the draft ROPA in accordance with the Planning Act. Since the draft ROPA includes growth allocations, it must be undertaken on the basis of a Municipal Comprehensive Review, will require Provincial approval and must be circulated to the Province for 90 days before notice may be given of a statutory public meeting and open houses.
- Should the outstanding Provincial direction or further stakeholder consultation result in substantive revisions to the growth allocation or policy framework, the overall Growth Management Strategy timelines targeted for substantial completion in 2018 could be impacted.
- Notwithstanding the uncertainties that remain in the process, it is vitally important for the Region to continue to advance the integrated approach to planning for growth as planning and investments in infrastructure are continuously being made that must be based on the best information available in order to minimize financial risk to the Region. The Region's current growth related cost revenue gap is approximately \$ 1.1 billion. Forecasts based on recent Development Charge studies indicate that the cost revenue gap could peak at as much as \$1.9 billion before reducing over the current planning horizon to 2031.

DISCUSSION

1. Background

a) Working Together to Transition to a New Approach to Growth Management

Growth management is “a dynamic process, incorporating a variety of plans, regulations and programs, in which governments anticipate and seek to accommodate community development in ways that balance competing land use goals and coordinate local with regional interests.”¹ The Growth Management Committee was established in Fall 2013 to address the key issues to manage growth in Peel. Staff from the Planning, Water and

¹ Porter DR, 2008. Managing growth in America's communities. 2nd edition. Island Press; Washington, USA.

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Wastewater, Transportation and Corporate Finance divisions have been working together to achieve the Program’s objectives:

- To integrate all work related to growth management;
- To develop Official Plan policies that support a sustainable growth management plan;
- To address the costs/benefits/risks associated with growth to 2041;
- To identify the financing/servicing options that support sustainable growth; and,
- To update the Development Charges (DC) By-law to support a sustainable growth management plan.

The need for a new approach to managing growth was identified as the Region’s debt levels associated with growth related infrastructure have risen, Provincial policies around growth management have become more complex and as growth in Peel continues to change with increased emphasis on intensification. Previous practice entailed a more linear approach where growth allocations were prepared with less up front consideration of infrastructure and financial implications. Servicing plans were then prepared and input to financial models and the development changes background documentation.

The following key aspects to the new approach are outlined in the staff report “The New Approach to Planning, Servicing and Financing Growth in the Region of Peel” endorsed by Regional Council in March, 2016:

- i. The Region needs to reduce the growth cost-revenue gap;
- ii. The Region needs to integrate financing and servicing considerations into planning decisions early in the process;
- iii. Together with the local municipalities and the development sector, the Region needs to be more agile in its approach to the changes and uncertainty that accompany growth and development;
- iv. The Region needs to adopt a growth-focused, risk-based financing strategy.

The endorsement by the Growth Management Committee of this new approach and its milestones and timelines transitioned the Growth Management Program to be more internally and externally collaborative, integrated, transparent, and agile. This has become known as the new approach to growth management.

b) Plan and Manage Growth Term of Council Priority

The new approach to growth management is also driven by the “Plan and Manage Growth” Term of Council Priority (ToCP). The key outcome of the Plan and Manage Growth ToCP is to successfully manage and reduce the cost revenue gap associated with growth related infrastructure. This will reduce the financial risk to the Region associated with issuing debt to pay for growth infrastructure that could impact future utility and property tax rates should development not occur as forecast.

Below is a summary of the strategies and accomplishments achieved to date in relation to the TOCP:

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- Manage Growth Allocations
 - Identified a preliminary growth allocation to 2041 with a total servicing cost \$140 million lower than the high cost option.
- Manage Infrastructure Investments
 - 2041 servicing estimates were developed that are \$290 million lower due to the use of updated consumption and peaking assumptions.
- Manage Revenues
 - New process of collecting most residential DCs at subdivision agreement resulted in approximately \$100 million in earlier DC collections in 2016.
- Internal Integration and External Collaboration
 - Formal working groups have been established with local municipal staff and the development industry to provide valuable input into the development of a provisional growth allocation to 2041 and to work toward the reduction of the cost revenue gap.
 - Interdisciplinary Growth Management Core Team has been established internally which includes Regional staff representation from Corporate Finance, Water and Wastewater, Integrated Planning, and Transportation divisions.
 - For the first time planning, servicing and financing were all considered together at the outset of the growth allocation process by analysing multiple different growth scenarios with input from external stakeholders.
 - Informal public consultation has been undertaken with Peel residents at various forums across the Region such as major commercial malls, local festivals and farmers markets.

The integrated and collaborative approach has already been recognized by other organizations that have referenced the new approach to growth management being developed by the Region of Peel. Other jurisdictions have begun to make enquiries about the early successes the Region has achieved through this approach.

c) Growth Management Work Plan Progress

i) Draft Allocation and Growth Management ROPA

A draft Growth Management ROPA has been prepared that implements the growth management policies of the Provincial Growth Plan and provides a framework for further implementation work. This ROPA allocates the Province's 2041 growth projections to the local municipalities, based on their input. It also responds to previous Council direction to work with staff from the local municipalities to develop strategies to achieve employment targets and determine how transportation and transit can support employment growth. The Growth Management ROPA is one focus area of the overall Peel 2041 Official Plan review process and the requirements of a Municipal Comprehensive Review associated with the growth allocation work has been documented in the companion staff report.

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The growth allocation incorporated into the draft ROPA reflects the comprehensive, integrated and collaborative process associated with the Growth Management Program. Many scenarios were prepared to evaluate a number of planning, strategic, infrastructure and financial issues considered significant to the stakeholders. Council also directed staff to consult on potential additional allocation to Caledon over earlier scenarios. Feedback on the scenarios was received and the requirements of the new Provincial Growth Plan were applied. The following table identifies the proposed allocation for 2031 and 2041 included in the Draft ROPA:

Municipality	2016 (Current Estimate)		2031 2017 Draft Allocation		2041 2017 Draft Allocation	
	Population	Employment	Population	Employment	Population	Employment
Brampton	614,000	203,000	812,000	285,000	890,000	325,000
Caledon	69,000	28,000	116,000	51,000	160,000	80,000
Mississauga	746,000	474,000	842,000	534,000	920,000	565,000
Peel	1,429,000	705,000	1,770,000	870,000	1,970,000	970,000

Full details of the draft ROPA are included in the Growth Management ROPA companion report and key elements are summarized below:

- Municipal allocation of Growth Plan Amendment 2 Growth forecasts to 2041.
- Revised designated Greenfield area density, and built-up area residential intensification requirements consistent with requirements of Growth Plan 2017.
- New Regionally-led municipal comprehensive review policies consistent with Growth Plan 2017.
- A framework for Regional identification and future delineation and designation of Major Transit Station Areas consistent with Growth Plan 2017.
- Revised employment policies, including Regional designation of employment areas, consistent with Growth Plan 2017.
- A new Schedule D5 to support the Regional designation of employment areas, consistent with Growth Plan 2017.

In accordance with the *Planning Act*, the next step is to submit the draft ROPA to the Province for the 90-day review and commenting period prior to the scheduling of a Statutory Public meeting and open houses. The Province has not yet provided the detailed direction expected for some areas of the growth plans such as the Provincially mandated land budgeting methodology that will be required. In addition, new responsibilities for the Region such as identifying major transit station areas and employment areas in the Regional Official Plan add a new level of detail which requires co-ordination with local municipalities. Metrolinx will also be finalizing a new Regional Transportation Plan by the end of 2017.

In response to these challenges, it is important to note that the draft ROPA is based on a land budget methodology that reflects industry best practices. Refinements that may be required as a result of the provincially mandated methodology are expected to be minor. In addition, the policies establish basic principles for regional

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designations and set a framework that provides for flexibility and continued collaboration with area municipalities in defining details around new Regional OP elements such as employment areas and major transit station areas through ongoing processes and future official plan amendments.

The 90 days required to be provided for comment by the Province prior to scheduling a Statutory Public Meeting will also provide an opportunity for additional comments from stakeholders including area municipalities. It is recognized that, should this new provincial direction and any associated additional feedback result in significant changes to the allocation or ROPA policies, staff will report back to Regional Council prior to scheduling the public meeting which may affect overall Growth Management Program timelines.

ii) Preliminary Water and Waste Water Master Plans

Preliminary Water and Waste Water Master Plans have been developed based on the draft growth allocations developed through the Growth Management Strategy to date. Full details are included in the Preliminary Water and Waste Water Master Plan companion report.

The cost estimates included in the preliminary master plan work will need to be refined through more detailed engineering analysis prior to final master plans being brought back to Council. The draft numbers are expected to change as the more detailed analysis is undertaken. These final master plans would need to be adjusted to reflect any changes to the growth allocations that might occur through potential changes to the Growth Management ROPA as discussed earlier in the report.

Key elements of the Preliminary Water and Waste Water Master Plan include:

- Project List to 2041
- Timing of Projects to 2041
- Costing of Projects to 2041

iii) Development Charges Financial Policy and Technical Inputs

Positive progress has been made on several policy and technical items prior to having all the final growth and cost data available. These policy and technical items are being reviewed with the local municipalities as well as the development industry. Working on these items in advance will streamline the work required to produce a DC By-law update when the growth allocation and growth cost estimates are available. Some of these items cannot be fully reviewed with the development industry at this time due to the ongoing appeal of the 2015 DC By-law to the OMB.

An update to the DC By-law that reflects growth to 2041 will require the growth allocations to 2041, as well as the growth related capital budget estimates for transportation and the water and waste water master plans as inputs. A DC By-law update would be dependent on the timing of the Growth Management ROPA, servicing master plans, and associated capital budgets. Full details are included in the Financial Policy & Technical Inputs for a 2041 Growth based Development Charges By-law Update companion report. Key elements include:

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- Review of consultation with the development industry and area municipalities to date.
- Discussion regarding mandatory review of area rating in the next DC By-law.
- Discussion of future work to be undertaken regarding ongoing growth monitoring.

iv) Preliminary Transportation Servicing Plan and Transportation Regional Official Plan Amendment (Transportation ROPA)

Extensive work has been undertaken to prepare an updated 2017 Long Range Transportation Plan for Peel Region. This has included several component studies such as the Sustainable Transportation Study and will be implemented, in part, through a Transportation ROPA 17-002. The Long Range Transportation Plan update has set a 50 per cent sustainable mode share target in order to support Peel's growing population and employment growth. The goal being that by 2041, 50 per cent of trips will be made using sustainable modes such as walking, cycling, carpooling, and transit.

A Preliminary Transportation Servicing Plan has been developed through the Growth Management Strategy to date.

Full details are included in the "Transportation Planning and Servicing Growth to 2041 – Integrating with the Growth Management Strategy" companion report.

Key observations from the companion report include:

- Identification of Major Transit Station Areas is a very significant new requirement for Regional municipalities included in the Provincial updates to the Growth Plans.
- Timing of public meetings for the Transportation ROPA 17-002 will be coordinated with those for the Growth Management ROPA 17-001 as much as possible.
- A conservative estimate of \$74 million is expected to build out the cycling network on Regional roads to 2041.
- Preliminary gross projects costs to widen and improve Regional roads were also found to be approximately \$1.3 billion. These draft cost estimates will be refined as part of the ongoing growth management initiative. It is anticipated that once Regional roads are widened to the maximum amount possible, and local municipalities invest more into growing their transit systems, the transportation DC collections will decrease for the Region and increase for the local municipalities.

The Long Range Transportation Plan update and the draft Transportation ROPA 17-002 also build on the Transportation Strategies to Support Employment Growth Discussion Paper work identified in the next section of this Report.

v) Transportation and Employment Strategies

At the Regional Council meeting of February 9, 2017, a resolution of the Growth Management Committee was approved directing that staff engage in further research

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and strategy development in support of meeting employment growth targets, specifically in regard to the role transportation and transit would play in facilitating employment growth. An update on this work was provided in presentations to Growth Management Committee on May 18, 2017. Draft discussion papers outlining these strategies have now been completed and form part of the background work supporting the growth allocations and draft Transportation and Growth Management ROPAs.

Further details on the Employment Strategy Discussion Paper and Transportation Strategies to Support Employment Growth Discussion Paper are provided in the companion reports relating to the Growth Management and Transportation ROPAs. Key elements of the discussion papers and associated strategies include:

- In the employment paper, an overview of the office and industrial building market and an examination of key issues related to continued employment growth and associated building demand.
- Further, the employment paper identifies several approaches to help maximize employment growth and non-residential development growth including:
 - supporting the development of urban amenities to attract major office employment,
 - ensuring strong transit connectivity,
 - encouraging appropriate intensification opportunities in employment land areas,
 - ensuring strong access to a major east-west highway or regional road corridor in northern Peel,
 - better supporting home-based employment,
 - pursue improved planning approaches supporting a wider variety of population-related employment that goes beyond retail, and
 - developing a strategy to maximize access to broadband.
- In the transportation paper, an overview of key Regional transportation trends is highlighted including a need to change travel away from single-occupant vehicles, congestion will need to be managed and that connections to the rest of the Greater Toronto and Hamilton Area will continue to be critical in growing opportunity in Peel.
- The draft Transportation Strategies to Support Employment Growth Discussion Paper identifies essential shifts that need to occur in partnership and with strategic investments being made to ensure transportation infrastructure and services are in place to support employment.
- The draft Transportation Discussion Paper concludes that the success of supporting employment growth with transportation strategies in Peel will be contingent on all stakeholders working together in a coordinated and determined manner.

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NEXT STEPS

As noted previously the Province has not yet released the detailed direction for some items including land budgeting. This direction is expected by the end of 2017. The current work plan reflects that the Province must be provided 90 days to review and comment on the draft Growth Management ROPA prior to the scheduling of a public meeting and open houses. Based on this timeline, it is expected that the current target of substantial completion of the Growth Management Strategy in 2018 could be achieved.

If circumstances develop such that significant revisions are required, a new timeline will need to be developed for Council review.

CONCLUSION

This report provides Regional Council with an update on the results to date of the Growth Management Strategy which has been established to implement an integrated approach to planning, servicing and financing growth, in consultation with key stakeholders including local municipalities and representatives of the building industry as directed by Regional Council. Good progress continues to be made in all components of the Growth Management Strategy.

Ongoing dialogue and working through the process to date has improved integration among stakeholders and the internal disciplines involved in growth management. This will allow for greater agility in responding to future requirements associated with the Coordinated Provincial Review and other uncertainties associated with managing growth over the 2041 planning horizon.

It is important for the Region to continue to advance the integrated approach to growth management as planning and investments in infrastructure are continuously being made that must be based on the best information available in order to minimize financial risk to the Region.



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