



Committee Report

To: Chair and Members of the Planning Committee
From: Sarah Wilhelm, Manager of Policy Planning
Date: Thursday, June 12, 2025
Subject: County Official Plan Review – Phase 3B Rural Residential Growth



PLANWELL

1.0 Purpose

This report responds to municipal input from the Town of Erin and Township of Puslinch about how to address their long-term rural residential growth needs. The report includes options related to the effective date for new lots in the Secondary Agricultural Area designation in the Wellington County Official Plan.

2.0 Background

As part of Rural Phase 3B of the Official Plan Review, Planning staff prepared an analysis of long-term rural residential growth needs in September 2024 (Report PD2024-29). Three of the seven Member Municipalities have a shortfall of rural housing units: Erin, Puslinch and Wellington North. The Planning Committee directed staff to consult with each municipality about which policy options they would prefer to apply to address the shortfall. This report focuses on addressing a shortfall of 120 units in Erin and 250 units in Puslinch (Figure 1).

Figure 1 Erin and Puslinch Rural Residential Need
Based on current Official Plan Forecasts

		ERIN	PUSLINCH
DEMAND	2051 Rural Household Forecast	3,170	3,560
	2021 Census Households	2,520	2,860
	Rural Area Buildout Since Census to End of 2023	70	100
	Growth Required to Achieve Forecast	580	600
SUPPLY	Vacant Designated Rural Lands	112	73
	Existing Vacant Rural Lots	70	73
	Potential New Severances under Current Policies	278	204
	Total Vacant Supply	460	350
NEED	Long-Term Rural Housing Demand	580	600
	Existing Vacant Rural Residential Supply	460	350
	Rural Area Residential Need	-120	-250
(negative value = shortfall)			

Source: County of Wellington 2024 Rural Residential Growth Analysis (PD2024-29)

The vacant rural area supply reflected above is as of July 2024.

Figure 1 includes an estimate of the potential supply of lots that could be created under the current policies and this has been factored into the supply: 278 for Erin and 204 for Puslinch. The detailed analysis to determine that number is based on parcel size, environmental constraints, frontage and configuration of existing buildings and structures. It is not feasible to do Minimum Distance Separation calculations or safe access sight distance calculations. The estimate also relies on an assumption that every landowner will pursue a new lot.

It is important to note that the County can only provide opportunities to create new lots through policy, but some individual landowners who qualify for consideration may not wish to apply. While the County does continue to see new applications for some of these lots, staff will continue to monitor this category of the supply against actual severances over the long-term.

Planning staff have been engaging directly with Wellington North staff about how to address their shortfall and will continue to do so. The Town of Erin and Township of Puslinch responded to the County by bringing forward planning reports for consideration by their Council as outlined below.

3.0 Municipal Responses

3.1 Town of Erin

Town of Erin planning report PD2025-10 was considered by Town Council on April 10, 2025. The staff report supported minor expansions to designated Hamlets outside of the Greenbelt Plan, but did not recommend expanding rural cluster areas or increasing the opportunity for lot severances.

The Town Council resolution differs as it only endorses promoting Additional Residential Units (ARUs) to accommodate the additional units required to achieve the 2051 rural growth forecast. Town Council did not support minor Hamlet expansions or amending the severance policies for Secondary Agricultural Areas.

3.2 Township of Puslinch

Township of Puslinch planning report by NPG Planning Solutions was considered by Council on November 27, 2024. The report provided three options to support appropriate lot creation in Secondary Agricultural Areas while continuing to focus lot creation in settlement areas:

1. Reset the rural residential severance date of March 1, 2005 to a more recent date.
2. Increase the number of permitted lots from each property.
3. Restrict the number of permitted rural residential severances based on the size of the original Township lot.

The Township Council resolution differs by requesting removal of the rural residential severance date of March 1, 2005. Council requested that the date be replaced with a policy allowing one severance every five years in Secondary Agricultural Areas subject to review every five years.

4.0 Planning Policy Context

The planning policy environment has changed significantly with the introduction of the new Provincial Planning Statement (PPS) in October 2024. For rural growth, the new PPS policies continue to require the following:

- Municipal land and unit supply must be based on and reflect the County's allocation of population and units.
- Rural growth must be focused in rural settlement areas (known as Secondary Urban Centres and Hamlets outside of the Greenbelt in the County Official Plan).

The new PPS policies also provide the following flexibility regarding rural lands:

- Removal of the Growth Plan limitation that lot creation of more than three residential lots be directed to settlement areas (outside of Greenbelt).
- Allows growth and development to be directed to rural lands outside of rural settlement areas but leaves it up to municipalities to determine how.

The growth hierarchy in the County Official Plan is as follows:

1. The majority of growth is to be directed to primary urban centres with municipal water and sewage services.
2. Growth will be limited in primary urban centres, secondary urban centres and hamlets that do not offer municipal water and sewage services.
3. To a lesser extent, growth will be directed to secondary agricultural areas.

The County's long-term growth forecast to 2051 assigns 90% of growth to municipally-serviced Urban Centres. The remaining 10% is for rural growth. All of the municipalities in Wellington County have Prime Agricultural Areas. Whereas Erin, Minto and Puslinch also have lands within a Secondary Agricultural Area designation.

New residential lot creation is not permitted in Prime Agricultural Areas by Provincial and County policies. The County Official Plan does not allow new estate residential or lifestyle communities in the rural area County-wide.

In Secondary Agricultural Areas, policy 10.4.4 sets out the criteria for consideration of rural residential lot creation in such areas. While not the only limiting factor, one of the main policies limiting residential lot creation is the requirement that only one new lot can be created from an original lot that existed on March 1, 2005. Once a new residential lot from the original March 1, 2005 parcel has been created, a second new residential lot is not allowed.

The severance date was last re-set as part of the 5-year Review of the County Official Plan when Official Plan Amendment 81 came into effect December 19, 2014. OPA 81 changed the date from provincial approval in 1999 to March 1, 2005 (the Official Plan was approved by the Province April 13, 1999 and came into effect May 6, 1999).

As part of the current Official Plan Review, the County added policy 6.5.4 Rural Clusters through OPA 119. This policy was added to the Plan as a commitment to conduct a review of potential constraints to the supply of rural residential lots in the Secondary Agricultural Area. This assessment was completed in September 2024 (Report PD2024-29).

5.0 Options for Erin

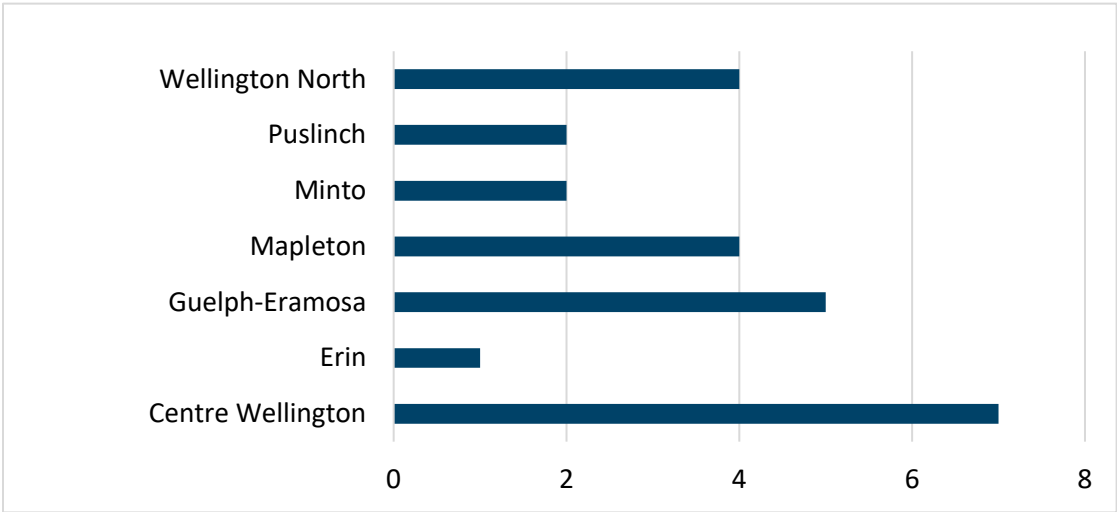
The rural area housing shortfall for Erin is approximately 120 households and Erin Council would like additional residential units (ARUs) to make up the difference. Based on Erin Council input planning staff have considered two options below.

5.1 Additional Residential Units

Additional residential units (ARUs) like accessory or basement apartments, secondary suites or in-law suites are self-contained residential units with separate kitchen, bathroom and sleeping areas. ARUs are supported in the County Official Plan in many urban and rural areas of the County, subject to criteria. As part of the Phase 2 MCR Report: Urban Land Needs Assessment finalized in August 2022, Watson and Associates Economists Ltd. (Watson) analyzed annual ARU building permit activity from 2011 to 2021. At that time, ARUs were mainly being built within Primary Urban Centres of the County. Watson prepared an annual ARU forecast by Urban Centre and this factored into the urban housing supply.

A similar exercise was not completed for rural areas outside of Primary Urban Centres because there was little uptake of ARUs at that time. Planning staff have worked closely with municipal building officials to track ARUs as part of the County’s annual residential monitoring report. In the 2024 report for the first time, the number of rural ARU building permits (52 County-wide) surpassed urban ARUs (45 County-wide). Over the past five years from 2020 to 2024 the average rate of rural ARUs is shown in Figure 2.

Figure 2 5 Year Average of Rural ARUs by Municipality (2020 to 2024)



Source: County of Wellington Growth Tracking Model

It is interesting to note there is a higher average rate of ARUs ranging from 4 to 7 per year in municipalities with only Prime Agricultural Areas, compared to an average of 2 to 3 per year in municipalities with Prime Agricultural and Secondary Agricultural Area designations.

Overall, the increase in rural ARUs is promising. ARUs offer many benefits. They tend to be more affordable, more accessible, and have the potential to generate income or house family members.

5.2 Re-Allocating Rural Growth

Another option would be to take away 120 units from Erin's rural household forecast so that there will no longer be a shortfall.

5.3 Discussion

At this time, staff does not recommend adjusting the forecast to account for rural ARUs as such a change would need to be considered County-wide. This would have a ripple effect not only to the rural household forecasts, but also to the related population forecasts because ARUs have a different number of persons per unit. In addition, the increase in rural ARUs is a recent trend. Staff will continue to track urban and rural ARUs annually to determine how they should be factored into the next update to the County's long-term growth forecast.

In keeping with Town Council's preference to limit rural growth opportunities to those which currently exist through vacant units in Hamlets and other rural residential areas, existing vacant rural lots and potential supply from new rural severances under current policies, staff recommend re-allocating the 120 rural residential unit surplus to Puslinch. The reasons for doing so are outlined in the next section of the report.

6.0 Options for Puslinch

The rural area housing shortfall for Puslinch is approximately 250 households and Township Council would like to have a policy allowing one severance every five years in Secondary Agricultural Areas instead of the March 1, 2005 date.

Adjusting the growth forecast by 120 rural residential units would increase the total shortfall in Puslinch from 250 to 370 without impacting the overall rural forecast of 10% County-wide. This allows planning staff to consider Township Council's input about increasing severances while also directing more growth to Aberfoyle and Arkell.

6.1 Expanding Aberfoyle and Arkell

Puslinch Council has previously expressed an interest in expanding Aberfoyle for residential purposes within an area bounded by Maltby Road to the north, Victoria Road South to the east and Gilmour Road to the south. County staff have set a western limit at the mid-point between Concession Road 7 and Brock Road. Much of this area has already been developed for estate residential subdivisions and rural residential lots. For growth planning purposes, the County has conservatively estimated a potential of about 200 units if some level of expansion within this area were to be realized. For Arkell, the County has estimated a potential of about 50 units if expansion were to be realized. In both cases additional policy and technical review would be necessary to determine the feasibility of such expansions.

6.2 Severances

Based on the assumption of approximately 250 potential units through expansions to Aberfoyle and Arkell, a 120 unit shortfall remains. This shortfall has been given consideration under different options for rural residential severances in the Secondary Agricultural Area, starting with the approach preferred by the Township and then two options for date changes under the current policy framework.

a) Permit an additional severance every five years

Staff carefully considered Township Council's preferred option to have the severance date removed and replaced with a policy allowing a severance every five years. One of the challenges of this approach is that it is difficult to estimate how many new lots would be created and to track the results based on a five year variable severance rotation. However, staff have determined that there would be approximately 160 more severances if the severance date were moved to May 1, 2025. If staff were to then account for further severances every five years, we anticipate that the supply would be far beyond the rural housing need for Puslinch.

b) Move the severance date from March 1, 2005 to March 1, 2015

Based on staff analysis, there would be approximately 80 more severances if the date was changed to 2015. This would result in a deficit of 40 units relative to the forecast (including Erin re-allocation).

c) Move the severance date from March 1, 2005 to May 1, 2025

Based on staff analysis, there would be approximately 160 more severances if the date was changed to May 2025. In this scenario, the forecast and supply would be approximately in balance. The surplus of about 40 units is appropriate given the potential that not all severances would be realized.

6.3 Discussion

There is a very strong market for rural residential severances in the Township. Puslinch has had an average of 17 per year from 2014 to 2023, compared with an average of about 10 in Erin and 1 in Minto over the same period.

It is worth noting that compared to other municipalities in the County, growth in Puslinch is limited because of the following:

- There are no municipally serviced Urban Centres to direct growth.
- Of the two Secondary Urban Centres, only Aberfoyle can potentially be expanded (Morrison is in the Greenbelt).
- There is only one designated Hamlet (Arkell) compared to thirty-six other Hamlets across Wellington.
- The Province did not support recognizing the historic hamlet of Puslinch in the southern end of the Township as part of OPA 119 because it was in the Greenbelt.

Therefore, in keeping with Township Council's desire for more growth and the above limitations, staff are supportive of the following:

- Reallocating rural growth from Erin to Puslinch (120 units)
- A 60/40 split between rural settlement area growth and severances (250 units/160 units)
- Moving the severance date to May 1, 2025 resulting in a modest surplus of 40 lots

The impact of these changes is reflected in Figure 3.

Figure 3 Erin and Puslinch Rural Residential Need
Based on Adjustments (shown in red font)

		ERIN	PUSLINCH
DEMAND	2051 Rural Household Forecast	3,050	3,680
	2021 Census Households	2,520	2,860
	Rural Area Buildout Since Census to End of 2023	70	100
	Growth Required to Achieve Forecast	460	720
SUPPLY	Vacant Designated Rural Lands	112	73
	Potential rural settlement area expansions	0	250
	Existing Vacant Rural Lots	70	73
	Potential New Severances under Current Policies	278	204
	Potential Additional Severances under New Date	0	160
	Total Vacant Supply	460	760
NEED	Long-Term Rural Housing Demand	460	720
	Existing Vacant Rural Residential Supply	460	760
	Rural Area Residential Need	0	+40
	(positive value = surplus)		

Source: County of Wellington 2024 Rural Residential Growth Analysis (PD2024-29), adjusted.

With respect to monitoring, planning staff launched an annual residential monitoring report in 2023. The purpose of the report is to review year-end development applications, Municipal building permit activity, and residential unit supply across the County. The report analyzes trends and assesses progress toward Provincial land supply obligations and the County's 2051 household forecast. Staff will continue tracking ARUs as part of the report. In addition, staff will add Secondary Agricultural Area severance tracking to future annual reports.

7.0 Conclusion

The rural area housing shortfall for Puslinch is approximately 250 households and for Erin is approximately 120 households. The Town of Minto does not have a rural area housing shortfall. All three municipalities are currently subject to the same policy for residential lot creation in the Secondary Agricultural Area. The approach below would only change the severance date for Puslinch.

In considering Provincial, County and local priorities for rural growth, staff advise of the following:

- Leaving the March 1, 2005 date unchanged would not affect Minto's ability to reach its rural growth forecast.
- Leaving the March 1, 2005 date unchanged would not affect Erin's ability to reach its rural growth forecast provided the 120 unit shortfall is re-allocated to Puslinch.
- Changing the severance date to May 1, 2025 as it applies to the Secondary Agricultural Areas of Puslinch only, assigning growth to support potential expansion of Aberfoyle and Arkell, and re-allocating a portion of Erin's rural growth would ensure that Puslinch would have a balance between its supply and growth forecast.

8.0 Next Steps

Puslinch Council requested that County planning staff attend a future Council meeting to discuss the 2005 rural residential severance date restriction. Planning staff are now able to attend a future Township Council meeting to discuss the results of this report.

Staff aim to bring forward a draft Official Plan Amendment(s) this fall addressing necessary policy considerations related to the following work:

- Phase 3B Rural Residential as set out in section 7.0 of this report.
- Phase 3B Rural Employment as set out in Puslinch by Design – Employment Lands Study, once completed.
- Provincial Planning Statement consistency exercise.

As the Official Plan Amendment(s) is brought forward, there will be opportunities for public and stakeholder engagement through a future Open House and Public Meeting. In addition to Planning Act notice requirements, staff will continue to use the Official Plan Review project webpage and the digital mailing list to share information about the proposed changes to the Official Plan.

9.0 Strategic Action Plan

This report relates to the following objectives and priorities in the County's Strategic Action Plan:

Making the best decisions for the betterment of the Community.

Recommendation:

That the County Official Plan Review – Phase 3B Rural Residential Growth Report be received for information.

That the County Clerk forward the report to Member Municipalities.

That staff be directed to bring forward a draft Official Plan Amendment(s) to implement the policy considerations outlined in section 7.0 of this report, the results of the Puslinch by Design Employment Lands Study, and the consistency exercise with the 2024 Provincial Planning Statement as part of the Official Plan Review at the appropriate time.

Respectfully submitted,



Sarah Wilhelm, MCIP, RPP
Manager of Policy Planning

In consultation with/approved by:

Aldo Salis, Director of Planning and Development
Scott Wilson, Chief Administrative Officer