



Planning and Development

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Shavindra Fernando, Planning Assistant
Township of Southgate
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**RE: Zoning By-law Amendment C4-25 – As-of-right On-farm Diversified Uses
Township of Southgate**

Dear Shavindra Fernando,

This correspondence is in response to the above noted application. We have had an opportunity to review the application in relation to the Provincial Planning Statement (PPS) and the County of Grey Official Plan (OP). We offer the following comments.

Proposal Summary

The proposed Zoning By-law amendments would allow certain On Farm Diversified Uses (OFDU) as-of-right, under certain conditions. The goal is to enable some OFDUs to occur without requiring Zoning By-law Amendments.

The proposed as-of-right zoning will eliminate some zoning amendment applications in compliance with the Township and County Official Plans, having regard to the Planning Act and consistent with Provincial Planning Policy. Once this policy amendment would come into effect – the Township would need to enact a By-law (or amend the Zoning Bylaw) to initiate the use of conditions. Township Council gave direction to initiate the creation of these policies through report PL2025-017, at the February 19, 2025 meeting.

Documents submitted with the application and reviewed by staff:

- C4-25 PL2025-017 – Proposed Zoning By-law Amendment, On Farm Diversified Uses, staff report, dated February 19, 2025
- Notice of Public Meeting, no date
- Open House Notice and Posters from April 30, 2025
- Public Comment, dated April 30, 2025

Summary Table of the Proposed Zoning By-law Amendment and related Official Plan Policies:

On-farm Diversified Use Size Criteria	Permitted County OP	Permitted Township OP			Proposed ZBLA		
<i>Land Use Type</i>	Agricultural & Rural	Agricultural & Rural	Agricultural	Rural	Agricultural (A1) Zone		
<i>Property Size</i>	20 ha or greater	20 ha or greater	Less than 20 ha	Less than 20 ha	40 ha or greater	20 ha minimum to less than 40 ha	20 ha minimum
<i>Permitted uses include:</i>	OFDU	OFDU	Home Industry, Home Occupation and Bed & Breakfast	OFDU	Dry Industrial	Dry Industrial	Service Use
<i>Maximum OFDU size / operating area inclusive of parking, servicing, buildings, outdoor storage, etc.</i>	the lesser of - 2% of the lot area or - a max of 8,000m ²	the lesser of - 2% of the lot area or - a max of 8,000m ²		lesser of - 2% of the lot area or - a max of 2,000 m ² * Note: on lots <10ha, home rural occupations may be larger if permitted in ZBL or ZBLA	8000 m ²	2% lot area	1% of the lot area to no more than 4,000 m ²
<i>Maximum combined GFA / floor area of all associated buildings</i>	1600 m ² (20% of the total area/size of the OFDU)	20% of the land devoted to the OFDU to a max of 750 m ²		20% of the area devoted to the OFDU	750m ²	9% of the OFDU Operating Area to no more than 300m ²	7.5% of the OFDU Operating Area to no more than 300m ²

<i>Maximum size of outdoor storage area</i>	n/a	500 m ²			500m ²	67% of floor area to no more than 480m ²	No outdoor storage of any goods or materials is permitted except a fully enclosed garbage and recycling area max 9 m ² with a min. 2 m high privacy fence
<i>Bona fide farmer provision?</i>	n/a	Yes. Must have a farm business registration number	Shall not apply to bed and breakfasts and/or home rural occupations within the dwelling	Not required.			
<i>Outdoor seating</i>	n/a	n/a	n/a	n/a			10% of Maximum Floor Area
<i>Front yard setback</i>	n/a	20 m			All buildings and outdoor storage shall be no closer to any lot line than an existing farmhouse associated with the main agricultural use	All buildings and outdoor storage shall be no closer to any lot line than an existing farmhouse associated with the main agricultural use	20m
<i>Existing building cluster separation</i>	n/a	30 m					
<i>Sensitive use separation</i>	n/a	150 m			150 m	150m	75m

<i>Parking</i>	n/a	n/a	1 space / 50m2 GFA	1 space / 50m2 GFA	1 space / 20m2 GFA
<i>Loading area</i>	n/a		1 space	1 space	1 space
<i>Buffering and screening</i>			Min. 2 m high privacy fence or solid vegetative screen to buffer Dry Industrial OFDU building/parking area from the street and any homes on any abutting lot	Min. 2 m high privacy fence or solid vegetative screen to buffer Dry Industrial OFDU building/parking area from the street and any homes on any abutting lot	n/a

*this policy is the same as the County OP: Per table 7, on lots less than 20 ha in the Rural designation, OFDU are permitted to occupy a maximum of 2% of the total property size or a maximum of 2000m2.

Comments

1. Staff understand that the intent of the proposed Zoning By-law is to permit certain ODFUs as-of-right. As such, the proponent would be required to submit one *Planning Act* application, being Site Plan Control, prior to obtaining a building permit. The proposed zoning regulations aim to permit an OFDU as-of-right is on Agriculturally zoned parcels over 20 hectares, provided it is accessory to a farmhouse already on-site, and is owned by a farmer with a farm business registration number. Dry Industrial ODFUs must be 750 square metres floor area or less, while non-industrial ODFUs may be 300 square metres floor area maximum. Any proposal that goes beyond these permissions would require a zoning by-law amendment, similar to the process currently in place. Staff are generally supportive of this approach and have identified some comments in relation to the PPS, County Official Plan and general implementation below.

Definitions

The PPS defines On-farm Diversified Uses as:

uses that are secondary to the principal agricultural use of the property and are limited in area. On-farm diversified uses include, but are not limited to, home occupations, home industries, agri-tourism uses, uses that produce value-added agricultural products, and electricity generation facilities and transmission systems, and energy storage systems.

Section 9.18 of the County OP defines On-farm Diversified Uses as:

uses that are secondary to the principal agricultural use of the property and are limited to the sizes listed in Table 8 of this Plan. Examples of on-farm diversified uses include, but are not limited to, home occupations, home industries, agri-tourism uses, and uses that produce value-added agricultural products.

Section 8 of the Township OP defines On-farm Diversified Uses as:

uses that are secondary to the principal agricultural use of the property as described in Section 5.4.2 of this Official Plan.

The proposed Zoning By-law definition of 'On-farm Diversified Uses':

are dry industrial or service uses secondary to the principal agricultural use of the property which occupy a limited amount of land with a restricted amount of floor space, and may include, but are not limited to, home occupations, home industries, agritourism uses, and uses that produce value-added agricultural

products and that are uses specifically permitted in Section 5.30 (a) of this By-law and that comply with the provisions of Section 5.30 (b) of the Zoning By-law.

The proposed Zoning By-law definition of 'On-Farm Diversified Use Operating Area':

shall be that part of a lot defining the boundaries of an area within which an On-Farm Diversified Use as defined in this By-law may operate including any building, required parking and loading, outdoor storage, buffering, screening, outdoor seating and other such parts of the dry industrial or service use operation.

In addition, the proposed Section 5.30 regarding On-Farm Diversified Uses includes two additional categories of OFDU:

A. *Permitted on Farm Diversified Uses (OFDU)*

On Lands Zoned Agricultural 1 (A-1) with a minimum lot area exceeding 20 hectares the following On Farm Diversified Uses shall be permitted:

- i. *Dry Industrial and home industries such as a sawmill, welding or woodworking shop, manufacturing / fabrication, storage of boats or trailers, biomass pelletizer, distillery or brewery partially using some local farm inputs value added processing, packaging of products produced on the farm premises or similar*
- ii. *Services and home occupations such as a professional office, bookkeeper, land surveyor, art studio, hairdresser, massage therapist, daycare, classes or workshops, veterinary clinic, café/small restaurant, cooking classes, food store for products prepared for sale or consumption using primarily, agri-tourism and recreational uses such as a bed and breakfasts, hay rides, petting zoo, farm themed playground, horse trail rides, corn maze, seasonal events, horse/pony events, wine tasting), retail uses (e.g., farm market, antique business, tack shop), food banks, second harvest, or gleaning or similar*

2. The PPS also sets out that in prime agricultural areas, permitted uses include agricultural uses, agriculture-related uses, and on-farm diversified uses (OFDU), as well as limited other non-agricultural uses. Consistent with the PPS, both the County and Southgate Official Plan's permit OFDUs within the Agricultural and Rural land use types and provide definitions. The PPS definition specifically states that OFDUs "include, but are not limited to" a variety of business types. However, the proposed Zoning By-law definition for OFDU appears to limit OFDUs to only those that are "dry industrial or service uses." Staff suggest that the proposed definition is scoped to "*uses that are secondary to the principal*

agricultural use of the property and are limited in area” or similar. Consideration could be given to incorporating OFDU criteria into the definition as well (i.e. On-farm diversified uses must meet the following five criteria: Located on a farm, Secondary to the principal agricultural use of the property, Limited in area, Includes, but is not limited to, home occupations, home industries, agri- tourism uses and uses that produce value-added agricultural products, and Shall be compatible with, and shall not hinder, surrounding agricultural operations.)

A more generalized definition may provide more flexibility for future proposals that may go beyond the as-of-right permissions (i.e. would electricity generation facilities and transmission systems or energy storage systems be dry industrial or service use?), as well as be more consistent with the PPS, County OP, and Southgate OP definitions. In addition, staff would continue to be able to provide additional definitions and regulations for the two proposed categories or pathways of OFDU permissions (being dry industrial and more serviced based). Additional comments in this regard are provided below.

3. An important distinction and consideration within the Provincial framework surrounding on-farm uses, is that there are some that should not be limited in size (being ‘agriculturally-related’ uses) and there are some uses that need to be limited in size and scale (being ‘OFDUs’). As described in the PPS definition, agriculture-related uses are farm-related commercial and industrial uses. County staff often see applications that have components of three permitted uses – part agriculture, part agriculturally related, and part OFDU (such as winery and cidery uses), or these uses are added slowly over time as businesses evolve. Staff note that the PPS also provides for potential lot creation for agriculture-related uses. As Township staff review the as-of-right permissions for OFDUs, it presents an opportunity to also incorporate agriculture-related permissions, definitions, and/or provisions concurrently with those regarding OFDUs, consistent with the PPS, County OP and Township OP.
4. Staff note that there are some uses that may have merit from being reviewed by way of a Zoning By-law Amendment. For example, the County OP indicates that municipalities may choose to limit the size and accessory uses related to wineries, cideries, breweries, meaderies, or distilleries, based on local characteristics, and/or the availability of servicing. Staff note that these uses are often linked to an agriculture and/or agriculturally related use and the operator could be seeking to establish a direct to consumer retail component as the OFDU. Staff may consider including specific thresholds or provisions beyond / in addition to those in the ‘Service OFDU’ related to an as-of-right farm

winery/cidery/distillery/ and/or brewery to directly link this use with farm inputs, a limited retail sale area, tasting room, patio area, etc. and any proposal above this would require a site specific zoning by-law amendment.

5. Further to the above comment, there are also some uses that may not be considered an OFDU (i.e. the County OP prohibits campgrounds to be considered as an OFDU and the province's guideline documents lists a number of uses that would not typically be an OFDU). Staff could consider incorporating such a list into a zoning by-law provision for clarity purposes.
6. Staff note that the County OP states that for special event type OFDUs within the Agricultural designation, the use or activity shall represent an occasional activity and shall not be a regular occurring activity and does not have permanent structures [5.2.2.(19)(f)]. In addition, the recent OPA 23 included expanded policy permissions and criteria for small scale special event venues in the Rural designation, which may be considered subject to a site-specific zoning by-law amendment addressing specific criteria [5.4.2(13)]. These criteria shall also be considered for special event spaces proposed as an OFDU in the Agricultural designation. Staff suggest that a provision be included in the proposed zoning by-law amendment that considers special event uses to be beyond the as-of-right OFDU permissions and requires a zoning by-law amendment.
7. Staff note that the County OP does not permit home industries on agricultural lands less than 20 hectares. Table 8 indicates that bed and breakfasts and/or home rural occupations are permitted within the dwelling only. Staff understand the Township's Zoning by-law permits a bed and breakfast establishment and home occupation within a dwelling.
8. The County OP generally provides greater flexibility for economic development, tourism and recreation and permits a wider range of lot sizes within the Rural designation. The Township OP has both land use types and mimics some of this flexibility. Staff acknowledge that the Township ZBL does not distinguish between the Agriculture and Rural designations, however, it is unclear how/if this distinction will be addressed in the zoning by-law. In addition, staff note that the Township OP indicates that OFDUs are permitted on all lots in the Rural designation and that the municipal zoning by-law could include expanded permissions for home rural occupations on Rural lots less than 10ha. As the proposed amendment is silent regarding lots less than 20ha, is the intent for OFDUs on these lots in the rural designation to apply for a zoning by-law amendment?

9. In reviewing the proposed Section 5.30 permitted OFDUs, staff note that all uses listed appear to be the same as *Table 7 – Permitted Uses Examples in Agricultural and Rural Land Uses* in the County OP (being Table 1 in the Township OP), with the exception of kennels. These examples have then been divided into two broad categories: dry industrial and home industries and services and home occupations (including agri-tourism uses). Please note that Table 7 is not intended to be an exhaustive list; other uses that can meet Provincial, County, and municipal criteria for on-farm diversified uses could be permitted. The Province’s *Permitted Uses in Prime Agricultural Areas Guideline* or any successor document is to be used for guidance in this regard. Staff offer the following questions and considerations:
- a. The proposed 5.30 (b)(i) states that “the following provisions apply to a Dry Industrial ODFU permitted in Section 5.30(a)(i)”; however, Section 5.30(a)(i) applies to “Dry industrial and home industries.” Should 5.30 (b)(i) reference both dry industrial and home industries? Or is the intent that these are two separate uses?
 - b. The proposed amendment includes ‘distillery or brewery’ as a dry industrial and home industry use. Staff understand that the Township ZBL does define dry industrial use, however, a distillery or brewery may still be challenged to meet this requirement. Staff would encourage this use to either be permitted as noted above or that it is included in 5.30.(a) (ii).
 - c. Further to the above, the province’s permitted use guideline stresses that OFDUs must be appropriate to available rural services and infrastructure and that this is a key compatibility consideration, particularly for nano or micro-breweries and small distilleries. Generally, high water use / effluent generation operations are generally inappropriate in prime agricultural areas and may require capacity beyond what is available on the site. Staff encourage an additional provision be included that speaks to permitting OFDUs that can be sustained by local service levels and infrastructure.
 - d. Staff note that the proposed 5.30 (b) (iii) states that a minimum 20 ha is required for a service use, no outdoor storage of goods and materials is permitted and a maximum of 10% of the building floor area is permitted for outdoor seating. Staff note that uses such as a veterinary clinic, food store, hayrides, petting zoo, farm themed playground, horse trail rides, corn maze, seasonal events, and retail uses such as a farm market, may

desire and/or benefit from outdoor storage and display. Staff encourage some limited outdoor storage area for this OFDU type. Alternatively, consideration could also be given to outdoor display area provisions for this OFDU type.

- 10.** The Notice of Public meeting identifies that a further Zoning By-law amendment would be required to implement as-of-right OFDUs: *“Once this policy amendment would come into effect – the Township would need to enact a By-law (or amend the Zoning Bylaw) to initiate the use of conditions.”* Staff are unclear as to the relationship between conditional zoning and as-of-right OFDUs. Additional clarification is requested.

Other County Department Comments:

- 11.** County Transportation Services staff have reviewed the proposed amendment and generally have no concerns. Please note that transportation staff will continue to request road widenings and/or entrance controls, should the property be located on a County Road, at time of Site Plan Control.
- 12.** County Ecology staff have reviewed the proposal and provide the following comments:
- a. County ecology staff support the proposed zoning amendment provisions that the OFDU Operating Area will not include any lands zoned Environmental Protection (EP) and will be setback a minimum of 125m from the Wetland Protection zone (W). Staff note that while the EP zone does include some natural heritage features (such as the Natural Heritage System Core and Linkage areas), it does not capture all-natural heritage features (i.e. other wetlands, some streams/tributaries, and some significant woodlands). As such, County ecology encourages the following setbacks from features be incorporated into the zoning by-law, where permissible:
 - 30 metre minimum setback from water features/fish habitat/wetlands (for clarity purposes, ‘other wetlands’ and water features, not provincially significant wetlands)
 - 15 metre minimum setback from significant woodlands
 - b. As per the discussion paper, staff note that site plan control process can require additional mitigation measures, such as vegetative buffers, stormwater management, or restrictions on outdoor storage to ensure environmental protection. Mitigation measures can be provided by County

ecologists where applicable, during review of Site Plan Control Applications.

Summary

Staff encourage consideration to be given to the following:

- A more generalized definition of OFDU, similar to the PPS, County OP and Township OP definitions
- Incorporating agriculture-related permissions, definitions, and/or provisions concurrently with those regarding OFDUs, consistent with the PPS, County OP and Township OP
- Special event types of OFDUs be considered by way of site-specific zoning by-law amendment
- Additional thresholds or provisions beyond those in the 'Service OFDU' related to an as-of-right farm winery/cidery/distillery/and/or brewery to directly link this use with farm inputs, a limited retail sale area, tasting room, patio area, etc. and any proposal above this would require a site-specific zoning by-law amendment
- An additional provision that speaks to servicing requirements for OFDUs (i.e. only OFDUs that can be sustained by local service levels and infrastructure will be permitted)

In addition, County staff will continue to review Site Plan Control applications through our 'one-window' approach, whereby County staff, including Transportation Services and Ecology, will provide comments as need (i.e. related to potential entrance upgrades, roading widening requests, mitigation measures related to environmental protection, etc.)

The County requests notice of any decision rendered with respect to this file.

If you wish to discuss this matter further, please contact me.

Yours Truly,

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