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<b>TO:</b>	<b>CHAIR AND MEMBERS - PLANNING COMMITTEE MEETING ON October 16, 2006, 4:50 pm</b>
<b>FROM:</b>	<b>R. W. PANZER GENERAL MANAGER OF PLANNING AND DEVELOPMENT</b>
<b>SUBJECT:</b>	<b>GROWTH FORECASTS TO BE USED FOR LAND NEEDS BACKGROUND STUDY FOR THE 2006 OFFICIAL PLAN REVIEW</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the General Manager of Planning and Development, the attached report prepared by Clayton Research Associates Limited entitled "Employment, Population, Housing and Non-Residential Construction Projections, City of London, Ontario 2006 Update" **BE RECEIVED**, it being noted that these forecasts will be used as a basis for the identification of Land Needs in the 2006 Official Plan Review.

<b>BACKGROUND</b>
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Purpose of this Report

This report is intended to keep Council informed of progress and issues related to the completion of the 2006 Official Plan Review, specifically the Land Needs Background Study. It follows from a report to Planning Committee/Joint Public Participation Meeting on April 3, 2006 which outlined the approach being taken to prepare the Official Plan Review and the Terms of Reference for the various Background Studies. The accompanying growth forecast represents an important first step in completing the Land Needs Background Study. According to Provincial Policy the determination of land requirements to accommodate growth must be justified on the basis of population projections, employment targets and residential and non-residential projections for the City over the 20-year planning period. Any amendment of the Urban Growth Boundary must be rationalized in a background study which is subject to scrutiny before a new boundary can be established.

Clayton Research Associates Limited

Clayton Research Associates Limited was retained by the City to prepare an update to their original 2003 growth forecast report prepared for the City of London's 2004 Development Charges Study. Clayton Research is a firm of urban and real estate economists providing strategic information, analysis and advice to private and public sector clients across Canada. The firm has extensive experience in preparing growth forecasts – having prepared such forecasts and other analyses for a multitude of municipalities, developers, agencies and other levels of government over the past 34 years. In London, Clayton was involved in the Ontario Municipal Board hearings related to Urban Growth Boundary (OPA 88), prepared a review of forecasts during the preparation of the Development Charges By-law in 1999 and prepared the forecasts for the 2004 Development Charges Study. Clayton has a sound understanding of the factors that shape economic and demographic trends, real estate and housing markets and the development industry. They have an excellent reputation in the field of economic forecasting and a good knowledge of the London environment is second to none.

Process to Date

Clayton Research worked with Planning Staff to assemble necessary background data required to update the forecasts. The first draft of this update was delivered to the in-house technical consultation committee, comprised of representative managers from Engineering, Finance and Planning, in July of 2006. Issues and concerns raised by the committee were addressed by Clayton Research either through clarification or subsequent amendments to the draft forecast.

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Overview of the Growth Forecasts

Clayton Research provides a full description of methods, data and results in their report in Appendix 1. The following is a simple overview of this report.

Bear in mind that forecasts are only an informed estimation of the future. Such an estimation involves an understanding of past trends, established demographic and market constructs and a knowledge of changes that are taking place, or likely to take place, in the future. They are not, however, accurate predictions of the future.

The forecasts contained in this report have been prepared using the best information and data available at the time of publication. Planning Staff and members of the in-house technical committee agree the results of the growth forecasts stand the test of reasonableness relative to historical trends and future expectations.

**Method**

This forecast report was updated in the Summer of 2006 to reflect changes in underlying macro-economic conditions, federal policies affecting immigration and the land-planning policy environment in Ontario. Four interrelated models were employed by Clayton Research: economic, population, housing demand and non-residential building space. The methods used to derive these models are well accepted across the industry and have been used by Clayton Research to model growth in many other cities across Canada.

In general, the forecast begins with an examination of the London economy within the context of the Canadian, Ontario, Southwestern Ontario and Middlesex County economy. Prospects for growth are considered by economic sector and an employment forecast is prepared. The employment forecast drives the population forecast (since employment drives net migration) within the context of a cohort survival model which is consistent with the population projection methodology guidelines set out by the Ministry of Municipal Affairs. Population forecasts were converted through Clayton’s housing demand model to project anticipated household growth for the City of London. Potential household growth is a function of the projected population by age using headship rates (number of people in each age group who are projected to head up a household). Demand by structure type was determined from historical housing start and completion data examining the relationship between family type and dwelling types as the population ages.

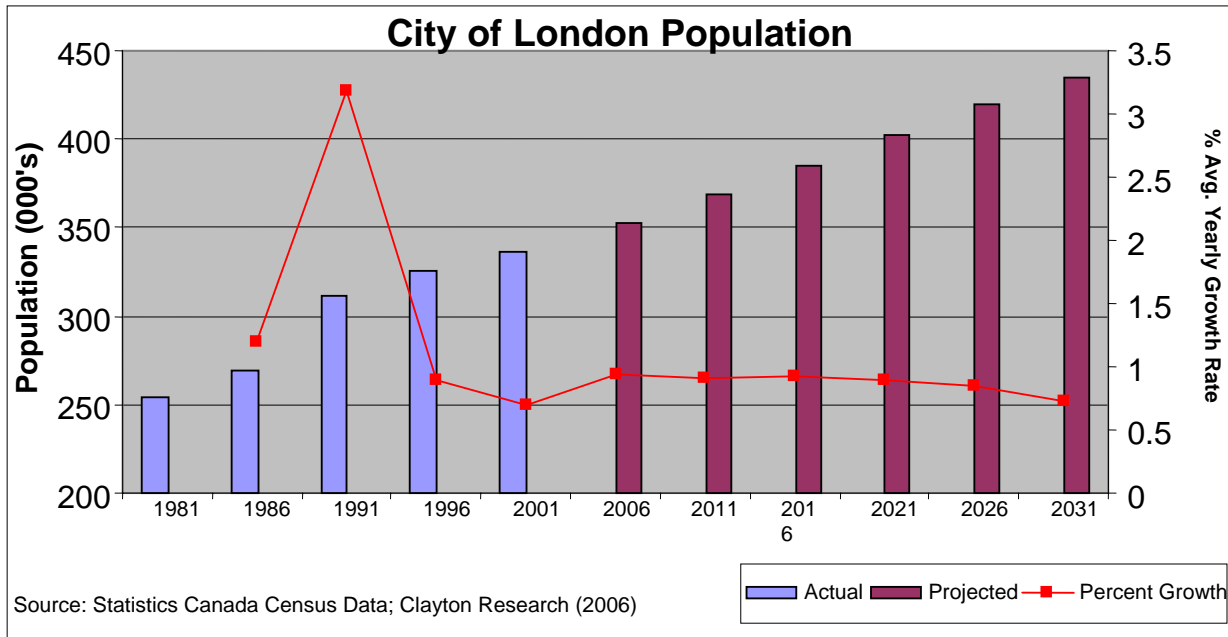
The employment forecast also drives the Industrial, Commercial and Institutional floor space forecast. Floor space to employment ratios were derived from historical London factors.

**Results**

*Population Growth and Residential Construction*

Over the period 2001 to 2031, the population in the City of London is expected to grow by 82,800 persons or 55,800 new households. Low density housing is expected to account for the majority – about 62 % - of housing completions over the projection period. Medium and high density should account for about 19% each. The pattern of structure type and density will shift throughout the projection period from low density (which captured nearly 70% of construction in 1996-2001) to greater proportions of medium and high density.

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**Non-Residential Construction**

At just under 1.1 million sq. ft. per year, the pace of non-residential construction is expected to be modestly lower than the average of 1.5 million sq. ft per year built during the 1991-2001 period. It is expected that under 40 per cent of the anticipated new non-residential construction will be industrial, with the remaining split between commercial (32 per cent) and institutional (29 per cent). Commercial construction will predominantly be linked to employment growth at retail and hospitality facilities, but will also come from office and other commercial structures. Institutional construction will be split between long-term care facilities and other types of institutional uses.

**Next Steps**

Three working groups, comprised of members of government agencies, development industry and community groups, will have a chance to comment on the report during our scheduled meetings the week of October 23rd. Planning will report back to Planning Committee any issues or concerns arising out of these working group meetings. It is hoped that these working groups will eventually endorse the growth forecasts allowing Staff to move ahead with the Land Needs Background Study which is due for completion in February 2007. The completed study will be forwarded to Planning Committee for final approval.

<b>PREPARED BY:</b>	<b>SUBMITTED BY:</b>
<b>DONNA BAXTER RESEARCH ANALYST, LAND USE PLANNING POLICY</b>	<b>GREGG BARRETT MANAGER, LAND USE PLANNING POLICY</b>
<b>RECOMMENDED BY:</b>	
<b>R. W. PANZER GENERAL MANAGER OF PLANNING AND DEVELOPMENT</b>	

September 27, 2006  
 encl. Clayton Research (2006). Employment, Population, Housing and Non-Residential Construction Projections, City of London Ontario, 2006 Update