
Prepared for: Grey County

By: BGGM Consulting

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Table of Contents

List of Exhibits ................................................................................................................. 3
EXECUTIVE SUMMARY ................................................................................................. 4
INTRODUCTION ............................................................................................................... 5
2.0 LOCAL CONTEXT ...................................................................................................... 5
3.0 EXISTING POLICY FRAMEWORK ......................................................................... 6
  3.1 PROVINCIAL POLICY STATEMENT REQUIREMENTS ........................................ 7
  3.2 GUIDELINES ON PERMITTED USES IN ONTARIO’S PRIME AGRICULTURAL AREAS .................................................................................................................. 7
  3.3 GREY COUNTY POLICY ...................................................................................... 8
  3.4 SUMMARY OF EXISTING POLICY FRAMEWORK ............................................. 10
4.0 RESEARCH METHODOLOGY .............................................................................. 10
  4.1 JURISDICTIONAL SCAN ..................................................................................... 10
  4.1.1 Land Use Statistics ....................................................................................... 10
  4.1.2 Policies ........................................................................................................... 13
  4.1.3 Trends ............................................................................................................. 15
  4.1.4 Innovative Policies ......................................................................................... 16
  4.1.5 Limitations ...................................................................................................... 17
  4.1.6 Summary of Findings .................................................................................... 17
  4.2 LITERATURE REVIEW ..................................................................................... 18
    4.2.1 Summary of Findings .................................................................................. 20
  4.3 STAKEHOLDER INPUT ....................................................................................... 21
    4.3.1 Pen-and-Paper Survey ............................................................................... 21
    4.3.2 Interviews ................................................................................................... 23
    4.3.3 Summary of Findings .................................................................................. 25
5.0 DISCUSSION ........................................................................................................... 25
  5.1 DISCUSSION POINT 1 ....................................................................................... 27
  5.2 DISCUSSION POINT 2 ....................................................................................... 27
  5.3 DISCUSSION POINT 3 ....................................................................................... 31
  5.4 DISCUSSION POINT 4 ....................................................................................... 33
6.0 POLICY OPTIONS AND RECOMMENDATIONS ............................................. 34
  6.1 RECOMMENDATION 1 ..................................................................................... 35
  6.2 RECOMMENDATION 2 ..................................................................................... 35
  6.3 RECOMMENDATION 3 ..................................................................................... 35
  6.4 RECOMMENDATION 4 ..................................................................................... 35
  6.5 RECOMMENDATION 5 ..................................................................................... 36
7.0 SUMMARY ............................................................................................................. 36
REFERENCES .................................................................................................................. 37
APPENDIX A - ANNOTATED BIBLIOGRAPHY ....................................................... 40
APPENDIX B - PEN-AND-PAPER SURVEY ............................................................. 45

County of Grey Official Plan Policies –
Review of Minimum Lot Size Requirements and Impact on Agricultural Operations

BGGM Consulting
List of Exhibits

Exhibit 1 – The County of Grey in Southern Ontario
Exhibit 2 – Grey County Parcel Fabric Representing the Most Restrictive Land Use Designation Intersecting Each Parcel
Exhibit 3 – Minimum Farm Lot Sizes in Grey County’s Agriculturally Based Municipalities
Exhibit 4 – Number of Operations per Farm Size
Exhibit 5 – Proportion of Farms per Lot Size
Exhibit 6 – Minimum Farm Lot Sizes of the Seven Ontario Counties Included in the Jurisdictional Scan
Exhibit 7 – Rise in Value per Acre of Farmland and Buildings from 2010-2013 and 1970-2013
Exhibit 8 – Make-up of lot sizes in Grey County
Exhibit 9 – Cost per Hectar in Relation to Parcel Size
Exhibit 10 – Price per Hectare of Current Farms for Sale in Grey County, Ontario
Exhibit 11 – Farm Properties for Sale in Grey County, November 2016
EXECUTIVE SUMMARY
This report prepared by BGGM Consulting on behalf of Grey County offers a review of Grey County’s Official Plan policies pertaining to the minimum size of farm lots.

This report explores the feasibility of both commodity and non-commodity farm operations in relation to smaller lot sizes, focusing on whether allowing reduced agricultural minimums would undermine the long-term objective of preserving farmland.

The following methods were used to explore the feasibility of smaller farm lot sizes:

- Identification of the existing policy framework – local, County, Provincial;
- Literature review of 14 sources;
- Jurisdictional scan within the Province of Ontario and in neighbouring American jurisdictions; and,
- Stakeholder input which included a survey and interviews.

The findings from the literature review, jurisdictional scan, and stakeholder input suggest that a 40 hectare minimum for farm lot sizes continues to be reasonable.

BGGM Consulting has found that the issues that farmers are facing are not necessarily related to land size. Some of the larger issues farmers are currently facing include the cost of farmland and farming equipment and the necessity for off-farm employment to supplement farm income.

For these reasons, BGGM Consulting suggests the following policy options and recommendations:

1. Promote the establishment of small farm operations and the creation of small agricultural lots on lands at the periphery of designated settlement areas, as defined by Grey County.
2. Do not allow severances of less than 40 hectares as they are not a solution to increase farmland affordability.
3. Implement policies which maintain a 40 hectare minimum, but allow reductions to lot size with certain requirements such as proof of diverse and economically viable agricultural operations.
4. Create a Community Improvement Plan that supports agriculture in a variety of ways.
5. Create a land bank that is municipally owned and leased out to local farmers.
INTRODUCTION
Grey County has requested a review of Official Plan policies dealing with the minimum size of farm properties. This review has been undertaken with the objective of reviewing policy options and solutions that consider all types and sizes of potential farm operations.

A need for this review was identified by the County as they felt that their current policies are geared towards only supporting commodity agriculture. The County wants to ensure continuing support of all types of agriculture, from commodity growers to niche/local food producers. This report explores the feasibility of both commodity and non-commodity farm operations in relation to smaller lot sizes. Emphasis is placed on whether allowing reduced agricultural minimums would undermine the long-term objective of preserving farmland.

The following methods were used to explore the feasibility of smaller farm lot sizes:

- Identification of the existing policy framework – local, county, provincial;
- Literature review of 14 sources;
- Jurisdictional scan within the Province of Ontario and in neighbouring American jurisdictions; and,
- Stakeholder input which included a survey and interviews.

The findings have guided the policy recommendations and options found in section 6.0.

2.0 LOCAL CONTEXT
Grey County, which has 9 municipalities, is an urban/rural community with a strong agricultural sector, particularly in apples, sheep, lamb, and cattle production. Exhibit 1 provides an overview of the area. The importance of Grey County’s agricultural sector is captured by Grey County’s Official Plan (2013) which states:

The residents and Councillors have been consistent in their desire that farm operations be and continue to be the dominant land use and should, therefore, be afforded the greatest protection.

Over the past decade, upward pressures on farmland values in Southern Ontario have made it difficult for young farmers to enter the industry. At the same time, the nature of agriculture has changed. In addition, the impacts of climate change, technological advances in agricultural practice, and changing local and international markets, make a review of minimum farm size requirements timely.
The Province of Ontario’s Provincial Policy Statement (2014) currently discourages new lot creation in Prime Agricultural Areas unless the properties are sufficiently large to maintain flexibility of agricultural operations. The current Grey County Official Plan’s (2013) Agricultural designation is consistent with the PPS, as it establishes a minimum of 40 hectares for new agricultural lots to discourage the fragmentation of farmland.

Exhibit 1 – The County of Grey in Southern Ontario.

3.0 EXISTING POLICY FRAMEWORK
The following section provides an overview of the relevant policy in place that speaks to minimum farm lot size in Ontario.
3.1 PROVINCIAL POLICY STATEMENT REQUIREMENTS

The Provincial Policy Statement (PPS) (2014) is the statement of the government’s policies on land use planning insofar as they impact the provincial interest. Section 2.3.1 and 2.3.2 of the PPS speak to prime agricultural and specialty crop areas.

Section 2.3.1 states that prime agricultural areas be protected for long-term agricultural use. Specialty crop areas are given the highest priority for protection followed by Canada Land Inventory Class 1, 2 and 3 lands, and any associated Class 4 through 7 lands within the prime agricultural area.

Section 2.3.2 states it is up to planning authorities to designate prime agricultural areas and specialty crop areas. They must do so in a manner consistent with the policies of the PPS.

Section 2.3.4.1 “Lot Creation and Lot Adjustments” of the Provincial Policy Statement speaks to agricultural lot size. It states that:

Lot creation in prime agricultural areas is discouraged and may only be permitted for: a) agricultural uses, provided that the lots are of a size for the type of agricultural use(s) common in the area and are sufficiently large to maintain flexibility for future changes in the type or size of agricultural operations.

However, in section 2.3.3.2 it states that:

In prime agricultural areas, all types, sizes and intensities of agricultural uses and normal farm practices shall be promoted and protected in accordance with provincial standards.

Therefore, while lot creation is discouraged, the PPS sets no minimum farm lot size.

3.2 GUIDELINES ON PERMITTED USES IN ONTARIO’S PRIME AGRICULTURAL AREAS

In 2015 The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) produced a document entitled “Guidelines on Permitted Uses in Ontario’s Prime Agricultural Areas”. The Guidelines are meant to assist municipalities, decision makers, farmers, and others in the interpretation of the Provincial Policy Statement.

Section 2.1.1.3 of the Guidelines reaffirms that the PPS does not limit “the type, size or intensity of agricultural uses in prime agricultural areas.” As an example, the guidelines state that:
It would be inappropriate for a municipality to adopt in its planning documents to prohibit certain types of agricultural uses (e.g. mushroom farms or aquaculture) or farm sizes (e.g. livestock facilities for a certain number of animals). Agriculture is a dynamic industry and changes over time depending on consumer demands/preferences, equipment, plant varietals, farmers’ skills, labour, processing capacity and technology.

That being said, the Guidelines go on to say:

This criterion is not intended to suggest that small farm lots may be created. In general, the larger the farm parcel, the more adaptable it is to changing conditions and the more efficient it is to run the farm. Keeping farms large enough to maintain flexibility is key to agricultural viability and to achieving the PPS requirement of protecting prime agricultural areas for long-term use in agriculture.

Like the PPS, the guidelines do not suggest a minimum farm lot size but instead stress the importance of keeping farms large enough to maintain flexibility.

3.3 GREY COUNTY POLICY

In section 2.1.3 “Development Criteria Policies” of Grey Counties Official Plan (OP) (2013) it states that within the Agriculture designation newly created farm lots should generally be 40 hectares. The OP goes on to say that a minimum of 40 hectares has been chosen so as to discourage fragmentation of farmland. Further, the 40 hectares is not intended to stop the creation of smaller farm parcels where:

They are of a size appropriate for the type of agricultural use(s) common in the area and are sufficiently large to maintain flexibility for future changes in the type or size of agricultural operation.

To determine whether a farm parcel is large enough “to maintain flexibility for future changes” the applicant must show that other active farm operations of a comparable size and type in the exist in the area. The OP is clear that if an original Township lot is less then 40 hectares then “in no case shall the severed or retained lots be smaller than the original Township lot.”

In terms of lot size for the Special Agriculture designation, section 2.2.3 states that lot size within the Special Agricultural Designation will be no less than 10 hectares. Special Agriculture designation refers to “those unique areas of the County that lend themselves to the growing of fruits and vegetable.”

Lastly, the OP states that Local Municipalities are encouraged to determine their own farm parcel sizes in their own Local Municipal Official Plan and/or Secondary Plan.
Below are Exhibits 2 and 3. Exhibit 2 outlines minimum farm lot size as determined by Grey County and the four agriculturally based municipalities within Grey County and Exhibit 3 displays the Grey County parcel fabric which represents the most restrictive land use designation intersecting each parcel.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Permitted Farm Size (hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grey County</td>
<td>Agricultural area = 40</td>
</tr>
<tr>
<td></td>
<td>Specialty agricultural area = 10</td>
</tr>
<tr>
<td>Municipality of Grey Highlands</td>
<td>40</td>
</tr>
<tr>
<td>Municipality of Meaford</td>
<td>Generally, 40</td>
</tr>
<tr>
<td>The Township of Southgate</td>
<td>Generally, 40</td>
</tr>
<tr>
<td>The Town of The Blue Mountains</td>
<td>Agricultural area = 40</td>
</tr>
<tr>
<td></td>
<td>Specialty agricultural area = 10</td>
</tr>
</tbody>
</table>

Exhibit 2 – Minimum Farm Lot Sizes in Grey County’s Agriculturally Based Municipalities.

Exhibit 3 - Grey County Parcel Fabric Representing the Most Restrictive Land Use Designation Intersecting each parcel.

County of Grey Official Plan Policies –
Review of Minimum Lot Size Requirements and Impact on Agricultural Operations
3.4 SUMMARY OF EXISTING POLICY FRAMEWORK
The existing policy framework, while it does not prohibit small farm lot sizes, does not encourage them. This allows for some very limited flexibility, especially when minimum farm lot size is mandated by Official Plan policy.

4.0 RESEARCH METHODOLOGY
The following research methods were used in this report:

- A jurisdiction scan,
- A literature review; and,
- Stakeholder input which included a survey and interviews.

The findings gathered from these methods inform the policy options and recommendations that are found in section 6.0.

4.1 JURISDICTIONAL SCAN
A jurisdictional scan was conducted within primarily agricultural communities in the Province of Ontario. This was undertaken with several purposes:

- To develop an understanding of current agricultural policies that exist in relevant agriculturally-dominated municipalities;
- Seek past studies on agricultural lot sizes; and,
- Provide a basis for comparison between and among municipalities.

The jurisdictional scan involved reviewing available information for over 20 townships and counties in Southern, Western, and Eastern Ontario. Seven counties from Southern and Western Ontario were included in the final jurisdictional scan as a result of an abundance of information, current practices, as well as past studies and experiences regarding minimum agriculture lot sizes. The jurisdictional scan includes an overview of the key parameters that were analyzed throughout the report.

4.1.1 Land Use Statistics
The size of existing agricultural lots varies substantially throughout the province of Ontario, as well as within the seven counties included within the jurisdictional scan. Data associated with lot size distribution in Ontario was collected from CANSIM, a socioeconomic database managed by Statistics Canada. The data specifically came from the 2001, 2006 and 2011 Agricultural Censuses (Statistics Canada, 2011). Each of the seven counties are included in Exhibit 4, which compares the frequency of agricultural lot sizes, using several lot size classifications measured in hectares.
Exhibit 4 displays county-specific trends in existing agricultural lot sizes. The largest number of agricultural lots appear to be in the size range of 4.1 – 28 hectares and 28.1 – 52 hectares. This indicates that the majority of agricultural lots in the seven counties are either slightly above, below or around the 40 hectare provincial minimum established within the PPS. As the lot size classifications incorporate larger lot sizes, the frequencies appear to lessen.

Exhibit 4 – Number of Operations per Farm Size
The proportions of farm sizes also vary within each respective county. Exhibit 5 presents the proportions of lot sizes by farm lot size by county. Essex County has the highest proportion of farm lots less than 4 hectares and between 4.1 – 28 hectares by a substantial margin. Grey County has low proportions of lots less than 28 hectares in size,

County of Grey Official Plan Policies –
Review of Minimum Lot Size Requirements and Impact on Agricultural Operations
with the highest proportion of lots between the sizes of 28.1 – 52 hectares, indicating that most lots in Grey County are slightly above, below or at the provincial farm lot minimum of 40 hectares. Grey County also has moderate to high proportions of farm lots greater than 52.1 hectares indicating a trend towards large farm parcels throughout the county relative to the six other jurisdictions.

When comparing Grey County with the adjacent Bruce County, similarities emerge. Both counties have low frequencies and low proportions of farm lots of less than 28 hectares relative to other counties. The data is skewed towards larger farm lots, which becomes apparent as both Grey and Bruce Counties have a high number and proportion of farms that are greater than 52.1 hectares in size.

4.1.2 Policies
Agricultural land use policies in Ontario are generally limited to two sources: municipal land use policies, identified within the official plans and zoning bylaws; and provincial policies, legislation and regulation.

Municipalities across Ontario have several policies in place that shape the use of agricultural lands. Within this report, the most important policy pertains to the minimum lot size permitted within a given municipality. Minimum lot sizes differ between lower-tier townships and upper-tier counties across each of the municipalities identified within the jurisdictional scan. Exhibit 6 identifies the minimum lot sizes of each county.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Minimum Lot Size – Agriculture</th>
<th>Minimum Lot Size – Special Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essex</td>
<td>40 ha</td>
<td>--</td>
</tr>
<tr>
<td>Lambton</td>
<td>40 ha</td>
<td>--</td>
</tr>
<tr>
<td>Chatham-Kent</td>
<td>20 ha</td>
<td>--</td>
</tr>
<tr>
<td>Huron</td>
<td>38 ha</td>
<td>--</td>
</tr>
<tr>
<td>Grey</td>
<td>40 ha</td>
<td>10 ha</td>
</tr>
<tr>
<td>Bruce</td>
<td>40 ha</td>
<td>--</td>
</tr>
<tr>
<td>Norfolk</td>
<td>40 ha</td>
<td>--</td>
</tr>
</tbody>
</table>

Exhibit 6 – Minimum Farm Lot Sizes of the Seven Ontario Counties Included in the Jurisdictional Scan

Upon review of local policies on agriculture lot size minimums, most of the included counties permit new lot creation to be equal to or greater than 40 hectares, aligning with the Provincial Policy Statement. Select variations occur in Huron County, where small deviations in minimum lot sizes at the county-level occur. The Municipality of Chatham-Kent applies a 20 hectare minimum on new agricultural lot creation, permitting the division of an existing 40 hectare agricultural lot. The remaining Essex,
Lambton, Grey, Bruce, and Norfolk Counties do not permit new lots to be created any less than 40 hectares in size. Grey County is notable, however, in that it permits smaller lot sizes of 10 hectares to be created in ‘Special Agriculture’ zones, as defined by the County’s Official Plan.

The Municipality of Chatham-Kent provides precedent for local policy adaptations on smaller lot sizes. In 2005, the Ontario Municipal Board (OMB) permitted an amendment to the Municipality of Chatham-Kent’s Official Plan, allowing the municipality to grant severances of parcels as low as 20 hectares in size (County of Lambton, 2015). The Board determined that the Municipality of Chatham-Kent has different agricultural practices than other Ontario municipalities due to relatively fewer livestock operations (County of Lambton, 2015). The OMB ruled that a lot size of 20 hectares would continue to ensure viability and flexibility of agricultural operations within the municipality given its predominant agricultural operations (County of Lambton, 2015).

The municipality of Chatham-Kent is notable in that it is the only municipality to be allowed by the OMB to sever a farm parcel into two parcels less than 40 hectares. Conversely, the Municipality of Dawn-Euphemia in Lambton County sought to adopt a reduced minimum lot size of 20 hectares in 2001 as a result of the prevalence of existing 20 hectare lots (County of Lambton, 2015). Lambton County intervened, taking the municipality to the OMB. The OMB rejected the municipality’s decision to permit reduced lot sizes, citing a lack of supporting evidence, feasibility, and that its agriculture was not deemed to be substantially different than Lambton County to warrant a change (County of Lambton, 2015). The Municipality of Dawn-Euphemia continues to have a minimum agriculture lot size of 40 hectares due to the necessity for municipalities’ policies to reflect the types of agriculture common in the area and allow for future flexibility in agricultural land uses.

In addition to the minimum lot sizes for each county, as displayed in Exhibit 6, select counties employ other measures that can permit the creation of a new agricultural lot that is smaller than 40 hectares. In Huron County, municipalities and townships are permitted to allow new lot creation under a specific set of conditions. The Municipality of Central Huron allows landowners to sever existing lots to be smaller than its minimum requirement of 30 hectares, if the two newly created lots are split along previously existing lot boundaries (County of Norfolk, 2015). Similarly, Bruce County permits new creation along original Crown surveyed lot boundaries, resulting in two farm lots of 20 hectares each (County of Norfolk, 2015).

Norfolk and Lambton Counties, like Huron County, permit municipalities to allow agricultural lot creation less than 40 hectares. In contrast with the Huron County,
municipalities in Norfolk and Lambton Counties perform a case-by-case assessment of each proposed farm severance, based on several criteria, including:

- Viability, productivity, and/or efficiency of the parcel itself and/or in contributing to a larger farming operation;
- Appropriateness for the type of agriculture proposed on the parcel;
- Appropriateness for the types of agriculture common in the area; and,
- Flexibility for changes in the type of size of the parcel’s agricultural use (County of Lambton, 2015; County of Norfolk, 2015).

4.1.3 Trends
The jurisdictional scan reveals trends in agricultural economies and real estate sectors within the seven counties. A dominant trend throughout southern Ontario is family farming operations taking advantage of increasing land prices and placing their properties on the real estate market. This is prevalent in Bruce, Huron, and Lambton Counties, where an ongoing trend indicates existing operations are purchasing farmlands to expand their holdings (County of Lambton, 2015). This is both increasing the average farm size and decreasing the number of farm operators.

Real estate prices for farm properties are continually increasing throughout southern Ontario. In Huron County, it is noted that real estate listing times are significantly shorter than in much of Canada, resulting in bidding wars which further increase the price of lands (County of Huron, 2015; RE/MAX, 2014). Grey County has exhibited similar challenges, where an influx of southern Ontario farmers are selling their properties and moving to Grey County where they are purchasing comparatively high quality lands at a lower cost (RE/MAX, 2014). In the year 2014, Grey County saw all types of properties (from 10 acre hobby farms to 200 acre dairy farms with quota) being sold for greater than average prices, even after a 20% increase in average land values between 2013 and 2014 (RE/MAX, 2014).

Lands with the greatest success in the real estate market appear to correspond to larger lot sizes. In Grey County, the majority of farmlands sold in 2014 were between 50-100 acres (20-40 hectares) (RE/MAX, 2014). Lambton County also identifies the greatest market values for agricultural lands coincide with areas where larger parcels are more frequent (County of Lambton, 2015). Additionally, areas where larger agriculture lot sizes are more common coincide with generating greater farm-based expenditures (County of Lambton, 2015).

Despite the trends towards farm consolidation and increasing land values, small lot sizes are still in demand. Small lots in Bruce, Essex and Huron Counties remain in demand by

exurbanites and small farmers (County of Essex, 2014; County of Huron, 2015; County of Lambton, 2015; Town of Tecumseh, 2014). Both Essex and Lambton Counties note that smaller farms are drawn towards urban areas and employment centres due to the developing “local food movement” (County of Essex, 2014; County of Lambton, 2015). This movement requires that small farm, local producers are nearby food storage facilities, distributors, and end-users. Essex and Lambton Counties are reviewing their respective official plans to determine if they should provide more small farm lots, to make land more affordable for new farmers (County of Essex, 2014; County of Lambton, 2015).

There are several issues regarding the promotion and generation of small farm lots, as identified throughout southern Ontario. Lambton County notes that with small farm lots, the initial cost becomes more affordable, however there is an associated decrease in profit and efficiencies, resulting in small farmers relying heavily on off-farm incomes (County of Lambton, 2015). Small lots are also inherently more expensive per hectare of land when compared to lots of greater size (County of Lambton, 2015). Additionally, prospective small farm buyers in Huron and Bruce Counties are experiencing difficulties in securing financing. A reason behind this financial difficulty, as exhibited in Huron County, is that farms are hard to finance when more than one-half of the value is derived from buildings on the land (County of Huron, 2015; RE/MAX, 2014).

Finally, despite growing trends in the number of small farm operations appearing near urban centres in select areas, municipalities are uneasy about providing small lot sizes so close to urban areas. In Lambton County, if a parcel is too small, the value mirrored that of residential land and is at risk of becoming a non-farm lot. The Thedford Bog, a high quality agricultural area in Lambton County, is evidence of this trend (County of Lambton, 2015). Increasing average lot values, small lot sizes and discontinuing agricultural operations result in residential uses becoming prevalent on former farmlands (County of Lambton, 2015).

4.1.4 Innovative Policies
The seven jurisdictions that have been discussed in this jurisdictional scan are primarily agricultural communities located away from major urban centres in southern Ontario. While they provide a basis for comparative agricultural planning practices and policies, few innovative polices appear.

Municipalities in the Greater Toronto Area (GTA) and Greater Golden Horseshoe (GGH) provide interesting and innovative policy options to planners throughout Ontario due to current and future land use constraints. The Greater Toronto Area Agricultural Action Committee (GTAAAC) works alongside predominantly urban municipalities in the GGH.
to ensure sustainable agriculture operations despite urban development pressures and continuing challenges that farm operators face in urban areas. Under these circumstances, the GTAAAC, municipalities and farmers within the GGH have sought new means to ensure continued and viable farm operations.

In 2012 the GTAAAC released the *Golden Horseshoe Agriculture & Agri-Food Strategy - Food & Farming: An Action Plan 2021*. In this document, the GTAAAC identifies several policy tools that municipalities can utilize. The most relevant policy is the “small farm enterprise zone”, which are designed to incorporate and encourage innovative small farm agriculture operations in near-urban areas (GTAAAC, 2012; Urban Strategies, 2008). At this time, however, no municipalities have been identified by the research team as considering or implementing small farm enterprise zones.

### 4.1.5 Limitations

Several limitations that arose during the jurisdictional scan must be identified. Staff at Grey County’s Planning and Economic Development Department identified the need to compare and place priority on research and current practices of neighbouring municipalities. Simcoe, Dufferin, Wellington, and Bruce Counties were given priority during the research and data aggregation process.

Bruce County was the only jurisdiction to be included, as the remaining counties do not have sufficient information on agricultural land use practices, policies, programs and trends to warrant further comparison and analysis. The seven counties included within the above jurisdictional scan and analysis were selected based on their proximity to Grey County, as well as the availability of agricultural information, innovative practices and prior experiences in minimum lot size modification studies.

### 4.1.6 Summary of Findings

Existing farm lot sizes vary both within and throughout southern and western Ontario. Essex County, for example, has a large proportion of farm lots slightly above, below or at the 40 hectare minimum established under the PPS, while the Huron and Lambton Counties exhibit much higher proportions of existing farm lot sizes greater than 40 hectares. The variations in existing farm lot sizes can be attributed mainly to past and present agricultural trends, where fruit and vegetable production, common in Essex County, permit smaller farm lot sizes than the pastures and commodity farming present in the Huron and Lambton Counties.

New lot creation policies generally conform to the PPS, deterring new lot creation below 40 hectares. A few exceptions are identified within the jurisdictional scan, where Huron County, has a minimum lot size of 38 hectares; and the Municipality of Chatham-Kent.
permits new lot creation to a minimum of 20 hectares as a result of an OMB ruling. Many counties additionally allow the respective lower-tier townships and municipalities to identify their own minimum lot sizes, many of which are lower than the minimum stated by the county-level official plan. Finally, Grey County is the only jurisdiction to provide a “Special Agriculture” designation, where smaller lot sizes of 10 hectares are permitted due to the types of operations that may exist within the area, out of the seven reviewed jurisdictions.

A key trend that is present throughout the jurisdictions is the increasingly expensive real estate market for farmlands. It has been noted that farmlands of all sizes are increasing in value throughout southern and western Ontario as industrial farming operations consolidate lands previously owned by smaller family farms. Additionally, farm operators are migrating from areas of high value (e.g. Lambton County) to areas of lower value (e.g. Grey County). This in turn is increasing the prices of farm lands due to rising demand in comparatively high quality and less expensive farm properties in select counties. The “local food movement” that is emerging and growing in Ontario provides a unique opportunity for small farm establishment. Settlement and employment areas in southern Ontario are experiencing a number of small farms moving in close proximity to urban areas to take advantage of agri-tourism and “local food movement” opportunities.

The aforementioned counties do not provide innovative practices in managing small farm properties or lots. Semi-rural municipalities near or within the GTA have developed the “small farm enterprise zones” which promotes the continuation of agricultural operations in areas where agriculture is made challenging by urban development influences. At this time, there are no available examples of “small farm enterprise zones.”

4.2 LITERATURE REVIEW
To gain an understanding of best practices, a literature review of 14 sources was conducted. The literature included in this scan falls under the general theme of agriculture and planning, but more specifically minimum farm lot sizes and policies related to minimum farm lot sizes. Included in this section is a description of the literature viewed and a summation of the findings.

One of the most prominent and general papers on the topic came out of the University of Guelph in 2011. Dr. Wayne Caldwell, one of the leading researchers in rural planning and agriculture, and Arthur Churchyard analyzed how changes to the Provincial Policy Statement in 2005, which prohibited the creation of new residential lots in prime agricultural land, curbed residential lot creation (2011). The study found that reduced

lot sizes and lot separations could negatively impact farming and could greatly increase residential lot creation. Further, they found that the negative effects of these practices were being curbed by the new changes (Caldwell and Churchyard, 2011). Although a general observation in comparison to the question at hand for this report, the concept of reducing potential negative effects on agriculture was a common theme in the literature.

Norfolk County published a discussion paper outlining farm lot size in prime agriculture areas. They had similar findings to Caldwell and Churchyard citing a reduction in minimum farm lot size would undermine Norfolk’s intention to protect viable farmland as it could lead to farm fragmentation and non-farming lots (Taylor, 2015). Correspondingly, a study on 15 U.S. Counties found a third of those in the study felt an emphasis on farmland preservation and viability efforts should be the policy focus. The same proportion felt that protecting good farmland from development should be the key priority when asked about farming policy and planning directions (Oberholtzer, Clancy, & Esseks, 2010).

A report done by Lambton County for the Council of Enniskillin found that the minimum farm lot size of 40 hectares is still the most advantageous. That being said Lambton County does allow exceptions to their 40 hectare minimum farm size requirement. These exceptions are addressed on a case by case basis. In an additional report from 2015, the Lambton County found that exceptions were with a minimum of 20 hectares, with additional policies to be put in place to prevent further subdivision. It also suggested that other risk management policies would be required to ensure there was no loss of viable farmland. This fear is common with a growing interest in rural residential and estate lots forming from urban exodus residents and wealthy baby boomers looking to purchase lots.

When it comes to the affordability of reduced parcel sizes for young farmers, some American research found that reducing minimum lot sizes would, in some cases, make smaller lots more expensive (FarmDocDaily, 2013). One dissertation focusing specifically on Mennonite farms, and their unique need for reduced lot sizes, found that although lot size can be a restraint on individual needs, changing minimum lot sizes was not the answer (Sharpe & Caldwell, 2015). The dissertation pointed to Purchase of Development Rights (PDR) as a potential tool to address the issues of the Mennonite community in another way (Sharpe & Caldwell, 2015).

There is a limited amount of research that suggests reduced lot sizes are advantageous. When the research did support reduced lot sizes, it was only under unique circumstances. Fraser Valley in British Columbia is one of these examples. In Fraser Valley...
Valley, lot sizes are not strongly connected to the level of outputs. This area however is a unique agriculture area, that is not similar to the agricultural situation in Grey County (Ministry of Agriculture, Food and Fisheries, British Columbia, 1998).

Another unique situation exists in the Town of Tecumseh, in Southwestern Ontario. A discussion paper by the Town notes that Tecumseh has more than the average small farms, or farms with less than 28 hectares. In 2011, 43% of the farm operations were less than 28 hectares (2014). This is higher than the Ontario average which is 38%. Since the Town already has a substantial stock of reduced sized lots it would not be necessary for them to change the minimum farm lot size. Instead, there may be opportunity to better utilize agricultural spaces. This is important for Grey County and other municipalities looking at creating more small lot sizes to consider.

The literature review also pointed to alternative solutions to lot affordability and availability within municipalities. One alternative suggested was relying more on processes within planning such as the Committee of Adjustments to create smaller more viable farms for specialty crops (County of Essex, 2014). Another report supported locally developed zoning and minimum distance separations as a possible solution for unique uses and needs within a community (Dickson et al., 2010). Solutions could also include a refocusing on densification, or possibly the focus of mixed used agriculture in certain areas to allow some small farming ventures mixed with a more residential area (Miller, 2013).

For example, Lambton County takes the unique approach of suggesting accepting exceptions to the minimum lot size, along with a maximum reduction of at least 20 hectares. They also implemented a 25% coverage policy, which controls the amount of land that can be affected by the policy within the County, ensuring that smaller lots do not proliferate and become dominant in the agricultural area. Although this is not a direct change of minimum farm lot sizes, it allows more leniency. However, it could pose a greater risk to farmland in the future.

4.2.1 Summary of Findings
Overall, the literature review found that a reduction of minimum farm lot size could jeopardize agricultural land and uses into the future. Although the aspirations of young farmer’s, specialty crops, and value added agriculture are often cited as reasons for reductions to minimum lot sizes, little literature supports doing so in a universal way. Instead, balance of the various needs in agriculture is required to ensure the future of farming is protected, while viable farmland is protected from becoming rural residential.
4.3 STAKEHOLDER INPUT
Stakeholder input was undertaken to gain a better understanding of the issue from the perspective of those involved in either farming or planning. Initially stakeholders were reached through a pen-and-paper survey. This was followed by telephone interviews.

4.3.1 Pen-and-Paper Survey
A survey was submitted to 29 contacts in the agricultural community provided by the Grey County Planning Department. Twelve surveys were completed for a response rate of 40%. Opinions were varied as to the value of a 40 hectare agricultural lot minimum, ranging from general support to a belief that there was over-regulation by government in determining lot sizes.

The results of the survey can be summarized as follows:

Farming & Crops - Respondents produce a variety of commodities on their land, from apples, cash crops, cattle, grapes and small-scale organic.

- Apples - 25%
- Cash crops (beans, wheat, corn & hay)/Cattle - 41%
- Grapes - 17%
- Diversified small-scale organic/alternative diversified - 17%

Farm Income - 100% of survey respondents supplement their income with off-farm activities, suggesting that even otherwise viable agricultural operations require more income than just on-farm activities to remain solvent.

Farm Parcels - When asked “Do you farm multiple parcels?” the majority of respondents replied that they only farm one parcel.

- Yes, 3 or more parcels - 16.67% 2
- Yes, 2 parcels - 25.00% 3
- 1 parcel - 58.33% 7

All of the respondents own their land rather than lease.

Ideal Lot Size - Half of the respondents said the ideal lot size throughout Grey County would be 100 acres (40 hectares), while the other half said there is no ideal size. However, 66.7% of respondents farm 100 acres (40 hectares) or more, while the remainder farm 99-40 acres (>40-16 hectares).
Trends - Respondents highlighted several key trends about the future of farming in Grey County. A chief opinion by respondents is that trends in agricultural commodity prices will force farmers to continue to scale-up which will increase the density and intensity of farming. Another respondent thought that the consolidation of farmland into fewer hands would ultimately lead to the further depopulation of the area, undermine community support networks and close down schools.

Other respondents added that the trend towards larger lot sizes growth in smaller niche farming, and that it is middle-sized operations that will be squeezed out. However, one respondent countered that niche farming is just a current trend that will not last, and that the overall direction will be towards consolidation and larger lot sizes to allow the flexibility of different farming operations in the future.

Some respondents expressed general anxiety about the dominance of the future of cash-cropping, and that it will continue to push out smaller, diversified farmers. There was also a prediction that new cultivars will allow different types of agriculture to the region, such as wine and grape growing which are relatively new to the area.

Barriers - In choosing any and all answers that apply to a question about barriers to entering the industry, 91% of respondents chose “land costs.” The selections are as follows:

- Land cost 91.67% (11)
- Initial and ongoing investment 83.33% (10)
- Skilled labour 58.33% (7)
- Market viability 50.00% (6)
- Land availability 41.67% (5)
- None 0.00% (0)
- Responses
- Other (please specify) 16.67% (2)

Two respondents also added “distribution/wholesale opportunities for small-scale and diversified farms” and “commodity pricing” to the list, as well as “lack of mentors - i.e. Farm Start.”

These answers provided a rounded picture of barriers to agriculture in Southern Ontario. Generally, high land costs and capital costs make entry into agriculture a significant investment. That only 41% chose “land availability” is telling, suggesting that there is available land but that it is costly.

4.3.2 Interviews

In addition to the pen-and-paper survey, interviews were conducted with stakeholders. Interviewees were selected based on their responses to a survey that the study team conducted. The stakeholders that were interviewed were either farmers or planners. Below is a summary of the findings from the interviews.

Farmers - To gain a better understanding of local stakeholder opinions about minimum farm lot sizes, interviews were conducted with members of the farming industry.

The opinions and backgrounds of the participants ranged widely. All interview participants noted the difficulties created by the growing cost of agricultural land. Some saw this as an indication that reduced farm land sizes would be beneficial, but not everyone agreed. Many saw reduced lot sizes as a danger for the future of farming. Multiple interview respondents saw the protection of agricultural land as a key priority and wanted to ensure there was little ability for residential uses to overtake prime agriculture land.

Others identified urban sprawl as a catalyst for making strategic smaller lots to attract residents into specific controlled areas rather than unregulated development. One participant noted the opportunity that smaller lots create in bridging rural and urban life together by providing smaller spaces to explore agriculture. This could take the shape of a small vegetable growing operation or the raising of a small number of animals as a 4-H project.

One participant supported creating smaller minimum farm lot requirements, with the caveat of provisions. They suggested an opportunity for a farm subdivision or a “farm division” that could be governed by a condominium agreement. This, they thought, could protect a group of smaller lots for niche or specialty farming. According to a participant, this could allow farmers who produce more densely or who are just starting out to acquire a space a for farming. Further, it could provide specific controlled areas for urban exodus residents, or those wanting to start out small.

Interview participants who viewed reducing farm lot sizes negatively saw the largest potential conflict being the inability for planning regulations to ensure agricultural land use. Another negative consequence they foresaw was the potential for residential uses to inhibit agriculture growth due to outside regulations such as Minimum Distance Separation.
It was noted that Grey County’s current distribution of farmland still supports many 40 hectare farm parcels. This was seen as beneficial. Instead of reduced lot sizes, this participant saw opportunity for increased control on leasing as a better regulation and opportunity producer. This could be achieved through proving incentives through Community Improvement Plans or other community support avenues.

Another area of discussion was the prevalence of secondary incomes for agriculture producers. One participant noted that it may be the only type of business that requires you to have another source of income to support your largest business. Due to this need for multiple revenue streams, interviewees noted that surplus buildings and value added agriculture uses provide the opportunity to add revenue and support the predominant agricultural use. Although not directly related to minimum farm lot sizes, this was noted as a way of addressing the high costs of farming and purchasing agricultural land.

There was no consensus on the topic of minimum farm sizes from the interview participants. However, the concerns of the local producers closely aligned with much of the literature. The interviewees may not have agreed on how to address the future of farming, but they did mutually agree that the future of agriculture is an area in which close attention will need to be paid moving into the future.

Planners - Phone interviews were conducted with eight planners across Grey County, representing various municipalities, the Niagara Escarpment Commission and Ontario Ministry of Agriculture, Food and Rural Affairs. Most planners surveyed suggested the 40 hectare minimum as an appropriate size to prevent the fragmentation of agricultural lands. The reasons given were as follows:

- Farmers were identified as increasingly needing to compete globally, and being able to scale-up to larger parcels is necessary to compete on international markets;
- Lot size creation was identified as a slippery slope, that once you start fragmenting lots they cannot be put back together again;
- There’s a loss of long-term flexibility on smaller farm lot sizes, and there is greater opportunity in preserving flexibility;
- Smaller lots increase the likelihood of non-farm development, especially in the North East of the County where there is pressure for recreational development;
- Minimum Distance Separation and Nutrient Management Plans require larger lots for flexibility and in order not to trigger “7 deadly nuisances” of compatibility with neighbours, larger lot sizes help protect against these complaints;
• Livestock produces larger economic benefit than cash-cropping and requires larger parcels; and,
• Maintaining the 40 hectare minimum creates a sense of certainty among farmers that there will be no changes to nearby parcels.

4.3.3 Summary of Findings
Land costs are a source of concern among farmers, however reducing the minimum farm size less than 40 hectares is not a popular solution to solving this problem. Planners also consider the 40 hectare minimum as necessary to prevent the fragmentation of farmland as well as to introduce stability to preserve farmland from encroaching residential or recreational uses.

5.0 DISCUSSION
In conclusion, the findings from the literature review, jurisdictional scan, and stakeholder input suggest that a 40 hectare minimum for farm lot sizes is reasonable. There is little evidence to suggest that reducing the 40 hectare minimum would be of benefit to farming, especially when looking into the future. What the study team has found, is that the issues farmers are facing are not necessarily related to land size. Some of the biggest issues that farmers are currently facing include the cost of farmland and farming equipment and the necessity for off-farm employment to supplement farm income.

Since 2008, the cost of farm land and buildings per acre has risen drastically for each province (Holtslander, 2015). According to Statistics Canada, the weighted-average price of Canadian farmland and buildings rose from $1,394 in 2008 to $2,227 in 2013 (Holtslander, 2015). Exhibit 7 shows the rise in the value per acre of farmland and buildings from 2010-2013 and 1970-2013 respectively.
The following statement from the Holtslander provides an excellent summary of the issues outlined above:

The current policy environment systematically pushes farmers out of business by promoting unaffordable land prices, ever-higher farm debt loads, and the concentration of land ownership in fewer hands. With an agricultural model that requires fewer farmers, there is less space for new farmers to occupy. Handing land, skills and knowledge from one generation to the next – an age-old cultural process – is being replaced with a system of financial transactions – a commercial process -- that shifts control over land to absentee landlords, investors and lenders and shifts the work of farming to tenants and/or transient, seasonal workers (National Farmers Union, 2015).

As it can be discerned from this statement, reducing minimum farm lot size is not the appropriate way to address the multitude of problems facing farming today. The want of some farmers for a reduced minimum farm lot size, goes far beyond just seeking a smaller tract of land.

For this reason, the following discussion points posit a few ways in which Grey County can support all types of farming by both addressing minimum farm lot sizes and looking beyond them.
5.1 DISCUSSION POINT 1
Allow smaller severances adjacent to urban boundaries to support trends in the local food movement.
Lambton and Essex Counties report higher numbers of small farm operations on peripheral lands adjacent to urban/settlement and employment areas (County of Essex, 2014; County of Lambton, 2015). The counties state that with the emergence of local food movements throughout Ontario, urban dwellers are demanding more local food choices.

With the current nature of agriculture in Ontario predominantly commodity crops there is little diversity in the production of foods that may be sold to and sustain residents. Whereas cash crops include wheat, soy and corn, local food suppliers, restaurants and residents require a greater diversity (with the inclusion of a variety of vegetables, fruits and specialty crops that are typically produced on smaller farm operations (County of Essex, 2014). The permission of small lot sizes adjacent to or in close proximity to settlement areas may prove beneficial to local economies through the restoration of local producers, supply chains and associations such as Foodlink Grey-Bruce.

5.2 DISCUSSION POINT 2
Allowing severances less than 40hc does not increase affordability.
The price of farmland in Grey County has been rising over the past several years. Between 2010-2015, land costs rose an average of 15.9% in south Grey County and the median cost per hectare is between $8500-$9000 (Parker, R. 2016).

While rising land values have been the case in varying degrees across Southern Ontario, there are several factors characteristic of price drivers in Grey County. First, farmers in Southern Ontario have been selling their properties and purchasing the relatively cheaper lots in Grey County which has been driving up prices (RE/MAX, 2014). Among these buyers are several orders of Mennonite communities who can purchase land at higher rates than even residential developers (Respondent #1). Moreover, agricultural technologies like GMO crops have allowed farmers to increase the productivity of some of Grey’s more inferior farmland (Respondent #2) (RE/MAX, 2014). Finally, low interest rates have been driving up all property values across the country and which is not unique to Grey County (RE/MAX, 2014).
Farmers contacted through the lot size study also identified the high cost of land as the primary barrier to economic viability in the region, as well as the costs associated with the initial and ongoing investment in land.

Although land costs are high, allowing severances of less than 40 hectares on “Agriculture” zoned land will not necessarily provide for enhanced affordability. Exhibit 9, which uses Grey County’s MPAC parcel data, shows that there are currently a significant number of lots sized less than 40 hectares.

In addition to there being a variety of parcels less than 40 hectares, costs per hectare rise significantly the smaller the parcel raising doubt on whether allowing lot sizes smaller than 40 hectares will provide greater affordability.

Land value data was collected from public listings on www.FarmOntario.com to explore cost per hectare in relation to parcel size. While the median is consistent with a report by Valco Consultants’ “Southwestern Ontario Land Values” – just under $9000 - the noticeable trend is towards higher cost per hectare the smaller the parcel.
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| Median                   | $8,698.63    | $21,510.62 |
| Average                  | $10,170.19   | $25,133.62 |

Exhibit 9 – Cost per Hectare in Relation to Parcel Size (Farm Ontario, 2016)

The relationship of land size less than 40 hectares to rising cost is not a perfect linear relationship, as there can be variables such as presence of land tiling, soil quality, quota and farm infrastructure that may affect the price. However, when plotted, as seen below in Exhibit 10, the trend line suggests that the smaller the parcel the more expensive the property becomes per hectare.
While this is an imperfect dataset and requires further inquiry into historical land value data in Grey County and its relationship to parcel size less than 40 hectares, it does suggest 3 key points:

- There is an inventory of land less than 40 hectares in Grey County - calling into question the need to add more parcels to this inventory.
- Land less than 40 hectares may rise in cost per hectare, reducing the overall affordability of smaller parcels. However, this point needs further research to properly establish.
- Severances of parcels less than 40 hectares are not a silver bullet solution to increasing affordability of farm parcels in Grey County.
5.3 DISCUSSION POINT 3
In anticipation of future food trends smaller lot sizes should be considered per set criteria.
Although there is little support for an overarching policy regarding minimum lot sizes for farmland, the literature review, jurisdictional scan, and responses from community members pointed to an opportunity for small lot sizes under specific circumstances. These exceptions to the rule are not unique to Grey, and there are precedents to create policy to allow such opportunities. Below are three more in-depth models of such policies:

Norfolk County - As a part of the Official Plan, Norfolk County acknowledges the need to assemble and disassemble agricultural lots throughout time for the purposes of agriculture. To that end, Norfolk County identifies that reduced sized lots may be requested during this process. Norfolk County addresses it with the following policy statement:

County of Grey Official Plan Policies –
Review of Minimum Lot Size Requirements and Impact on Agricultural Operations
The County may consider applications to assemble and disassemble agricultural land into viable agricultural lots that are less than approximately 40 hectares in size, subject to the following considerations:

1. Agriculture shall be the proposed use of both the severed and retained lots;
2. It shall be demonstrated that both the severed and retained lots will be economically viable and flexible to respond to economic change. The applicant shall provide information necessary to evaluate the viability of the new farming operations on the parcels of land. Information pertaining to the scale and nature of the operation, projected revenue, expenses, financing, soil quality, water quality and quantity, and any other viability criteria relevant to the proposal shall be provided to the satisfaction of the County, in consultation with the Province;
3. It shall be demonstrated that nearby lots of similar size to that proposed are not available and suitable for the intended agriculture use;
4. The suitability of both the severed and retained lots shall be assessed based on the type and size of agricultural operations in the area as well as the lot size typically associated with the agricultural operation proposed;
5. It shall be demonstrated that both the severed and retained lots remain sufficiently large to permit a change in the commodity produced, an adjustment in the scale of operation, diversification or intensification; and,
6. Both the severed and retained lot shall comply with the Minimum Distance Separation Formulae. (Taylor, 2015).

Lambton County - Lambton County is currently undergoing an official plan review, however, in relation to the community’s strong connection to the agricultural profession and its recent work on minimum lot size for agricultural uses in 2015, Lambton County provides a good comparative area for policies. In the Draft Official Plan, policy on lot severances and lot creation are as follows:

4.2.4 Notwithstanding Section 4.2.3 g), farm parcels of a lesser size than specified in the local official Plan may be considered by the local committees of adjustment on a case by case basis in limited circumstances where the type of agriculture proposed, such as specialty crop production, is viable on a smaller parcel. Leasing of land should also be considered as an alternative to creating small farm parcels.

Huron County - Huron County takes a less definitive approach which leaves more power in the lower tier municipalities official plan. This could be a useful approach if official plans of lower-tier municipalities wish to emphasize and focus on individual viability and common uses.

2.3.7. Lot creation in prime agricultural areas is discouraged and will only be permitted for:

1. Agricultural uses;
2. Agriculture-related uses provided that the area of the new lot is kept to the minimum size needed to support the use and appropriate servicing;

County of Grey Official Plan Policies –
Review of Minimum Lot Size Requirements and Impact on Agricultural Operations
3. A residence surplus to a farming operation; minor lot adjustments; and,
4. Infrastructure or public service utilities which cannot be accommodated through easements or rights-of-ways; subject to the policies of local Plans. (Amended by OPA 4 - formerly Minister’s Modification 7)

The creation of any lot for agricultural purposes must be of a size appropriate for the type of agricultural uses common in the area and sufficiently large to maintain flexibility for future changes in the type or size of agricultural operations. Lot sizes in agricultural areas will be set out in local Plans (Huron County, 2016).

There are numerous examples of ways to approach creating opportunities for unique circumstances and needs to flourish in a community. Norfolk County provides the most straight forward and in depth example, while the remaining counties mirror its intent but with less descriptive wording.

If Grey County were to adapt to policy in regards to creating these opportunities, Norfolk County’s policy example provides a strong and informative base for interpretation for residents, community members, and planners.

5.4 DISCUSSION POINT 4
Support farming and farmers through incentives and alternate tenure-ship opportunities.
BGGM Consulting has identified two ways in which Grey County can provide additional support to agriculture; through a Community Improvement Plan (CIP) and through land banking. However, more research needs to be conducted to determine how Grey County can best use these methods to support agriculture.

CIP - There are several counties in Ontario that use Community Improvement Plans (CIP) to support agriculture in a variety of ways. Three examples are listed below.

1. Halton Hills – In their CIP Halton Hills has an agricultural feasibility study/business plan grant which supports agricultural economic development. The grant provides funding for studies that investigate whether it is possible to convert or adapt existing agricultural/rural buildings and facilities into specialty in-demand agricultural or agri-tourism uses. Further, the grant encourages the creation of business plans for these endeavours. This grant has the potential to provide farmers will adequate supplementary income for their farm while fostering economic development in the community (Municipality of Meaford, 2016).

2. Prince Edward County – In their CIP Prince Edward County offers a project feasibility study that helps cover costs that are associated with business and economic development. Like Halton Hills’ feasibility study/business plan grant
this project feasibility study has the potential to encourage adaptive reuse or revitalization of older agricultural businesses or launching of new business ventures (Municipality of Meaford, 2016).

3. Meaford – In their draft CIP have several financial incentive programs that have the potential to support agriculture. These include:

   - Buildings and Land Improvement Grant or Loan;
   - Study and Business Plan Grant;
   - Development Charges and Municipal Fees Grant; and,
   - Tax Increment Equivalent Grant (Municipality of Meaford, 2016).

Land Banking - Currently, The Nova Scotia Federation of Agriculture is investigating the use of land banking as a strategy to get more farmland into producing across the province (Higgins, 2015). The Federation president Chris van den Heuval, a fourth-generation dairy farmer in Port Hood, Cape Breton, believes that "The idea of the land bank is for farmers, or people who own agricultural land, to be able to sell that land at fair market value" (Higgins, 2015). In Inverness County, a list of potentially municipal properties that could be put into production has been compiled, and it is hoped this land can be used to attract immigrants (Higgins, 2015). These are a few ideas of how a land bank could be used in Grey County.

6.0 POLICY OPTIONS AND RECOMMENDATIONS

Based on the above discussion points, BGGM Consulting suggests the following policy options and recommendations:

1. Permit the establishment of small farm operations and creation of small lots to lands at the periphery of designated settlement areas as defined by Grey County.
2. Do not allow severances of less than 40 hectares as they are not a solution to increase farmland affordability.
3. Implement policies which maintain a 40 hectare minimum, but allow reductions to lot size with certain requirements such as: proof of diverse and economically viable agricultural operations.
4. Create a Community Improvement Plan that supports agriculture in a variety of ways.
5. Create a land bank that is municipally owned and leased out to local farmers.
6.1 RECOMMENDATION 1
Permit the establishment of small farm operations and creation of small lots to lands at the periphery of designated settlement areas as defined by Grey County.
It is recommended that Grey County allow the creation of small farm lots, where applicable, towards settlement areas as defined by the county’s official plan. This policy will enable easy access to local food distributors and purchasers (i.e. restaurants, grocery stores, etc.), as well as provide local urban residents potential opportunities to participate in “agri-tourism”, including roadside farm-fresh food stands, ‘pick-your-own’ businesses, among others.

Given the proximity of residential land influences on small farm lot sizes that this policy would exacerbate, it is further recommended that Grey County develop a clause within the current land use designation “Special Agriculture” stating that a residential dwelling on the aforementioned lands may not be constructed. This will restrict the use of the lands to agriculture or land uses that do not cause degradation of the land.

6.2 RECOMMENDATION 2
Do not allow severances of less than 40 hectares as they are not a solution to increase farmland affordability.
Allowing severances below the 40 hectare minimum will likely not increase farmland affordability. An analysis of MPAC parcel data shows that there is currently a large supply of lands sized less than 40 hectares throughout Grey County, and an analysis of current listings suggest that price-per-hectare increases exponentially as farmland decreases below 40 hectares. Further research is needed with a broader dataset of real estate values to verify this finding.

6.3 RECOMMENDATION 3
Implement policies which maintain a 40 hectare minimum, but allow reductions to lot size with certain requirements such as: proof of diverse and economically viable agricultural operations.
There is little support for all encompassing reduced farm lot size policies within the Ontarian Context; however, there has been proven opportunities to allow some reduced lot sizes provided they are met with specific criteria to prove unique needs. Grey County could benefit from a specifically written policy such as Norfolk County’s policy on the same issue.

6.4 RECOMMENDATION 4
Create a Community Improvement Plan that supports agriculture in a variety of ways.
Grey County should develop a Community Improvement Plans (CIP) to support agriculture by offering incentive programs for; leasing, building and land improvement,
study and business plans. There are additional opportunities to develop grants for development charges and municipal fees, and tax increment equivalent grants. However, more research needs to be done to determine how best a CIP can help support agriculture in Grey County.

6.5 RECOMMENDATION 5
Create a land bank that is municipally owned and leased out to local farmers.
There are very few examples in Canada of agricultural land banks and further, there are none that are owned by municipalities or provinces. This is therefore an avenue that would require further study, research, and testing to determine how best to implement this strategy.

7.0 SUMMARY
In conclusion BGGM Consulting has found that the 40 hectare minimum for farm lot sizes continues to be reasonable. BGGM Consulting cautions against reducing this minimum as it may endanger the future of agriculture in Grey County. To continue to support all types of farming and farmers, Grey County may:

- Permit the establishment of small farm operations and creation of small lots to lands at the periphery of designated settlement areas as defined by Grey County;
- Prohibit severances of less than 40 hectares as they are not a solution to increase farmland affordability;
- Implement policies which maintain a 40 hectare minimum, but allow reductions to lot size with certain requirements such as: proof of diverse and economically viable agricultural operations;
- Create a Community Improvement Plan that supports agriculture in a variety of ways; and,
- Create a land bank that is municipally owned and leased out to local farmers.

While more research needs to be conducted to better understand how the above recommendations can be best executed, BGGM believes that they have the potential to continue to support all types of agriculture in Grey County.
REFERENCES


County of Lambton (2015). *Farm Lot Size Survey*.


County of Grey Official Plan Policies –
Review of Minimum Lot Size Requirements and Impact on Agricultural Operations


APPENDIX A - ANNOTATED BIBLIOGRAPHY

This dissertation looks at the changes in 1996 and 2005 to the Provincial Policy Statement in Ontario that affected lot creation in prime agricultural lands. It analyzes 102 municipalities’ agricultural lot creations from 1990-2005. It finds that that residential lot creation rates have decreased at a rate almost twice the speed of decreases in other designations. The dissertation finds that the changes to the PPS was an effective tool of management for lot creation. It should be noted the author seems to designate lot separation as a negative occurrence for farming and the focus is predominantly on residential lot creation. It should also be noted that the dissertation notes a gap in research regarding value added agriculture practices and the potential for various lot size requirements related to those practices.

This report was requested by Sustain Ontario and was completed by Ryerson Graduate Students. It looks as four main policy areas: Agricultural Zoning, Minimum Distance Separation, Minimum Farm Sizes, and Policy Language. The report finds that some zoning can be restrictive, and that the current underlying concept of separate uses may need to be challenges in a more technologically advanced world. Minimum Distance Setbacks were also noted as an area where prescriptive broad regulations may not be the best approach. Instead the report suggests municipality specific regulations that also look at the size of the agriculture practice and can take a variety of measurements into account. The report finds that the 40 acre minimum in the United States came from a practice referred to as the quarter/quarter approach, which dictated that 40 acres was the required amount of acreage for a house to be built on an agricultural property.

County of Essex. (2014). Farm Lot Severances.
This County of Essex Report to Council provides guidance of a more liberal understanding of farm lot severance policy than what previously existed in the Town of Essex. The report identifies the Committee of Adjustments as a key player in creating smaller more viable specialty farm lots when requested and warranted.

This report looks at how the increasing farm land cost has influenced larger farm lot sizes to be created through amalgamation and buyouts. Interestingly, small lot sizes (10 to 20 acre parcels) also had a large increase in cost, more so than other larger parcels, although their prevalence is decreasing. The study seems to suggest that due to their
growing rarity the small farm lot sizes are becoming something of a novelty in the landscape which is driving up the price. Although this issue does not immediately relate to Grey County, the issue of growing costs of small lots or the alternative of expensive super lots does lend itself to the issue being faced across much of North America.

County of Lambton Planning and Development Services. (2015). Farm Lot Size Survey. This report to the County of Lambton recommends that the Council of Enniskillin continues with the 40 hectare minimum. The report cites little community support for reduced lot size minimums as well no prevalence of smaller lot sizes as two criteria required for a reduction in farm lot size minimums, which in this case were not met.

County of Lambton Planning and Development Services. (2015). MINIMUM LOT AREA FOR AGRICULTURAL USES. This report was conducted to address potential implications of making changes to the minimum farm lot size policies in the County of Lambton Official Plan. At the time of this report, the County of Lambton has a 40 hectare (100 acre) minimum farm size requirement. In addition to this it allows exceptions to be considered on a case by case basis. It also allows local municipalities to have a minimum farm lot size of less than 40 hectares if certain criteria can be met. This report suggests a requirement of a minimum lot size for reduced sized lots to be set at 20 hectares, with additional policies to be put in place to prevent further subdivision. It also suggests risk management policies when the lot severance or creation could be threatened by later non-agriculture related use. The report specifically looks at Grey County and its acceptance of reduced lot sizes based on original land fabric as well as various other reasons to endorse the allowance of reduced lot sizes. The report noted that in the case of the County of Lambton, a reduction in operators, which is common with growing land parcels, correlated with a reduction in economic benefits for the local community. The study noted that the benefits of creating smaller land parcels may be limited, but the potential risks were high. It also noted that risks were also involved with having no minimum. The report’s recommendations largely suggest remaining status quo, with the suggestion of minimum lot sizes for reduced lots that are accepted and that the area that this policy would apply to affects only 25% of the community and has no negative effects on livestock ventures. The concept of a set amount of reduced size lot coverage within the County of Lambton could be looked at as a possible policy option for Grey County.

Lobley, M., Baker, J., & Whitehead, I. (2010). Farm Succession and Retirement: Some International Comparisons. Journal of Agriculture, Food Systems, and Community Development, 49-64. This paper looks at farm succession as a process. If a major voiced issue is the availability of land for young farmers, often that will have some component related to succession,
multiple children, or aspiring farmers with little or no farming background. The later, according to this paper, is relatively rare. Interestingly, the paper also found male children were predominantly successors. This may indicate a strong relationship with patriarchal beliefs, but it may also indicate a lack of opportunity for female children on farms to be able to attain their own land. Potentially, reduced lot sizes may directly benefit female children who would like to gain ownership of land in their own right. However, more research would be required. There is also the issue of an aging farming community, which also presents the potential for non-farming individuals to be brought into the fold to maintain numbers.


This report identifies 7 areas where innovation and action could assist agriculture in Ontario. These topics prioritize agriculture through planning and policy, identify and support integrated agricultural communities, maintain farmer control of agricultural choices within farmland, determine and promote the economic, environmental, and social benefits of regional food systems, provide support and templates for entry and succession transfers, create flexible financing, and establish long-term ownership and planning options. This report identifies practices such as flexible agriculture zones to allow value added production, while also looking at rearranging the focus on densification urban centre to ensure sprawl stays within urban boundaries. She also prioritizes mixed use in agricultural communities.

**Ministry of Agriculture, Food and Fisheries, British Columbia. (1998). Small Lot Agriculture: The Role of Small Lot Agriculture in the South Coastal Region.**

This paper focuses on agriculture lot sizes in the Fraser Valley. It recognizes that agriculture and farming in this area, lot sizes are not strongly connected to the level of outputs concept that challenges the common thinking in Ontario agriculture. The report highlights the ability for areas to exist outside of the divergent streams of very small farms and super-sized farms that is common in North America, while acknowledging the Fraser Valley’s unique advantages and that each area will have its own advantages and disadvantages in agriculture.


This report focuses on farming ventures near growing urban developments in the United States and the farmers’ priorities as far as policy protection. It compared those farmers who ran direct market small acreage farms and those using predominantly wholesale
markets. The study found a third of those in the study felt an emphasis on farmland preservation and viability efforts should be of policy focus, while the same amount felt that protecting good farmland from development should be the key priority. The study found that very few respondents saw a bright future for farming, signifying the weight of threats in the profession.


This dissertation focuses on Mennonite facilities in Ontario and subdivisions of their farms into smaller parcels. It compares Lancaster County, Pennsylvania and the Region of Waterloo, Ontario and looks at the existing standards and their effects on lot sizes. The author acknowledges the role in which minimum lot sizes serves as protection for farmland but also a restraint on individual needs and aspirations. The use of Purchase of Development Rights (PDR) is noted as a potential tool for agricultural conservation. It acknowledges the importance of farming and agriculture to the Mennonite culture referring to it as a “cultural farming system”.


This discussion paper looks at Norfolk County’s Official Plan policy regarding minimum farm lot sizes in prime agriculture areas. The study found that a reduction in minimum farm lot size would be detrimental as it would undermine Norfolk’s intention to protect viable farmland due to the possibility of farm fragmentation and increases in non-farming lots. It should be noted that Norfolk does not use a specialty crop designation. The paper included a case study of other various municipalities and provides a good sample of the various minimum lot sizes that exist within Southern Ontario.


The report is one of eleven discussion papers published by the Planning and Building Services division in relation to the Official Plan Review. The report addresses current policies and regulations to then look at policy gaps and emerging issues. The report addresses the unique situation of Tecumseh in having more than average small average farms, or farms with less than 28 hectares with 43% of the farm operations falling into that category in 2011. This is in comparison to the Ontario average of 38%. The role of specialty crop lots and varied minimum lot standards was again identified as an area of policy clarification and potential area of policy development. Although protection of larger farm lots is important in the case of Tecumseh due to their existing smaller lots, it provides precedent for the County of Grey to potentially allow some reduced lot farm
lot sizes if they do not meet a certain threshold. The success of these smaller farm lot parcels seems to point the viability of smaller minimum lot standards. The report also addresses the local food movement and the importance of the acceptance of value added agriculture business and secondary uses in agricultural areas. The issue of urban farming also surfaces in this document. It notes that official plans and zoning can be a barrier of potentially growing a community's ability to be sustainable and more agriculturally focuses.

This report looks at American agriculture practices and addresses the concept that less land may not always mean less yields or lower profit. It found that one sixth of farms in the United States were small acreage farms with ten or less acres. Although many of those farms did not produce a substantial about of profit, it found that 50,000 or 17 percent has gross sales of $10,000 or above. The report delves into addressing the misconception that less land equals less profit.
## APPENDIX B - PEN-AND-PAPER SURVEY

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Are you a practicing farmer?</td>
<td>Yes, No, Other</td>
</tr>
<tr>
<td></td>
<td>(please specify)</td>
</tr>
<tr>
<td>3. Do you supplement farm income with non-farm income?</td>
<td>Yes, No, Other</td>
</tr>
<tr>
<td></td>
<td>(please specify)</td>
</tr>
<tr>
<td>4. Do you live on a farm?</td>
<td>Yes, No, Other</td>
</tr>
<tr>
<td></td>
<td>(please specify)</td>
</tr>
</tbody>
</table>
5. How long have you been in the farming industry?
   - 0-5 years
   - 5-10 years
   - 10+ years
   - Other (please specify)

6. What type of farming are you engaged in?

7. Do you farm multiple parcels?
   - Yes, 3 or more parcels
   - Yes, 2 parcels
   - No
   - Other (please specify)

8. What is your profession / career?

9. What is/are your current farm parcel size(s) owned and/or rented in your farm operation?

<table>
<thead>
<tr>
<th>Farm parcel size</th>
<th>Number of farm parcels</th>
<th>Owned</th>
<th>Rented</th>
<th>Home farm land parcel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm parcel information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. What is your interest in the farming industry/ agricultural lot creation/ agricultural issues? (Please check all that apply)

- [ ] Land acquisition
- [ ] Farm product supplier
- [ ] Landowner / Non-farmer
- [ ] Interested in entering the farming industry
- [ ] Other (please specify)

11. If you are currently not in the farming industry but are interested in entering, are there any barriers to doing so?

12. Do you believe any of the following pose impediments to farm economic viability (check as many that apply)?

- [ ] Land cost
- [ ] Land availability
- [ ] Skilled labour
- [ ] Initial and ongoing investment
- [ ] Market viability
- [ ] None
- [ ] Other (please specify)

13. What do you feel would be the ideal lot size throughout Grey County?

- [ ] 200 acres
- [ ] 100 acres
- [ ] 50 acres
- [ ] 10 acres
- [ ] No size limit
- [ ] Other (please specify)
14. In your opinion should Grey County specify a minimum farm agricultural parcel size?
   - Yes
   - No
   - Other (please specify)

15. Should the minimum farm parcel size be different for different agricultural uses (cassie/olseed crop; livestock; specialty crop; greenhouses)?
   - Yes
   - No
   - Other (please specify)

16. How do you see trends changing agricultural operations and/or lot size requirements in the next 10 - 20 years?

17. In your opinion, what farm parcel / lot size would be ideal throughout Grey County?

18. Do you have a succession plan for the long-term future of the farm?
   - Yes
   - No
   - Other (please specify)

19. Do you have any other comments?