

# Growth Management Options

## Tay Valley Township Official Plan Review & Update

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Prepared for

**Tay Valley Township**



217 Harper Road,  
Perth, Ontario,  
K7H 3C6

Prepared by



### **Jp2g Consultants Inc.**

12 International Drive, Pembroke, Ontario, K8A 6W5  
T.613.735.2507 F.613.735.4513  
Jp2g Project No. 20-7023A

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**January 31, 2022**

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## 1.0 Introduction

Tay Valley Township (TVT) is a large, rural based municipality located at the western extent of the County of Lanark, directly west of the Town of Perth. The Township covers 550 square kilometres or roughly 18% of the Lanark County land base. With eight (8) significant rivers and over 32 lakes, the natural features of Tay Valley Township help define the rural character of the area. There are eight (8) historic hamlets which support an established agricultural and diversified rural economy.

Tay Valley Township had a 2019 permanent population estimate of 5,785 residents and a 2019 seasonal population estimate of 5,315 people. Save and except for one small area abutting the Town of Perth, development within Tay Valley Township is on private well and septic system services. The Town of Perth functions as the regional service centre for many of the Township's residents and cottagers.

As part of the 2021 Official Plan Review and Update, Council commissioned the preparation of a Growth Management Plan to identify appropriate locations for growth and establish affordable housing targets. The following Report presents:

- A summary of existing PPS and Official Plan growth related policies
- Existing population & household projections
- Lot creation and past growth trends
- Affordable housing targets
- Growth management options
- Recommended growth management strategy

## 2.0 Growth Related Planning Policy Assessment

### 2.1 Provincial Policy Statement 2020

The Provincial Policy Statement 2020 (PPS) provides policy direction on matters of provincial interest related to land use planning and development. The PPS recognizes that municipal official plans are the most important vehicles for implementing the PPS and as such, are required to identify provincial interests and set out appropriate land use designations and policies consistent with the PPS.

Much of Section 1.1 of the PPS identifies the planning principles related to the management of growth. Central to this policy direction is the need to promote efficient development and land use patterns and accommodate a range and mix of housing, employment, institutional, recreational, and parks and open space to meet community long-term needs.

The overriding theme of the PPS is that “Settlement Areas” (cities, towns, villages, and hamlets) shall be the focus of development (Section 1.1.3.1). As such, many of the policies of the PPS are focused on settlement areas, including direction to avoid land use patterns that would prevent the efficient expansion of settlement areas in locations adjacent or close to settlement areas.

The growth policies also acknowledge that the expansion of settlement areas or the creation of new settlement areas can only take place through a “comprehensive review”, which is a prescribed process under the Planning Act, 1990. There are options to expand settlement areas without going through the comprehensive review process, provided there is no net increase in developable settlement area lands.

Section 1.1.4 of the PPS recognizes “Rural Areas” and their importance to the economic success and quality of life for the province. It acknowledges rural areas as a “system of lands that may include rural settlement areas, rural lands, prime agricultural areas, natural heritage features and areas, and other resource areas. Rural areas and urban areas are interdependent in terms of markets, resources, and amenities. It is important to leverage rural assets and amenities and protect the environment as a foundation for a sustainable economy.”

Section 1.1.4.1 stresses that healthy, integrated, and viable rural areas should be supported by:

- a) building upon rural character, and leveraging rural amenities and assets;
- b) promoting regeneration, including the redevelopment of brownfield sites;
- c) accommodating an appropriate range and mix of housing in rural settlement areas;
- d) encouraging the conservation and redevelopment of existing rural housing stock on rural lands;
- e) using rural infrastructure and public service facilities efficiently;
- f) promoting diversification of the economic base and employment opportunities through goods and services, including value-added products and the sustainable management or use of resources;
- g) providing opportunities for sustainable and diversified tourism, including leveraging historical, cultural, and natural assets;
- h) conserving biodiversity and considering the ecological benefits provided by nature; and

- i) providing opportunities for economic activities in prime agricultural areas”

Within rural areas, settlement areas are to be the focus of growth. It is stressed that “when directing development in rural settlement areas ... planning authorities shall give consideration to rural characteristics, the scale of development and the provision of appropriate service levels. (1.1.4.3)”

Section 1.1.5, Rural lands in municipalities, specifically acknowledges the following permitted uses:

- a) the management or use of resources;
- b) resource-based recreational uses (including recreational dwellings);
- c) residential development, including lot creation, that is locally appropriate;
- d) agricultural uses, agriculture-related uses, on-farm diversified uses and normal farm practices, in accordance with provincial standards;
- e) home occupations and home industries;
- f) cemeteries; and
- g) other rural land uses.

The policies also stress that the development needs to be compatible with the rural landscape and that it can be sustained by rural service levels.

Section 1.4.1, Housing, sets out the requirements for municipalities to “maintain at all times the ability to accommodate residential growth for a minimum of 15 years”. The policies also require a municipality to maintain a three-year supply of lands available for residential development (i.e., inventory of lots).

In regards to affordable housing, Section 1.4.3, Housing states that the planning authority shall provide for an appropriate range and mix of housing options and densities to meet projected market based affordable housing needs of current and future populations. Specifically, planning authorities shall establish and implement minimum targets for the provision of housing which is affordable to low- and moderate-income households.

#### 2.1.1 Summary

The PPS promotes the growth and development of settlement areas with full municipal services. Much of the direction of the PPS strives to promote efficient development and land use patterns on full municipal services in order to achieve the densities and compact form promoted by the PPS.

Although the PPS recognizes rural areas, the focus for growth and development in these areas is intended to be directed towards the rural hamlets provided the development can be supported by private services that do not create public health or safety concerns. The main function of rural areas is for resource management (aggregate, forestry, wetlands), agriculture, tourism, and recreation uses, along with residential uses that are “locally appropriate”. The concept of “locally appropriate” implies that this is a matter of local concern that will be acknowledged in local official plans and determined by local councils.

Local official plans are required to have minimum targets for the supply of development lands, vacant lots, and affordable housing.

## 2.2 Lanark County Sustainable Communities Official Plan (SCOP)

The Lanark County Sustainable Communities Official Plan (SCOP) includes, as part of its vision, to “effectively manage growth”. There is an acknowledgement that the County anticipates modest growth to the year 2033 and that population allocation to local municipalities is based on their historic proportionate share of the County population. The SCOP anticipates that 70% of future growth will be directed to fully serviced settlement areas. The remaining 30% is directed to rural communities with private services.

There are specific settlement area policies that are relevant to Tay Valley Township. It is recognized that local official plans will promote intensification of its settlement areas based on the type and capacity of the servicing infrastructure. This implies that certain settlement areas, such as rural hamlets, may not be able to intensify due to the lack of municipal services.

Section 3 of the SCOP contains policies related to lands designated “Rural”. The SCOP clearly acknowledges that rural areas are not the principal area for residential growth and development, and that population growth and employment is intended to be directed to settlement areas. However, the SCOP specifically states that “the intent ... is not to prohibit development in the rural areas, but rather to provide a framework for appropriate growth which will support the objective of preserving the identity and character of rural and settlement areas.”

Section 3.3.2, General Rural Policies provides direction to local municipalities when designing official plan policies to govern rural development:

1. Local Official Plans will contain policies that ensure that development, redevelopment, and the increasing use of rural properties does not result in additional negative environmental impacts
2. Local Official Plans shall include policies which will ensure that rural development will occur on appropriate water and wastewater services.
3. Rural development shall have regard for the safety of people and property and shall occur in a manner which will not result in an increased need or demand for municipal services.
4. Local Official Plans shall ensure that development will be directed to occur in a manner that makes efficient use of existing infrastructure, allows for the maintenance of the area’s character, and provides for the long-term availability of the resources that make the area attractive.

It is also noted in Section 3.3.4.1 that “in order to maintain and protect the character and identity of rural areas, it will be important to avoid inefficient land use patterns, to minimize incompatibility between land uses and to minimize adverse environmental impacts in accordance with the relevant policies of this Plan and local Official Plans.”

It is also important to note in Section 8.2.2, Consent Policies, that “consideration of locational and development criteria by the approval authority shall be based on local Official Plans.” This

means that the detailed consent policies shall be within local official plans and not the County SCOP.

Amendment 8 to the Lanark County Sustainable Official Plan established an allocation of population to the local municipalities. Obtained from OPA #8, Table 1 demonstrates that Tay Valley Township’s population allocation is 7,097 people to the year 2038. This is an increase of 1,432 people (25.3%) over the Township’s 2016 Census population count. This represents an increase of approximately 65 people per year (roughly 1.1% increase per year) or 25 households per year.

Table 1: Lanark County OPA #8 Population Allocation

	<b>2016 Census</b>	<b>2038 County Council</b>	<i>Increase</i>
Beckwith	7,644	14,262	87%
Carleton Place	10,644	20,964	97%
Drummond North Elmsley	7,773	12,549	61%
Montague	3,761	4,857	29%
Mississippi Mills	13,163	21,122	60%
Lanark Highlands	5,338	7,507	41%
Tay Valley	5,665	7,097	25%
Perth	5,930	8,085	36%
<b>Lanark County</b>	<b>59,918</b>	<b>96,443</b>	<b>61%</b>

It is worth noting that Tay Valley Township has the lowest percentage of population increase in the County through this allocation.

In regards to affordable housing, Section 2.6.1 of the SCOP mirrors the PPS and states that local municipalities shall provide for a range and mix of low, medium and high density housing types in accordance with servicing capacity. Section 8.2.9, Affordable Housing policies of the SCOP specifically state that local Councils will provide for affordable housing by enabling a full range of housing types and densities to meet projected demographic and market requirements of current and future residents of the County. It is important to note that a number of the implementation approaches are focused on fully serviced urban settlement areas.

### 2.2.1 Summary

The Lanark County SCOP speaks to many of the growth management concepts set out in the PPS. It directs the majority of growth to the fully serviced settlement areas, while at the same time recognizes that some growth in the rural area can take place provided the character and identity of the rural area is maintained. The SCOP recognizes that local official plans establish the policies governing lot creation by consent. The Lanark County population allocation to Tay Valley Township equates to roughly 25 new households per year or 1.1% annual growth.

It is worth repeating Section 3.3.4.1 that gives very clear direction to rural municipalities that “in order to maintain and protect the character and identity of rural areas, it will be important to avoid inefficient land use patterns, to minimize incompatibility between land uses and to minimize adverse environmental impacts in accordance with the relevant policies of this Plan and local Official Plans.”

### 2.3 Tay Valley Township Official Plan

The Tay Valley Official Plan recognizes the types of new growth and development that are taking place in the Township. The large number of seasonal/cottage properties which are increasingly being converted to permanent dwellings, retirees moving to the area (some of whom are converting cottages), and people moving to the area because of enhanced telecommunication infrastructure, many of whom are involved in the creative economy.

The Introduction section recognizes that one of the purposes of the Official Plan is to “manage future development in a logical and orderly manner in response to anticipated needs, having regard to economic, social, cultural and environmental and other considerations.”

The 2016 OP projects a 2033 population of 6,474 permanent residents, representing an average annual increase of 45 persons from the 2011 base line. There is also recognition that the average size of households is decreasing. It is anticipated that there would be approximately 16 new homes built annually in the Township.

There is specific mention of the Township being outside of the typical commuter-shed of the City of Ottawa, and as a result, Tay Valley Township has not experienced the same growth pressures that the eastern parts of Lanark County have experienced.

There is also specific mention of the fact that the Township is influenced by nearby regional service centres, such as the Town of Perth, which play a significant role in accommodating growth within the Region.

The Plan additionally recognizes the historic role of hamlets as residential, social and cultural communities and local service centres. The Plan speaks to maintaining and strengthening the role of hamlets as local commercial, residential, social, and cultural centres. The Plan acknowledges the importance of maintaining the character of the hamlets but does make some allowance for new development.

The 2016 Official Plan anticipated that roughly one-half ( $\frac{1}{2}$ ) of the future population growth will be the result of conversion of seasonal residences into year-round permanent dwellings. This context appears to have changed as a result of the pandemic.

Under Section 1.3.3, Objectives of the Plan, there are statements that promote the preservation and enhancement of the rural character.

The Plan goes to some length to explain the need for increased commercial, industrial, and institutional development (ICI) and to increase the ICI assessment ratio compared to residential development. It is specifically noted that Council may delay approving further residential

development until the Township is satisfied it has the financial resources to support the development.

Section 2.3 encourages new housing to take place in the more built-up areas of the Township such as hamlets and other traditional areas of settlement.

Section 2.6 Aesthetics, speaks to controlling the impact of development on the rural character and natural features of the Township, especially in waterfront communities.

There are very clear policies setting out what is required in order to consider a cottage conversion. Section 2.10, Residential Conversions, policies recognize that many secondary residences are located on private roads and as such the Township does not provide the full range of services. The policies specifically noted that the act of conversion to a permanent residence does not change the “limited service” status of dwellings located on private roads.

Section 2.10 also states that dwellings on private roads are only permitted when the property is located within the “Limited Services Residential (LSR)” zone and an occupancy permit is obtained. Terms and conditions for occupancy permits or a zoning by-law amendment to the LSR zone are also specified. Section 3.6.4, Rural, also speaks to the LSR zone and the need for confirmation from emergency service providers that adequate services can be provided to the dwelling. It is also necessary to have the septic system approved. There may also be the need for an agreement with the Township.

Section 3.6.1, Rural specifically states that “the intent of this Plan is to retain the rural and recreational flavour of Rural lands while providing for a modest amount of compatible and orderly new development.” This Section also speaks to development on the periphery of the Town of Perth.

The Official Plan permits the creation of up to three lots by consent from, a holding as it existed in January 1, 1991. It also permits development through the “cluster lot” concept, as well as plans of subdivision up to 25 lots. Plans of subdivision greater than 25 lots require an official plan amendment (OPA).

Cluster lot development is a concept that was introduced in Mississippi Mills in the early 2000s and was intended to provide an alternative to strip development along Township roads. It is based on the idea that there would be a small internal private road (through the condominium process) that would provide access to 6-10 residential lots created through the consent process. The houses would be setback well off the Township road, and screened from view. This would result in a development which creates a more positive financial impact on the Township (i.e., tax dollars from 6 – 10 houses per entrance) and does not increase the demand for additional road services from the Township.

Section 2.3, Housing of TVT Official Plan contains the specific definition of “affordable housing” as set out in the PPS. This definition is provided for both ownership and rental. The policies define “affordable” as a situation where the annual accommodation costs do not exceed 30% of

gross household income for low- and moderate-income households. There are currently no affordable housing targets set out in the TVT Official Plan.

### 2.3.1 Summary

The Tay Valley Official Plan lays out a very accurate understanding of the historical growth of the Township. The historic small hamlets support the surrounding agricultural community, recreation waterfront properties which are now being converted to year-round permanent residence and scattered rural residential severances along the Township roads. The policies recognize the Town of Perth as the regional service centre and the role it plays in accommodating growth. The Plan also recognizes that TVT has been outside of the City of Ottawa commuter-shed and as a result the area has not experienced the growth pressures that the eastern part of Lanark County has experienced. The Plan also expresses the importance of increasing commercial, industrial, and institutional assessment to the Township's economic health, and that residential development may be delayed to achieve a positive assessment ratio. It is acknowledged that the development context of the Township has changed during the 2020-2021 pandemic period.

### 3.0 Population Actuals, Estimates and Projections

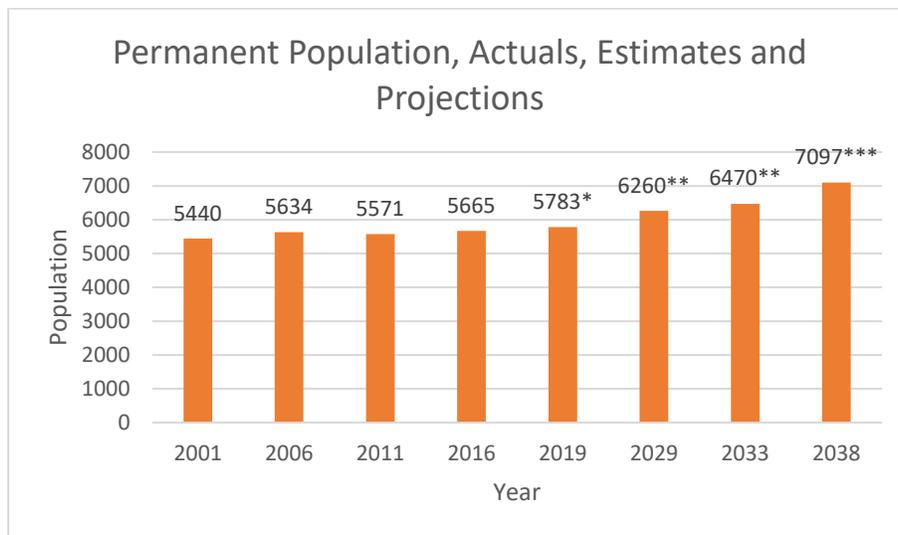
#### 3.1 Permanent Population

Since 2001, population growth in Tay Valley Township has been somewhat sporadic, with an increase of 200 people between 2001 and 2006, a decrease of 75 people between 2006 and 2011, and an increase of 95 people between 2011 and 2016.

The 2019 Development Charge Background Study prepared by Watson and Associates provided an estimate for the 2019 population of 5,783 people, an increase of 118 people since 2016. The DC Background Study also projected a 2029 population of 6,260 and a 2033 population of 6,470. The Lanark County 2039 population allocation of 7079 people is also shown.

What these numbers demonstrate is that between 2001 and 2016, the Township’s population has been relatively stable with a very modest amount of population growth. What has been estimated and projected forward is a continuation of growth at a more consistent upward trajectory.

Figure 1: Permanent Population, Actuals, Estimates and Projections



\* Watson Estimate  
\*\* Watson Projection  
\*\*\* Lanark County Allocation

#### 3.2 Seasonal Population

It is challenging to find reliable data to provide seasonal population estimates. Based on the Watson DC Background Report it is estimated that the 2019 seasonal population is approximately 5,300 persons. Figure 2 presents both the permanent and seasonal households and demonstrates the upward trend of permanent households and relatively stable seasonal household numbers. This is demonstrated by the 2006 seasonal household number at 1425 and the 2019 estimate at 1452. This trend is supported later in the Report through the statement that there are not many opportunities to significantly increase the number of new waterfront

properties due to the fact that the vast majority of the developable waterfront land is already developed.

There is also the reality that as a cottage gets converted, there is no net increase in the number of dwellings in the Township. They simply move from the “seasonal” category to the “permanent” category, keeping the total number of units the same.

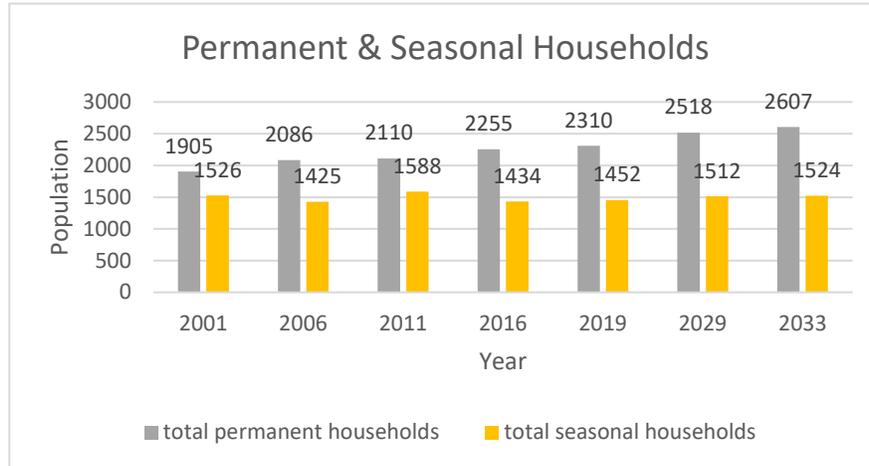


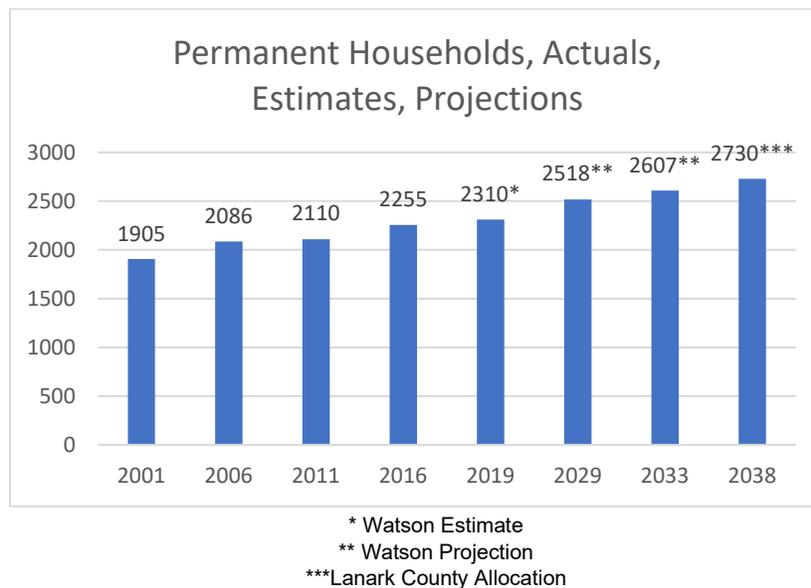
Figure 2: Permanent and Seasonal Households

## 4.0 Households and New Home Building Permit Activity

### 4.1 Households

Although the population growth since 2001 has been sporadic, the number of permanent households has shown steady increase. It is understood that this is the result of cottage conversions and the fact that the average household size is decreasing. While the population between 2001 and 2016 only increased by 225 persons, the number of permanent households over the same period increased by 350. Assuming an average household size of 2.4 persons, this increase in number of households would suggest a population increase of 840 persons and not the 225 actually recorded. This would suggest that many of the new households have less than the average 2.6 persons per households – as would be the case with retirees and older families (without children at home) moving to the area or converting their cottage to a permanent residence.

Figure 3: Permanent Households, Actuals, Estimates, Projections



It is expected that there will continue to be a steady increase in the number of households within Tay Valley Township over the next 17 years.

### 4.2 New Home Building Permit Activity

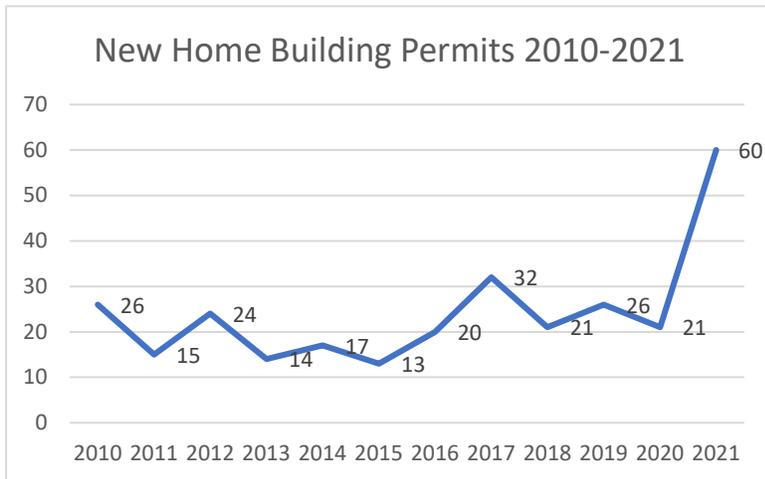
The building permit data for new home construction between 2010 and 2021 provides a very interesting picture, with a total of 298 new home starts during that 12-year period, representing an annual average of 24 new home starts. During the period of 2010 to 2016 there was on average 18 new building permits a year with the actual number ranging from 13 to 26 new starts per year. During the period of 2017 to 2021, there was a noticeable increase in the annual number of new home starts, averaging 30 units per year. The 2021 figures represent more than a tripling of new home starts with an unprecedented 60 permits issued. This figure is symbolic of the surge in interest of living in “the country” that has been attributed to the Covid pandemic.

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Even when the 2021 figure is removed from the calculation, the average between 2017 and 2020 was 24 permits per year, 6 more than the previous period.

There is an ongoing discussion as to what will be the long-term trend of the Covid Pandemic surge in rural development. Will the current surge continue, or will it subside to pre-Covid levels? Only time will tell, however there is an expectation that over the next five years the new home starts will be at least 30 new home starts per year.

Figure 2: New Home Start by Year



## 5.0 Lot Creation – Consents and Subdivisions

Based on the most accurate data available, it appears that there was a total of 361 new residential lots created in Tay Valley Township between 2000 and 2021. Of this total, 81% or 294 lots were created through the consent process. The remaining 67 lots were created through the plan of subdivision process. Approximately 52% of all the lots were created in Bathurst Ward, while 25% were in South Sherbrooke Ward and 23% in North Burgess Ward (Figure 5).

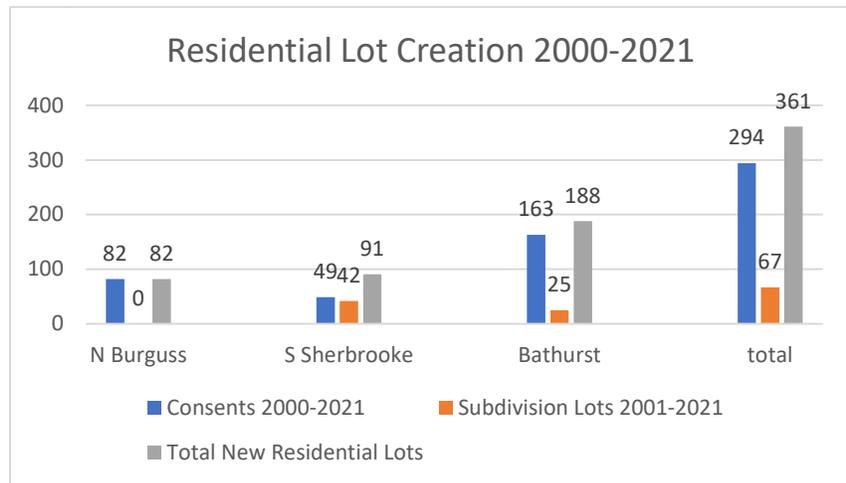


Figure 3: Residential Lot Creation 2000-2021

With regards to creation of lots by consent, there is a suggestion of an interesting trend. Figure 6

demonstrates that the period of 2000 to 2010 there were a total of 157 lots created by consent. During 2011 to 2021 there were only 137 lots created. This is interesting in that there has obviously been a steady increase in new home starts and households over the past 10 years but a reduction in the average number of lots created by consent.

This trend is very typical of what has been anecdotally experienced in a number of eastern Ontario jurisdictions. Despite the increase in demand to live in the rural area, there has been a decrease in the number of rural lots created. It is suggested that a number of factors are at play. First, all the easy, convenient severances have been taken and that the only remaining lots are more challenging to create due to proximity to natural heritage features, agricultural lands, or aggregate resources.

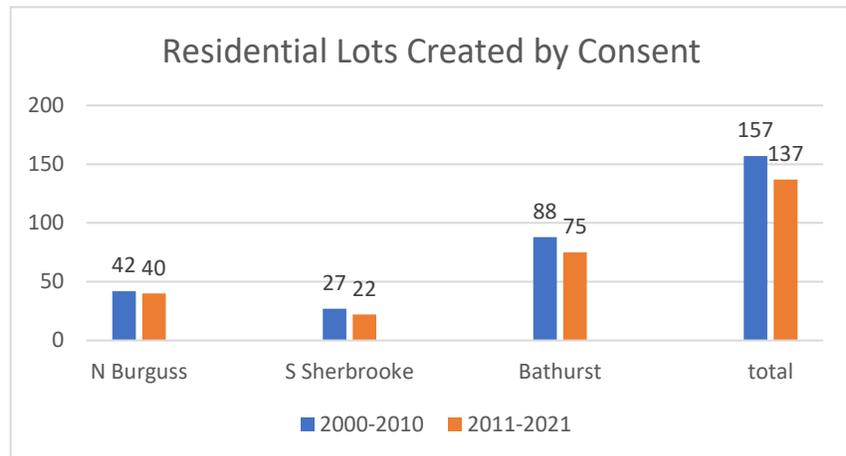


Figure 4: Residential Lots By Consent 2000-2010, 2011-2021

Second, there is a limit on the number of lots created from a holding since 1991, and therefore the eligible properties become fewer as the maximum number of lots have been created from each holding, decreasing the supply of qualifying lands. It is suggested that it is not a question of a lack of desire to create new lots, but rather the lack of land that qualifies for new lots.

It has been acknowledged that most of the good waterfront developable land has already been developed. Figure 7 demonstrates that there have been a total of 57 seasonal residential lots created by consent since 2000. Of those, only six (6) seasonal residential lots have been created since 2011. There

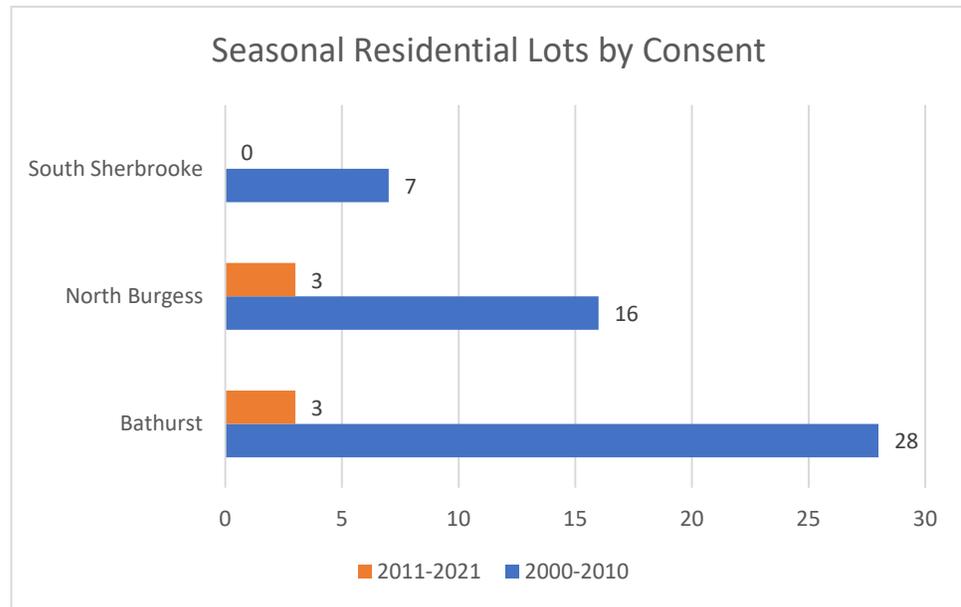


Figure 5: Seasonal Residential Lots By Consent

are however a large number of lot additions and right of way consents granted for seasonal residential areas of the Township.

## 6.0 Vacant Lot Inventory

An effort was made to determine the number of vacant “building lots” within Tay Valley Township. The Township’s GIS system was used to run a tabletop exercise to identify vacant building lots. The methodology focused on the Municipal Property Assessment Corporation (MPAC) property database, which is the primary database for the Township’s GIS system and Property Taxation system. The property database was scanned for:

1. The lands are vacant, as identified with a property code of 100, 101, and 110.
2. The lands are identified as having frontage on an open public road.
3. The lands are between 0.4 ha and 10 ha in size
4. The lands are not within a wetland.

*Table 2: Vacant Lot Inventory*

Total MPAC Vacant Lot Estimate	651
Total 2021 New Home Starts	-60
Total 2021 New Consent Lots	15
<b>Net Total Vacant Lot Estimate</b>	<b>606</b>

When searching for lands with these characteristics, a total of 651 vacant properties within Tay Valley Township were found (Table 2). It is also understood that being vacant does not mean that the lands are “available” to be developed. The number does however provide some insight into the potential number of lots that could be developed throughout the Township.

It is understood that there may be a lag between building permit activity being updated in the MPAC database. In an effort to refine the estimate of vacant building lots, the total number of new home starts for 2021 were removed from the total (i.e., 60 new home starts in 2021). As well, the total number of lots created by consent in 2021 were added into the Total (i.e., 15 new lots created in 2021). This results in an estimate of 606 vacant building lots currently existing in Tay Valley Township as of the end of 2021.

This number is significant when compared to the fact that only 137 vacant lots have been created over the past 11 years, and that 298 new home starts have taken place over the same 11-year period.

Table 3 presents four scenarios estimating the number of years it would take to consume all 606 existing vacant lots. Based on the 10-year average number of new home starts per year of 25 units, the current inventory of vacant lots would last approximately 24 years, without any additional lot creation.

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	Average New Home Starts/Yr	Years Supply of Vacant Lots
2010-2021 Building Permit Yearly Average	25	24
2010-2016 Building Permit Yearly Average	18	33
2017-2021 Building Permit Yearly Average	31	19
2021 Building Permit High	60	10

*Table 3: Vacant Lot Consumption Scenarios*

When you consider the average number of new home starts experienced over the past 5 years the current inventory of vacant lots would last approximately 19 years, without any additional lot creation.

If you projected the 2021 new home start high of 60 dwellings forward on an annual basis, the current inventory of lots would last approximately 10 years without any additional lot creation.

For the purpose of this report, the past five-year trend of new home starts is identified as the preferred scenario for future new home starts. Accordingly, it is assumed that the current inventory of vacant lots are sufficient to accommodate 19 years of development activity for new home starts. This is based on the assumption that all 606 vacant lots are, or would be, available for development over this time period.

It is worth providing a reminder that the Provincial Policy Statement (PPS) directs municipalities to maintain at all times, the ability to accommodate residential growth for a minimum of 15 years. Based on the assumptions noted above, the Township has a 19 year supply of lots to accommodate development, without creating any additional lots.

## 7.0 Affordable Housing Targets

The 2019 “Foundations for the Future: Lanark County’s 10 Year Housing and Homelessness Plan” contains a number of recommendations to address affordable housing in Lanark County. The Plan recognizes that many of the recommended actions are directed to urban municipalities on full municipal services. The Plan does however recommend that all local Official Plans contain targets which require 25% of all new housing to be within “affordable” targets set out in the PPS. What was noted in the Plan was that housing prices have been rising faster than the rate of increases in income.

It is recommended that the Tay Valley Official Plan be updated to include an affordable housing target of 25%. It must be understood that housing in Tay Valley Township cannot achieve the densities of fully serviced settlement areas and therefore it may be challenging to achieve the affordable housing targets. Other initiatives such as additional residential units, encouraging smaller residential buildings, protecting existing housing stock, and encouraging creative building designs are all options currently expressed in the Official Plan and available to encourage more affordable housing.

The most recent reliable figures on which to determine the characteristics of the Township’s housing stock is the 2016 Census. The 2016 Census found that there were:

- 2255 dwellings in the Township classed as permanent residential.
- 92% of permanent dwellings were owner occupied and 8% were rental.
- 98% of all housing was in the form of single detached residential dwellings.
- 69% of the housing stock was occupied by 1 or 2 persons.
- 46% of all houses were constructed prior to 1980, 35% were constructed between 1980 and 2000, and 19% of the housing stock was constructed since the year 2000.

In terms of affordability, the 2016 Census found that the average house was valued at around \$351,000, \$26,000 higher than the Lanark County average. It was also found that 415 households (19%) spent greater than 30% of their household income on shelter. The 60<sup>th</sup> percentile of household income in Tay Valley Township, defines “low- and moderate-income households”. In 2016, the 60% cut off household income was approximately \$45,000. This means that 40% of the households had an income greater than \$45,000 and 60% had less than \$45,000. When the 30% figure is applied to this income, it is estimated that to be affordable to the 60<sup>th</sup> percentile, households should not be spending more than \$13,500 annually on housing or \$1,125 per month.

## 8.0 Growth Related Planning Issues

### 8.1 Rural Residential Development Impacts

As the most dominant form of lot creation in Tay Valley Township, it is important that there is a clear understanding of the impacts of scattered rural residential development created through the consent process. The following summary of the impacts of this form of development is based on several reports and papers specific to scattered rural residential development in a rural Ontario context.

There is a commonly held misconception that rural residential development is desirable, and a revenue generating form of development for the municipality. While it is true that the creation of rural residential lots by consent may represent a positive economic benefit to the original landowner, the home construction industry (contractors and real estate agents) and those providing services to rural residents (snow plowing, firewood etc.), there is a very consistent and compelling body of evidence that suggest this form of development is **not** a positive financial gain for local municipalities.

It has been proven in many jurisdictions over the past 30 years that the increase tax revenue generated by rural residential development does not cover the cost of providing services to the rural residents. The servicing costs are greater than the tax revenue generated, resulting in costs being carried by other forms of land uses (agriculture, commercial, industrial). So, while the creation of rural residential lots and the associated new houses are good for some, they represent a financial liability for local municipalities.

In addition to the financial realities of scattered rural residential development, there are also long-lasting implications on the rural character and natural resources of rural communities. Studies have concluded that the visual aesthetics of the countryside can become degraded with an increase in scattered rural residential development, and it is often the visual impacts of rural sprawl that are most apparent to local residents. The suburbanization of the rural landscape fundamentally changes the rural character of an area (Banford 2014).

The fragmentation of the rural landscape through rural residential development has negative impacts on natural heritage features and wildlife habitat, locally significant agricultural lands, resource industries (forestry and aggregate), and rural recreation pursuits (hunting).

There is also the trend for older retirees to move to the countryside which in turn generates a demand for increased services to support a senior population, including increased emergency services. This in turn can result in increased costs to the local municipalities to provide these services.

Finally, rural residential development is by its very nature one of the most vehicle dependent forms of residential development that exists. While it is obvious that there is an impact on climate change resulting from this form of development and the required use of personal vehicles, there are also increased costs related to improved road maintenance and increased road standards.

This is the situation for consent development along existing public roads. Increasingly, municipalities are being encouraged to authorize the opening up of unopened municipal road allowances to permit the creation of the new lots. It is understood that the “developer” must bring the road up to township standards at their cost and that the Township will assume maintenance responsibilities. Even when the developer builds the road, the cost of maintaining the road will be 2 to 3 times more expensive than the tax revenue generated. All of which suggests that Council must be extremely cautious of rural development proposals that require new services or the extension of services.

In the end, it is advised that the Township view rural residential development as having a net negative impact on municipal finances.

## 8.2 Cottage Conversion Impacts

It is understood that the majority of population growth from waterfront communities will be the result of the conversion of seasonal cottages to permanent, year-round homes. Except for the odd large waterfront lot, there is very little potential for the creation of new waterfront lots. The fact is that the majority of “developable” waterfront lands are already developed.

The impact of cottage conversions to permanent residents is seen by many as a positive occurrence. New people living year-round and contributing to the community is a positive thing to have happen. Typically, there is no significant increase in municipal services, although there may be increases in emergency services and increased landfill demands. There may also be increased pressures for the Township to assume the private roads that provide access to many waterfront properties.

One of the challenges of the conversion of cottages to permanent dwellings is that it often involves the demolition of the existing cottage and its replacement with a new permanent dwelling. This may include the replacement of the septic system as well. This scenario can become a problem when the cottage is located within the flood plain and/or the 30 m water setback zone.

In cases where existing cottages are within the floodplain or 30 m setback, these structures often have “legal non-conforming” rights to continue to exist and be replaced on the same footprint, provided there is no increase in volume or height. This results in a situation where you have a replacement dwelling where the old cottage was located, and there is limited opportunity to **require** the new dwelling to be located outside of the floodplain or 30 m setback. Many jurisdictions have tried to construct policies which require new replacement dwellings to be located outside of the floodplain or 30 m setback where the property owner is voluntarily removing the old cottage and building a new building (i.e. not in response to fire or act of God). There have been a series of Ontario Lands Tribunal (OLT) decisions that have addressed this issue, the most recent being in Rideau Lakes Township. As a result of work done in Rideau Lakes Township, there are a series of recommendations which are designed to improve the planning policies to achieve “net environmental gain” through the cottage conversion process. Efforts should be made to include these recommended policies in the Township’s OP to better manage the negative impacts of cottage conversions.

One of the realities of the cottage conversion exercise is that it often involves the enlargement of the existing cottage, either through an addition or reconstruction. This results in an increase in lot coverage as the 1,000 ft square cottage is replaced by a 2,000 square foot home. This in turn results in the need for an upgrade to the septic system (which is good), but also an overall increase in the density of development on the waterfront property, which if not properly located may result in increased negative impacts on the water resource. Council needs to ensure that there are appropriate policies in the Official Plan and zoning by-law to ensure the cottage conversion process results in “net environmental gain”.

### 8.3 Hamlet Growth Impacts

The eight (8) hamlets of Tay Valley Township are, for the most part, small “cross-roads” settlement areas, some with churches and community halls, others with some limited commercial businesses. They are all serviced by private well and septic systems. The Official Plan acknowledges that each hamlet has a limited amount of vacant land within its boundaries for growth and infill development.

There are two primary issues associated with the growth and development of Tay Valley’s hamlets. The first is the fact that future development will be on private well and septic systems, and there are noted public health and safety issues with concentrating too much development on private services. Detailed hydrogeological and terrain analysis should be required for most hamlet infill development. Health and safety issues associated with increasing the concentration of private services is a concern

Other than one-off severances and minor infilling applications, future development in the hamlets should occur by plan of subdivision. Any subdivision on private services would have a very different look and feel than the historic hamlets. The requirement for lot sizes in the 1 acre plus range would result in a change to the historic hamlet character of the community. Private services also do not result in the most efficient use of land, and therefore the available development lands would not result in a significant number of new lots being established in hamlets.

The topography and location of a number of the hamlets also places a constraint on growth. Hamlets like Maberly, Bolingbroke and Fallbrook are located in areas of very limited soil overburden, rolling terrain, and significant water features, limiting their ability to grow. Others such as Balderson, Glen Tay and Dewitt’s Corners have very good soils, but as a result are areas of significant agricultural activity, limiting growth and development.

## 9.0 Tay Valley Growth Options

When plotting a course to manage growth and development, it is important to appreciate that it is the role of the County to allocate population to the local municipalities. Once the allocation is made by the County, it is the responsibility of the local municipality to determine how best to accommodate the growth.

In the case of the urban areas, they must demonstrate that they have sufficient lands designated Residential and sufficient ability to promote infilling and intensification to accommodate the allocation. In the case of rural municipalities, there are no “strings” attached to the allocation, resulting in a situation where, in most cases, rural municipalities have simply continued with the status quo and have not determined how they should accommodate the proposed growth.

Population growth in Tay Valley Township is currently taking place through four forms of development:

1. Conversion of Cottages to Permanent Homes.
2. Rural Residential Development via Consents.
3. Limited Rural Residential development on lots created by plan of subdivision.
4. Very limited Infill Residential development in Hamlets.

What was evident through survey of Councillors associated with the Official Plan review is that there is a sense that the rural character of Tay Valley is changing through the proliferation of rural residential development. There is a sense that there should be more done to minimize the impacts of this form of development. There was also a desire to see the hamlets strengthen, however, it is understood that private services restrict the density of development that historic hamlets can support.

The conversion of cottages to permanent homes brings with it its own challenges, including that many of the conversions are accessed by private roads which present challenges for emergency vehicle access. It is common for the conversion of the cottage to actually involve the demolition and replacement of the cottage with a modern year-round dwelling. At the very least, there are often significant renovations to the existing cottages to convert them to year-round residences. It is also understood that a significant portion of the existing cottages are located within the 30-metre setback from water and have legal non-conforming rights that make it challenging to ensure “net environmental gain” with the redevelopment of the cottage property.

Despite having a policy that permits plans of subdivision up to 25 lots without an amendment to the Official Plan, there have been only two new subdivisions proposed in the Township over the past 20 years, none in the last 5 years.

### 9.1 Growth Management Options

Broadly speaking there are three possible options for the Township to consider in responding to the question of “where does growth go?” These include the status quo, tweaking of the current policies, or undertaking a new growth strategy that represents a fundamental shift in how growth is accommodated. The following presents an outline of these options for Council’s consideration.

### 9.1.1 Status Quo

The status quo option would see the current growth-related policy context of the Official Plan remain as it is now, including the maintenance of the January 1, 1991 effective date for lots created by consent. There would be no change in the policies regulating the conversion of cottages or policies related to expansion or enlargement of legal non-conforming uses. There would be no change in the boundaries of the existing hamlets. There would be no change in the three lots permitted from a holding as of January 1, 1991.

It is anticipated that this option would see a continuation of severances along township roads. It is projected that there would be a gradual decline in the number of consents per year as the number of qualifying properties that have not had their three severances is reduced. The Township has kept the 1991 effective date in place for the last five years, and as a result there are signs of a decrease in volume of consent applications due to a reduction in the qualifying properties.

The Status Quo would also see the continuation of cottage conversions to permanent residents under the current policy regime. There would be no attempt to revise the legal non-conforming policies, to ensure the adverse effect of such conversions on the natural environment is minimized.

The current Hamlet boundaries would remain as now expressed.

The cluster lot and subdivision development policies would remain as currently stated.

### 9.1.2 Tweaking of Current Policies

The Council has the option, through the Official Plan Update process, to revise the current growth-related policies to reflect the desired direction of Council.

#### **Consent Policies**

The Council has the option of revising the January 1, 1991, date for lots created by consent, or by changing the number of lots created as per the effective date. If Council chose to move the date forward, there would be an increase in the number of properties that qualify for new lot creation, thereby increasing the potential number of consent lots created per year (not recommended).

Council also has the option of changing the number of lots created as per the effective date. Currently three lots are permitted since the effective date. If the number was increased there would be a corresponding increase in the number of properties that qualify for new lot creation, thereby increasing the potential number of consent lots created per year (not recommended).

Council could also decrease the number of lots per the effective date. This would result in fewer properties qualifying for lot creation, and as a result would likely result in an overall reduction in the number of lots created by consent.

Council also has the opportunity to modify the current consent policies. One option would be to define "strip development" which is common in many Official Plans. With a clear definition of

“strip development” staff and Council would be in an improved position to minimize the amount of strip development taking place.

Council could also modify the current consent policies to require a financial impact analysis that demonstrates the “Township” cost/benefit for new lots by consent. Along the same lines, the Township could modify the current consent policy to discourage new lots being created on unopened road allowances and the extension of municipal services, to support new development unless it is proven that there will be no negative financial impact on the Township.

Council could also establish more robust consent policies which speak to the need to screen development from view or increased setbacks from Township roads. Additionally, Council could require that all development of all new lots be subject to site plan control, providing a mechanism to ensure compliance with the respect for rural character.

Recognizing that there is already a very significant inventory of vacant building lots within the Township, a consent policy that would allow one lot at a time to be created and that the second and third lots could not be considered until such time as the first lot is developed could be beneficial. This would slow down the increase in vacant lot inventory and ensure new lots that are created are actually built upon.

### **Cottage Conversion Policies**

The Township’s policies regarding cottage conversion are very good. They require frontage on a private road of a standard that allows for emergency vehicle access, suitable septic system, and that the property be zoned “Limited Service Residential.” That said, the legal non-conforming policies could be improved to better reflect the issues that should be addressed with waterfront cottage conversion and the importance of enhancing the natural environment and obtaining net environmental gain. There may also be a benefit of procedural guide that sets out the process for conversion and educates the public on the “how to” of cottage conversion. This would benefit staff as well as the property owners considering such a change. Finally, there should be enhanced monitoring of waterfront conversions through the building permit and tax rolls to ensure that all conversion properties are captured and identified, and the Township continues to monitor this form of development.

**Promotion of Cluster Lot and Subdivisions:** The Township’s Official Plan permits subdivision and cluster lot development. Through the subdivision and cluster lot approval processes, there is the ability to better address issues related to stormwater, accumulative impact of private services, buffers and landscaping, and neighbourhood impact. Policies could be introduced that promote subdivisions and cluster lot development as the preferred source of lot creation. This might result in a modest increase in subdivisions or cluster lot activity. It must be understood that as long as there is a good supply of lots created by consent it will be difficult to incentivize the creation of new lots by subdivision or cluster lot. One option could be to encourage subdivisions or cluster lot developments where there have been the previous three lots by consent created.

#### 9.1.3 New Growth Strategy

There are not many rural or new growth options available to the Township, especially given the lack of municipal sewer and water services in the Township's settlement areas. There are however a couple of options that are worth debate and consideration.

### **New Growth Centre**

The one option that could be considered is to consolidate all the vacant lands located within the eight hamlets in the Township into one hamlet and establish policies to encourage that one enlarged Hamlet to develop. Currently each hamlet has a certain amount of vacant land designated to allow for modest amount of growth and infill development within the Hamlets. It is estimated that there is over 60 ha (148 acres) of vacant lands within the hamlets that have capacity to support growth.

Provided there is no net increase in the amount of land designated "Hamlet", the Township could consolidate this "growth capacity" and direct it to one of the Hamlets that have the greatest capacity to grow (i.e., good soils, large blocks of land, closest to urban markets). By doing so the Township could create a new growth centre that would be able to accommodate new residential development in a planned, coordinated manner. It would also be possible to promote/incentivize the development of this new growth centre through various means.

It is understood that by doing so, there would be a new limit to growth placed on the Hamlets that were decreased in size. This may be seen as a hardship for some and a loss of development rights, however given the static nature of the growth of the hamlets it is unlikely to be a major issue.

If the Hamlet consolidation effort was pursued, it is also recommended that consideration be given to encouraging the use of communal servicing options to increase density and maximize the use of the land – it would also allow for lot sizes that are similar to the current hamlet lot sizes and therefore would have the potential to have a similar look and feel as the historic hamlets. This action does not require a comprehensive review, provided there is not net increase in the amount of land designated for development within the hamlets. This option would require additional work to conduct the detailed assessment of the individual hamlets, their vacant lands, proposed new boundaries, potential servicing constraints, and selection of preferred hamlet(s) to grow. All of this work would require an official plan amendment and require significant community consultation.

It is very important to understand that in the end, the Township only has the ability to establish the planning policies. It will be necessary to attract an individual/property owner who is interested in developing their property consistent with the Township's direction and a developer to undertake the project.

It is recommended that if this option is pursued by Council, that there also be considerations given to a reduction in the number of lots currently being created by consent. This is based on the concept that as long as there is a good supply of lots created by consent it will be difficult to incentivize the creation of lots by subdivision or cluster lot.

**Moratorium On Consent Lots:** Given the fact that there are approximately 600 vacant lots of record existing within the Township with the potential to be developed for residential purposes,

the Township could put a moratorium on the creation of new lots created by consent. This would allow the current inventory of lots to be developed over time, and the true impact of the inventory on the rural character and financial position of the Township to be known prior to creating new lots by consent. The Council should continue to promote the creation of lots by cluster lot and subdivision development. By reducing the supply to lots by consent, there may be sufficient market forces to encourage more subdivision or cluster lots development.

If chosen, the moratorium could be in place for a five-year period. During that period the Township should carefully monitor development activity and the impact of the moratorium.

When considering this option Council must be aware of the potential impact that such a moratorium might have on housing affordability. The law of supply and demand assists in keeping the price of rural lots modestly priced. However, as the supply of available lots is decreased there is a strong likelihood that the price for the remaining vacant lots will increase above and beyond normal market changes. This could have an impact on the overall affordability of new housing in the Township. The most recent figures would suggest that the average house prices in Tay Valley Township are higher than the County average.

## 10.0 Recommendations

The Tay Valley Official Plan recognizes that the Township does not have the same ability to accommodate growth that fully serviced urban areas have. The policies also recognize that commercial and industrial development provides a much more positive financial impact than residential development. That said, the Township is a very desirable place to live and work and has experienced a recent surge in new home starts. It is anticipated that the Township will continue to be attractive, especially as telecommunication infrastructure improves and facilitates the current work from home trend.

It is the recommendation of this Report that Option 2, Tweaking Current Policies, be considered the preferred option for the Township at this time. This would see a tightening of the current consent policy, expansion of the legal non-conforming policies related to waterfront development and more of a promotion of the subdivision and cluster lot development options.

In the end, it is recommended that TVT not focus on residential development and that this sector is left to the urban areas which can achieve density and mix of housing encouraged by the PPS. The Township should not be in a rush to create more rural residential lots, but rather, undertake a more thoughtful placement of lots that do not negatively impact the rural character of the area.

With regards to affordable housing targets, it is recommended that the Township incorporate policies which would encourage 25% of future housing to be affordable.