The Town of Smiths Falls

Population, Housing and Employment Projections – Land Needs Analysis

INTERIM REPORT: LAND NEEDS ANALYSIS

MARCH 2023 – DRAFT

Memo

To: Karl Grenke
Senior Planner
Town of Smiths Falls

From: Antony Lorius, Senior Planner and Economist (Dillon Consulting Ltd)

Hanna Daltrop, Planner (Dillon Consulting Ltd.)

Tom MacCormack, Economist (metroeconomics inc.)

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Subject: Town of Smiths Falls – Land Needs Assessment – Canopy's Closure and Consolidation

Our File: File #22-4343

Canopy Growth Corporation (Canopy) announced on Thursday, February 9th, 2023, shortly after posting losses of $266.7 million in their most recent quarter, their intention to transition to an asset-light model in Canada. This transition involves exiting cannabis flower cultivation, ultimately closing the Company's 1 Hershey Drive facility in the Town of Smiths Falls and reducing headcount across Canada by 60%. While Canopy is closing the 1 Hershey Drive facility, they are consolidating their activities across the street at 99 Lorne Street.

This is shocking and upsetting news for the residents and Town of Smiths Falls; however, this move reflects how the cannabis industry has changed more broadly since the legalization and regulation of cannabis in Canada in 2018 – an unfortunate reality of a business cycle that can now be characterized by a period of overbuilding production capacity in anticipation of market growth that did not meet optimistic expectations. For Canopy in particular, this has led to a nation-wide reduction of 800 jobs as part of the company's broader restructuring efforts. According to available information, it is understood that the decision to close will affect about 160 local jobs and residents in Smiths Falls.

The Town has prioritized addressing Canopy's closure and what it will mean for the Town's residents and economy, and has committed to supporting those affected as well as actively looking for a new industrial tenant for 1 Hershey Drive. While the decision is clearly of concern in the short term, the closure of Canopy growth does not materially affect the growth forecast (prepared by metroeconomics) over the longer period to 2051. From a land needs perspective, the impact will be minimal on the local economic and demographic base of Smiths Falls over the long term for the following key reasons:

- The long-term projections recently developed by metroeconomics for Smiths Falls already foresaw slight declines in the number of people employed in Smiths Falls in agriculture and manufacturing. These two industries are not expected to contribute materially to Smiths Falls job growth in the decades ahead.

- Smiths Falls' future population growth, and growth in jobs supporting the local population, will be driven primarily by those who choose to settle in Smiths Falls and commute to jobs in Ottawa, Perth and Carleton Place.
- The above-noted three commuter destinations are expected to generate considerable job growth between now and 2051; this growth, in turn, will support the population growth projected by metroeconomics for Smiths Falls over that planning horizon.
- Furthermore, Smiths Falls, like all communities throughout Canada, will need to replace Baby Boomers as they retire between now and the mid-2030s, a phenomenon that will attract migrants to most communities in Canada including Smiths Falls over the next decade and a half.

On balance, metroeconomics concludes that there is no reason to alter the long-term economic and demographic projection prepared as the basis for the land needs assessment. Most of the future employment growth will be driven by other economic sectors, including transportation and warehousing and the range of service-based activities that will grow in response to expansion in the resident population over time such as health and social services, education and retail. As noted, the Town is actively seeking other uses to occupy the former Canopy facility, with the target tenants likely originating from the agri-food sector, since the existing facility will likely not be attractive to the full range of industrial users. It is important to highlight that even if the facility is not filled, the aforementioned assumptions still apply.

To that end, Canopy's closure does not change the results of the land needs analysis over the period to 2046, which is in accordance with the planning horizon policy outlined in the Provincial Policy Statement. The key strategy issue to be addressed for industrial lands is the lack of serviced industrial land supply. Notwithstanding a relatively modest forecast of growth in the sectors that drive demand for industrial land, the key strategic issue to be addressed is the current supply of employment lands which is essentially fully developed. There is virtually no choice or flexibility in potential sites for future development, with the result that it will be difficult for the Town to compete for new business investment in the years to come. A new business park would have been required whether or not Canopy continued its current operations.

Similarly, on the residential side, it is anticipated that housing demand will return to a more normalized pattern of growth driven primarily by demand for reasonably priced ground-related housing especially from young families within the Ottawa-based commuter shed. Notwithstanding the current supply of higher-density housing in the form of apartments and row housing - some of which was driven historically by growth at Canopy - the expectation is for the local housing market to return historic shares of growth by housing type, as explained in the main report, which could even be accelerated by the closure of Canopy.

On the whole, while the closure of Canopy will no doubt create some difficult short-term issues that the Town is actively seeking to address, the longer-term outlook remains for steady albeit modest growth in both population and employment and associated land needs.

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1 Introduction

This report has been prepared to provide the results of our analysis and discussion of urban land needs for the Town of Smiths Falls ("the Town" or "Smiths Falls") over the period to 2046. Conclusions are provided on the need for residential, commercial (previously completed by urbanMetrics inc.), institutional and "employment lands", which are lands required to accommodate primarily industrial-type use.

The results will be used to inform the Town's update to its Official Plan. As defined by the Province of Ontario's 2020 Provincial Policy Statement (PPS), a comprehensive review for an Official Plan requires a review based on population and employment projections and how best to accommodate development while protecting provincial interests. The report includes the following:

1

Growth Forecast
A forecast of population, employment and household growth has been prepared by metroeconomics as the basis for the Land Needs Analysis (LNA) to reflect the recently released 2021 Census. The working assumptions behind the population forecast are explained herein.

2

Land Supply Review
A detailed review of residential and non-residential (Employment Area) land supply is undertaken, based on information provided by Town Staff, to determine the capacity to accommodate growth to the plan horizon.

3

Projected Land Needs
Residential and employment area land needs are projected by applying suitable density factors to the growth forecast, based on current policy directions on the type and mix of housing and existing and forecast growth by economic sector.

4

Reconciliation
Demand and supply for urban lands to accommodate growth are compared and the need (if any) for additional urban lands are identified.

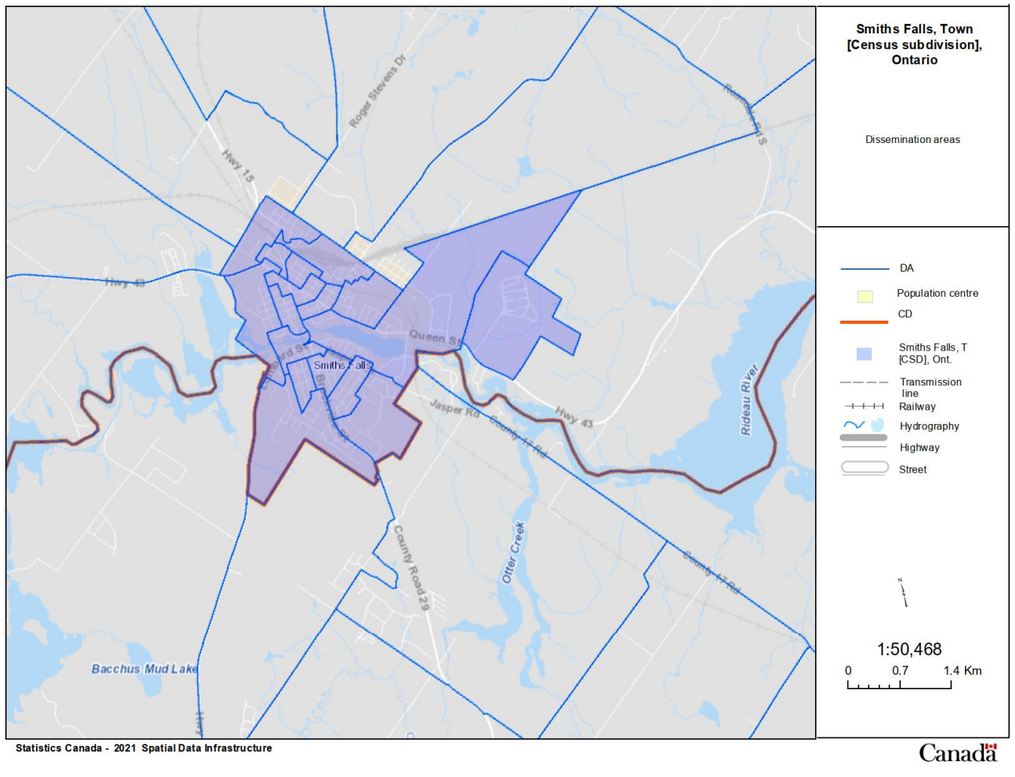
5

Policy Directions
This section provides policy implications/directions that arise out of the results of the land needs analysis. This helps to contextualize the projections and land needs of the Town in practical policy applications for the upcoming review of the Town's Official Plan.

2 Growth Forecast

To provide the basis for the land needs analysis, metroeconomics Inc. prepared a forecast of population, employment and housing growth based on their proprietary sub-provincial projection system that integrates expectations regarding both the economic and demographic prospects of the area. The projections consider the potential for employment growth in those industries that define its economic base, and the potential for supplying enough workers to fill those jobs.

The potential for employment growth is assessed against the backdrop of national and provincial trends in employment by industry. The potential for labour force growth considers such factors as the aging-in-place and gradual retirement of the Baby Boom generation and the need for the recruitment of new workers to replace the retiring Boomers and to fill the new jobs expected to be created.



2.1 The Town of Smiths Falls

The Town of Smiths Falls is located in Eastern Ontario, with a 2021 Census population of approximately 9,500 people and 5,300 jobs. It is within the Census division for Lanark County, approximately 70 kilometres southwest of Ottawa, but is administratively separated from the County.

Historically, the Town has not accommodated significant growth, gradually declining from 1991 onwards until recently; the turn-around in economic and population growth is due in part to a major investment in a cannabis production facility in the mid-2010s (formerly known as Tweed Marijuana Inc., and now called Canopy Growth Corporation), as well people migrating to Smiths Falls from urban areas, which was spurred by the new ability to work remotely during and after the COVID-19 Pandemic.

2.2 Defining Smiths Falls' Economic Base

Drawing on Census 2021 data regarding employment by place-of-work by industry and using a procedure known as location quotient assessment we decomposed jobs in Smiths Falls into those that define its economic base and those that serve the local population. Economic base (EB) jobs provide goods and services primarily to people and businesses outside of the Town while community base (CB) jobs provide services primarily to the local population. Jobs in community are decomposed into their EB and CB parts as follows: (a) primary and manufacturing jobs are assumed to primarily produce for markets outside of the service area; and, (b) jobs in service industries that exceed the norm per capita are assumed to primarily produce for markets outside of the area (hence that portion of those service industries is said to be producing tradable services).

Economic base (EB) industries are considered to be those that drive overall growth:

- Agriculture, mining, and manufacturing;
- Exportable services (higher order education, health care, business services); and,
- Tourism services (retail sales, accommodation, food, recreation, entertainment).

Without economic base growth then overall growth typically will not occur:

- EB growth drives employment and population growth;
- Population growth drives community base (CB) growth; and,
- CB growth drives additional population growth.

The general approach taken is to develop "norms per capita" and then compare jobs per 1,000 persons by industry in Smiths Falls to jobs per 1,000 persons by industry province-wide. Where the Town's jobs per persons ratio exceeds that of the province in the service industries, it is assumed the excess number represent workers producing services in the Town for non-residents. The results of the decomposition are shown in **Table 1.**

Table 1 reveals that 2,326 of the Town's 5,285 jobs in 2021 are considered to be EB jobs or 44% Within the economic base group (see the column indicated as EB) the major industries are manufacturing (610 jobs); health and social services (418); and, tourism (total of 721 including 534 in retail and 23 in arts, 141 in accommodation and food, and 23 in information and culture).

		Economic Base	Community Base	Total
	Total employment by place-of-work	**2,326**	**2,959**	**5,285**
	Major Groups			
	Industry (1..5)	**940**	**0**	**940**
	Logistics (6, 8)	**61**	**254**	**315**
	Tourism (7, 9, 15,16)	**721**	**919**	**1,640**
	Health (14)	**418**	**457**	**875**
	Education (15)	**34**	**231**	**265**
	Other (10, 11,12,17,18)	**151**	**1,099**	**1,250**
	Industry Details			
1	**Agriculture, other primary**	100	0	100
2	**Mining, oil and gas**	0	0	0
3	**Utilities**	35	0	35
4	**Construction**	195	0	195
5	**Manufacturing**	610	0	610
6	**Wholesale trade**	19	121	140
7	**Retail trade**	534	591	1125
8	**Transportation, warehousing**	42	133	175
9	**Information, culture**	23	17	40
10	**Finance, insurance**	0	220	220
11	**Professional, scientific, technical services**	0	235	235
12	**Other business services**	0	200	200
13	**Education**	34	231	265
14	**Health, social services**	418	457	875
15	**Arts, entertainment, recreation**	23	37	60
16	**Accommodation, food**	141	274	415
17	**Other services**	82	178	260
18	**Government**	70	265	335

***Table 1**: Economic Base and Community Base Jobs in Smiths Falls in 2016*

Smiths Falls witnessed a decline in its economic base employment between 2001 and 2016 with the major losses occurring in manufacturing especially following the closure of the large Hershey's chocolate plant in 2008, as shown in **Figure 1**. Manufacturing recovered with the establishment of Canopy Growth Corporation that took over the former Hershey's plant leading to a broader increase in growth overall since its inception. The projections by metroeconomics are that overall industry and logistics will remain stable but with most of the growth occurring in other sectors such as health care, education and tourism. These past and projected future trends are summarized in **Figure 1.**

Employment by place of work by industry – including both economic base jobs and community base jobs – will increase by about 1,800 jobs from a total of 5,300 jobs in 2021 to 7,100 jobs in 2046. The major gainers by industry include the following:

- Health and social services (up 566 employees);
- Professional, scientific and technical services (up nearly 100 employees);
- Education (up 114 employees);
- Accommodation and food (up 425 employees);
- Retail trade (up 168 employees);
- Transportation, warehousing (up 114 employees); and,
- Other services (up 105 employees).

All other categories will change by less than 100 employees except wholesale trade which will decline by 16 employees and agriculture and forestry which will decline by 1 employee. Note that while manufacturing jobs are projected to remain stable, real GDP is expected to increase at an average annual rate of 2.0% to 2.5%. This occurs because manufacturing productivity will grow faster at 1.4% per year than output – because manufacturing jobs continue to be threatened but manufacturing output continues to be enhanced by rapid rates of technological change and automation. Technological change is also slowing the rates of job growth in other industries such as wholesale and retail trade, information and culture, and even government – industries that, like manufacturing, were once major sources of employment growth. Gains in tourism and health care jobs from now through 2046 mean GDP in these two industries will support Smiths Falls' GDP growth over that span.

Assumptions Built into the *metroeconomics* Projection System

- Our projection system, like most others, includes a standard age-cohort model;
- The model assumes future fertility rates by age of mother, mortality rates by age and gender and in- and out-migration shares by age and gender based on historical trends;
- Future net in-migration is determined primarily by the future need for workers;
- The future need for workers is determined by demand and supply conditions;
- The demand for future workers is determined by the future growth of jobs;
- The supply for future workers is determined by the share of those aged 20 to 69 who work;
- Several factors affect the number and share of people 20 to 69 who work:
  - Gross in- or out-migration flows of those aged 20 to 69 is the major factor;
  - Rates of retirement at various age levels impact the share who work; and
  - Our projection system simultaneously captures these interdependent factors.
- In our system, future net migration is primarily determined by future labour requirements (most other systems simply assume future flows of net in- or out-migration based on past trends).

Our approach simultaneously captures the impacts on the future population of a range of important factors including the changing economic environment, the aging of the Baby Boom Generation, improving rates of life expectancy, etc.

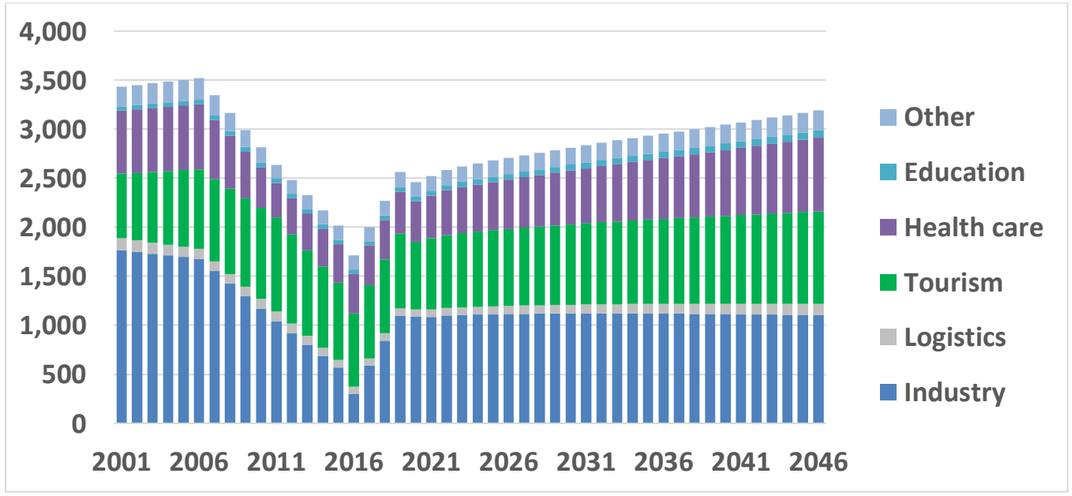


Figure 1: Economic Base Jobs in Smiths Falls, 2001 to 2046

2.3 Smiths Falls' Current and Future Population Base

Like all other communities across Canada, the Town of Smiths Falls' Baby Boomers stand out. This group – born between 1946 and 1966 –was between the ages of 56 and 77 in the year 2022. **Figure 2** indicates that persons aged 50 and over accounted for a greater share of the Town's total population in 2021 (43.5 %) than the province's total population (39.3%).

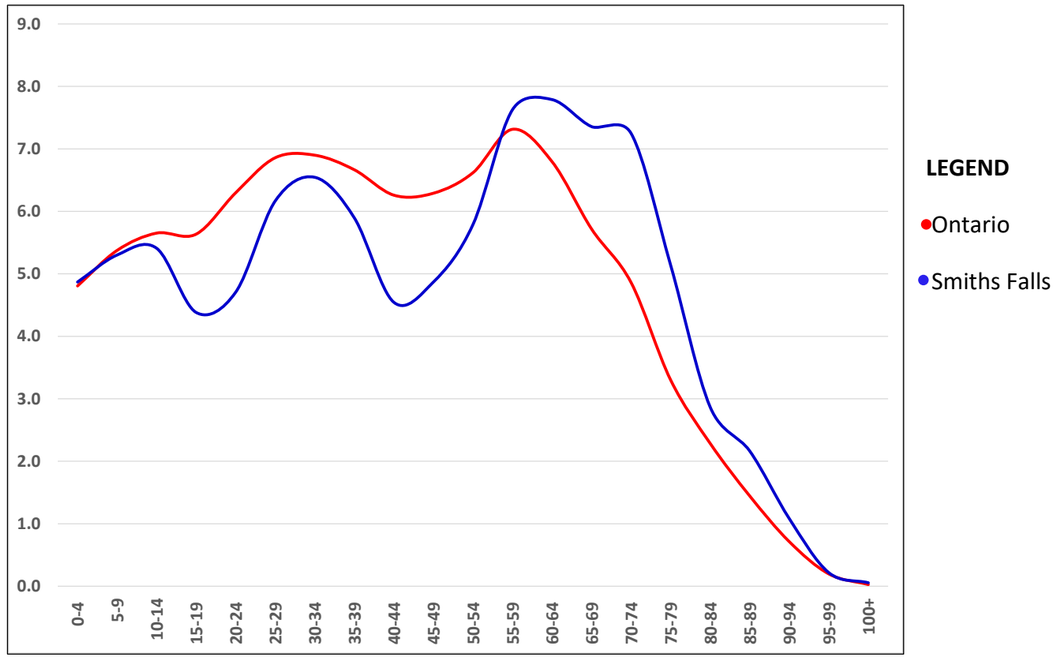


Figure 2: Population by Age and Gender as a % Share of the Total Population in 2016, Smiths Falls and Ontario (Source: Statistics Canada)

Over the next two decades, those among the Baby Boom generation who worked will retire. Most of them will likely remain as residents of the Town until they pass away. That means they will continue to require local services, which in turn means the Town's community base jobs will remain steady even as the Boomers retire. But the retiring Boomers will need to be replaced in the workforce. Since the Baby Boom generation did not fully replace itself – the total fertility rate has been well below the replacement rate of 2.1 children per female for decades – the positions that the Boomers vacate throughout Canada and in Smiths Falls will need to be filled by migrants.

Annual flows of positive net in-migration – most aged 20 to 40 years – will result in a growing population overall for the Town. Their arrival will expand the need for additional community base employment in the Town. This, in turn, will lead to further net in-migration, etc., until the labour market is in balance. The

Baby Boom retirement phenomenon will have a significant impact on population growth throughout Canada and in all of its communities including Smiths Falls through to 2051.

Our projections indicate that Smiths Falls' total population will increase (all numbers in the text are rounded to the nearest 100) from 9,500 persons in 2021 to 13,100 persons **by 2046 for a gain of approximately 3,600 persons**. Persons aged 20 to 74 will increase from 6,600 persons to 8,300 persons or by roughly 1,700 persons over that span while total employment will increase from 5,300 jobs to 7,100 jobs -- **an additional 1,800 jobs by 2046**. The share of persons aged 20 to 74 available to work will decline from 69% of the total population in 2021 to 64% in 2046 reflecting the expectation that many Baby Boomers will continue working beyond the age of 65.

2.4 Household Growth

The population forecast is translated into a forecast of housing growth, which forms the basis for the residential land needs analysis. In accordance with standard land needs assessment methods , a housing forecast by type (single and semi-detached, rowhouse and apartment) is estimated based on current market trends and anticipated demand going forward, including the observed shift towards higher density forms such as townhouses and apartments that has occurred in most major urban areas in Southern Ontario in response to (until recently) escalating home prices and associated affordability challenges.

As shown in **Table 2** on the following page, the overall houisng forecast is for growth from a total of 4,310 dwelling units in 2021 to 5,690 dwelling units in in 2046. This increase represents a relatively modest amount of **growth over the planning period of 1,380 housing units**[1]. This forecast represents net new units; adjustments have not been made for units lost through demolition or change in the number of vacant units over the forecast period.

The forecast of housing unit growth by type is prepared for two distinct periods: 2021 to 2031 and 2031 to 2046. As noted in the recent 2021 Development Charges (DC) background study, the majority of new housing in Smiths Falls constructed since 2010 has been single and semi-detached forms, with a more recent trend towards medium and high density forms.[2] This shift has been due, in part (and as noted previously) to the general uptick of development activity and the effects of COVID-19 that have further facilitated increased growth and migration to the community. Of particular note is the increased number of apartment and townhouse units that are curently under construction, including a large apartment unit complex on the former south site of the Smiths Falls Hospital, the Bellamy Farms development in south east Smiths falls along with a number of other smaller-scale projects. [3]

Residential Unit Forecast 2021-2046	
Total Units 2021	4,310
Total Units 2046	5,690
Growth 2021-2046	**1,380 New Units**

Forecast Housing Mix

Single/Semi	Town	Apartment	Total
55%	20%	25%	100%

Forecast Total Housing Growth by Type

Single/Semi	Town	Apartment	Total
757	**276**	**347**	1,380

***Table 2**: Residential Unit Forecast and Housing Growth by Type*

For the 2021 to 2031 period, the housing mix reflects the 2021 DC study that is forecast to be 40% single and semi-detached, 20% Townouse and 40% apartments. As noted in the DC work it is likely that the Town could achieve the current 2034 projections much earlier due to higher than anticipated growth in recent years and expected in the near-term. However, develplment trends are expeted to return to more normlized levels towards the end of the planning period and out to 2046. As such, the housing mix for the 2031-2046 preiod reflects a more 'typical' pattern of houisng growth observed in other comparable communities over the past 20 years, forecast to be 65% single and semi-detached, 20% townhouses and 15% apartments.

The resulting housing mix over the 2021 to 2046 period is approximately 55% single and semi-detached, 20% townhouse and 25% apartment. It should be noted that the forecast houisng mix is denser (i.e. with more towns and apartments) than current Town planning directions regarding the range of dwelling types to be provided to meet the needs of current and future residents. As described in Policy LU-2.9 of the Official Plan, the housing distribution indicated is for 80% Low Density (single and semi-detached units), 13.5% Medium Density (townhouses) and 6.5% High Density (apartment units) of the net Residential land area[4]. The forecast housing mix is denser becuause it takes into account recent market trends in apartment and rowhouse development and the longer-term expectation of a somewhat greater emphasis on higher-density housing forms. However, there will also be demand for single and semi-detached units

[1] In our analysis, dwellings are units occupied by usual residents which is distinct from the total private dwellings reported by the Census that includes vacant units, seasonal and recreational units and/or units that report themselves as living elsewhere.
[2] Development Charges Background Study, Hemson Consulting Ltd., November 26, 2012 Version for Public Consultation
[3] Other projects include the recently completed 20-unit Community Housing building on Arthur street, a combination of Rent Geared to Income (RGI) and affordable accessible units as well as a smaller but similar 5 unit project on Chambers street.
[4] Although the policy indicates this is land, we have taken this to mean units which is the customary approach to describing housing mix in an official plan.

given the Town's continued attractiveness as a location for affordabile ground-related housing within the broader Ottawa area commutershed.

The result is a total housing forecast and distrbution by type shown in **Table 2** that is for **an additional 757 single and semi-detached units, 276 Townhouse units and 347 apartment units by 2046**.

2.5 Summary of the Projections for Smiths Falls

Based on the analysis presented in this section of the report, the key trends include the following:

- The Town's total population will increase by about 3,600 between 2021 and 2046[5];
- Major age group gainers include:
  - persons under 15 (up 704);
  - persons 35 to 44 (up 643);
  - persons 45 to 54 (up 708); and
  - persons 75 and over (up 835);
- The population aged 15 to 19 and 20 to 24 will experience minimal changes; and,
- The population aged 65 to 74 will decline (down 333).

These changes across the age spectrum are the result of the Baby Boomers aging in place (leading to population gains among those over 55) and the in-migration and aging in place of younger people and their offspring.

The population gains described above will result in the need for 1,380 new dwellings in the Town over the next two decades. Most of the need is for single and semi-detached units (up 757) units and apartment units (up 276 units) with townhouse units representing a somewhat smaller part of the overall housing market (up 69 units). The average number of persons-per-unit will increase slightly from 2.18 in 2021 to 2.28 in 2046 since most of the new units will be needed to accommodate relatively young, family-oriented migrants to the community. No housing units have been allocated to the rural area, the entire housing forecast of 1,380 units is expected to be focused within the existing and potential future urban area.

Employment by place of work by industry – including both economic base jobs and community base jobs – is forecast to increase, as noted earlier, by about 1,800 jobs between 2021 and 2046. The major gainers by industry are focused on the types of jobs typically serving growth in the resident population, such as health and social services, accommodation and food, retail trade and education. Forecast growth in the sectors that tend to drive demand for industrial land, such as manufacturing, transportation and warehousing and some professional services, is anticipated to be more limited.

However, it is worth reiterating that, although manufacturing employment is forecast to remain stable over the forecast period, growth in output will continue drive demand. Across Ontario, new space in greenfield locations will be offset by the decline of other labour-intensive facilities in sectors more vulnerable to restructuring. At the same time, older industrial buildings that may be left behind are likely to become more attractive for other economic activities, such as the "last mile" delivery of goods or other small scale integrated office and industrial facilities. In any event, an appropriate and marketable supply of lands to accommodate industrial-type use will still be required to capture future economic opportunities.

The next section of the report turns to a discussion of projected land need within the context of the overall growth forecast described above.

[5] The years 2021 and 2046 were used for the purposes of creating the forecast as they were reliant on the 2021 Census data.

3 Projected Land Needs

The population numbers derived by metroeconomics are the first step in determining the land needs of Smiths Falls. Once the population numbers were forecast, the planning team was then able to take the numbers and apply them to calculate how the increase in population will impact the amount of land needed to accommodate the expected growth. The forecast uses the 2021 Census and calculated growth up until 2046 as provided by metroeconomics in **Section 2**. To use numbers that are reflective of Smiths Falls now, the numbers for 2021 and 2046 were taken from this forecast for the purpose of the projected land needs to demonstrate a 25 year planning horizon from a 2021 base.

An important consideration when estimating growth is determining whether or not the Town will be able to accommodate the estimated population increase. To do this, the planning team converted these population numbers into dwelling units and employee numbers to determine how many additional dwellings would be needed and how much space would be required to accommodate future jobs. This was done using a detailed breakdown of the metroeconomics forecast numbers which showed employee numbers per year by industry and dwelling numbers per year.

The following sections describe the process used to conduct this residual land needs analysis for residential, institutional, and employment land uses. Each of these land use types was analysed to see whether there is enough land within the Town to accommodate this projected growth.

3.1 Residential Land Needs

3.1.1 Method

As noted, the residential land needs analysis is based on the population and household forecast for the years 2021 (4,310 dwellings) and 2046 (5,690 dwellings) as shown previously in **Table 2**. The forecast of housing units by type, in particular, is also for a somewhat denser mix of housing than currently envisioned in the official plan as discussed in in Section 2. The result is forecast for a total housing growth of 1,380 units, comprising an additional 757 single and semi-detached units, 246 townhouse units and 347 apartment units by 2046. The next step in the analysis is to compare the forecast housing demand (by type) to the current designated housing supply to determine the need for additional lands, if any. In accordance with Provincial policy directions, demand is compared to the vacant, designated and available residential land supply (by type) so as to determine future urban land needs. [6]

The analysis of residential supply is based on information provided by Town staff for year end-2022, including residential units under construction and within active plans of subdivision, remnant greenfield parcels in established neighbourhoods and urban single detached infill lots within the Targeted Growth Areas (TGA) As noted previously, the forecast is undertaken from a 2021 base so the Town's 2022 supply must be adjusted to properly compare supply and demand. The adjustment is made by adding the units completed since mid-2021 to year-end 2022 to estimate a consistent base. The units completed from 2021 to 2022 must be added to the 2022 supply potential to approximate a 2021 base: this is because these units would not have been completed in 2021. Comparing a 2021-based forecast with a year-end 2022 supply would overstate demand by the number of units completed in the interim period.

The residential supply estimates are organized into three main categories: units within active plans of subdivision, remnant Greenfield sites and single-detached infill parcels within the TGAs, which are shown in **Table 3** and explained briefly below:

- The **Units Within Active Plans** includes units under construction, pending approvals and applications in progress. For the units under construction and pending approvals specific unit counts by type are provided by the Town. According to Town staff, there are currently no other applications in progress.
- The **Remnant Greenfield Sites** includes mostly small (less than 1 acre) scattered vacant designated residential lots within existing neighbourhoods that could potentially accommodate a new home over the forecast period. This category also includes some larger parcels that are also designated and zoned for single detached homes, with a very small number of rows and apartments. Approximately 50% of the total unit potential for these sites has been included in the supply because the experience of other communities has been many of these types of remnant locations tend to remain in long-term vacancy over time.
- The single-detached infill lots within the Targeted Growth Areas (TGA) include vacant lands suitable for residential development. The infill development criteria are guided by location and surrounding context and residential density targets and considering the site's "highest and best use". The result is a marginal amount of single-detached unit potential within the TGAs. The remainder of growth in the TGA will be through intensification of existing parcels that are not currently vacant, designated and available for residential development.

Residential Supply Estimates December 2022

	Single/Semi	Town	Apartment	Total
Units within Active Plans				
Under Construction	10	149	268	427 units
Pending Approvals	174	43	0	217 units
Applications in Progress	0	0	0	
Total Units Within Active Plans	**184**	**192**	**268**	**644 units**
Remnant Greenfield Sites	45	6	3	**54 units**
Single-detached Infill within TGAs	**10**	**0**	**0**	**10**
Total Housing Unit Supply Potential December 2022	**239**	**198**	**271**	**708 units**
Estimated Housing Completions mid-year 2021 to December 2022	34	0	20	54
Total Adjusted Housing Unit Supply Potential	273	198	291	**762**
Mix of Housing Unit Supply Potential	36%	26%	38%	100%[7]
Greenfield Housing Units Potential (less vacant infill within TGAs)	**263**	**198**	**291**	**752**

Table 3: *Residential Supply Estimates*

[6] A Place to Grow: Growth Plan for the Greater Golden Horseshoe (GGH) Land Needs Assessment Methodology for the Greater Golden Horseshoe, 2020. While not explicitly applicable to locations outside of the GGH the approach set out is generally considered standard practice from an analytical perspective and is consistent with the former 1995 Projection Methodology Guidelines, which applied Province wide. Although there may be debate over the specific inputs and forecast approach, the overarching method remains the same.

[7] Numbers may not sum directly due to rounding.

As shown in **Table 3**, the total Town-wide housing supply is estimated at 762 units which is distributed as follows:

- 36% single and semi-detached units;
- 26% townhouses; and,
- 38% apartments.

As per the Statistics Canada classification of structural types of dwellings, "apartments" includes all types of apartment units including Accessory Residential Units (ARU). Recent planning changes at the Provincial and local level have made secondary dwelling units more widely permitted than in the past, in an effort to increase the affordable housing supply and promote higher levels of 'gentle' densification. However, the demand outlook remains relatively limited, given the costs and effort required to bring new ARU to market, legally at least. Demand will also be supported, to some extent, by the aging of the population and 'downsizing' to smaller apartments however this typically takes place later in the housing choice lifecycle (in the 70s or 80s) or for health reasons or a death of a spouse. Contrary to popular perceptions that downsizing will lead to a significant 'freeing-up' of larger single family homes, the current evidence is that most seniors are seeking to remain in their current home as long as possible.

It is important to note that the mix of the estimated housing supply contains proportionally more medium and higher density forms than the forecast housing demand, which is anticipated to focus somewhat more on ground-related forms such as single and semi-detached units. A key assumption used during this analysis is that this housing mix will remain constant for the entire forecast period. While this is not likely the case, in reality it is difficult to determine how the housing mix will change over the years. However, reflective of broader housing market trends, forecast housing demand will continue to be driven by young families and aging millennials seeking affordable ground-related homes including starter homes especially within the broader Ottawa commuter shed.

From a planning perspective, the Town has an interest in making efficient use of the existing urban land supply by accommodating a portion of housing demand through intensification. Specifically, Section 5.2.3. of the Town's OP notes that "Intensification will be encouraged within Targeted Growth Areas" and Policy CD-6.11 of the Town's OP states that, "beginning in 2015, a minimum of 25 percent of residential development [will] occur within identified Targeted Growth Areas".

This means that the 'market-based' housing mix shown previously is not fully consistent with the current OP directions to accommodate a specific share (25% of new units) within the Targeted Growth Areas. As a result, the forecast market housing mix needs to be adjusted to reflect the current OP objective.

The housing mix has been adjusted to reflect a typical housing mix for Greenfield and intensification areas, consistent with the Town OP directions for the TGAs, and the current forecast distribution of unit types. The adjustment is undertaken as follows:

- Firstly, a 'typical' housing unit mix is set for inside and outside the TGAs, to reflect the policy-based pattern of future housing growth. As shown in **Table 4**, the unit mix Inside the TGAs is characterized by medium and high density housing and the mix outside the TGAs (the Greenfield Area) contains proportionally more low density units.
- Next, the unit mix inside and outside the built-up area is applied to the total housing growth (forecast 1,380 units from **Table 2**) distributed in accordance with the Town OP intensification target (25% within the TGA and 75% in Greenfield areas) to determine an overall housing unit mix that reflects the current policy directions.

As shown in **Table 4**, the result is that approximately 70 units must be 'shifted' out of the single detached category and assumed to be built as other unit types, notably row house and apartment units. The overall result is that the housing unit mix is shifted slightly away from lower density forms under a market-based forecast towards higher density forms in accordance with the Town's current OP targets for intensification in the built up area. The "adjusted" housing unit forecast below is the forecast used for the land needs analysis as discussed in the sections that follow.

Housing Unit Mix and Forecast Totals

Housing Mix	Single/Semi	Town	Apartment	Total
Targeted Growth Areas	5%	15%	85%	100%
Greenfield Areas	65%	25%	10%	100%
Growth	**Single/Semi**	**Town**	**Apt**	**Total**
Targeted Growth Areas (25%)	17	52	276	345 units
Greenfield Area (75%)	673	259	104	1,035 units
"Adjusted" Town-wide Housing Growth by Type	**690**	**311**	**380**	**1,380 units**
Town-wide Housing Mix (%)	50%	23%	28%	100%
Market Mix (Table 2)	55%	20%	25%	100%
Market Demand (Table 2)	**757**	**276**	**347**	**1,380 units**

Housing Unit Mix and Forecast Totals				
Market "Shift" in Units and Housing Mix[8]	**(67) units (5%)**	**35 units 3%**	**30 units 2%**	-

Table 4: Housing Unit Mix and Forecast Totals

The final step in the analysis is to compare the forecast of housing unit demand to housing unit supply by type and translate any shortages into new land requirements, as the case may be. The key steps taken in the analysis are explained below:

- The total Greenfield supply of 752 units (from **Table 3**) is compared to the urban Greenfield demand of approximately 1,035 (as shown in **Table 4**), there is an ample supply of apartment units to accommodate growth. A surplus of 188 units is shown when supply and demand are compared).
- The supply of single and semi-detached units and Townhouses, however, is not sufficient to accommodate forecast demand. A shortage of 410 units is shown over the period to 2046, not including the 10 single-detached units available within the TGAs (from **Table 3**).

As a result, the Land Need Analysis does not identify an explicit need to provide additional lands to accommodate any future apartment growth. However, consistent with general good planning principles and current OP policy, the Town is interested in planning for a full range of housing units types in any new planned communities. As such, a ***small upward adjustment for apartment units has been made*** to provide a full range of dwelling types. The adjustment is based on the expectation that any new growth areas would be planned as **"Complete Communities"** with a housing mix that incorporates approximately 10% apartments in accordance with current planning policy directions. Since the current supply of apartment units is more than sufficient to accommodate forecast greenfield demand, a small final adjustment is required (the "Complete community adjustment") to the overall land need calculation shown in Table 5 to provide a full range of units types in new areas. The result is an additional 50 apartment units added to the total greenfield unit requirement, which translates into approximately 10% of the **total of 521 additional units required** beyond the currently designated supply.

The Greenfield unit requirements are translated into land need through the application of appropriate net density factors, which apply to only the area of the housing structure and lot. A density factor of 23.8 units per net hectare is applied to the shortfall in single and semi-detached units, in accordance with the current maximum density set out in the current OP. Similarly, a density factor of 50 units per het hectare and 140 units per net hectare are applied to the additional townhouse and apartment units, respectively. The results indicate a land need of **approximately 18.8 net hectares** accounted for primarily by ground-related units (i.e. single and semi-detached and townhouse units) shown in **Table 5**.

Reconciliation of Greenfield Supply and Demand 2021-2046					
		Single/Semi	**Town**	**Apartment**	**Total**
Greenfield Total Supply		263	198	291	752 units
Forecast DGA Growth by Type		673	259	104	1,035 units
(Shortage)/Surplus		**(410)**	**(61)**	**188**	**471 units[9]**
Shortage (carried forward from above)		410	61	--	471 units
"Complete community" adjustment for Apartments	+10%			+50	+80 units
Total Greenfield Unit Requirement		**410**	**61**	**50**	**521 units[10]**
Density (Units per net ha)		23.8	50	140	
Net Land Need		**17.2**	**1.2**	**0.4**	**18.8 hectares**
"Net to Gross" Ratio					50%
Total Gross Residential Land Needs					**36.7 hectares** **92.9 acres**

Table 5: Reconciliation of Housing Supply and Demand

It is important to note again that the net land need shown in **Table 5** is only for the private residential space (the area of the actual housing units and lot). To determine overall land need, additional uses such as roads, servicing and community uses must be accounted for. Within most new residential communities, the net area tends to represent approximately 50% of the total developable lands with the balance comprising:

- Commercial and institutional uses, as the case may be;
- Parks, local roads and walkways; and

[8] Numbers may not sum directly due to rounding.
[9] Numbers may not sum directly due to rounding.
[10] Numbers may not sum directly due to rounding.

- Utilities and storm water management facilities.

To account for these additional community uses, a "net to gross" factor of 50% is used to translate the net residential land need of 18.8 net hectares into to an **overall residential land need of approximately 36.7 gross hectares** or approximately **93 gross (developable) acres.** It is important to stress that that the gross land need of 36.7 hectares does not include non-developable areas such major natural features identified in local or provincial planning documents.

It is also important to note that a detailed analysis of the residential intensification supply potential has not been undertaken. As discussed previously, demand has been compared to the vacant, designated and available residential land supply (by type) based on information and estimates of unit potential made available by Town staff, which are subject to revision based on new information or feedback from the public consultation anticipated as part of the assignment. As noted, this approach is in accordance with Provincial requirements for land needs analysis.

However, it is understood from Town staff based on a high-level review that an ample notional supply of intensification units exists within the TGAs. The main opportunities are expected to arise through the redevelopment of underutilized sites within the *Uptown Mixed Use* designation and the Downtown Core, for example the approximately 14-acre Centre Street Area, which is currently undergoing a visioning and design concept to accommodate a range of potential uses including residential. At a blended density of 90 units per ha (reflecting a mix of Towns and apartments) even with only half of the Centre Street lands in residential use would provide roughly 240 units, which is nearly 75% of the total forecast allocated to the TGAs, through intensification to the plan horizon, in a single redevelopment project.

For ground-related units, there is likely to be some intensification beyond the supply potential identified by staff (approximately 10 units) and additional medium and higher-density development opportunities can be expected to arise over time. This type of supply typically includes non-residential lots that may have become obsolete over time, and surplus commercial, public or other institutional lands that become available for infill over time, similar to the south site of the Smiths Falls hospital apartment development noted previously. Additional analysis, however, would be required to confirm the full range and potential type of intensification opportunities within the TGAs for the purposes of the OP review.

3.1.2 Observations

The analysis indicates there is not enough greenfield land available to accommodate the forecasted housing growth over the period to 2046. In particular, there is a shortage of supply to accommodate ground-related units (single and semi-detached and Townhouse units). Including a small upward adjustment to provide a full range of unit types in any new community areas results in **a need for approximately 36.7 hectares / 93 acres of new residential lands.**

Given current planning directions that aim generally to make the most efficient use of the existing land supply and limit the amount future lands designated for Greenfield growth, the Town may wish to undertake a more detailed analysis of the potential supply of intensification units to identify the range and location of options to capture future demand. In particular, the Town may wish to consider both the short term (2021 to 2031) and longer term (2031 to 2046) options for intensification supply potential to support the current OP directions to accommodate 25% of future units within the TGA.

It is important to note that the Town would not necessarily be encouraging intensification over ground-oriented housing: they are two separate markets. Whereas the ability to accommodate greenfield housing types depends mainly on the available land supply, the amount of intensification that occurs is typically much smaller and driven by the relative attraction of various locations for new investment. Many factors must come together to achieve significant intensification, including planning policy, services and amenities, land ownership and site characteristics. Understanding the short- and long-term opportunities for intensification will be important for the Town to ensure it is in the best position possible to accommodate future demand within a broader market context.

3.2 Industrial Land Needs

3.2.1 Method

The estimation of industrial land needs, or "employment land" need, follows a similar approach as residential. The first step is to forecast total employment growth over the forecast horizon, which as noted previously is approximately 1,800 jobs over the period to 2046 and represents a relatively modest amount of growth. As with residential land needs, the growth forecast was prepared by metroeconomics and predominantly indicates growth across all economic sectors, but particularly those serving the resident population such as health and social services, education, accommodation and food and retail trade.

The forecast is prepared by allocating shares of growth in employment by major sector to the employment land category. The allocation is based on our experience with other communities in southern Ontario, as information on the profile of employment on the occupied employment land supply is not currently maintained by Town staff. Typically this type of information is gathered through a municipal employment survey that tracks the type of jobs by land use category rather than Census Tracts and can be a very useful tool for supplementing standard Census information. This type of information was not available for this study, however, sound direction can still be drawn from the experience of other communities in Ontario where the current evidence shows that most modern urban employment areas accommodate a wide range of economic activities, including:

- **Core Industrial Sectors**, that traditionally locate primarily on employment lands, including:
  - Utilities (NAICS 22)
  - Construction (NAICS 23);
  - Manufacturing (NAICS 31-33);
  - Wholesale trade (NAICS 41); and
  - Transportation and Warehousing (NAICS 48-79)
- **Professional and Business Services**, including Finance, Insurance and Real estate (NAICS 52-53), Scientific, Technical and other services (NAICS 52-56);
- **Education and Health**-related activities (NAICS 61-62); and
- A range of ancillary or other small-scale **Population-related** activities including accessory retail, personal services and in some cases food and accommodation catering to local jobs and residents (NAICS 44-45 and NAICS 71-91).

As noted previously, employment growth in Core Industrial Sectors is forecast to be relatively modest, approximately 159 jobs to 2046 as shown in **Table 6** over. Similarly, Professional and Business services are forecast to grow by approximately 50 jobs, with approximately 100 jobs occurring in both Education and Health-related activities and sectors catering to the needs of the resident population, respectively.

The result is a total estimated growth on employment lands of approximately 420 jobs, which translates into approximately 25% of the total job growth over the period to 2046. This outlook is consistent with employment areas in other communities, such as the Cities of Hamilton and Ottawa, which accommodate a wide range of uses including 'traditional' industrial activities such as manufacturing and warehousing in addition to supporting service and quasi-commercial uses.

Estimated Employment (Industrial) Land Job Growth

				Share on:	
	2021	2046	Growth	Employment Land	Growth
Core Industrial	1,255	1,437	182	87%	159
Professional & Business Services	695	900	205	23%	47
Education & Health	1,140	1,820	680	15%	102
Other Population-Servicing	2,195	2,969	774	15%	113
Total	**5,285**	**7,126**	**1,841**	**23%**	**420**

Table 6: Estimated Employment Land and Job Growth

This estimate of demand over the period to 2046 is compared to the available land supply and conclusions reached on the need, if any, for additional lands to accommodate growth. Also similar to residential land needs, the analysis of industrial land supply is based on information provided by Town staff for year end 2022 including lands with and without servicing. Given the relatively limited amount of growth anticipated, however, the difference in the base year for the land needs analysis (2021 demand vs. 2022 supply) is minor and does not have a material impact on results.

Land need is determined by applying a range of density (i.e., jobs per hectare) factor to the forecast of employment. On industrial or major employment land, the employment density is significantly lower than employment density in institutional and commercial land uses, which is due to declines in manufacturing (that historically had high employment density) and automation that has reduced the number of workers in a variety of major employment sectors.

Notwithstanding these declines, following the 2008/2009 recession manufacturing employment in Ontario has stabilized and output since then (as measured by real GDP) has grown. These trends point to a pattern of growth in economic output through innovation and productivity gains that does not necessarily result in more jobs. Over the past 20 years, across Ontario, manufacturing job losses have been more than replaced with knowledge-based, professional, technology and creative sectors. For the Town of Smiths Falls, there will be a continuing requirement to provide a suitable and marketable supply of industrial lands to take advantage of opportunities to attract new investment.

From a land supply perspective, the opportunities to accommodate the estimated demand are extremely limited. Based on information provided by Town planning staff, there is a total industrial land supply of approximately 80 net hectares, which is effectively fully developed at an estimated **91% occupied**. Only a handful of vacant marketable sites remain, many of which are constrained for development by natural heritage systems, Utilities and Rights of Way (such as the vacant area east of Walker Road or the "Queen Street" parcels) or are committed for future Town purposes (such as the preferred site for the new Water Tower on Air Care Drive). It is estimated that only 8.1 net ha of vacant lands remain, which is an extremely limited supply. Of the 8.1 net vacant hectares, 2.1 hectares are serviced while the remaining are without servicing and with no servicing potential for the next 20 years (based on information provided by Town staff). For practical planning purpose, there is effectively no land remaining to accommodate forecast growth in major industrial activities.

Since there is no information currently available on the employment profile of the currently occupied industrial land supply, it is difficult to estimate current densities. However, applying the allocation of growth by sector to the base 2021 employment figures suggests an overall density of approximately 24 jobs per net ha which is somewhat low but consistent with standard industrial densities of 37.5 jobs per net ha. However, this estimate would likely include scattered industrial-type uses and associated jobs in more mature parts of the community. These jobs can be expected to gradually decline over time as a result of economic change and/or redevelopment to non-employment uses such as residential which will have the effect of raising overall employment densities.

It should also be noted that employment densities fluctuate over time, depending on economic cycles. A good example is the recent development of the Canopy Growth Corporation cannabis facility that, until recently, employed roughly 800 people on an approximately 17 ha site. This translates into a density of nearly 50 jobs per net ha, which is higher than average for industrial-type uses that range from 37.5 jobs to net ha for standard industrial to as lower rates in the range of 20 jobs per net ha for areas focussed on warehousing and distribution activities. However, over the last few years it is understood that Canopy has been reducing employment in response to the current economic slowdown, bringing the density down closer to standard rates.

And, of course, most recently it has been announced that the Canopy facility in the former Hershey's chocolate facility will be closing entirely, as part of the corporation's broader restructuring in response to broader industry trends. However, as explained in the Addendum to this report, the closure of Canopy, while certainly a difficult short-term challenge to be addressed, does not fundamentally change the longer-term need to provide an appropriate and marketable supply of industrial lands to accommodate the full range of new business investment over the period to 2046. While Canopy is closing the 1 Hershey Drive facility, they are consolidating their activities across the street at 99 Lorne Street.

Estimated Total Occupied and Vacant Employment Land Supply (December 2022)

Urban Employment Area Land Supply	**Net hectares***
McDonald Street Block	1.1
Smiths Falls Rail Switch Yard	15.0
Main Business Park	81.6
Total Designated Urban Employment Area Land Supply	97.7 hectares
Total Designated Vacant Supply	
Air Care Serviced Lands	2.77
Hershey Drive Serviced Parcels	1.7
Queen Street Serviced Parcels	0.4
Queen Street Un-serviced Parcels	13.4
Total Designated Vacant Supply	**18.2**
Serviced	4.8
Un-serviced	13.4
Available 'Market' Vacant Supply	
Air Care Serviced Lands (Constrained - Site of future Water Tower)	0.0
Hershey Drive Serviced Parcels	1.7
Queen Street Serviced Parcels	0.4
Queen Street Un-Serviced Parcels (Constrained - Utilities and NHS)	6.07
Total	**8.1**
Estimated Current Occupied Supply (97.7 ha – 18.2 ha)	**79.5**
Estimated Occupied and 'Market Vacant Supply (79.5 ha + 8.1 ha)	**87.6**
Estimated Share of Occupied and Available Vacant Supply Developed	**91%**

Table 7: Estimated Employment Land Supply

Comparison of Supply and Demand

Employment Land (Industrial Designated) Land Needs	Net ha*
Forecast Growth 2021-2046	4,20 jobs
Standard Industrial Density	37.5 jobs per hectare
Focus on Warehousing and Distribution Density	20 jobs per hectare
Land Demand at Standard Industrial Density	**11.2 net hectares**
Land Demand at Lower Warehousing and Distribution Rate	21.0 net hectares
Serviced supply	2.1 net hectares
Un-serviced supply	6.17 net hectares
Total Current Supply	8.10 net hectares
Land Need at Standard Industrial Density	**3 net hectares**
Land Need at Lower Warehousing and Distribution Rates	13 net hectares

Table 8: Industrial Land Needs

3.2.2 Observations

Overall, the forecast of employment growth in the Town is relatively modest with a total of approximately 2,100 jobs over the period to 2046. Most of the future growth is forecasted to occur in sectors providing services to the resident population such as healthcare, education and tourism as shown previously in **Figure 1**. Employment overall in industry and logistics will remain stable but growth in other sectors such as construction and transportation and warehousing, as well as professional services and other limited population-related activities is expected to support modest demand for employment lands over the planning horizon.

While there may only be a modest demand for additional industrial land in Smiths Falls, the PPS encourages municipalities to promote economic development and competitiveness by providing, among other matters: “a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses...”

Within this context, the most pressing issue for the Town is the lack of *serviced* industrial land, which is not sufficient to accommodate growth under either standard industrial densities or lower warehousing and distribution-type densities. This will prove to be a challenge from an investment attraction perspective, particularly related to the burgeoning cannabis industry for which the Town is well-positioned to compete, notwithstanding the current period of economic uncertainty.

Without an appropriate and marketable supply of “shovel ready” industrial lands, the Town will find it difficult to compete for major new investments. This challenge should be recognized as an important issue in the upcoming OP review and ultimately addressed through a strategy to increase the supply of “shovel ready” sites.

3.3 Institutional Land Needs

3.3.1 Method

Calculating the residual land needs for institutional uses in Smiths Falls follows a similar approach to residential – convert growth to land and determine whether additional land is needed – although, it involves a different set of calculations.

Firstly, the employment forecast by metroeconomics for the period 2021 to 2046 was reviewed to identify employment by type. The employment types were derived from the North American Industry Classification System (NAICS), available on the Statistics Canada website. These numbers have been listed for the following employment calculations for reference.

Institutional Land Needs

Forecasted Employment Growth	2021	2046	Growth
Education	265	379	114 jobs
Health and Social Services	875	1,441	556 jobs
Government and Public Administration	335	387	52 jobs
Arts, Entertainment, Recreation	60	83	23 jobs
Total	**1,535**	**2,291**	**756 jobs**
Institutional Jobs on Employment Land			**111**
Adjusted Institutional Job growth			645 jobs
Density (jobs per gross hectare)			32
Demand			20.2 hectares
5% Vacancy Rate			1.0 hectares
Total Demand			**19.2 hectares**
Lands rezoned to accommodate long-term care facility			5.5 hectares
Remaining institutional land demand to 2046			**13.7 hectares**

***Table 9**: Institutional Land Needs*

Institutional uses are generally considered to be those that serve a community's social, educational, health and cultural and recreational needs. Institutional uses are often defined by scale, with lager facilities such as hospitals and educational facilities serving the broader regional community with smaller scale uses and facilities often integrated directly into existing or new residential communities. For the purposes of this analysis, institutional uses comprise the following sectors: Education (NAICS 61), Health and Social services (NAICS 62), Government and Public Administration (NAICS 91) and Arts, Entertainment and Recreation (NAICS 71). Based on metroeconomics' projections, collectively these sectors are forecast to grow from 1,535 employees in 2021 to 2,291 employees in 2046, representing a total of 756 additional employees. As noted previously, a portion of this growth has been allocated to future employment land demand, resulting in a net job growth of approximately 645 jobs across the community.

To determine the demand for land that this employment growth creates, this number needed to be converted to gross hectares. The planning team used an employment density figure of 40 employees per net hectare. This is based on the planning team's experience working in similar municipalities which have comparable sizes and growth rates. This was then converted to gross hectares by a conversion factor of 20%, recognizing that additional land beyond the lots themselves are required to develop future institutional land uses, such as roads. This results in an employment density of 32 employees per gross hectare. When applied to the 645 expected net institutional employees, this results in an expected 20.2 gross hectares of land to accommodate growth to 2046.

Given the nature of institutional use, it is generally understood that there are some vacant buildings that are currently not being used. These empty spaces are capable of absorbing some of the expected growth, particularly for smaller-scale institutional uses such as medical clinics or day nurseries. Therefore, an allowance was made for a 5% vacancy rate based on the planning team's experience, recognizing that there is some available floor space for institutional purposes, but not suitable for occupancy/immediate absorption. The total demand for land, including the vacancy rate, is therefore reduced slightly from 20.2 to 19.1 gross hectares.

The planning team understands from Town staff that approximately 5.5 hectares has been rezoned from residential to institutional to accommodate a long-term care facility which will satisfy a portion of the identified land need. The remaining approximately 13.7 hectares would therefore represent the additional demand beyond the recent conversion.

Other than the 5.5 ha previously mentioned, according to information provided by Town staff, there are no other available vacant institutional lands to accommodate future growth. As a result, the demand for the additional 13.7 gross hectares would need to be accommodated either within the existing base of institutional facilities, through the normal course of secondary planning for new residential communities or intensification within the TGAs and broader urban areas or the designation of additional lands as part of the upcoming OP review. The calculations for the institutional land needs are shown in **Table 9**.

3.3.2 Observations

According to metroeconomics, the forecast for institutional employment is approximately 645 jobs, excluding the small component of jobs that are allocated to employment land demand over the period to 2046. It is estimated that this growth translates into a notional land demand of 13.7 ha, or approximately 33 acres after adjusting for vacancy and lands rezoned to accommodate a long-term care facility as noted above.

For the Town of Smiths Falls, this requirement can likely be accommodated within the existing land and building supply or through the normal course of secondary planning for new residential communities to satisfy the land needs identified in Section 3.1. However, the Town may wish to review and update its current Institutional policies to provide clarity and predictability within the updated Provincial policy and growth context over the period to 2046.

3.4 Commercial Land Needs

For the purposes of this analysis, we rely upon the results of the Retail Market analysis prepared by urbanMetrics inc. in 2021 that undertook a market assessment of commercial facilities located in the Town of Smiths Falls[11]. Among other matters, the study reaches conclusions on the supply and demand for commercial lands and provides recommendations as to how the Town can enhance its draw as a commercial destination, while continuing to ensure local residents are adequately served by commercial services in the future.

3.4.1 Method

The commercial land needs analysis prepared by urbanMetrics follows a similar approach to that used in this report's analysis of residential, employment and institutional land needs.

The first step is to prepare a forecast of growth in commercial activity, followed by an assessment of the available vacant space and development land that can accommodate commercial uses within the community. The final step is reconciling supply with demand and reach conclusions on the relative shortage or surplus of commercial lands to 2041.

In completing their assessment, urbanMetrics inc. undertook a detailed and comprehensive approach to the analysis including:

- Review of the Town's site, access characteristics and evaluated the growth opportunities available based on its geographic location;
- Delineation of the Town's Trade Area – which provides the basis for the growth forecast and commercial market analysis. Of particular note is that the trade area for the Town extends well beyond its municipal limits to encompass other communities elsewhere in Lanark County, Leeds and Grenville, and to a lesser extent the Cities of Ottawa and Kingston;
- Market research targeted at local Smiths Falls residents to understand the range of current economic factors in the community and how these influences demand, including local spending habits and the impacts of 'e-commerce';
- A review of current and emerging trends in the retail industry, and identification of implications for commercial space demand over the planning horizon;
- Completion of a detailed inventory of existing commercial space and unbuilt vacant land potential in the Town to identify the total supply available to accommodate future market demand; and,
- Preparation of a per capita-based market analysis to understand the extent to which the Trade Area is adequately served the existing supply of commercial space, and additional need based on prior population projections.

Of particular interest for this study is the results of the Customer Origin Survey undertaken as part of the assessment, which found that two commercial nodes in the Town, Downtown Smiths Falls and Brockville-Broadview Plaza, serve more local residents of Smiths Falls than the other two commercial nodes -- Lombard Street Corridor and Settlers Ridge Centre -- surveyed. Nearly as large as their customer base from Smiths Falls, the latter two commercial nodes also serve large customer bases from the Township of Rideau Lakes, which reflect that these residents are attracted to the major retailers available in Smiths

[11] urbanMetrics inc. 2021. Retail Market Analysis: Commercial Market Assessment for the Town of Smiths Falls, Ontario. Report can be found here.

Falls that are not available in their own community. Conversely, this also reflects that there is an opportunity to attract more residents from outside of Smiths Falls to the Downtown Core.

3.4.2 Supply and Demand Reconciliation

The commercial supply analysis prepared by urbanMetrics includes a review of Smiths Fall's commercial structure, per capita space supply, proposed retail and service commercial space and unbuilt commercial potential, i.e. currently designated vacant commercial lands. An inventory of retail service/commercial space was compiled, indicating total of approximately 1 million square feet of which roughly 17% or 170,000 square feet was vacant at the time of analysis. As noted in the report, this level of vacancy is far in excess of what would be considered a healthy market, which is around 5 to 7%, however this can be attributed largely to the Settler's Ridge Centre Mall, which contains an empty 93,000 square foot unit that was previously home to major retailer such as Zellers and Target.

Excluding this vacant space, much of the remaining vacancy is in the Downtown core with the balance likely attributable to the effects of the rapid changes brought about by the COVID-19 Pandemic that began in the spring of 2020. It is also noted that many of Smiths Falls' existing commercial facilities are aging and may be difficult to attract tenants, suggesting an economic opportunity for redevelopment opportunities to replace these older structures with mixed-use buildings.

The study also identifies the vacant development land that can accommodate commercial use within the Town by community, designation and type. Based on information provided by Town staff, a total of approximately 65 acres of vacant land are available to accommodate commercial uses. More than half of the vacant potential is designated as Corridor Commercial and Uptown Mixed use, with the balance spread across the Downtown Core, residential and industrial designations. Figure 7-16 from the 2021 report is reproduced for convenience as follows.

Demand for commercial space is based on the expectation that the Town will continue to act as commercial centre for the surrounding communities in Lanark and Leeds and Grenville, as evidenced by the much higher per capita space supply of 112 square feet per resident which is much higher than the 30 to 40 square feet typically expected. Based on maintaining current rates over the period to 2046, the Town would require approximately 186,000 square feet of additional commercial space. In terms of land need, this would require approximately **18 acres of designated commercial lands**.[12]

Comparing the forecast of demand for 18 acres of designated commercial lands to the estimated supply (at the time of analysis) of approximately 65 acres would suggest a **surplus of roughly 50 acres or 19 ha** of currently designated commercial lands. It is noted that the land supply does not include the proposed rezoning of approximately 10 acres within the Corridor Commercial designation to permit a wider range of uses and the approximately 170,000 square feet of vacant commercial space within the community. In any event, the analysis suggests that an ample supply of commercial land and vacant space exists to accommodate growth with a surplus of at least 40 to 50 acres or 17 to 19 hectares of lands.

Figure 7-16: Summary of Vacant Lands that can Accommodate Commercial Uses

Designation	Total Land Area (acres)
Corridor Commercial	25.16
Downtown Core	2.06
Neighbourhood Service Commercial	9.36
Uptown Mixed Use	23.31
Residential	3.20
Industrial	3.11
Total Vacant Land Supply that can Accommodate Commercial Uses (ac)	**66.19**

SOURCE: urbanMetrics inc., based on data received from the Town of Smiths Falls.

[12] urbanMetrics inc. 2021. Retail Market Analysis: Commercial Market Assessment for the Town of Smiths Falls, Ontario. Report can be found here. Page 62.

3.4.3 Observations

The key conclusion arising out of the urbanMetrics analysis is that the Town has an abundant supply of vacant commercial space and land supply. A surplus of 40 to 50 acres or 17 to 19 ha of commercial lands to accommodate future growth has been identified.

Given the strategic location and condition of much of the vacant land and building supply, it is generally noted that this 'surplus' situation presents a number of opportunities to accommodate new uses through the re-use and redevelopment of aging commercial facilities. Particularly relevant to this study, a number of key recommendations are made as part of a broader commercial strategy for the Town, which are summarized below:

- Given the relative abundance of commercial space and land supply, the Town should consider permitting mixed commercial/residential development on Neighbourhood Serving Commercial Sites, especially the Settlers Ridge centre noted previously. As set out in the commercial strategy prepared by urbanMetrics, Settlers Ridge has a number of disadvantages as a major retail site including the shift in retail momentum towards Highway 15 (Lombard Street), its location on an edge site resulting in a one-sided trade area and a relatively sparsely populated surrounding area with minimal population within easy walking distance to the site. According to urbanMetrics, with the closure of the major anchor (Target) the function of Settlers Ridge has been reduced to a neighbourhood serving role and the space is unlikely to be re-tenanted with an anchor of comparable strength and size. As a result, the Town should consider permitting a wider range of use including residential intensification at this location.
- On a broader basis, the challenges associated with filling large spaces once occupied by major retailers combined with the current trend among current owners/businesses to using smaller spaces highlights the need to assess opportunities for residential intensification, depending on how well specific retail locations are performing.
- The Town should continue its efforts to fill the current vacant space in the Downtown Core (approximately 58,000 square feet) to draw tourists and regional visitors beyond those attracted to the large chain stores on Highway 15/Lombard Street, in accordance with the Downtown Master Plan;
- Similar recommendations are made in regards to the Waterfront, particularly in regards to the East and West Side redevelopment lands including the visioning and design concept for the revitalization of the Centre Street area noted previously; and,
- The Town should consider redesignating the Corridor Commercial lands on Union Street to Neighbourhood Serving Commercial with consideration to permitting mixed use (commercial and residential development) on these lands; and

Summary of Results and & Policy Considerations

3.5 Conclusions

By way of brief summary, the following key conclusions and observations can be made from the foregoing analysis. Firstly, the forecasting work by metroeconomics indicates that the Town can expect to experience relatively well-paced growth over the planning period to 2046, including:

- A total population increase of apprximately 3,600;
- An associated need for approximately 1,380 new housing units; and,
- A total employment increase of approximately 1,800 new jobs.

There is generally a need for additional urban lands to accommodate the forecast growth, including residential and employment lands and, to a more limited extent, institutional lands. The supply of commercial lands is more than sufficient to accommodate demand. More specifically:

- **Residential** – forecast exceeds the current vacant unit supply potential amounting to the need for approximately **37 gross hectares or 93 acres of additional lands**;
- **Institutional** – forecast growth exceeds the amount of vacant land available amounting to the need for approximately **13.7 gross hectares or 33 acres of land**;
- **Employment (Industrial)** – the forecast growth exceeds the current vacant land supply (which is extremely limited) amounting to **a need for between 3 and 13 gross hectares of land** depending upon the density applied to the analysis. In any event, the current serviced land supply will struggle to accommodate demand over the forecast horizon.
- **Commercial** – based on the analysis undertaken by urbanMetrics, there is an **ample supply of lands to accommodate commercial future growth**, including a significant amount of vacant space that is in relatively poor condition. There is a substantial potential to repurpose this land and building supply to accommodate new mixed-use development including potentially residential use.

3.6 Policy Considerations

Arising out of the Land Needs Analysis are a number of policy considerations for the upcoming Official Plan review. These are summarized briefly below, as suggested directions for the Town and for feedback through the upcoming Public Information Centre, which is described in the consluding section as part of the next steps in the assignment.

3.6.1 Residential

The analysis indicates that there is not enough vacant unit potential to accommodate forecast housing demand over the period to 2046. This conclusion is based on an intensification target of 25% of new units within the TGAs and a somewhat denser pattern of Greenfield development - that is, with proportionally more Townhouses and Apartments - than currently envisioned in the OP. It is understood that the location of any future expansion of the urban structure of the Town for residential use would be in the Development Reserve and integrated with the current Gallipeau Centre development.

Within this context, the Town may wish to explore emerging flexible City concepts, such as the “15-minute” neighbourhoods approach, as one of the guiding principles of the OP review. While not all areas may be ready to adopt this concept, it may be helpful to identify the locations missing key elements of full-service neighbourhoods and work with landowners to create workable solutions. The Town may also wish to consider a more formal delineation of the TGAs and updates to the existing planning framework to encourage more redevelopment in these locations. While it appears that an ample supply of opportunities exists, it would be prudent to confirm the full range of potential intensification units for planning purposes. In particular, it would be helpful to consider both the short term (2021 to 2031) and longer term (2031 to 2046) options for intensification supply potential given the current economic context and to support the OP goal to accommodate 25% of future units within the TGA.

A better understanding of the unit potential within the TGAs may also help to identity where and how growth should occur within an intensified urban environment. As noted, some of the key considerations would include vacant or underutilized sites, aging commercial developments with high vacancies or excess parking, recent redevelopment activity that may be a catalyst for future redevelopment or other non-residential uses designated for future mixed use development.

3.6.2 Institutional

Most population-related employment (that is, jobs that exist in response to the resident population base) is planned for and accommodated through the normal course of residential community planning in the form of retail, small office and institutional development such as schools and health care. Some of this employment will also be accommodated in various planned mixed-use nodes, including the Downtown and the TGAs noted earlier. In many cases, smaller retail or institutional uses are also permitted as ancillary uses within new employment land areas

A portion of the identified institutional land requirement (approximately 13.7 gross ha) can be accommodated as part of the “net to gross” adjustment for new residential areas. As shown in the Retail Market Analysis, there is also a relatively large amount of vacant retail space that could potentially play a role. For example, at a standard site coverage of 25% the total vacant space supply of 170,000 square feet would translate into a notional land area of approximately 15 acres or 6 ha, which would be able to accommodate a portion of demand. Of course, not all of this vacant space would suitable to accommodate institutional use. On the other hand, there is likely additional intensification potential in other locations that won’t be known until applications come forward.

In any event, there would appear to be a sufficient supply of opportunities to accommodate future institutional demand within the existing and future land and building supply, however the specific approach to be taken as part of the new OP is yet to be determined. As noted previously, the Town may wish to review and update its current Institutional policies to provide clarity and predictability within the updated Provincial policy and growth context over the period to 2046.

3.6.3 Employment (Industrial) Lands

Notwithstanding a relatively modest forecast of growth in the sectors that drive demand for industrial land, the key strategic issue to be addressed is the current supply of employment lands which is essentially fully developed. There is virtually no choice or flexibility in potential sites for future development, with the result that it will be difficult for the Town to compete for new business investment in the years to come. A new Business Park is required, up to 16 gross ha or approximately 40 gross acres, including a 20% "net to gross" adjustment to account for roads and other local infrastructure. As with commercial land needs, these estimates should be viewed with some flexibility especially in light of the Town's role as a regional service centre that could create future economic opportunities that are difficult if not impossible to predict in the current economic environment.

The issue of additional urban land designations cannot be formally addressed until the Official Plan review, however a need to proceed quickly on the matter may arise before that time. For example, if interest is expressed in a major new investment in the warehousing and distribution sector to serve the broader regional market, the Town would likely not be in a position to capture this opportunity. While there may be vacant space to potentially accommodate some future demand (such as the former Bell Canada property on Rideau Avenue North) for the most part these buildings are small and challenging to repurpose for new uses. This is also the case for the former Canopy facility on Hershey Drive that is likely to be attractive only to a specific subset of future demand, such as the agri-food industry or another specialized use that could repurpose the existing facility.

Most of the future demand will be for modern industrial-type buildings within a greenfield business park environment. However, unlike residential growth, it is understood that the future location of any new business park area has not yet been determined. To address this situation, as a proactive measure the Town may wish to begin the necessary environmental, transportation, servicing and land use planning work to evaluate and determine the suitability of potential sites for future industrial development. This work could be undertaken in advance or concurrently with the upcoming OP review.

The Town may also wish to consider undertaking an annual survey of businesses (an 'employment survey') to monitor the Town's economic health, provide background information to forecasting and planning as well as aiding in decision-making and policy development. A number of municipalities in Ontario undertake an annual employment survey, though some have been put on hold as a result of the COVID-19 Pandemic, as a unique resource to complement the more standard 5-year period of Census information.

3.6.4 Commercial

And finally, the analysis indicates an ample supply of vacant land and space to accommodate commercial job growth. It should be noted that for the purposes of this study the results of the land needs assessment are presented in terms of total area, rather than by specific elements of the commercial structure (i.e. food, non-food, service commercial) unit size or location/land use designation within the community as shown previously in Figure 7-16 (from the urbanMetrics report). According to economic development staff, it is becoming increasingly difficult to find space for smaller retail operations so there is some concern that this high-level approach may not fully reflect evolving commercial needs in the community.

It is also understood that there is some interest in a change in permitted uses within the Commercial Corridor designation for specific locations within the community, including the 10-acre parcel noted in the urbanMerics report and an area of about 25 acres between Ferguson and Ferreira drive, for which the Town is considering the preparation of a secondary planning strategy that would involve, among other matters, the potential re-designation of some lands to accommodate residential use. These two developments would certainly fall within the overall surplus of commercial lands, however the potential impact on accommodating broader commercial demand is not clear.

Within this context, the Town may wish to consider a strategy to rationalize the current commercial supply specifically within the Targeted Growth Areas, as part of the OP review. While not necessarily precluding or delaying current Town initiatives, part of this work would ideally include an updated assessment of the current vacancy and retail mix to address economic development concerns regarding the availability of smaller units. Options to accommodate future institutional uses could also be considered alongside the retail market update. As with the industrial land supply question, this work could be undertaken in advance or concurrently with the upcoming OP review.

3.7 Next Steps

In moving toward the final report of this land needs analysis, the following steps will be taken:

- The results of the Interim Report will be presented during the Public Information Centre;
- Feedback and comments on the Interim Report will be incorporated into the Report;
- The Project Team will present the Report to the Committee of the Whole (Meeting #3); and,
- The Final Report will be submitted to the Town.

It is anticipated that the forthcoming work on updating the Official Plan will address the considerations above and implement the results of the land needs analysis. In doing so, the residual analysis can be revisited to provide a picture of residual land needs under the Town's new planning directions. This will then allow the Town to identify a settlement area boundary and designate land uses that are aligned to the long-term forecast.