



Report to: Development Services Committee

Meeting Date: September 16, 2025

SUBJECT: Comments on the Proposed Updates to the Projection Methodology Guideline (PMG) to support implementation of the Provincial Planning Statement, 2024

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RECOMMENDATION:

1. That the report dated September 16, 2025, titled “Comments on the Proposed Updates to the Projection Methodology Guideline (PMG) to support implementation of the Provincial Planning Statement 2024” be received;
2. That this report, including Appendix A (City of Markham Comment Table), be submitted to the Province through the Environmental Registry of Ontario (ERO #025-0844) as the City of Markham’s comments on the proposed Projection Methodology Guideline, and forwarded to the Minister of Municipal Affairs and Housing for information;
3. That the Province provide clear and accessible data sources for all inputs to the methodology through a centralized provincial portal;
4. That the Province allow municipalities to cross-reference regional forecasts (e.g., York Region MCR) alongside MOF projections where these better reflect infrastructure and servicing realities;
5. That the Province develop technical guidance for applying affordability, suppressed household formation, vacancy rate, and market contingency adjustments to ensure consistency across municipalities;
6. That the Province provide guidance on incorporating hybrid/remote work and mixed-use centres having general employment into employment forecasts;
7. That the Province provide benchmark density ranges for housing and employment forms (as in the 2020 LNA methodology) and clarify definitions of net density, gross density, and developable area;
8. That the Province require transportation and servicing system capacity and sensitivity analysis as part of growth allocations to ensure the viability of forecasts; and
9. That Staff be authorized and directed to do all the things necessary to give effect to this resolution.

PURPOSE:

This report provides an overview of the Province's proposed updates to the "Projection Methodology Guideline (PMG) to support implementation of the Provincial Planning Statement 2024" and presents the City of Markham's comments for submission to the Province through the Environmental Registry of Ontario (ERO #025-0844).

BACKGROUND:

The Provincial Planning Statement, 2024 (PPS, 2024) replaced the PPS 2020 and revoked *A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2019)*. PPS, 2024 requires municipalities to base growth forecasts on Ministry of Finance (MOF) projections, with flexibility for local adjustments.

The proposed Projection Methodology Guideline (PMG), released for consultation on August 12, 2025, would replace the original 1995 guideline and establish a standardized framework for preparing forecasts and land needs assessments. The purpose of the PMG is to assist municipalities in developing population and employment forecasts, assessing housing and land needs, and to determine the amount of land required to accommodate new growth.

The proposed PMG outlines standardized approaches for municipalities to:

- Prepare population and age-cohort forecasts using MOF projections;
- Assess housing needs based on headship rates, affordability, and household formation;
- Project employment growth using municipal activity rates; and
- Undertake land needs assessments through three possible calculation methods.

Consultation is being conducted through the Environmental Registry of Ontario (ERO #025-0844), with comments due October 11, 2025.

OPTIONS/ DISCUSSION:

The proposed Projection Methodology Guideline (PMG) introduces a step-based framework for municipalities to prepare population, housing, employment, and land needs forecasts. The PMG emphasizes flexibility, with municipalities encouraged to test multiple approaches and then select the most appropriate method, provided assumptions and results are documented. While this flexibility is intended to recognize local conditions, staff note that it also creates challenges in terms of consistency and comparability across municipalities. This is of particular importance as the City of Markham is about to undertake its Official Plan Review which will conform to the Provincial Planning Statement, 2024, and may need to implement the new projection methodology as a part of the study process.

Population Projections

The PMG requires municipalities to disaggregate Ministry of Finance (MOF) projections by determining the share of growth at the local level. Municipalities are directed to apply a population share method (applying a municipality's proportion of the regional total) and the growth share method (applying a municipality's share of recent growth). These two approaches are intended to establish a low and high population projection range. Municipalities may then select a forecast within this range, provided assumptions are documented. The projections are further broken into five-year age cohorts to inform housing needs forecasts.

Staff Observations:

This approach provides a consistent baseline across Ontario and recognizes a range of possible growth scenarios. However, reliance on MOF projections is a concern since these forecasts are not designed for land use or infrastructure planning. The primary trends used to determine MOF projections are fertility, mortality, and migration but does not include economic or planning inputs and assumptions. The Province itself acknowledges these limitations in the proposed PMG.

To illustrate the potential discrepancy, the table below compares the 2022 York Region Official Plan growth forecast with the MOF projection range for Markham:

| Year | 2016 | 2021 | 2031 | 2041 | 2051 |
|---|-------------|-------------|-------------------|-------------------|-------------------|
| York Region OP Growth Forecast (Markham) | 339,100 | 349,000 | 416,300 | 496,700 | 610,500 |
| MOF Population Projection (Markham share of York Region (15-30%)) | - | - | 364,000 – 386,000 | 380,000 – 418,000 | 399,000 – 455,000 |

As shown, the MOF projections are significantly lower than the growth forecast in the York Region Official Plan. By 2051, the Region projects 610,500 residents, compared with an MOF projection range of 399,000–455,000. In addition, the 2024 population estimate for the City of Markham from Statistics Canada is 368,110, which already exceeds the lower bound of the MOF projection for 2031 (364,000). This gap underscores the concern that MOF projections do not reflect infrastructure investment, economic development, or regional planning policies, and highlights the importance of allowing municipalities to incorporate regional forecasts alongside MOF projections.

Further, while the PMG includes an appendix listing broad data sources (e.g., Statistics Canada, CMHC, MPAC), it is unclear which datasets municipalities are required to use versus those that are optional.

This reliance on MOF projections may not align with policy directions to increasing mobility options, which ties growth forecasts to transit-supportive planning, or the general principle of coordinating infrastructure and servicing. Population and housing assumptions directly influence travel demand forecasts. Variations in how municipalities apply adjustments could result in inconsistencies across municipal boundaries, complicating cross-boundary transportation planning.

Staff Recommendation:

That the Province:

- Maintain MOF projections as a baseline but allow municipalities to cross-reference regional forecasts (e.g., York Region MCR) where these better reflect infrastructure and servicing realities;
- Provide direct access links to required data sources through a centralized portal to ensure consistency.
- Clear documentation of any adjustments to forecasts be required to support inter-municipal consistency in transportation planning.

Housing Needs Forecasts

The PMG directs municipalities to convert projected population into households using headship rates by age cohort, then adjust for affordability, suppressed household formation, vacancy rates, and market contingencies. Municipalities must identify how much housing can be accommodated through intensification before estimating new land needs through settlement boundary expansion.

Staff Observations:

Recognition of affordability and suppressed household formation is a positive improvement over the 1995 guideline. However, no technical benchmarks or formulas are provided for applying these adjustments such as determining and using persons per unit information. This creates the risk of inconsistent interpretation across municipalities.

These gaps are particularly important for Markham, as building complete communities emphasizes the need to provide a full range of housing, including affordable and family-sized units. Without clear provincial direction, the City's ability to meet this objective may be constrained.

Staff Recommendation:

That the Province develop standard technical guidance for applying adjustments (affordability, vacancy rates, suppressed households) while allowing municipalities flexibility to supplement the technical guidance with local data.

Employment Forecasting

The PMG requires municipalities to forecast employment using a municipal activity rate (jobs / population), with jobs categorized into General Employment (GE), Employment Land Employment (ELE), and Rural Employment. The GE category is intended to capture employment outside of designated employment areas, including retail, commercial, institutional, and work-from-home.

Staff Observations:

The recognition of a General Employment category is a positive feature, as it acknowledges employment growth beyond traditional employment areas, including home-based work. The PMG also acknowledges work-from-home and commuting patterns, which reflects evolving employment trends.

However, additional direction would be valuable to guide municipalities on projecting hybrid work models and to recognize the unique role that the Key Development Areas play in Markham to serve as major employment nodes. The Markham Official Plan identifies mixed use, transit-oriented centres as key economic drivers.

Staff Recommendation:

That the Province retain the General Employment category but provide further guidance on incorporating hybrid/remote work into long-term forecasts, and on how mixed-use centres having general employment should be reflected in employment forecasting.

Land Needs Assessment

The PMG provides three methods for municipalities to determine land needs: (1) people and jobs per hectare, (2) multiple densities by unit/job type, and (3) a simplified method for smaller municipalities. All three methods rely on density assumptions and adjustments to estimate gross land needs.

Staff Observations:

Offering multiple methods provides flexibility and recognizes different levels of municipal capacity. However, reliance on assumed densities may result in over- or under-estimating land needs if targets are unrealistic. Unlike the 2020 Land Needs Assessment (LNA) Methodology, the PMG does not provide provincial benchmark ranges. The Markham OP supports the prioritization of growth to built-up-areas first and ensuring that environmental and agricultural lands are safe guarded.

It is also unclear how the terms net density, gross density, and developable area are consistently applied across the three methods. While some explanation is provided, additional clarity, illustrations, and glossary definitions would help ensure consistency.

While not directly part of land needs calculations, the guideline could also acknowledge the importance of excluding environmental constraints and major infrastructure (e.g., highways, railways, utilities) when designating new settlement areas, as these lands are not developable.

Staff Recommendation:

That the Province:

- Provide benchmark density ranges for housing and employment forms (as in the 2020 LNA methodology), while allowing municipalities to refine assumptions with local data;
- Clarify and provide glossary definitions for net density, gross density, and developable area/lands, and specify the components that should be included when adjusting from net to gross land needs; and
- Indicate that environmental and major infrastructure exclusions should be considered when designating new settlement areas or expansions.

Implementation

The PMG emphasizes the importance of documenting assumptions, collaborating across jurisdictions, and integrating projections and land needs into municipal Official Plans. Municipalities are directed to coordinate with upper-tier and lower-tier partners to ensure consistent approaches and to clearly identify all data sources and assumptions used.

Staff Observations:

These provisions support transparency and integrated growth management and are consistent with the intent of the Markham's OP which requires growth to be phased and coordinated with infrastructure delivery. However, while the guideline stresses collaboration, it does not provide direction on how upper- and lower-tier municipalities should reconcile differences if they arise.

In addition, all key elements of the PMG (population projections, housing needs, employment forecasts, and land needs assessments) will have a direct impact on travel demand and patterns and infrastructure. These assumptions shape the scale, timing, and type of infrastructure required. Without explicit transportation system capacity and sensitivity analysis, there is a risk that growth allocations may not be viable from a transportation and servicing perspective.

Staff Recommendation:

That the Province retain the requirements for inter-municipal coordination and transparent documentation, provide additional guidance on how upper- and lower-tier municipalities should reconcile forecasts to ensure consistency across regions, and require that transportation system and servicing capacity and sensitivity analysis be incorporated into the development of growth forecasts to confirm the viability of growth allocations.

FINANCIAL CONSIDERATIONS

This report has no direct or immediate financial impacts on the Operating Budget and Life Cycle Study Reserve Study that are associated with submitting comments on the proposed PMG. However, the implementation of the guideline could have future implications for growth-related infrastructure planning and development charges, depending on how forecasts and land needs are standardized.

The Development Charges Background Study which facilitates the recovery of capital infrastructure cost required by growth, will continue to utilize forecasts approved in the official plan, with reasonable adjustments to reflect the local conditions and targets. The proposed changes should not have a significant impact on the forecast to be utilized in the study, however there is a concern that the ambiguity in the proposed language could impact the determination of the forecast. If the forecasted growth is less than actual, the infrastructure required to support (the actual) growth would be understated and lead to lower than required development charge revenues. If the development charge revenue shortfall is not addressed through other funding sources, there will be an under-investment in infrastructure required to accommodate growth. The proposed guidelines will be monitored to see if there are any amendments that could impact forecasts used in Development Charges Background Studies.

HUMAN RESOURCES CONSIDERATIONS

There are no human resource impacts associated with the recommendations in this report.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The intent of the proposed PMG aligns in part with the strategic priorities in Building Markham's Future Together (BMFT), particularly:

- Goal 3.2: Build complete communities that offer a range of housing and employment opportunities, transportation options, and community amenities;
- Goal 3.3: Ensure growth is managed in a sustainable, financially and environmentally responsible manner.

The proposed PMG also has implications for the City's Official Plan (Chapter 2 – A Framework for Sustainable Growth). Specific alignments and concerns with OP Section 2.2 policies (Protecting Natural Environment and Agricultural Lands; Building Complete Communities; Increasing Mobility Options; Maintaining a Vibrant and Competitive Economy; and Implementation) are addressed within the Options/Discussion section of this report.

BUSINESS UNITS CONSULTED AND AFFECTED:

Policy Planning staff coordinated with all impacted City departments, including Economic Development, Engineering, Financial Services and Transportation to gather comments on the PMG. Input has been consolidated in Appendix A.

RECOMMENDED BY:

Giulio Cescato, MCIP, RPP
Director, Planning & Urban Design

Trinela Cane
Commissioner of Corporate Services and
Acting Commissioner of Development Services

ATTACHMENTS:

Appendix A – City of Markham Comment Table (PMG Consultation)