

Report To:	Township of Southgate Council
Meeting Date:	2025-02-19
Report Number:	PL2025-017
Title:	Proposed Zoning By-law Amendment, On Farm Diversified Uses
Open/Closed Session:	Open Session
Reviewed By:	Bill White, MCIP, RPP, Triton Engineering Senior Planning Consultant
Approved By:	Kenneth Melanson, MCIP, RPP
	Director, Development & Community Services
Approved By:	Jim Ellis,
	Acting Chief Administrative Officer

Executive Summary:

Staff are proposing several Zoning By-law amendments to 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. To proceed, Council will need to undertake public engagement. Staff are recommending that an open house and public meeting be held on the proposed 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.

This report would initiate the public engagement process to seek feedback on the proposed amendments. No decision on the amendments will be made by Council until public feedback has been received and considered by Staff.

Recommendation:

Be it resolved that Council receive as information Staff Report 2025-017 for File C4-25 As-Of-Right Zoning On Farm Diversified Uses (OFDU); and

That Council direct staff to proceed to an open house, agency circulation and then a statutory public meeting on the proposed draft zoning by-law amendment to permit certain dry industrial On Farm Diversified Uses (OFDU) permitted as of right (sawmill, welding shop, woodworking, fabrication, value-added processing, packaging and similar), non-industrial OFDUs (retail uses, café/small restaurant, food store and similar) and underlying regulations for such uses as attached to the Staff Report.

Reasons for Recommendation:

Proposed as-of-right zoning for On Farm Diversified Uses (OFDU) *has regard to* provincial interest outlined in Section 2 of the <u>Ontario Planning Act</u>, is *consistent with* <u>Provincial Planning Statement</u> 2024 and <u>Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas</u>, <u>D6 Guidelines for</u> <u>Compatibility between Industrial Facilities</u> and *complies with* County of Grey and <u>Township Official</u> <u>Plan</u> policies for OFDUs.

Proposal:

Polices are proposed to be written into the Zoning By-law to allow two types of OFDUs as-of-right:

- 1. Dry Industrial Shops/Manufacturing such as sawmill, welding shop, woodworking, fabrication, value-added processing, packaging and similar.
- 2. Non-industrial uses including retail uses, café/small restaurant, food store and similar.

OFDUs will be defined in the Zoning By-law as will the OFDU Operating Area. The OFDU Operating Area replaces the "Zoned Area" that use to be identified in site specific zoning amendments for each OFDU that went through the rezoning process. Since certain OFDUs will be allowed as of right there will no longer be a "Zoned Area" associated with these uses that do not go through rezoning. Regulations are proposed to ensure an OFDU allowed as of right is on a parcel over 20 hectares in area, is accessory to a farmhouse/accessory already on-site, and is owned by a farmer with a farm business registration number. Dry Industrial OFDUs must be 750 square metres floor area or less, while non-industrial OFDUs may be 300 square metres floor area maximum.

Additional regulations will ensure the OFDU Operating Areas is not within Environmental Protection (EP) Zones or within 125 metres of Wetland (W) Zones. Parking, loading, building setback, buffering, screening and separation between homes on nearby properties are recommended. Dry Industrial OFDUs may have limited outdoor storage, while outdoor storage is not permitted for Non-Industrial OFDUs except for fully screened garbage and recycling area.

The following provides additional information on this proposal:

- All buildings, structures, outdoor storage, garbage and recycling storage, required parking and loading, outdoor seating and such associated with an OFDU must be located within the OFDU Operating Area as identified in the site plan submitted for site plan approval and for building permit. Site Plan Approval would be required.
- A farmhouse and accessory buildings needed to establish agriculture as the primary use of land are in place and operated by a bona fide farmer with a valid farm business registration number.
- For dry industrial OFDUs permitted as of right (sawmill, welding shop, woodworking, fabrication, value-added processing, packaging and similar) the following would apply:
 - Maximum OFDU Operating Area for parcels 40-hectares and over is 8,000 square metres, and

Maximum OFDU Operating Area for parcels between 20 and 40 hectares is 2% of lot area.

- The Maximum OFDU Operating Area complies with 2.10 of the Zoning By-law regarding lands zoned Environmental Protection and Section 5.25 regarding setbacks from a Wetland Zone.
- The OFDU Operating Area is setback from any street line is greater than the existing farmhouse on-site and shall be a minimum 30 metres of the building cluster on the property.
- For lots over 40 hectares area, Maximum Floor Area of a shop is 750 square metres For lots between 20- and 40-hectares area, Maximum Floor Area of a shop is 9% of OFDU Operating Area. Floor area includes power room, lunchroom, office and any space devoted to an OFDU.
- One loading area, and 1 parking space per 150 square metres of floor space is provided on a minimum gravel parking area-maintained weed and pothole free.
- \circ $\,$ No dwelling other than the farmhouse on-site, church or school is located within 150 metres of the shop.
- A minimum 2-metre-high privacy fence or solid vegetative screen is constructed to buffer the shop from the street and any homes on abutting lots.

- Maximum outdoor storage permitted is 67% of the shop floor area and all outdoor storage is buffered from the street and any homes on abutting lots by a minimum 2-metre-high privacy fence or solid vegetative screen.
- All setbacks within the Agricultural-1 zone are met.
- Maximum OFDU Operating Area for OFDUs (not dry industrial) permitted as of right such as retail uses, café/small restaurant, food store and similar is 1% of lot area to a maximum 4,000 square metres and the following are met:
 - Minimum Lot Area for any non-industrial OFDU is 20 ha with a farmhouse and other accessory buildings to establish agricultural as primary use and operated by a bona fide farmer with a valid farm business registration number.
 - The Maximum OFDU Operating Area complies with 2.10 of the Zoning By-law regarding lands zoned Environmental Protection and Section 5.25 regarding setbacks from a Wetland Zone.
 - $\circ\,$ The OFDU Operating Area setback from any street line is greater than the existing farmhouse on-site.
 - Maximum Floor Area of any shop is 7.5% of the OFDU Operating Area up to a maximum 300 square metres which includes seating (indoor or outdoor) kitchen, prep room, staff room, freezer, food storage, and other space associated with the main use.
 - Maximum 10% of total floor space permitted as additional outdoor seating.
 - Minimum 1 parking space per 20 square metres of floor area and one loading area required on at minimum gravel parking area-maintained weed and pothole free, and any homes on abutting lots by a minimum 2 metre high privacy fence or solid vegetative screen.
 - No dwelling other than the farmhouse on-site is within 75 metres of the non-industrial OFDU.
 - No outdoor storage of any goods or materials is permitted except a fully enclosed garbage and recycling storage area maximum 9 square metres in area surrounded by minimum 2metre-high board on board privacy fence.
 - \circ All setbacks within the Agricultural-1 zone are met.

Background/Site Context:

OFDUs allow farmers to "diversify and supplement" farm income, add value to goods produced on the farm and take advantage of agritourism opportunities. Many uses are OFDUs including dry industrial shops (welding, woodworking, breweries) and service uses (bakery, cafes, seed supply, tack shop, horse or hayrides). Provincial Policy and the County and Township Official Plans both allow for a wide range of OFDUs. **Attachment 1** is a table containing the many uses considered OFDUs in the Township Official Plan.

On-farm diversified uses are related and secondary to agriculture uses on a property, support agriculture and do not hinder on-going farm operations. Large scale equipment or recreational facilities, major food processors, permanent events or uses with high water or sewer needs are not typical OFDUs allowed in prime agricultural areas.

Over the years the Township has processed and approved dozens of rezoning applications for dry industrial OFDUs on lands throughout its extensive agricultural and rural areas. These typically have up to 750 square metres of floor area and 500 square metres of outdoor storage. The Township has seen very few service-related OFDUs such as cafes, farm retail, bakeries or vet offices. Niagara Wineries or PEI Lobster Suppers are some well known service related OFDUs.

To determine the scale of service related OFDUs the Township might allow, the floor area of the following service/restaurant uses were estimated:

The Spot – Highway 6 & Grey Road 9	275m ²
A&W – Mount Forest	175m ²
Misty Meadows – Conn	1300m ²
Tim Hortons/On the Run - Dundalk	335m ²
The Junction - Dundalk	130m ²

Parking rules in the Zoning By-law for retail or commercial uses are one space for each 20 m² floor area. On a 300 m² retail store 15 parking spaces are required. For industrial uses parking is required at a rate of 1 space per 50 m² floor area. A 750 m² industry would normally require 15 parking spaces. Regulations proposed for both dry industrial and service OFDUs include gross floor area limits and required number of parking spaces.

The proposed amendment defines OFDU Operating Area which is a new term to apply to as of right OFDUs. In past rezoning applications the amending by-law identifies a Zoned Area within which the OFDU operates. The site-specific amendment applies only to that area of the lot and is based on 2% of the lot area as set out in Official Plan policy. Since as of right OFDUs will no longer have a site-specific amendment, the term OFDU Operating Area will apply. This Operating Area will be identified on the site plan submitted for approval and the building permit application. It will define where on the lot the OFDU must operate.

Attachment 1 is a list of OFDUs allowed by policy in the <u>Township Official Plan</u> such as dry industrial and several service uses. **Attachment 2** is a draft Zoning By-law Amendment to permit OFDUs as of right. Agency comment and a public meeting are required to proceed to approval.

Application Review: Planning Act – Provincial Interest:

Provincial interest in the Ontario Planning Act as set out in Section 2 includes the following:

- Section 2(a) protection of ecological systems, natural areas, features and functions
- Section 2(b) protection of agricultural resources, and
- Section 2(h) orderly development of safe and healthy communities.

The proposed as-of-right rezoning for OFDUs has regard to the <u>Act</u>.

Application Review: Provincial Policy Statement (PPS 2024):

Provincial Planning Statement 2024 applies to the proposed as-of-right rezoning for OFDUs:

- Section 1.1.4.1 (f) promote diversification of economic base in rural areas.
- 1.1.4.1 i) provide opportunities for economic activities in prime agricultural areas
- Section 1.1.5.2 d) permitting on farm diversified uses in rural areas.
- Definition of On-farm diversified uses are to be "secondary to the principal agricultural use of the property and limited in area."

Section 2.3 of <u>Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas</u> details policy practice to ensure OFDU's are secondary to a main agricultural use, limited in area, produce "value-added agricultural products" and are compatible with, and not hinder, surrounding agriculture uses.

Provincial <u>D6 Guidelines for Compatibility between Industrial Facilities</u> mitigate land use conflicts between potentially sensitive land uses and OFDUs. Guidelines classify industrial land uses (Class

I, II, II) and recommend separations (20, 70 and 300 metres) from sensitive uses like residences, schools and Churches.

<u>Provincial Minimum Distance Separation (MDS) Document</u> provides guidelines for setbacks between livestock barns and sensitive uses is not applicable in this case since the as-of-right zoning would only apply to 40 hectare lots with a farmhouse and barn established. The rezoning to allow OFDUs as of right is *consistent with* the <u>PPS</u> and meets the Provincial Guidelines.

Application Review: County of Grey Official Plan:

OFDUs are regulated in Grey County Official Plan under the following sections:

- 5.4.1 for the Rural designation permits all types, sizes and intensities of agricultural uses and normal farm practices allowed in the Agricultural designation.
- Table 7 recognizes manufacturing/fabrication as a permitted OFDU which would include small scale metal works.
- 5.2.2 Table 8 states an OFDU shall be "the lessor of 2% of the total size of the property, or a maximum combined area of the use of 8,000 square metres".
- 5.2.2 (17) limits gross floor area of OFDUs to 20% of the total OFDU Operating Area.

The proposed as-of-right rezoning for OFDUs *complies with* the County Official Plan.

Application Review: Southgate Township Official Plan:

The <u>Township Official Plan</u> contains provisions for OFDUs in Section 5.4.1.2 (4) for Agricultural Designations. Subsection (e) states the Township Zoning By-law will "generally permit, as-of-right" OFDU's listed in Table 1 (**see Attachment 1**). Section 5.4.2.2 (2) contains policies for OFDUs in Rural Designations. OFDUs are defined in the Official Plan as secondary to agricultural uses as described in Section 5.4.2 of the <u>Official Plan</u>.

The following summarizes OFDU policies in the <u>Official Plan</u> and differences between the Agricultural and Rural Designations.

Official Plan Policy	Agricultural Designation	Rural Designation
OFDU's must be "secondary" to the principal agricultural use	Yes	Yes
Allows uses in Table 1 on lots over 20 hectares	Yes	Yes
Allows uses in Table 1 on lots under 20 hectares	No - Note 1	Yes
Maximum zoned area 2% of lot size to max. 8,000 square meters	Yes	Yes
Building floor space max. 750 square meters or 20% of zoned area	Yes	Yes
Owner of lands "bona fide farmer" with farm business registration number	Yes - Note 2	No- Note 3
Compliance with Provincial D-6 Guidelines for noise	Yes	Yes
Subject to Site Plan Agreement	Yes	Yes

Note 1– In Agricultural designation only Home Industry, Home Occupation and Bed & Breakfast allowed as OFDUs on lots under 20 hectares.

Note 2 – In Agricultural designation bona fide farmer with farm business registration number is not required for bed and breakfasts or home rural occupations in a dwelling.

Note 3 – In Rural designation owner of lands for OFDU does not have to be bona fide farmer with farm business registration number.

Section 5.4.1.2 (4e) states the Zoning By-law will "generally" permit as-of-right OFDUs listed in Table 1 (Attachment 1) provided:

- "No portion" of the zoned area except the driveway is within 20 metres of a lot line,
- "The closest portion" of the OFDU shall be within 30 metres of the building cluster,
- "No portion" of the OFDU shall within 150 metres of a sensitive receptor (dwelling, school, Church) on a "neighbouring property", and
- Zoning rules must be less permissive on lots under 20 hectares in Rural versus Agricultural designations.

Proposed as-right-rezoning proposed for OFDUs (Attachment 2) complies with the Official Plan.

Application Review: Southgate Zoning By-law:

The Township <u>Zoning By-law 19-2002 as amended</u> does not have special provisions for OFDUs. Special provisions could be written in Section 5 of to establish rules for the proposed as-of-right rezoning for OFDUs.

Application Circulation and Public Comments:

As required by the Planning Act, a public meeting is required before as-of-right rezoning for OFDUs can be considered. Comments will also be obtained from the standard agency list including Township Departments, Conservation Authorities and Grey County. In this case Council may wish to convene an open house in Holstein and one in Dundalk to improve access for all communities.

Conclusion:

The proposed as-of-right rezoning for OFDUs will reduce the number of rezoning applications processed by the Township. The regulations proposed are designed to prevent negative impact on the principal agricultural use of the lands. The following summarizes some of the proposed zoning rules in **Attachment 2**:

- Adds definition of OFDU and OFDU Operating Area in Section 3
- At the end of Section 5 adds provisions requiring a farmhouse and accessory structures to establish agricultural use before an OFDU on lands owned by a bona fide farmer
- Permits dry industrial OFDUs on farms over 40 hectares in lot area with maximum 8,000 m2 OFDU Operating Area, 750m2 floor area, and 500 m2 storage.
- On lots 20-40 hectares allow dry industrial OFDUs allow Operating Area of 2% lot area to maximum 4,000m2, floor area of 9% of the OFDU Operating Area to maximum 300 square metres
- Service use OFDUs are permitted on lots over 20 hectares in area with OFDU Operating Area a maximum 1% lot size to maximum 4,000m2, floor area of 7.5% of the Operating Area to maximum 300 square metres.
- OFDU Operating Area is not impacted by EP zone or 125 metre Wetland setback pursuant to Sections 2.10 and 5.25 respectively.
- OFDUs within 30 metres of farm cluster, 150 metres from sensitive uses in the case of dry industrial and 75 metres from sensitive uses in the case of service OFDUs.
- 20 metre front building setback and other A-1 zone rules apply. Dry industrial OFDUs may not be closer to a street line than the existing farmhouse.
- Buffering and screening is required for all OFDUs including parking areas and garbage storage.

Proposed OFDUs allowed as of right in the Zoning By-law will require site plan approval and an agreement with the Township to ensure compliance with the new proposed regulations, including buffering and screening, and D6 noise separation compliance. A permit under the Ontario Building Code will be required so the Building Department can assess adequacy of washrooms and septic system, along with occupancy and construction standards applicable to OFDUs. It is recommended a public meeting be scheduled to consider the draft zoning by-law amendment in **Attachment 2**.

Link to Township of Southgate Strategic Plan:

Proposed as-of-right rezoning for OFDUs meets Goal 1 Objective 1.E of the <u>Southgate</u> <u>Community Strategic Plan</u> supporting growth and development of existing business and enabling agricultural business to expand.

Attachment(s):

Attachment 1 – Table 1 List of On Farm Diversified Uses Attachment 2 – Proposed Draft Zoning Amendment

Table 1: Examples of Permitted Use

TOWNSHIP OF SOUTHGATE OFFICIAL PLAN

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Attachment 2 – Proposed Draft Zoning Amendment

1. In Section 3 of the Zoning By-law add the following definitions:

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.

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.

2. Add the following to the end Section 5 of the Zoning By-law:

5.30 On Farm Diversified Uses

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 valueadded 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
- b. No person shall establish an On Farm Diversified Use (OFDU) permitted in Section 5.30 (a) (i) or (ii) except in accordance with the following requirements:
 - i. The following provisions apply to a Dry Industrial OFDU permitted in Section 5.30 (a)(i) with lot area of 40 hectares or more:

Maximum On-Farm Diversified Use Operating Area Maximum Floor Area

8,000 square metres 750 square metres for all shop space, power room, lunchroom, office, washrooms and similar which must be located within the OFDU Operating Area

Maximum Outdoor Storage	500 square metres to be located within the OFDU Operating Area
Setback from a Street Line	All buildings and outdoor storage shall be no closer to any lot line than an existing farmhouse associated with the main agricultural use
Required Parking	1 space per 50 square metres floor area which must be located within the OFDU Operating Area
Separation from Residence, Church or School off-site	150 metres minimum

ii. The following provisions apply to a Dry Industrial OFDU permitted in Section 5.30 (a)(i) with lot area of 20 hectares minimum and less than 40 hectares:

Maximum On-Farm Diversified	
Use Operating Area	2% of the lot area
Maximum Floor Area	9% of the OFDU Operating Area to no more
	than 300m2 for all shop space, power room,
	lunchroom, office, washrooms and similar
	which must be located within the OFDU
	Operating Area
Maximum Outdoor Storage	67% of floor area to no more than 480m2
	which must be located within the OFDU
	Operating Area
Setback from a Street Line	All buildings and outdoor storage shall be no
	closer to any lot line than an existing
	farmhouse associated with the main
	agricultural use
Required Parking	1 space per 50 square metres floor area
	which must be located within the OFDU
	Operating Area
Separation from Residence,	
Church or School off-site	150 metres minimum

iii. The following provisions apply to a Service Use permitted in Section 5.30 (a)(ii) with lot area of 20 hectares minimum:

Maximum On-Farm Diversified Use Operating Area Maximum Floor Area	1% of the lot area to no more than 4,000m2 7.5% of the OFDU Operating Area to no more than 300m2 for all indoor seating, washrooms, kitchen, food preparation, freezers, food storage, pantries, staff rooms and similar which must be located within the
Maximum Outdoor Seating	OFDU Operating Area 10% of Maximum Floor Area which must be located within the OFDU Operating Area

No outdoor storage of any goods or materials is permitted except a fully enclosed and gated garbage and recycling storage area maximum 9 square metres in area surrounded by minimum 2 metre high board on board privacy fence which must be located within the OFDU Operating Area

Setback from a Street Line	20 metres minimum
Required Parking	1 space per 20 square metres floor area which must be located within the OFDU Operating Area
Separation from Residence,	
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Church or School off-site	75 metres minimum

iv. The following provisions apply to all On-Farm Diversified Uses (OFDUs) permitted in Section 5.30 (a) in addition to the regulations in 5.30 (b) (i) (ii) and (iii):

The OFDU Operating Area shall not include any lands zoned Environmental Protection unless the provisions of Section 2.10 of this By-law apply.

The OFDU Operating Area shall not be within 125 metres of a Wetland Zone unless the provisions of Section 5.25 of this By-law apply.

No buildings or structures, outdoor storage, garbage and recycling area, buffering and screening, required parking and loading and any other function associated with an OFDU may be located outside the boundaries of the OFDU Operating Area as identified in the site plan submitted for site plan approval and associated building permit application.

Required Loading Area	1 space minimum which must be located within the OFDU Operating Area
Buffering and Screening	Minimum 2 metre high privacy fence or solid vegetative screen is constructed to buffer any Dry Industrial OFDU building and any parking area for any OFDU from the public street and any homes on any abutting lot
Other Regulations	Except as specified in the provisions for OFDU buildings and structures in Section 5.30(b) of this By-law the regulations in the Agricultural-1 zone for buildings and structures shall apply to OFDU buildings and structures including minimum front, side and rear yard, maximum lot coverage and building height