

Memorandum

To	Aaron Hair and Tammie Ryall
From	Gary Scandlan and Daryl Abbs
Date	July 29, 2022; revised February 2, 2023
Re:	Community Benefits Charge Feasibility Assessment – revised subsequent to Bill 23

Fax

Courier

Mail

Email

This memorandum is being provided to summarize Watson & Associates Economists Ltd. (Watson)'s findings of the Municipality of Lakeshore's (Municipality) Community Benefits Charge (C.B.C.) feasibility assessment.

1. Introduction

Historically, there was minimal high-density development in the Municipality, however, recently there has been an increase in demand for these units. As the new C.B.C. legislation provides for a potential charge that only applies to high-density development, the Municipality has retained Watson to undertake an assessment of the feasibility of imposing a C.B.C. This memo outlines the following:

- Relevant legislation to the C.B.C.;
- The overall approach to the calculation of the charge;
- The Municipality's growth forecast over the 10-year forecast period. This forecast is used to determine potentially eligible development to be included in a C.B.C.;
- Estimated land values for the C.B.C. funding envelope;
- High-level calculations to determine the capital funding envelope based on the maximum 4% allowable as per the *Planning Act*;
- Sensitivity testing of the calculations; and
- Next steps/considerations for Municipal staff.

2. Legislative Context

2.1 Bill 197 – *COVID-19 Economic Recovery Act, 2020*

The *COVID-19 Economic Recovery Act* received Royal Assent on July 21, 2020. Schedule 3 of the Act amends the *Development Charges Act* (D.C.A.) and Schedule 17 amends the *Planning Act* (including amendments to community benefits and the



alternative rate of parkland dedication). These amendments replace those sections not proclaimed under the *More Homes, More Choice Act* (Bill 108).

The *COVID-19 Economic Recovery Act* amendments in Schedules 3 and 17 were proclaimed and came into effect on September 18, 2020. In regard to the C.B.C., eligible municipalities have two years after the date of proclamation (i.e., September 18, 2022) to transition to the new rules and pass a C.B.C. by-law if they wish to impose these charges.

D.C.A. Amendments:

Changes to Eligible Services – the amendments reframe the context of the D.C.A. from a tool to fund services that are not defined as "ineligible," to only include "eligible" services for which development charges (D.C.s) may be imposed. Eligible services include:

- Water supply services, including distribution and treatment services;
- Wastewater services, including sewers and treatment services;
- Storm water drainage and control services;
- Services related to a highway;
- Transit services;
- Waste diversion services;
- Policing services;
- Fire protection services;
- Ambulance services;
- Public library services;
- Long-term care services;
- Parks and recreation services;
- Public health services;
- Child-care services;
- Housing services;
- Services related to proceedings under the Provincial Offences Act; and
- Emergency preparedness services.

C.B.C. Amendments:

As per section 37 (5) of the *Planning Act*, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or parkland dedication by-law. Hence, the services provided under the C.B.C. would be defined as follows:

- (a) land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the *Planning Act*;
- (b) services not provided under section 2 (4) of the D.C.A. (as noted above); and



- (c) capital costs for eligible D.C. services that are not intended to be funded under the Municipality's D.C. by-law.

Single-tier and lower-tier municipalities may impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. As noted above, there are no restrictions on the services that may be included in the charge, with the exception of capital costs included under a D.C.A. by-law or parkland dedication by-law. There are, however, restrictions on the application of the charges, i.e., a C.B.C. may NOT be imposed with respect to:

- development or redevelopment of fewer than 10 residential units, and in respect of buildings or structures with fewer than five storeys;
- a building or structure intended for use as a long-term care home;
- a building or structure intended for use as a retirement home;
- a building or structure intended for use by a university, college, or an Indigenous Institute;
- a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion;
- a building or structure intended for use as a hospice to provide end-of-life care; or
- not-for-profit housing.

O. Reg. 509/20 specifies that a maximum charge of 4% of the value of land at the time of building permit issuance may be imposed. Prior to adopting a C.B.C. by-law the municipality must undertake a C.B.C. strategy (report) and follow the required public process. The C.B.C. by-law is appealable to the Ontario Land Tribunal (O.L.T.).

2.2 Bill 109 – *More Homes for Everyone Act, 2022*

The *More Homes for Everyone Act, 2022* received Royal Assent on April 14, 2022. Schedule 5 of the Act amends the *Planning Act* with respect to C.B.C. by-laws. New subsections 37 (54) to (59) require that Council must pass a resolution on whether a revision to the C.B.C. by-law is needed at least every five years from the date the by-law was first passed.

The municipality must review the by-law and determine whether there is need for a revision and requires that municipalities shall consult with such persons and public bodies as appropriate. The municipality must give notice of the passing of the resolution within 20 days on the website of the municipality.

If Council does not pass a resolution within the five years, the by-law is deemed to expire.



2.3 Bill 23 – More Homes Built Faster Act, 2022

On November 28, 2022, the Province passed Bill 23, More Homes Built Faster Act which provided for changes to a number of pieces of legislation including the *Planning Act*. The changes with respect to C.B.C.s are as follows:

- **New statutory exemptions:** To align with changes to the Development Charges Act and the Planning Act with respect to parkland dedication, affordable residential units, attainable residential units, and inclusionary zoning residential units will be exempt from the payment of C.B.C.s., with definitions provided as follows:
 - Affordable Residential Units (Rented): Where rent is no more than 80% of the average market rent as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
 - Affordable Residential Units (Ownership): Where the price of the unit is no more than 80% of the average purchase price as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
 - Attainable Residential Units: Excludes affordable units and rental units; will be defined as prescribed development or class of development and sold to a person who is at “arm’s length” from the seller.
 - Inclusionary Zoning Units: Affordable housing units required under inclusionary zoning by-laws.

The exemption is proposed to be implemented by applying a discount to the maximum amount of the C.B.C. that can be imposed (i.e., 4% of land value, as specified in section 37 of the Planning Act). For example, if the affordable, attainable, and/or inclusionary zoning residential units represent 25% of the total building floor area, then the maximum C.B.C. that could be imposed on the development would be 3% of total land value (i.e., a reduction of 25% from the maximum C.B.C. of 4% of land value).

Note, these exemptions are not currently in force, however, may be implemented at a future date upon proclamation of regulations to the Development Charges Act (i.e. O. Reg 82/98).

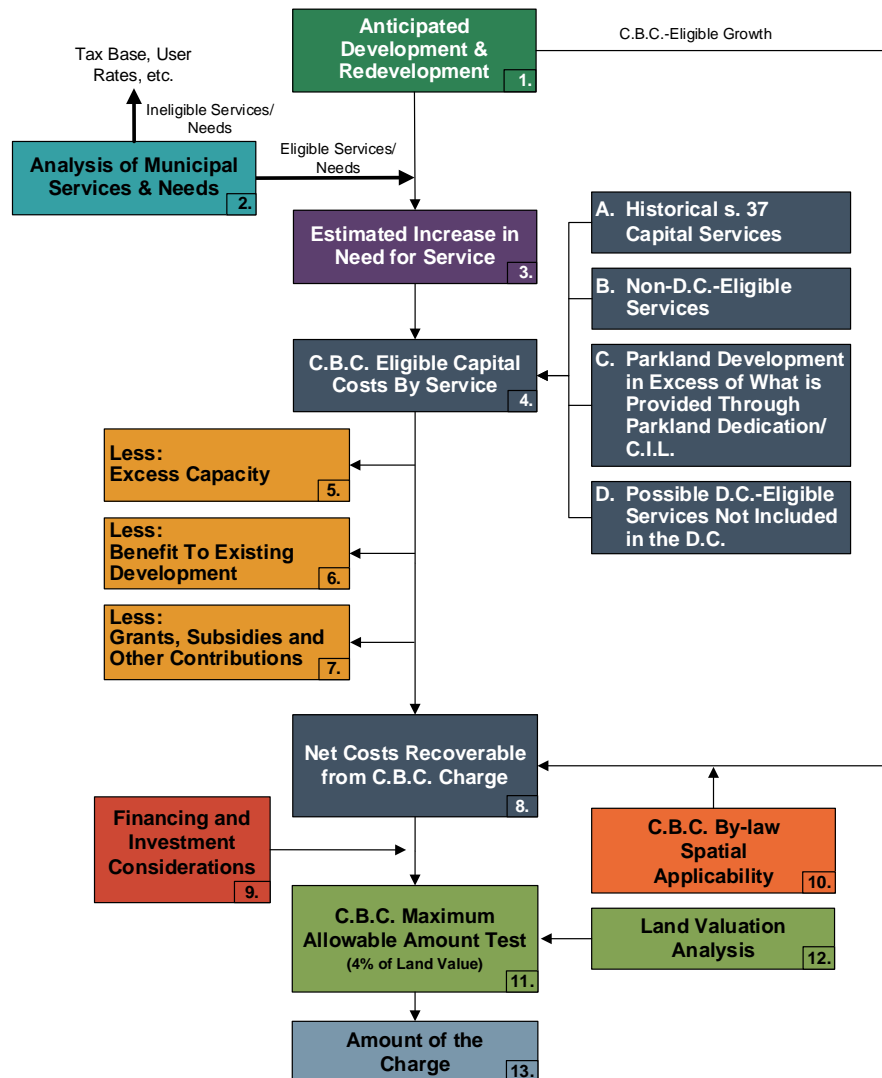
- **Limiting the Maximum C.B.C. in Proportion to Incremental Development:** Where development or redevelopment is occurring on a parcel of land with an existing building or structure, the maximum C.B.C. that could be imposed would be calculated based on the incremental development only.



3. The Approach to the Calculation of a C.B.C.

The following sections summarize the requirements of subsection 37(9) of the *Planning Act* and sections 2 and 3 of O.Reg. 509/20 with respect to the establishment of the need for service which underpins the C.B.C. calculation. These requirements are illustrated schematically in Figure 3-1 and are briefly described as follows:

Figure 3-1
The Process of Calculating a C.B.C. under the *Planning Act*



- **Anticipated Development and Redevelopment:** The forecast provides for the anticipated overall growth within the Municipality over a 10-year (2022 to 2032) time horizon and then estimates the residential units eligible to be considered as per section 37 (4) of the *Planning Act*. Note, a 10-year time horizon was selected



for the purposes of this feasibility assessment, however, there is no specified time horizon provided in the *Planning Act*. A longer-term sensitivity analysis is also provided herein to recognize the potential for more high density development once servicing is provided to the western portion of the municipality.

- **Services Potentially Involved** - As per section 37 (5) of the *Planning Act*, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or parkland dedication by-law. Hence, the services provided under the C.B.C. would be defined as follows:
 - land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the *Planning Act*.
 - services not provided under section 2 (4) of the D.C.A.
 - capital costs for eligible D.C. services that are not intended to be funded under the Municipality's D.C. by-law.
- **Increase in Need for Service** - Similar to a D.C., the C.B.C. calculation commences with an estimate of "the increase in the need for service attributable to the anticipated development," for eligible services to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service
- **Capital Forecast** - Section 37 (2) of the *Planning Act* provides that, "The council of a local municipality may by by-law impose community benefits charges against land to pay for the capital costs of facilities, services and matters." The Act does not define what capital costs may be included within the charge. The Act provides that the C.B.C. could include capital costs for eligible D.C. services that are not intended to be funded under the Municipality's D.C. by-law. This provision suggest that capital costs may be defined in an equivalent manner as the D.C.A.
- **Deductions** - Section 2 of O. Reg. 509/20 potentially requires that three deductions be made to the capital costs estimates. These relate to:
 - excess capacity;
 - benefit to existing development; and
 - anticipated grants, subsidies, and other contributions.

The requirements behind each of these reductions are addressed below.

- Reduction for Excess Capacity - Section 2 (c) of O. Reg. 509/20 requires the identification of the excess capacity that exists in relation to the facilities, services and matters referred to in clause 2(b) suggesting the need for a potential deduction to the capital. "Excess capacity" is undefined, but in this case, the excess capacity must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction.
- Reduction for Benefit to Existing - Section 2 (c) of O. Reg. 509/20 of the *Planning Act* provides that the capital estimates identify extent to which an increase in a facility, service or matter referred to in clause 2 (b) of the



regulation would benefit existing development. The general guidelines used to consider benefit to existing development included:

- the repair or unexpanded replacement of existing assets that are in need of repair;
 - the elimination of a chronic servicing problem not created by growth; and
 - providing services where none previously existed (for example, extending garbage pickup to the rural area which previously did not receive the municipal service).
- Reduction for Anticipated Grants, Subsidies and Other Contributions - This step involves reducing the capital costs by capital grants, subsidies, and other contributions made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development.
 - **Municipal-wide vs. Area Rating** - This step involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Unlike D.C.s, there is no mandatory requirement to consider area rating of services (providing charges for specific areas and services).
 - **Land Valuation Analysis** - To facilitate the rate calculation, an estimate of the market value of the land related to the anticipated applicable development/redevelopment needs to be undertaken. It is noted that the land values may vary based on a number of factors including location, zoning density, parcel size, etc., however, these values should estimate the land value the day before building permit issuance. This data may be available from municipal staff, or the municipality may consider engaging the assistance of a land appraiser.
 - **Calculation of the Community Benefit Charge** - Section 37(32) of the *Planning Act* provides that the maximum charge which can be imposed is prescribed by the regulations. O. Reg 509/20 section 3 provides that the maximum charge is to be 4%. To calculate the rate, the net capital cost divided by the land values related to the anticipated applicable development/redevelopment produces a percentage of the capital cost to the land value. The product of this calculation provides for the eligible rate. As noted above, the maximum rate to be imposed is 4%; hence, the rate can be any rate between 0% and 4%.

4. C.B.C. Feasibility Assessment

4.1 Approach to the Feasibility Assessment

Before undertaking a detailed C.B.C. strategy, a high-level feasibility assessment may be undertaken to ascertain the potential revenues that may be received from a C.B.C. This analysis will provide the Municipality with a high-level estimate which will assist Council and staff in determining if undertaking a C.B.C. strategy and implementing a by-



law is appropriate at this time. The following subsections provide the details of the feasibility calculation, which is undertaken generally as follows:

1. Estimation of the anticipated eligible high-density development;
2. Estimation of land values in the municipality;
3. Estimation of the total land value for which a C.B.C. may be imposed; and
4. Applying the maximum 4% charge to the potential lands.

The result of the analysis is a potential revenue which may be received by the Municipality over the 10-year forecast period, if a C.B.C. were to be imposed.

4.2 Anticipated Development

The C.B.C. growth forecast has been derived by Watson. The growth forecast utilized herein builds on growth assumptions established in the Town of Lakeshore Employment Lands Strategy, Phase 1 Final Report, January 2020. In addition to this study, the following information sources were consulted:

- Town of Lakeshore Development Charge Background Study, October 7, 2020;
- Town of Lakeshore Official Plan (Approved by the O.M.B. November 22, 2010);
- County of Essex Official Plan (Approved by MMAH April 28, 2014);
- Historical residential and non-residential building permit data over the 2012 to 2021 period; and
- Residential supply opportunities as provided by municipal staff.

4.2.1 Summary of Growth Forecast

An analysis of the residential and non-residential growth forecasts is provided in Appendix A. As identified in Appendix A, *Schedule 1*, permanent population in Lakeshore is anticipated to reach approximately 44,250 by mid-2032, resulting in an increase of approximately 3,340 persons over the mid-2022 to mid-2032 forecast period.¹ Further to this population growth, the following growth trends can be observed:

- Based on the above indicator, the longer-term household growth forecast for the Municipality is comprised of a unit mix of 75% low density units (single-detached and semi-detached), 9% medium density (multiples except apartments) and 16% high density (bachelor, 1-bedroom and 2-bedroom apartments).
- High-density units in the Municipality are forecast to increase by approximately 280 C.B.C.-eligible household units over the 10-year forecast period. This translates to 80% of all high-density units, including accessory apartments, being C.B.C. eligible from mid-2022 to mid-2032. *Schedule 1* in Appendix A

¹ The population figures used in the calculation of the 2022 C.B.C. exclude the net Census undercount, which is estimated at approximately 2.8%.



summarizes the anticipated amount and type of development for the Municipality over the 10-year forecast period.

- Total employment, including work at home and N.F.P.O.W. for the Municipality is anticipated to reach approximately 18,480 by mid-2032. This represents an employment increase of approximately 3,010 over the forecast period.

Based upon the above information, the following summaries are provided for use in the calculations presented in the following sections, as follows:

- Of the services the Municipality could provide under a C.B.C., most service costs would be allocated a 59% residential share (Table 4-1);
- Of the residential portion of the costs, 9% of the population is forecast to reside in high-density residential units (Table 4-2); and
- Of those who reside in high density residential units, 80% are forecast to reside in units to which the C.B.C. may be imposed (Table 4-3).

Table 4-1
Municipality of Lakeshore
Residential and Non-Residential Growth Share Based on Incremental Growth in
Population and Employment over the 10-Year Forecast Period

Residential Population and Non-Residential Employment Growth	Population/ Employment	Residential/ Non- Residential %
Residential Net Population Growth	3,339	59%
Employment (net of Work at Home & N.F.P.O.W.)	2,321	41%
Total Population and Employment	5,660	100%

Table 4-2
Municipality of Lakeshore
Low/Medium Density Growth and High-Density Growth Share

Residential Density	Residential Population	% of Gross Population in New Units
Low/Medium Density	6,024	91%
High Density	563	9%
Total Residential Forecast	6,587	100%



Table 4-3
Municipality of Lakeshore
Eligible and Ineligible High-Density Growth Share

Residential High Density	Residential Population	High-density Units	% of Gross Population in High Density Units
Eligible High Density	451	283	80%
Ineligible High Density	112	70	20%
Total Residential High Density Forecast	563	353	100%

4.3 C.B.C. Eligible Land Area

As noted above, the total number of eligible C.B.C. units is anticipated to be 283 over the 10-year forecast period. In determining the potential funding envelope (discussed further in section 4.5), an estimate of the total applicable land area must be undertaken. Through discussions with staff regarding recent high-density developments, as well as a review of densities in recent high-density development applications, an average units per acre of 30 was used for the C.B.C. eligible units. When applied to the anticipated 283 eligible units, this provides an estimated total land area of 9.4 acres.

4.4 Land Valuation

As the C.B.C. rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed in various locations throughout the Municipality where the development and redevelopment is anticipated. These land values assist in calculating the eligible C.B.C. rate (up to a maximum of 4%).

For the purposes of this high-level calculation, and in the absence of data from the Municipality or an accredited appraiser, a review of vacant residential properties for sale available on Realtor.ca as of May 10, 2022 was undertaken. A summary table of the vacant properties reviewed is provided in Table 4-4 below. Based on the properties surveyed, the average sales price of urban vacant residential land is approximately \$760,000 per acre. It is noted that for the purposes of a full C.B.C. strategy and by-law, detailed appraisal data from an accredited appraiser on vacant high-density land would be preferred in order to provide the most defensible calculation.



Table 4-4
Municipality of Lakeshore
Survey of Sales Prices for Vacant Lots Available on Realtor.ca

Address	Area of Municipality	Type of Property	Serviced?	Sale Price	Property Size (acres)	Sale Price per Acre
1020 Major Street	Belle River	Vacant Residential	Fully Serviced	395,000	0.15	2,610,000
7119 Tecumseh Rd	Stoney Point	Vacant Residential	Fully Serviced	1,299,000	1.96	660,000
14980 Couture Beach	Lighthouse Cove	Vacant residential	Fully Serviced	750,000	1.02	730,000
VL Island Crescent	Lighthouse Cove	Vacant residential	Yes (at road)	174,900	0.31	560,000
Total				2,618,900	3.45	760,000

For the purposes of calculating the total land value potential for high-density development in the Municipality, the estimated sale price per acre is applied to the total eligible area of 9.4 acres. The estimated total acres are multiplied by the average land value to determine a total land value which would be used as the denominator in the C.B.C. calculation. Table 4-5 provides for these calculations. An estimated 9.4 acres of eligible high-density growth is anticipated over the 10-year forecast period which provides for a total land value estimated at approximately \$7.17 million.

Table 4-5
Municipality of Lakeshore
Summary of Eligible High-Density Growth and Total Land Value

Total C.B.C. Eligible Units	Average Units Per Acre	Estimated Total Acres	Average Land Value Per Acre	Total Land Value
283	30	9.4	\$760,000	\$7,169,000

4.5 Potential Funding Envelope

Based upon the above calculations, the maximum C.B.C. revenue to be received is based upon 4% of the land value of eligible high-density development. As presented in Table 4-6, the maximum amount to be received is \$286,800 over the next 10 years.

Table 4-6
Municipality of Lakeshore
Anticipated C.B.C. Funding Recovery

Total C.B.C. Eligible Units	Average Units Per Acre	Estimated Total Acres	Average Land Value Per Acre	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
283	30	9.4	\$760,000	\$7,169,000	4%	\$286,800



4.6 C.B.C.-Eligible Cost Analysis

This section outlines the basis for calculating eligible costs to be recovered through C.B.C.s. In each case, the required calculation process set out in O.Reg. 509/20 section 2 (a) through (f) to the *Planning Act* and described in Section 3 is followed in determining C.B.C.-eligible costs.

4.6.1 Allocation of Costs to Eligible High-Density Growth

If the Municipality were to proceed with a full C.B.C. Strategy, C.B.C.-eligible projects would need to be identified for inclusion in the calculation. At this high-level stage, specific capital projects are not identified, however, the following discussion provides for the estimated costs that would be required in order for the Municipality to impose a 4% charge.

For capital costs that could be recovered through the C.B.C., the net costs (after deductions related to excess capacity, benefit to existing development, and grants, subsidies, or other contributions) would be allocated based on the following:

- The first step is to allocate the net costs between residential and non-residential growth based on the following:
 - Net costs for certain services (e.g. parking services, general administration space, planning related studies, etc.) may be apportioned between residential and non-residential growth (Table 4-1) based upon the relation between population and employment;
 - Similar to the Municipality's D.C. background study, services such as culture, museums, parkland acquisition, etc. would be apportioned 95% residential and 5% non-residential, as the predominant users of these services tend to be residents of the Municipality;
 - Costs related to the C.B.C. strategy would be apportioned 100% to the residential sector.
- The costs associated with residential growth would then be further apportioned between low/medium density growth and total high-density growth anticipated over the forecast (Table 4-2).
- The costs associated with the total high-density growth would then be apportioned to eligible growth (i.e., buildings with a minimum of five storeys and a minimum of 10 residential units) and ineligible growth (Table 4-3).

Figure 4-1 provides a flowchart of the shares that would be assigned to services such as parking, general administration space, etc. Based on Tables 4-1 through 4-3, the allocations between the total growth anticipated over the forecast period would result in 4% of the net growth-related costs being eligible for recovery through the C.B.C.

Figure 4-2 provides a flowchart of the shares that would be assigned to services such as culture and parkland services. As the predominant users of culture and parkland



services tend to be residents of the Municipality, the growth-related costs for these services would be allocated 95% to residential and 5% to non-residential. Based on the growth forecast, 7% of net growth-related costs would be eligible for recovery through the C.B.C.

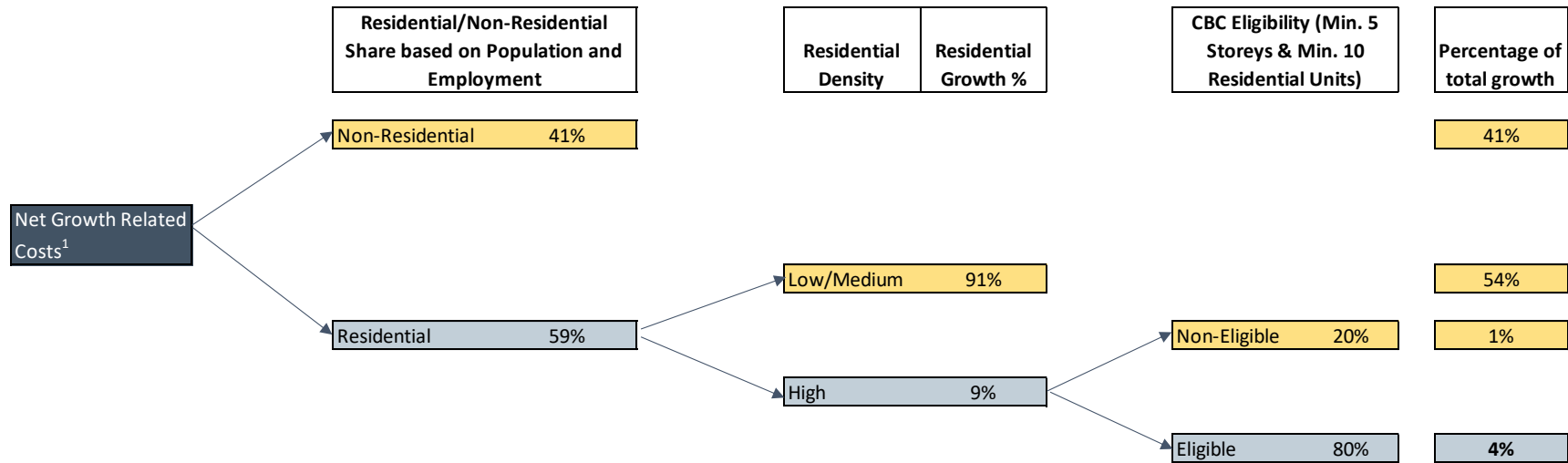
For costs related to undertaking a full C.B.C. strategy, 100% of the costs would be attributable to the eligible high-density growth as the C.B.C. is not applicable to other forms of development.

4.6.2 Summary of C.B.C.-Eligible Cost Analysis

If the Municipality were to proceed with a full C.B.C. strategy, growth-related capital needs would need to be identified and allocated amongst all types of growth to calculate the amount that is associated with eligible high-density units. Based on the above, the Municipality would need to identify between \$4.4 to \$7.1 million in net growth-related costs (after deductions for excess capacity, benefit to existing, and anticipated grants, subsidies, and other contributions), depending on the services included in order to impose the maximum 4% charge.



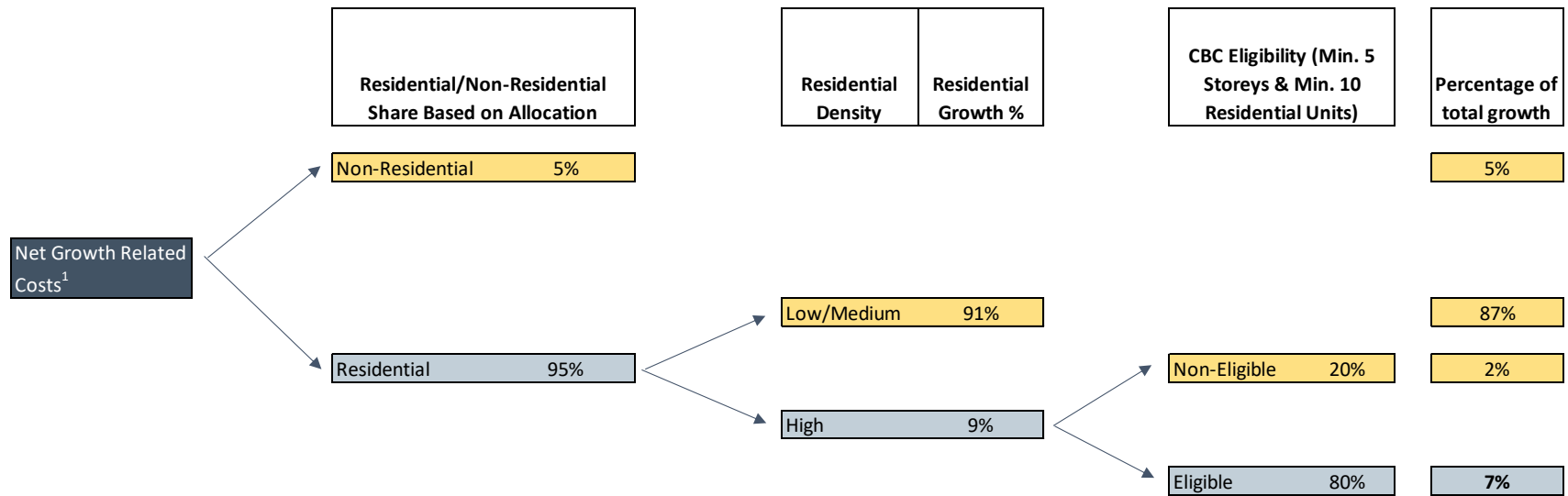
Figure 4-1
Municipality of Lakeshore
Growth Shares for Municipal-Wide Services



¹ Net Cost is net of deductions for Benefit to existing, excess capacity, grants, subsidies, and other contributions, etc.



Figure 4-2
Municipality of Lakeshore
Growth Shares for Services Such as Culture and Parks



¹ Net Cost is net of deductions for Benefit to existing, excess capacity, grants, subsidies, and other contributions, etc.



4.7 Sensitivity Testing

Based on the release of 2021 Census data, the Municipality has reached a population of 40,910. A population of 41,000 was anticipated in the year 2031, based on the County's current Official Plan. The County is currently in the process of updating its Official Plan which will provide updated growth targets for the Municipality.

Given the actual population growth has surpassed previous targets, and the Municipality continues to experience rapid population growth with an increasing trend towards high density development, a sensitivity test was undertaken to determine what potential revenues the Municipality could collect if higher growth was experienced. For the purposes of this sensitivity test, 1,000 C.B.C. eligible units were utilized for the 2022-2032 period (rather than 283 eligible units).

In addition to the eligible units, this sensitivity test also varied the land value. The land value utilized in the analysis above was based on a survey of vacant residential land across the Municipality, likely to be zoned for low and medium density residential development. Given that land zoned for high density development tends to have a higher value, a value per acre of \$1 million was utilized in this test. This value is based on the sale price of high-density vacant lands in neighbouring municipalities, adjusted for location.

The average units per acre were also increased from 30 units per acre to 50 units per acre, based on observations from other municipalities of similar size.

Based on the above adjustments, Table 4-7 provides for the updated C.B.C. funding envelope calculation. Utilizing these assumptions, the maximum potential C.B.C. revenue the Municipality could collect would be approximately \$800,000. In order to impose the 4% charge on eligible development, the Municipality would need to identify between \$12.3 million and \$19.8 million in net growth-related projects.

Table 4-7
Municipality of Lakeshore
Anticipated C.B.C. Funding Recovery – Sensitivity Test

Total C.B.C. Eligible Units	Average Units Per Acre	Estimated Total Acres	Average Land Value Per Acre	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
1,000	50	20	\$1,000,000	\$20,000,000	4%	\$800,000



5. Next Steps and Areas for Further Consideration

With respect to next steps, Municipal staff may consider the analysis provided in the above sections to determine whether a full C.B.C. strategy and by-law is to be pursued. If the Municipality were to proceed with undertaking a full strategy the following is recommended:

- The Municipality should consider retaining an accredited appraiser to provide land value estimates to assist with the implementation of a full C.B.C. strategy, given that the land values provided herein are based on a survey of vacant land sale prices and are not necessarily indicative of the value of high-density land the day before building permit issuance. Retaining an appraiser would provide for a more defensible C.B.C. strategy in determining the denominator of the C.B.C. calculation.
- If a full strategy were to be undertaken, it is also suggested that a review of land values and densities across the Municipality be undertaken. Based on the geography of an area, the land value and density of the development can vary significantly. Allocation of the growth forecast into separate areas (e.g. Lakeshore West/Manning Road, Wallace Woods, Belle River, Stoney Point, Comber, etc.) and applying different assumptions to each area will provide for a more accurate estimate of the C.B.C. calculation.

We trust that the information provided in this memo is useful and we would be pleased to discuss further.



Appendix A

Background Information on Residential and Non- Residential Growth Forecast



Schedule 1 Municipality of Lakeshore Residential Growth Forecast Summary

Year	Population (Including Census Undercount) ¹	Excluding Census Undercount			Housing Units					Person Per Unit (P.P.U.): Total Population/ Total Households	CBC Eligible Apartment Units	
		Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi-Detached	Multiple Dwellings ²	Apartments ³	Other	Total Households			
Historical	Mid 2006	34,160	33,245	160	33,085	11,130	235	215	50	11,630	2.859	
	Mid 2011	35,500	34,546	241	34,305	11,573	332	181	245	12,331	2.802	
	Mid 2016	37,620	36,611	246	36,365	12,330	360	220	265	13,175	2.779	
	Mid 2021	41,520	40,410	272	40,138	13,450	425	235	270	14,380	2.810	
Forecast	Mid 2022	42,040	40,910	276	40,634	13,633	496	235	265	14,629	2.797	
	Mid 2032	45,470	44,249	522	43,727	15,315	710	588	265	16,879	2.622	
Incremental	Mid 2006 - Mid 2011	1,340	1,301	81	1,220	443	97	-34	195	701		
	Mid 2011 - Mid 2016	2,120	2,065	5	2,060	757	28	39	20	844		
	Mid 2016 - Mid 2021	3,900	3,799	26	3,773	1,120	65	15	5	1,205		
	Mid 2021 - Mid 2022	520	500	4	496	183	71	0	-5	249		
	Mid 2022 - Mid 2032	3,430	3,339	246	3,093	1,682	214	353	0	2,250		283

Source: Town of Lakeshore Employment Lands Strategy - Phase 1 Final Report, January 31, 2020, by Watson & Associates Economists Ltd., 2022.

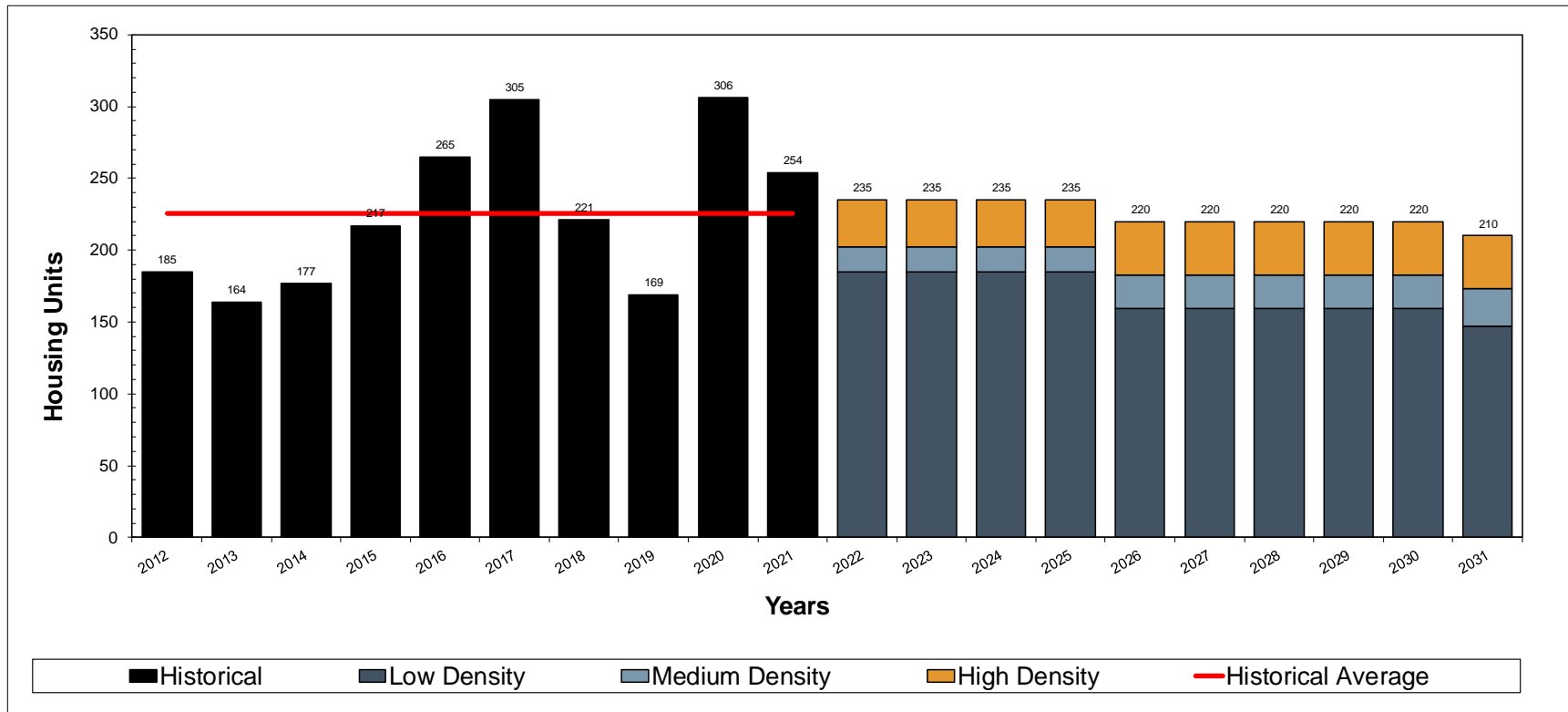
¹ Census undercount estimated at approximately 2.8%. Note: Population including the undercount has been rounded.

² Includes townhouses and apartments in duplexes.

³ Includes bachelor, 1-bedroom and 2-bedroom+ apartments.



Figure A-1
Municipality of Lakeshore
Annual Housing Forecast¹



Source: Building permit data provided by the Municipality of Lakeshore. Figure by Watson & Associates Economists Ltd., 2022.

¹ Growth forecast represents calendar year.



Schedule 2
Municipality of Lakeshore
Current Year Growth Forecast
Mid 2021 to Mid 2022

		Population
Mid 2021 Population		40,410
Occupants of New Housing Units, Mid 2021 to Mid 2022	<i>Units (2)</i>	249
	<i>multiplied by P.P.U. (3)</i>	2,908
	<i>gross population increase</i>	724
Occupants of New Equivalent Institutional Units, Mid 2021 to Mid 2022	<i>Units</i>	4
	<i>multiplied by P.P.U. (3)</i>	1,100
	<i>gross population increase</i>	4
Decline in Housing Unit Occupancy, Mid 2021 to Mid 2022	<i>Units (4)</i>	14,380
	<i>multiplied by P.P.U. decline rate (5)</i>	-0.016
	<i>total decline in population</i>	-228
Population Estimate to Mid 2022		40,910
<i>Net Population Increase, Mid 2021 to Mid 2022</i>		500

- (1) 2016 and 2021 population based on Statistics Canada Census unadjusted for Census undercount.
- (2) Estimated residential units constructed, Mid-2021 to the beginning of the growth period assuming a six-month lag between construction and occupancy.
- (3) Average number of persons per unit (P.P.U.) is assumed to be:

Structural Type	Persons Per Unit ¹ (P.P.U.)	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi Detached</i>	3.220	73%	2.367
<i>Multiples (6)</i>	1.897	29%	0.541
<i>Apartments (7)</i>	1.621	0%	0.000
Total		102%	2.908

¹Based on 2016 Census custom database

² Based on Building permit/completion activity

- (4) 2016 and 2021 households taken from Statistics Canada Census.
- (5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.
- (6) Includes townhouses and apartments in duplexes.
- (7) Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.



Schedule 3
Municipality of Lakeshore
Growth Forecast
Mid 2022 to Mid 2032

		Population
Mid 2022 Population		40,910
Occupants of New Housing Units, Mid 2022 to Mid 2032	<i>Units (2)</i>	2,250
	<i>multiplied by P.P.U. (3)</i>	2,927
	<i>gross population increase</i>	6,587
Occupants of New Equivalent Institutional Units, Mid 2022 to Mid 2032	<i>Units</i>	224
	<i>multiplied by P.P.U. (3)</i>	1,100
	<i>gross population increase</i>	246
Decline in Housing Unit Occupancy, Mid 2022 to Mid 2032	<i>Units (4)</i>	14,629
	<i>multiplied by P.P.U. decline rate (5)</i>	-0,239
	<i>total decline in population</i>	-3,494
Population Estimate to Mid 2032		44,249
<i>Net Population Increase, Mid 2022 to Mid 2032</i>		3,339

(1) Mid 2022 Population based on:

2021 Population (40,410) + Mid 2021 to Mid 2022 estimated housing units to beginning of forecast period (249 x 2.908 = 724) + (4 x 1.1 = 4) + (14,380 x -0.016 = -228) = 40,910

(2) Based upon forecast building permits/completions assuming a lag between construction and occupancy.

(3) Average number of persons per unit (P.P.U.) is assumed to be:

Structural Type	Persons Per Unit ¹ (P.P.U.)	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi Detached</i>	3.331	75%	2.491
<i>Multiples (6)</i>	1.954	10%	0.186
<i>Apartments (7)</i>	1.594	16%	0.250
<i>one bedroom or less</i>	1.316		
<i>two bedrooms or more</i>	1.703		
Total		100%	2.927

¹ Persons per unit based on adjusted Statistics Canada Custom 2016 Census database.

² Forecast unit mix based upon historical trends and housing units in the development process.

(4) Mid 2022 households based upon 2021 Census (14,380 units) + Mid 2021 to Mid 2022 unit estimate (249 units) = 14,629 units.

(5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.

(6) Includes townhouses and apartments in duplexes.

(7) Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.



Schedule 4
Municipality of Lakeshore
Summary of Vacant Land Supply Housing Potential as of May 2022

Stage of Development	Density Type			
	Singles & Semi-Detached	Multiples ¹	Apartments ²	Total
Registered Not Built	510	0	0	510
<i>% Breakdown</i>	<i>100%</i>	<i>0%</i>	<i>0%</i>	<i>100%</i>
Draft Plans Approved	449	125	120	694
<i>% Breakdown</i>	<i>65%</i>	<i>18%</i>	<i>17%</i>	<i>100%</i>
Application Under Review	193	408	845	1,446
<i>% Breakdown</i>	<i>13%</i>	<i>28%</i>	<i>58%</i>	<i>100%</i>
Total	1,152	533	965	2,650
<i>% Breakdown</i>	<i>43%</i>	<i>20%</i>	<i>36%</i>	<i>100%</i>

¹ Includes townhomes and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

Source: Municipality of Lakeshore Planning Department as of May 2022, derived by Watson & Associates Economists Ltd., 2022.



Schedule 5
Municipality of Lakeshore
Historical Residential Building Permits
Years 2012 to 2021

Year	Residential Building Permits			
	Singles & Semi Detached	Multiples ¹	Apartments ²	Total
2012	167	18	0	185
2013	159	5	0	164
2014	174	3	0	177
2015	217	0	0	217
2016	264	1	3	268
Sub-total	981	27	3	1,011
Average (2012 - 2016)	196	5	1	202
% Breakdown	97.0%	2.7%	0.3%	100.0%
2017	262	3	0	265
2018	300	5	0	305
2019	218	3	0	221
2020	141	28	0	169
2021	191	115	0	306
Sub-total	1,112	154	0	1,266
Average (2017 - 2021)	222	31	0	253
% Breakdown	87.8%	12.2%	0.0%	100.0%
2012 - 2021				
Total	2,093	181	3	2,277
Average	209	18	0	228
% Breakdown	91.9%	7.9%	0.1%	100.0%

Source: Building permit data provided by the Municipality of Lakeshore. Figure by Watson & Associates Economists Ltd., 2022.

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.



Schedule 6
Municipality of Lakeshore
Person Per Unit by Age and Type of Dwelling
(2016 Census)

Age of Dwelling	Singles and Semi-Detached						20 Year Average Adjusted
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	-	3.159	4.400	3.220	
6-10	-	-	-	3.234	4.594	3.369	
11-15	-	-	1.760	3.375	4.265	3.355	
16-20	-	-	-	3.213	3.750	3.258	3.331
20-25	-	-	2.000	2.951	3.962	3.056	
25-35	-	-	1.933	2.959	3.368	2.917	
35+	-	1.543	1.759	2.509	3.313	2.351	
Total	-	1.422	1.801	2.893	3.909	2.823	

Age of Dwelling	All Density Types					
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total
1-5	-	-	1.800	3.099	4.632	3.111
6-10	-	-	1.800	3.170	4.563	3.212
11-15	-	-	1.714	3.379	4.265	3.276
16-20	-	-	2.000	3.195	3.947	3.240
20-25	-	-	1.824	2.966	3.962	3.000
25-35	-	-	1.862	2.931	3.368	2.793
35+	-	1.302	1.728	2.516	3.340	2.314
Total	-	1.300	1.754	2.884	3.967	2.756

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

³ Adjusted based on 2001-2016 historical trends.

Note: Does not include Statistics Canada data classified as 'Other'

P.P.U. Not calculated for samples less than or equal to 50 dwelling units, and does not include institutional population.



Schedule 7
County of Essex
Person Per Unit by Age and Type of Dwelling
(2016 Census)

Age of Dwelling	Multiples ¹						20 Year Average Adjusted
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	1.612	2.465	-	1.897	
6-10	-	1.545	1.903	2.394	-	2.090	
11-15	-	-	1.626	2.293	-	1.949	
16-20	-	-	1.770	2.757	-	2.389	1.954
20-25	-	-	1.884	3.036	-	2.458	
25-35	-	1.000	2.045	3.124	-	2.641	
35+	-	1.251	1.887	2.830	4.053	2.297	
Total	0.857	1.252	1.835	2.778	4.321	2.278	

Age of Dwelling	Apartments ²						20 Year Average Adjusted
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	1.133	2.333	-	-	1.621	
6-10	-	1.421	1.784	2.083	-	1.676	
11-15	-	1.395	1.534	2.083	-	1.536	
16-20	-	1.506	1.764	2.400	-	1.707	1.594
20-25	-	1.288	1.732	2.667	-	1.614	
25-35	0.826	1.201	1.763	3.229	-	1.529	
35+	1.101	1.193	1.878	2.645	-	1.494	
Total	1.052	1.212	1.816	2.653	2.300	1.523	

Age of Dwelling	All Density Types					
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total
1-5	-	1.267	1.820	3.201	4.675	3.014
6-10	-	1.474	1.862	3.217	4.524	3.017
11-15	-	1.377	1.709	3.200	4.327	2.973
16-20	-	1.515	1.803	3.082	4.109	2.891
20-25	-	1.303	1.881	2.973	3.752	2.731
25-35	1.091	1.211	1.905	2.921	3.643	2.525
35+	1.176	1.221	1.819	2.579	3.600	2.233
Total	1.217	1.239	1.820	2.785	3.965	2.458

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

³ Adjusted based on 2001-2016 historical trends.

Note: Does not include Statistics Canada data classified as 'Other'

P.P.U. Not calculated for samples less than or equal to 50 dwelling units, and does not include institutional population.



Schedule 8 Municipality of Lakeshore Employment Forecast, Mid-2022 to Mid-2032

Period	Population	Activity Rate								Employment								Total Employment (Including N.F.P.O.W.)
		Primary	Work at Home	Industrial	Commercial/ Population Related	Institutional	Total	N.F.P.O.W. ¹	Total Including N.F.P.O.W.	Primary	Work at Home	Industrial	Commercial/ Population Related	Institutional	Total	N.F.P.O.W. ¹	Total Employment (Including N.F.P.O.W.)	
Mid 2006	33,245	0.004	0.035	0.173	0.076	0.028	0.316	0.029	0.345	135	1,160	5,758	2,513	945	10,510	958	11,468	9,350
Mid 2011	34,546	0.003	0.035	0.130	0.075	0.035	0.277	0.032	0.309	105	1,195	4,498	2,578	1,195	9,570	1,116	10,686	8,375
Mid 2016	36,611	0.004	0.032	0.180	0.079	0.037	0.332	0.038	0.370	160	1,160	6,603	2,878	1,355	12,155	1,381	13,536	10,995
Mid 2022	40,910	0.004	0.032	0.183	0.079	0.038	0.336	0.042	0.378	183	1,314	7,494	3,220	1,552	13,763	1,702	15,465	12,449
Mid 2032	44,249	0.005	0.035	0.198	0.087	0.043	0.368	0.049	0.418	229	1,527	8,753	3,868	1,920	16,297	2,182	18,479	14,770
Incremental Change																		
Mid 2006 - Mid 2011	1,301	-0.001	0.000	-0.043	-0.001	0.006	-0.039	0.004	-0.036	-30	35	-1,260	65	250	-940	159	-781	-975
Mid 2011 - Mid 2016	2,065	0.0013	-0.0029	0.0502	0.0040	0.0024	0.0550	0.0054	0.0604	55	-35	2,105	300	160	2,585	265	2,850	2,620
Mid 2016 - Mid 2022	4,299	0.0001	0.0004	0.0028	0.0001	0.0009	0.0044	0.0039	0.0083	23	154	892	343	197	1,608	321	1,929	1,454
Mid 2022 - Mid 2032	3,339	0.0007	0.0024	0.0146	0.0087	0.0055	0.0319	0.0077	0.0396	46	213	1,259	648	368	2,534	480	3,014	2,321
Annual Average																		
Mid 2006 - Mid 2011	260	-0.00020	-0.00006	-0.00860	-0.00019	0.00123	-0.00782	0.00070	-0.00712	-6	7	-252	13	50	-188	32	-156	-195
Mid 2011 - Mid 2016	413	0.0003	-0.0006	0.0100	0.0008	0.0005	0.0110	0.0011	0.0121	11	-7	421	60	32	517	53	570	524
Mid 2016 - Mid 2022	717	0.0000	0.0001	0.0005	0.0000	0.0002	0.0007	0.0006	0.0014	4	26	149	57	33	268	54	322	242
Mid 2022 - Mid 2032	334	0.00007	0.00024	0.00146	0.00087	0.00055	0.00319	0.00077	0.00396	5	21	126	65	37	253	48	301	232

Source: Town of Lakeshore Employment Lands Strategy - Phase 1 Final Report, January 31, 2020, by Watson & Associates Economists Ltd., 2022.

¹ Statistics Canada defines no fixed place of work (N.F.P.O.W.) employees as "persons who do not go from home to the same work place location at the beginning of each shift". Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.