

A Discussion Paper on On-Farm Diversified Uses to Guide Council Decision-Making on Land Use Planning Policy

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Introduction

Agriculture is the economic and cultural foundation of the Municipality of Grey Highlands. With a landscape defined by rolling hills, productive farmland, and vibrant rural communities, agriculture has historically shaped the local economy, land use patterns, and community identity. Today, it remains the largest industry by number of businesses in Grey Highlands, encompassing a range of operations — from family-run farms to highly mechanized enterprises, and increasingly, farms operated by Mennonite families who have reinvigorated rural land stewardship in the region.

Yet like much of rural Ontario, Grey Highlands is witnessing a shift in the agricultural economy. Rising input costs, land affordability challenges, generational turnover, and changing consumer preferences are placing pressure on traditional farming models. At the same time, a growing number of farm operators are seeking to supplement their income and build resilience through on-farm diversified uses — small-scale, value-added or non-agricultural business activities that take place on agricultural properties. These can include everything from farm tours and maple syrup production, to welding shops, on-farm retail stores, and small-scale packaging or food processing.

Provincial policy has evolved in recent years to support this kind of rural economic diversification, encouraging municipalities to provide more flexibility for farmers to adapt and innovate — while still maintaining the long-term viability of the agricultural land base.

In Grey Highlands, however, the local policy framework has not fully caught up. The current Official Plan imposes more restrictive limits than County or Provincial policy, including a minimum lot size of 20 hectares for any on-farm diversified use, and the requirement for site-specific zoning approval. As part of the Zoning By-law Review, Grey Highlands now has an opportunity to modernize its approach and better align with the needs of today's rural economy and remain competitive with their neighbouring counterparts.

This paper examines the evolving role of on-farm diversified uses in Ontario, provides an overview of provincial and county policy directions, reflects on what we've heard from the public and farming community, and outlines options for how Grey Highlands can move forward with policies that support rural entrepreneurship, while protecting the agricultural and rural character that defines the community.

Evolution of Provincial Policy on On-Farm Diversified Uses

Over the past decade, the Province of Ontario has progressively clarified and expanded its support for on-farm diversified uses (OFDUs) as a means of promoting rural economic development, enhancing farm viability, and encouraging entrepreneurship within the agricultural sector.

Recognizing a Rural Reality: Origins of OFDUs in Provincial Policy

2.1 Pre-Policy Planning Environment: Rigidity, Farmer Frustration, and Missed Opportunities

Prior to the 2014 Provincial Policy Statement, land use planning in Ontario was largely characterized by a strict separation between agricultural uses and all other forms of

development. This approach was rooted in a long-standing provincial priority to protect prime agricultural land from urban sprawl, fragmentation, and conflicting land uses. For decades, planning policy emphasized preservation through exclusivity—restricting non-farm uses in agricultural areas to prevent incremental loss of productive farmland. The assumption was that allowing even small-scale or secondary non-agricultural uses could open the door to incompatible development pressures, increased land speculation, and the erosion of the rural landscape. As a result, municipalities often implemented conservative zoning frameworks that treated farmland as a resource to be insulated from economic diversification, rather than as a dynamic working landscape in need of supportive, adaptive policy. This created unintended consequences, such as:

- **Zoning locked farmers into a single use:** Even small-scale, secondary business activities were often interpreted as “commercial” or “industrial” uses and considered incompatible with agricultural zoning—even if they occupied a fraction of the farm footprint and were fully compatible with the rural character.
- **High costs and legal uncertainty:** Farmers who wanted to supplement their income with secondary activities had to navigate a complex, costly, and often confusing planning



“We tried to do it right and go through planning. But the process was so slow and expensive, we gave up. It’s frustrating when all you’re trying to do is stay on the land.” –
Grey County Farmer

University of Guelph/OMAFRA Research

process. In many cases, they abandoned their proposals—or operated “under the radar” without approvals, creating enforcement challenges for municipalities.

- **Inflexibility punished innovation:** Farmers who were early adopters of on-farm diversification (e.g., maple syrup producers, equestrian trainers, craft food entrepreneurs) were often told they had to locate in a commercial or industrial area—completely disconnecting the activity from the

farm context that made it viable.

- **Planning friction increased:** Municipalities and staff were placed in a difficult position. Without clear provincial guidance, they either erred on the side of caution (prohibiting uses) or risked inconsistent application of policies—opening themselves up to appeals.

2.2 Early Recognition of the Need for Flexibility

Faced with these growing tensions between policy intent and on-the-ground realities, a quiet but consequential shift in rural planning discourse began to emerge. By the late 2000s, rural planners, agricultural stakeholders, academics, and municipal leaders were increasingly vocal in their concern that protecting farmland in name only—without supporting the economic sustainability of the people working it—was a short-sighted strategy. They argued that land use planning needed to evolve from a defensive posture focused solely on land-use

separation, toward a more enabling framework that supported the day-to-day realities of modern farm life. The message was clear: if farmers couldn't make a living on the land, no amount of zoning protection would preserve agriculture in the long term. This perspective began to take hold in planning literature, rural policy reports, and public submissions—laying the groundwork for the policy reforms that would follow.

Key Advocates and Influencers include:

- **Ontario Federation of Agriculture (OFA)**

As the province's largest farm lobby (representing over 38,000 farm families), the OFA campaigned vigorously for OFDUs. They argued that farm families need flexibility to support multiple income streams and that policy should reflect the reality of farms doubling as small businesses. They emphasized that OFDUs are essential for succession planning and rural economic resilience.

- **Rural Municipalities and ROMA (Rural Ontario Municipal Association)**

- Through submissions during the PPS review (2012–2013), numerous rural municipalities highlighted the lack of clarity and tools for supporting rural entrepreneurship. Many “urged the province to provide more flexibility ... to reduce red tape for low-impact farm uses”.

- **Ministry of Agriculture, Food and Rural Affairs (OMAFRA)**

OMAFRA played a pivotal role in clarifying definitions — distinguishing between agricultural, agriculture-related, and OFDUs. They developed the 2016 Guidelines to provide consistency across jurisdictions.

The core arguments in support of OFDUs are as follows:

- *Farms Are Businesses — They Need Flexibility*

OFA and rural planners emphasized that farms should operate like other businesses, with the ability to innovate and adapt. OFDUs with certain restrictions in place, enable this without compromising farmland protection.

- *Economic Viability Is Central to Land Protection*

Provincial land protection was undermined if farmers couldn't afford to stay on the land. OFDUs offered opportunities to diversify income and sustain generational transfer.

- *Regulate What Already Exists*

Many small-scale enterprises — like welding shops or direct sales — were already operating informally. Formal recognition through OFDU policy would mitigate non-compliance and provide clarity.

While advocacy efforts helped bring provincial attention to the policy gap, these calls for reform were strengthened by a growing body of research that provided both conceptual grounding and empirical validation. Academics, public agencies, and graduate planning

programs across Ontario began documenting the consequences of rigid land use policies on farm viability, and exploring how land use planning could evolve to better support economic resilience in agricultural areas. These studies examined not only the barriers facing farmers, but also the planning tools and policy models that could offer a path forward. Together, they laid the intellectual foundation for what would become a significant shift in provincial policy thinking. The most influential among these included the Environmental Commissioner's critique of rural land use systems, studio-based planning research from Ryerson University, and a series of empirical studies led by Dr. Wayne Caldwell—all of which played a critical role in building the case for a more flexible, enabling approach to agricultural land use planning.

ECO Report (2010)

Though not targeting OFDUs specifically, the Environmental Commissioner's 2009/2010 report identified rural economic planning shortcomings and recommended integrated, flexible land-use approaches. It highlighted that zoning systems often treated farmland as "background" merely awaiting urban development, rather than valued farmland that needed active stewardship and economic supports. By drawing attention to the fragmentation of farmland caused by isolated, non-agricultural uses, the ECO made a case for planning tools that support farm viability – highlighting diversified uses as crucial to both land protection and rural community vitality.

Planning the Rural Reality: Studio-Based Research on Policy Gaps (Ryerson, c. 2010)

In 2010, a multidisciplinary planning studio at Ryerson University, titled "Planting the Seeds for Farm Innovation," examined the challenges facing small- and mid-sized farms in the Greater Golden Horseshoe (GGH). This studio, led by a group of graduate students and faculty, explored how land-use policy could better support farm-based economic innovation.

The Ryerson study revealed several critical insights into the challenges facing on-farm innovation in Ontario. Chief among them was the rigidity of local zoning frameworks, which in many municipalities prohibited any use other than conventional agriculture. This narrow interpretation prevented even low-impact, home-scale initiatives—such as on-farm retail, maple syrup processing, small event spaces, and artisan production like soap or preserves—from proceeding without costly planning approvals. Yet, despite these constraints, innovation was already taking place beneath the surface. Many farmers were finding creative ways to supplement their income, often operating without formal approvals or in contravention of outdated zoning by-laws. At the same time, municipalities lacked the confidence, policy tools, or guidance to permit these uses in a way that preserved the integrity of agricultural land. The result was a disconnect between lived rural realities and planning systems that hadn't evolved to support them.

This report was one of the first planning-focused documents to explicitly frame farm-based diversification as a land use planning issue, rather than merely an economic or agricultural concern. It provided early conceptual justification for what would later become known as on-farm diversified uses (OFDUs), identifying the need for planning frameworks that could accommodate innovation without undermining the primary function of agricultural land. Crucially, the report also offered recommendations on how municipalities could permit and

regulate such uses—through planning tools like zoning, site plan control, and performance standards—without inadvertently opening the door to full-scale non-farm development. In doing so, it helped shift the policy conversation away from whether these uses should be allowed, and toward how they could be permitted responsibly and strategically within a land use planning system.

Measuring the Cost of Inflexibility: Research by Dr. Wayne Caldwell and OMAFRA (2010-2013)

Dr. Wayne Caldwell, a leading rural planning researcher at the University of Guelph, conducted a series of influential studies in the early 2010s in collaboration with OMAFRA, the Ontario Rural Institute, and several upper- and lower-tier municipalities. One of the most impactful of these was the report titled *“Farmland at Risk: How Better Land Use Planning Could Help Ensure a Healthy Future for Agriculture in the Greater Golden Horseshoe.”* This research revealed that between 2000 and 2011, more than 20,000 hectares of farmland in Ontario were re-designated for non-agricultural uses through Official Plan Amendments (OPAs). Notably, much of this land was not lost to traditional sprawl but rather to the economic pressures faced by farmers operating within inflexible land use regimes. As farmers struggled to maintain viable operations, they increasingly turned to alternative revenue sources—such as agri-tourism, commercial kitchens, solar generation, and artisan markets—but often encountered planning barriers that offered no clear or legal path forward.

Caldwell argued that “economic viability must be seen as a condition of land preservation,” warning that without the ability to generate income, farmland would remain vulnerable—not only to development pressures but also to abandonment and underuse. He advocated for the adoption of flexible zoning tools to support small-scale diversified uses, municipal education on interpreting provincial planning language (particularly terms like “secondary to agriculture”), and clearer provincial guidance to ensure consistency across jurisdictions.

Taken together, the empirical findings of Dr. Wayne Caldwell and the conceptual framing offered by Ryerson University’s planning studio worked in tandem to influence provincial thinking. While Ryerson’s research captured the lived experiences and regulatory frustrations of early adopters—farmers who were already engaging in small-scale innovation despite zoning barriers—Caldwell’s work provided the data-driven policy justification, demonstrating that economic fragility was a leading driver of farmland loss. These research streams, backed by advocacy from farm organizations, municipalities, and rural policy experts, helped build both the intellectual and evidentiary foundation for the Province’s eventual shift in direction. It became increasingly clear that Ontario’s planning framework—though well-intentioned in its efforts to protect agricultural land—was no longer aligned with the economic realities of rural life. Farmers faced mounting barriers to diversification, municipalities struggled to apply vague policy language consistently, and the long-term viability of agriculture was being quietly eroded under the weight of outdated zoning tools. Together, this growing body of research, coupled with pressure from the agricultural community, created the conditions for meaningful change—culminating in the 2014 Provincial Policy Statement and, later, the 2016 OMAFRA Guidelines, which introduced a more flexible, enabling approach to rural planning and on-farm innovation.

2.3 Context of the 2014 Provincial Policy Statement

The 2014 PPS was released under the authority of the *Planning Act* and came into effect on April 30, 2014, replacing the 2005 version. It was part of a broader provincial effort to modernize land use planning across Ontario — especially in light of ongoing urban growth, climate concerns, and rural economic shifts.

Key Drivers Behind the 2014 PPS:

1. Urban Growth Pressures

- Ontario was facing increasing pressure to manage growth in a sustainable way, particularly in the Greater Golden Horseshoe (GGH).
- The Province was trying to balance intensification and urban boundary control with preservation of agricultural and natural lands.
- This aligned with the Growth Plan for the Greater Golden Horseshoe (2006) and the Greenbelt Plan (2005), both of which pushed for compact development and protection of natural and agricultural areas.

2. Farmland Loss and Fragmentation

- The Province had lost over 600,000 acres of farmland between 2001 and 2011, largely due to sprawl, fragmentation, and economic pressure.
- The 2014 PPS emphasized permanent protection of prime agricultural areas and encouraged municipalities to be more deliberate about rural land uses.

3. Growing Recognition of Rural Economic Diversity

- There was a growing awareness that traditional agriculture was no longer the sole rural economic driver.
- Rural residents — including many farmers — were engaged in value-added processing, tourism, renewable energy, and home-based industries.
- However, outdated zoning frameworks made these uses difficult or impossible to establish legally.

4. Calls for Policy Clarity and Consistency

- Municipalities, farm organizations (like OFA), and rural planners called for clearer definitions and permission frameworks for rural uses, particularly on-farm business activity.
- The lack of consistent interpretation between municipalities was leading to unnecessary appeals and friction in development approvals.

Introduction of On-Farm Diversified Uses

Against this backdrop, the 2014 Provincial Policy Statement introduced on-farm diversified uses (OFDUs) as a permitted use within prime agricultural areas, alongside agricultural and agriculture-related uses. This marked a significant evolution in rural planning policy. For the first time, the PPS explicitly acknowledged the economic needs of farm families beyond core agricultural production. It encouraged municipalities to permit OFDUs, provided that such uses were secondary to the principal agricultural use, limited in area, and compatible with surrounding land uses. This policy shift opened the door to more flexible zoning frameworks capable of supporting small-scale, farm-based enterprises—not only those directly tied to production, but also complementary or independent uses such as woodworking shops, photography studios, yoga barns, and other innovative rural ventures that contribute to the viability of modern farm life.

Implications

The 2014 PPS marked a turning point in rural planning, shifting away from one-size-fits-all zoning approaches and toward a more nuanced, supportive model for rural entrepreneurship. By formally recognizing OFDUs, the policy created a new space within the planning framework. Perhaps most importantly, the 2014 PPS signaled a philosophical shift: that farmland preservation and rural economic opportunity are not mutually exclusive, but rather can and should coexist. This balanced approach continues to shape provincial policy, with the same principles now embedded in the 2024 PPS.

2.4 Transition: From Policy Foundation to Implementation Gaps

The 2014 Provincial Policy Statement laid the groundwork for a more responsive and flexible approach to rural land use planning, formally recognizing on-farm diversified uses as a legitimate and necessary component of a thriving agricultural system. But policy direction alone was not enough. In the years that followed, municipalities across Ontario were left to interpret and implement these new permissions—often with varying degrees of clarity, confidence, and consistency. Recognizing this implementation gap, a growing body of research and practical case studies emerged to further refine the concept of OFDUs, evaluate how the policy was being applied on the ground, and identify best practices for enabling farm-based innovation while safeguarding the long-term integrity of agricultural lands.

2.4.1 *Introduction to the OMAFRA Guidelines (2016)*

While the 2014 Provincial Policy Statement provided important policy direction by recognizing on-farm diversified uses as permitted in prime agricultural areas, it left significant questions unanswered. Terms like “secondary to the principal agricultural use” and “limited in area” were not defined in detail, and municipalities were left to interpret these concepts on their own—often leading to inconsistent, overly cautious, or restrictive approaches. To address this, the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) released the Guidelines on Permitted Uses in Ontario’s Prime Agricultural Areas in 2016. These Guidelines were developed to support municipalities, planners, and farm operators in implementing the PPS consistently and effectively. They offer clear definitions, criteria, and

practical examples to help strike a balance between enabling rural economic development and protecting Ontario's agricultural land base for future generations.

What Do They Cover?

The 2016 OMAFRA Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas provide a detailed framework to help municipalities assess whether proposed uses are consistent with provincial policy. They identify three distinct categories of permitted uses: agricultural uses (such as crop or livestock production), agriculture-related uses (like feed mills or grain dryers), and on-farm diversified uses (OFDUs), which include agri-tourism ventures, home industries, and value-added businesses. For OFDUs specifically, the Guidelines set out a series of criteria to ensure these uses remain appropriate in the context of prime agricultural land. They must be secondary to the principal agricultural use, limited in area (generally no more than 2% of the lot, with a maximum of 8,000 square metres on lots 20 hectares or larger), compatible with surrounding uses, and designed to have minimal off-site impacts. The Guidelines emphasize that OFDUs should not require infrastructure expansions in rural areas and should be designed to blend into the agricultural landscape. Practical examples include farm retail outlets, bed-and-breakfasts, caterers, bakeries, seasonal events, renewable energy installations, and small-scale food or beverage production. The document also provides clarity on how to calculate area limits (including access, parking, and outdoor storage), recommends site plan control to manage impacts, and cautions against introducing urban design elements that could erode the rural character of the landscape. A copy of the Guidelines can be found here: [Publication 851: Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas | ontario.ca](https://www.ontario.ca/publication/851-guidelines-on-permitted-uses-in-ontario-s-prime-agricultural-areas)

Policy Weight and Use

While not legislation, the OMAFRA Guidelines carry considerable weight in planning decisions, and have been referenced in OLT/LPAT/OMB cases to assess whether a proposed use meets the PPS definition of a permitted OFDU.

They are commonly used by upper-tier municipalities (like Grey County) to structure Official Plan policies, and form the basis for zoning permissions, performance standards, and conditions of approval at the local level.

2.4.2 Other Research Conducted

a) Halton Region OFDU Review: A Municipal Catalyst for Policy Refinement

In 2021, Halton Region undertook a comprehensive policy review titled "A Review of On-Farm Diversified Use Policies within Halton Region" to evaluate how well its local planning frameworks aligned with provincial policy and to identify opportunities for improving OFDU implementation. Conducted through a partnership between practitioners and academics, including Dr. Wayne Caldwell from the University of Guelph, the study assessed both regional and municipal zoning policies, drawing on input from planners, farmers, and rural residents. The review found that while provincial guidance encourages municipalities to permit OFDUs "as-of-right" when criteria are met, many on-farm enterprises in Halton still faced case-by-case scrutiny or the need for site-

specific amendments. It highlighted that small-scale, compatible uses—such as agri-tourism, farm stores, and food micro-processing—can be integrated into the rural landscape without undermining its character, particularly when managed through clear performance standards. To better enable these uses, the review recommended tools such as pre-zoning, site plan control, and even targeted incentives through Community Improvement Plans (CIPs) to support on-farm investment and rural economic resilience.

The Halton Region review also played a key role in validating and reinforcing the direction taken by both provincial and regional policy frameworks. Its findings demonstrated the effectiveness of detailed municipal criteria—such as clear area limits, building size thresholds, and compatibility measures—in supporting appropriate on-farm diversification. In doing so, it affirmed the relevance and applicability of the tools outlined in the 2016 OMAFRA Guidelines, helping to build confidence in their implementation. More significantly, the review’s strong support for as-of-right permissions and pre-zoning helped shape ongoing provincial thinking and was reflected in the 2024 Provincial Planning Statement, which places greater emphasis on proactive, streamlined municipal zoning as a means of reducing red tape and enabling rural economic growth.

b) University of Guelph / OMAFRA Study (2022)

Funded by the Ontario Agri-Food Innovation Alliance, a University of Guelph study involved three provincial organizations, over 40 municipalities and 150+ farmers. Its goal was to assess uptake of provincial OFDU guidelines at the municipal level, analyze impacts on farm businesses, farmland protection and policy effectiveness, and identify and recommend best practices for integrating OFDUs in local planning policy.

The key findings in this Study included:

- **Inconsistent implementation:** Very few municipalities permit OFDUs “as-of-right”. Many farmers still require costly official plan and zoning amendments.
- **Red tape deters entrepreneurship:** Farmers described the process as “excruciatingly difficult”.
- **Successful models:** Jurisdictions like Waterloo Region and Norfolk County – where OFDUs are integrated into policies – enabled seamless establishment on farm-based businesses such as breweries and agri-tourism operations.
- **Farm viability and land preservation:** the study confirmed that OFDUs can support family farms economically, without undermining prime agricultural land.

They recommended implementing OMAFRA’s guidelines into local policy, offer pre-application consultations, scale fee structure and approvals to match farm capacities, enhance inter-agency coordination, bringing together planning, economic development, OMAFRA, and farm groups, and facilitate neighbourly engagement to help diffuse potential concerns early.

Together, this growing body of research, advocacy, and lived experience helped shift the policy conversation from one focused solely on preventing the loss of farmland, to one more attuned to the realities of those working the land. The question evolved from “How

do we stop people from developing farmland?” to “How do we support people who want to keep farming, but need to innovate to survive?” This evolution in thinking has continued to shape land use planning in Ontario, and remains highly relevant today. The 2024 PPS further reinforces this balanced approach, emphasizing streamlined municipal implementation, clear policy language, and proactive zoning that supports economic resilience in agricultural communities—ensuring that farmland protection and farm viability move forward together.

County Policy Formation: Translating Provincial Direction into Regional Frameworks

Following the 2014 Provincial Policy Statement’s explicit support for on-farm diversified uses (OFDUs), the responsibility to interpret and implement this direction shifted to upper-tier municipalities. In Grey County, that meant aligning provincial policy with a local planning framework that governs land use across its nine member municipalities—including Grey Highlands. As the upper-tier planning authority, the County’s role was pivotal in ensuring consistency with provincial objectives while responding to local conditions, pressures, and opportunities. This section explores how Grey County has approached OFDUs through evolving policy, community consultation, and formal planning instruments, and considers the implications for municipalities now revisiting their zoning by-laws, like Grey Highlands.

Grey County’s policy direction on OFDUs has evolved over the past two decades, gradually shifting from a restrictive model toward a more enabling and economically responsive approach. In the early 2000s, the County’s Official Plan permitted limited commercial or industrial uses on farms—up to 250 square metres—only when those uses were directly tied to agricultural production. This narrow interpretation reflected the prevailing provincial emphasis on farmland protection through land use separation. However, County staff and elected officials began to question the adequacy of these restrictions as early as 2005, during the five-year review of the 2000 Official Plan. Consultation feedback revealed frustration from both municipal representatives and rural residents, who felt the 250 m² limit stifled economic opportunity. As a result, Grey County initiated a policy review that led to an increase in permitted building size to 750 m² (plus allowances for outdoor storage), approved in 2011—three years before OFDUs were formally introduced through the PPS.

A key moment in this evolution was the release of the *Small Scale Commercial and Industrial Uses Discussion Addendum* (2006), developed during the five-year OP review. This internal paper documented the mounting pressure to move beyond the 250 m² limit. It distinguished between agriculture-related uses and what would later be known as OFDUs, advocating for a broader, more flexible interpretation of permitted farm-based businesses. While the paper acknowledged potential compatibility and servicing concerns—particularly on small lots or near residential clusters—it signaled an important philosophical shift. The County recognized that preserving rural land required more than restrictions; it required tools that allowed farm operators to innovate, diversify, and remain economically viable.

Despite this progress at the County level, local implementation varied. When Grey Highlands began its Official Plan review in 2016, Council's initial direction was to eliminate OFDUs altogether—prompted by concerns around enforcement, compatibility, and community character. However, staff consultations with OMAFRA confirmed that removing OFDUs would conflict with the PPS. As a result, Grey Highlands reverted to the 250 m² standard that was presented in the 2000 Official Plan, diverging from the County's more enabling direction and missing the opportunity to align with the 2016 OMAFRA Guidelines.

In contrast, Grey County continued to move forward. Through the *Recolour Grey* initiative (2016–2018), which undertook extensive community engagement across all local municipalities, residents voiced support for more flexible policies that would enable on-farm entrepreneurship, succession planning, and reinvestment in rural lands. The *Cultivate Grey* discussion paper—developed as part of this process—formally embraced the 2016 OMAFRA Guidelines and laid the foundation for the County's 2019 Official Plan update. This update adopted the 2% lot coverage threshold (up to 8,000 m²) for OFDUs and a 20% threshold (of the total area) for all buildings associated with the OFDU. This update emphasized a shift from questioning *if* these uses should be permitted, to determining *how* they could be permitted responsibly — anchored in size, scale, and performance standards.

County reflections over this period also point to the broader economic and community benefits of enabling OFDUs. Anecdotal evidence suggested that municipalities with more permissive policies—particularly where Mennonite farmers were active—saw reinvestment in buildings, infrastructure, and land stewardship. In contrast, municipalities that resisted OFDUs often encountered stagnation, or increased pressure for residential severances, which can fragment farmland more permanently.

More recently, in 2022/2023, further improvements were made to the Official Plan via a housekeeping amendment (OPA 11), which refined policies for on-farm diversified uses and agricultural-related uses. While the central focus of this amendment was implementing findings from a Growth Management Study, there were also several housekeeping amendments, including addressing how OFDUs could be accommodated on smaller farm parcels, particularly those less than 20 hectares which was a concern raised by stakeholders and the broader farm community. In response, the County introduced policy modifications (specifically policy 5.2.2[15] and Table 8) that explicitly allow OFDUs on smaller parcels within the Agricultural, Rural, and Special Agricultural designations, subject to the size criteria outlined in Table 8. Owners of the land on which the on-farm diversified use is proposed had to be a 'bona fide farmer', and had to have a farm business registration number.

OPA 11 also clarified the technical requirements municipalities may apply when reviewing proposals. While traffic impact studies were already contemplated, the amendment made it clear that servicing and noise studies may also be required to address local compatibility concerns. Furthermore, municipalities were given discretion to establish local road standards appropriate for the types of traffic generated by these uses and to limit individual OFDU types where they would be better suited to settlement areas. Notably, while OFDUs remain subject to strict size limitations, agricultural-related uses are not capped in the same way, reflecting their direct connection to farming activities. Collectively, OPA 11 illustrates the County's ongoing effort to balance economic flexibility on farms with careful management of scale, compatibility, and infrastructure capacity.

Since this time, OPA 23 was passed in the Spring 2025, which added criteria for small scale special event venues, and some clarity regarding OFDUs for special event spaces.

In summary, Grey County's implementation of provincial direction on OFDUs reflects a measured but deliberate shift toward policy that supports rural economic resilience. Informed by public consultation, provincial guidance, and local experience, the County's Official Plan now provides a strong foundation for municipalities like Grey Highlands to modernize their local Official Plan and zoning by-laws in ways that balance agricultural protection with the realities of rural life and livelihoods.

Local Policy Formation

4.1 Local Policy Continuity

Grey Highlands has historically maintained a conservative approach to on-farm diversified uses (OFDUs). Since the adoption of its Official Plan, the municipality has capped the maximum permitted area for OFDUs at 250 m², with all proposals requiring a site-specific zoning amendment. This policy diverges from Grey County's more enabling framework, which permits OFDUs up to 2% of the lot area, to a maximum of 8,000 m². While the County's approach aligns with the 2016 OMAFRA Guidelines and provincial direction, Grey Highlands has chosen to retain more restrictive limits, citing the need to preserve rural character and manage land use compatibility on a case-by-case basis.

4.2 Request for On-Farm Diversified Uses and/or Agricultural-Related Uses

Grey Highlands has experienced a steady flow of requests for both on-farm diversified uses (OFDUs) and agriculture-related uses, mirroring provincial and regional trends toward rural economic diversification. These proposals span from small-scale workshops, farm retail outlets, and value-added processing to more complex operations such as repair shops and storage facilities. While many are modest in scale and clearly secondary to the primary farm operation, others approach or exceed the size and intensity limits set out in local policy, creating tension between supporting farm viability and protecting rural character. Because the municipality treats on-farm diversified uses and agriculture-related uses the same, with a current 250 m² cap, which is well below the County and provincial standards, all agriculture-related uses and OFDU proposals require a zoning amendment—triggering public consultation, reports, and Council decisions for uses that, under broader policy guidance, should be approved as-of-right. Over the years, this has triggered a significant increase in staff workload, delayed approvals for farm businesses, and heightened community polarization over where to draw the line between enabling rural entrepreneurship and safeguarding agricultural and environmental integrity.

Staff estimate that the Municipality receives approximately 20 applications per year for zoning changes related to on-farm diversified uses (OFDUs) that are consistent with both the County and local Official Plans. In addition, some of preliminary inquiries never proceed once applicants learn that a rezoning is required. While some requests are reviewed internally, many do not advance because staff determine that the proposal is not consistent with current local policy. Of the applications that do move forward, roughly 98% of those meeting the County and Municipal Official Plan criteria are ultimately approved by Council. The few that are denied typically fail to meet the minimum requirements for an OFDU (minimum 250 square metres).

4.3 2022 Official Plan Amendment Request and Refusal

In 2022, an application (File No. OP04.2022) was submitted by a private stakeholder to amend the Grey Highlands Official Plan in its entirety, rather than its applicability to a single lot or development. The amendment was to define “small scale”, by essentially increasing the maximum OFDU size from 250 m² to 750 m², and to allow OFDUs on lots between 10 and 20 hectares with size regulations in place. The amendment sought to broaden access to diversified uses in a way that aligned more closely with County and provincial policy.

A professional planner was retained by the private stakeholder, who provided a professional planning report supporting the request to amend the Official Plan, as it was consistent with upper-level policy documents. The municipal planners were also in support of the change, understanding that the restrictions in place in Grey Highlands were not consistent with upper-level policy documents. In the Planning Report, regulations from other Grey County municipalities were also compared, to shed light on what other municipalities in the area have as restrictions. It was summarized as follows:

Municipality	Building Area Restriction	Storage Area Restriction	Rural Lot Area Restriction
Chatsworth	County Policies Only	County Policies Only	County Policies Only
Georgian Bluffs	County Policies Only	County Policies Only	County Policies Only
West Grey	County Policies Only	County Policies Only	County Policies Only
Meaford	750 square metres	County Policies Only	None
Southgate	750 square metres Proposed: See Appendix 4.	500 square metres Proposed: See Appendix 4.	None
Blue Mountains	Lots >= 20 ha 750 square metres Lots <20 ha 250 square metres	Lots >= 20 ha 500 sq. m. or up to 1,250 sq. m. total between building and storage area Lots <20 ha 750 sq. m.	None
Grey Highlands (current)	250 sq. m.	750 sq. m.	20 ha
Grey Highlands (proposed in 2022)	Lots >= 20 ha 750 sq. m. Lots < 20 ha 750 sq. m. and building and storage restricted to 0.4% of lot area	Lots >= 20 ha 750 sq. m. Lots < 20 ha 750 sq. m. and building and storage restricted to 0.4% of lot area	10 ha

It was noted that Grey Highlands policies significantly restrict OFDUs in comparison to other municipalities, including the restriction of OFDUs on rural lands that are less than 20 hectares.

The following is a summary of public comments and concerns that were received during this public process:

- OFDUs removing farmland from production
- OFDUs should be in an industrial park
- Incompatibility and degradation of the rural character/landscape
- Risk of potential contamination to the environment
- OFDUs are not secondary because they generate more income than farming use
- OFDUs increase the price of farmland
- OFDUs already successful with existing floor area, and therefore, no need to expand
- Traffic concerns
- Impact to rural road infrastructure
- Enforcement mechanisms

All of these concerns were addressed in the professional planning report submitted by the planner at the time, Matt Rapke. Regardless of the recommendation made by two professional planners, Council refused the application, stating that such a change constituted a significant policy shift and should only be considered as part of a municipality-initiated comprehensive review. The decision reflected a reluctance to make isolated changes to foundational planning documents outside of a broader strategic update.

4.4 2025 Official Plan Amendment Refusal

In 2025, Grey Highlands Council rejected a proposal to expand the permitted size of an on-farm diversified use. The application sought to permit a 555 m² shop—primarily for agricultural feed bin production—on a rural lot, exceeding the 250 m² maximum in the current Official Plan. Despite arguments that the proposal complied with County policy and provincial direction under the PPS and OMAFRA Guidelines, Council voted unanimously to deny the amendment. The application was considered through a site-specific Official Plan Amendment and Zoning By-law Amendment process. Council's decision reflected ongoing concerns about land use compatibility, rural infrastructure—particularly the wear on gravel roads—and the perception that such proposals were industrial in nature and therefore incompatible with the area's rural character.

4.5 Ongoing Local Challenges and Controversy

The conversation around on-farm diversified uses and agricultural related uses in Grey Highlands has long reflected both the promise and the tension of rural diversification. While some residents view OFDUs as essential to sustaining farm families and revitalizing rural properties, others express concern that they may alter the rural character, place strain on infrastructure, or be inconsistently regulated. These debates are not unique to Grey Highlands; they are common across Ontario communities navigating the balance between farmland protection and economic viability.

A recurring theme in Grey Highlands is that some of the controversy stems from confusion or lack of clarity about what OFDUs actually entail. Residents have expressed uncertainty about the difference between small-scale, farm-connected businesses and larger-scale industrial operations, as well as questions about environmental impacts and taxation. This underscores the need for clearer policy language, stronger communication, and more consistent interpretation.

At its core, the debate is about values: how to support diverse farming traditions, maintain fairness in applying rules, and preserve the rural character that residents hold dear. These challenges highlight the importance of an inclusive and evidence-based approach that both supports viable farms and respects community expectations.

What We Heard: Public Feedback on On-Farm Diversified Uses (OFDUs)

The Municipality is in the process of updating its Zoning By-law, and staff have suggested that an Official Plan Housekeeping Amendment also be proposed, should there be interest in modifying some of the policy language related to OFDUs. Public engagement through open houses, surveys and public meetings thus far, has helped bring these challenges into focus. The following section summarizes what residents told us – their hopes, concerns, and priorities – to better understand the perspectives shaping this ongoing conversation.

Support for Small-Scale Farm-Based Enterprise

A number of participants expressed clear support for the intent behind agricultural-related uses and OFDUs, namely, to allow farm families to diversify their income through compatible, low-impact businesses. These comments emphasized that rural communities benefit when farms are economically viable, and that OFDUs like woodworking shops, food processing, or agri-tourism experiences help keep families on the land and properties in good condition. In several comments, residents described how such businesses contribute to local resilience, succession planning, and reinvestment in rural infrastructure.

Concerns About Industrialization and Rural Character

In contrast, many residents voiced concern that agricultural-related uses and OFDUs are increasingly being used to justify full-scale industrial activity on farmland. Several individuals referenced what they described as “factories” or “warehousing” operations appearing in the countryside under the guise of OFDUs, with resulting impacts such as truck traffic, road degradation, noise, and land use conflict. There was a strong sentiment that the intent of OFDUs—to support farms—was being lost in some cases, and that clearer limits are needed to prevent industrial creep. Specific concern was raised over how frequently applications for buildings larger than 250 m² were being considered, despite current policy limits. It was fact checked that no permits have been issued for OFDUs in excess of 250 m² under this Council’s regime, although there have been well over 100 rezoning applications for OFDUs under that threshold.

Calls for Stronger Oversight and Policy Clarity

Multiple speakers called for greater regulatory clarity and consistent enforcement around OFDUs. Some questioned how the 250 m² cap was being applied and whether exceptions were becoming the norm. Others requested clearer definitions of what qualifies as “secondary” and “compatible” and suggested that some OFDU approvals appeared to be inconsistent with local planning goals. There were also concerns about fairness—whether all applicants are being treated equally—and about the Municipality’s capacity to monitor and regulate these uses.

Balancing Economic Opportunity with Land Use Protection

While views differed, one clear theme emerged: the need for balance. Residents were not universally opposed to OFDUs and agricultural-related uses, but many urged the Municipality to define the line between enabling rural entrepreneurship and protecting the core agricultural function of farmland. There was interest in zoning tools that could help distinguish between appropriate and inappropriate uses, and a desire to see OFDUs truly reflect their intended purpose—supporting active farms, not replacing them.

To summarize, the following are key public concerns about on-farm diversified uses (OFDUs) that staff heard:

- **Scale and Size of Operations**

- Residents expressed concern that some OFDUs were expanding beyond their intended scale, with buildings exceeding the 250 m² policy limit. Larger operations were seen as inconsistent with the intent of “secondary” uses and more akin to full industrial enterprises.

- **Industrialization of Farmland**

- Several speakers cited examples of “factories” or “warehousing” appearing on rural properties, raising fears that OFDUs were being used as a loophole to allow industrial uses on land designated for agriculture.

- **Traffic and Road Degradation**

- Increased heavy truck traffic associated with certain agricultural related uses and OFDUs were linked to the deterioration of rural gravel roads. Residents noted that these impacts often affect quiet concession roads not designed for industrial-level activity.

- **Noise, Visual Impact, and Compatibility**

- Concerns were raised about the impact of agricultural-related uses and OFDUs on neighbouring properties, including noise, dust, lighting, and the visual presence of large structures. Some residents felt this eroded the rural and pastoral character of the area.

- **Environmental Impact**

- There is a common concern that OFDUs could harm the environment by increasing runoff or disturbing nearby natural features. In practice, these uses are required to follow strict environmental policies and review processes to prevent negative impacts on wetlands, watercourses, and other sensitive areas.

- **Inconsistent Enforcement and Oversight**

- A number of comments suggested that enforcement of OFDU size and use limits is inconsistent. Some questioned whether the 250 m² limit is being regularly

exceeded or poorly monitored, leading to frustration about fairness and predictability.

- **Equity and Fair Application of Rules**

- Some residents raised concerns about whether agricultural-related uses and OFDU policies are being applied equitably across different communities and cultures. There was a call for transparency to ensure that all applicants are treated the same.

- **Conflict with Core Agricultural Function**

- Residents stressed that OFDUs should support, not compete with, primary farming activities. There were worries that in some cases, the farm component was becoming secondary, with the business taking precedence.

- **Lack of Clear Definitions and Criteria**

- Several commenters asked for clearer definitions of terms like “secondary,” “compatible,” and “small-scale,” noting that vague language can lead to misinterpretation or misuse.

- **Misunderstanding of Taxation**

- There was confusion related to how these businesses are taxed, and that they were eliminating industrial/commercial taxes by locating in the rural area.

- **Erosion of Community Trust**

- Perceptions of policy drift or exceptions being made too easily led to concerns about transparency and trust in the planning process. Some residents felt the by-law should be strengthened, not weakened.

Recognizing these challenges and the feedback received, how do we move forward?

Moving Forward: First Step - Clarifying Common Misunderstandings

Before exploring policy options, it’s important to address several recurring concerns and misunderstandings raised during public engagement. While these issues reflect genuine community interest in protecting farmland, rural character, and environmental integrity, not all of them are consistent with provincial policy, County direction, or the evidence from how agricultural-related uses and OFDUs function in practice. Clarifying these points helps ensure that future discussions are grounded in accurate information, and that policy decisions are made with a clear understanding of both the opportunities and the safeguards that exist. The following section outlines common perceptions heard through open houses, surveys, and public meetings, alongside factual explanations to provide context.

Concern Raised	Policy Fact
OFDUs can be any type or size of industrial use	OFDUs are narrowly defined in both provincial and county policy. They must be secondary to the main agricultural use, limited in area, and compatible with surrounding uses. Compatibility is tested via the Ministry of Environment, Conservation and Parks D-6 Guidelines, and in some cases, trigger Compatibility Studies and/or Impact Studies that are thoroughly assessed, and in some instances, peer reviewed, to ensure compliance with these guidelines. Large-scale industrial uses are not permitted as OFDUs.
Grey Highlands regularly allows OFDUs and agricultural-related uses to exceed 250 square metres	The 250 square metre maximum has been consistently applied since the Official Plan's adoption in 2017. Any proposal to exceed it requires an Official Plan Amendment. All Official Plan Amendments submitted for the purpose of exceeding the 250 square metres have <u>not been granted</u> .
OFDUs and Agricultural-Related Uses are the Same	Although both on-farm diversified uses (OFDUs) and agriculture-related uses are permitted in prime agricultural areas under the Provincial Planning Statement (PPS) and the County of Grey Official Plan, they are defined as distinct categories of use with different purposes and policy criteria. • Agriculture-Related Uses are commercial or industrial uses that are directly related to, and primarily serve, agricultural operations. They are intended to support farming — for example, feed mills, abattoirs, grain dryers, farm equipment repair, or farm supply co-ops. Under the PPS, OMAFRA Guidelines, and the County of Grey Official Plan, there is no prescribed maximum size for agriculture-related uses, though they must remain compatible with surrounding farm operations and only take the space necessary, to limit impact on prime agricultural areas. They can be standalone facilities on agricultural land. • On-Farm Diversified Uses (OFDUs) are uses that are secondary to the principal agricultural use of the property, are limited in area, and help supplement farm income. They may be related or unrelated to agriculture (e.g., a farm market, a woodworking shop, an agri-tourism operation, or a small-scale manufacturing business). Under OMAFRA Guidelines and the County OP, OFDUs are subject to a maximum size limit — typically 2% of the lot area to a maximum of 8,000 m² — and must be located on a farm parcel with an active farming operation. Treating them as the same removes important distinctions in intent, scale, and policy requirements, and can lead to unnecessary restrictions or misinterpretation of the PPS and County policy.
OFDUs are replacing agriculture with	Policy requires that agriculture remain the primary use of the property. OFDUs are intended to provide supplementary income to sustain farm operations, helping to keep farmland in production. If agriculture fails to

industrial development	maintain its primary status, the property would be out of compliance with the Zoning By-law, and there are enforcement mechanisms under the <i>Planning Act</i> to yield compliance.
OFDUs are unregulated and not monitored	OFDUs must comply with planning provisions, building permit requirements and site plan control agreement ¹ . Compliance is enforced through the municipality's by-law enforcement process.
Permitting OFDUs will significantly increase heavy truck traffic on rural roads	Traffic impacts vary by use. Site plan control, location-based permissions, and load restrictions can be used to manage truck traffic where concerns exist. Many OFDUs generate minimal transportation impacts. Research has also identified that the limited size of the OFDU and on-site storage creates a need for more traffic to and from the site, as there is inadequate space for storage of material. If larger sized shops were permitted, there would be a reduction of trucks visiting the sites as they would not have to come so often.
OFDUs cause excessive heavy truck traffic that are prematurely damaging rural roads	While some OFDUs do generate more vehicle trips than a traditional farm operation, not all involve significant heavy truck use. Many are small-scale, low-traffic enterprises such as farm retail, bakeries, or artisanal production. For those that do require heavier vehicle access, site plan control can be used to manage entrance design, turning movements, and haul routes to minimize wear on infrastructure, if necessary. The applicable staff are also provided the opportunity to comment on whether the infrastructure can handle the type of development proposed, and if there were concerns, it would be addressed at the time of application.

¹ A Site Plan Control Agreement is a planning tool authorized under Section 41 of the *Planning Act*. It allows municipalities to review and regulate the detailed design and layout of certain types of development after zoning approval, but before construction begins.

The purpose of site plan control is to ensure that new development, such as an on-farm diversified use (OFDU), fits appropriately on the property, functions safely, and minimizes impacts on neighbours and the environment. It is not about *what* use is allowed (that's determined by zoning), but rather *how* the site is designed and managed.

Through a site plan control agreement, the Municipality can require and approve details such as:

- Building placement and design, including setbacks and orientation.
- Driveway and parking layout, to manage access and reduce traffic conflicts.
- Landscaping and buffering, to screen or soften visual impacts.
- Drainage and stormwater management, to prevent flooding and runoff impacts.
- Lighting, signage, and outdoor storage, to maintain rural character and safety.
- Environmental protection measures, such as vegetation buffers near watercourses.

Once approved by Council or delegated staff, the agreement is registered on title and becomes a legally binding document. This means both current and future owners must comply with its conditions.

For on-farm diversified uses, site plan control serves as a key implementation and enforcement tool—ensuring that uses remain secondary to the farm, compatible with the surrounding area, and environmentally responsible.

	It is also important to note that any use—whether agricultural, residential, or commercial—must comply with municipal road use policies. When load restrictions are in effect, notice is provided, and OFDUs must abide by those load restrictions. It is also worth noting that due to the size restrictions in place, there is very little room for storage, meaning the OFDU is shipping more often to make room to work. If OFDU sizes were increased, it is argued that there would be less truck traffic related to deliveries, as they could be done in bigger loads. Additionally, the Municipality of Grey Highlands charges Development Charges for OFDUs and agricultural-related uses. The charge is \$30.02 per sq. m., to which \$12.10 is for “service related to highway”. That means, for every OFDU that is built at the maximum size of 250 square metres, \$3,025 is being dedicated to road upgrades within the rural area. The dedicated road portion of the Development Charge would be \$9,075 if the size was increased to 750 square metres.
OFDUs negatively impact the natural heritage features, and our environment	OFDUs must comply with all environmental protection policies in the Official Plan, County Plan, and Provincial Planning Statement. Development is prohibited in significant natural heritage features and must meet setbacks from wetlands, watercourses, and woodlands. Site plan control can require additional mitigation measures—such as vegetative buffers, stormwater management, or restrictions on outdoor storage—to ensure environmental protection. If the environmental protection policies are not met after it has been developed, and a type of use results in environmental impacts, there are enforcement mechanisms in place in the site plan control agreement, and it could trigger enforcement mechanisms with the Ministry of Environment, Conservation and Parks.
OFDUs are cheating the tax system	OFDUs are subject to MPAC assessment based on the portion of the property used for non-agricultural purposes. This means any commercial or industrial component is taxed at the applicable commercial/industrial rate, not the lower farmland rate. Farm operators with agricultural-related uses and/or OFDUs still pay the legislated taxes on the portion of their property devoted to the diversified use, ensuring fairness with other businesses. These uses generated an additional \$309,176 in local taxes in 2025, and \$153,427 in County taxes alone. Assessment data from MPAC (as of December 31, 2023) illustrates that the value of industrial-type OFDUs is highly dependent on both the scale of the structure and the level of interior finish. For example, a fully finished industrial building (classified as Structure 1, with drywall, office space, and washrooms) in Grey Highlands is assessed on average at \$928 per square metre, compared to only \$185 per square metre for a more basic industrial shed (Structure 2).

	When local policy limits OFDUs to a maximum of 250 m², the municipal tax revenue generated from a Structure 1 facility is approximately \$3,576 annually in local taxes (or \$7,393 in total taxes including County and education levies). By contrast, if the size were permitted to increase to 750 m² and assuming the same average assessment value of \$928 m², the same building could generate \$10,729 in local taxes (or \$22,178 in total taxes). This represents a threefold increase in revenue from a single farm property, without requiring additional infrastructure extension or new subdivision development. Grey Highlands already has more OFDUs than some neighbouring municipalities, such as Southgate. However, because of the restrictive 250 m² cap, the total taxable assessment, and therefore the revenue available to reduce the burden on residential taxpayers, is significantly lower. Importantly, increasing the permitted size of OFDUs would not necessarily lead to more shops being established, but it would increase the assessment value of potential new OFDU buildings that may be built with a higher square footage. Based on current assessment ratios, every additional 250 m² of higher-value industrial OFDU space results in approximately \$7,400 in new tax revenue (total taxes), distributed across the tax base. Any assessment value for an OFDU will be assessed as either Industrial or Commercial, and which have tax ratios of 1.831 and 1.2969 respectively (and compared to a residential ratio of 1.0 and farm tax ratio of 0.218). Put another way: if ten OFDUs were permitted to build to 750 m², the collective assessment uplift could provide meaningful relief to residential taxpayers, while also supporting farm families with viable income streams. This illustrates that OFDU policy is not only a land use matter but also a critical economic development and fiscal sustainability tool for the municipality.
Industrial and Commercial Uses should be segregated from farmland as they are incompatible	While large-scale industrial operations can conflict with agricultural uses, many OFDUs are small-scale, low-impact businesses that are carefully regulated to remain compatible with their rural surroundings. Many of these enterprises—such as custom woodworking shops, small-scale food processing, or agri-tourism facilities—would not be financially viable if relocated to an industrial or commercial park. Their success depends on being co-located with the farm, allowing the farmer to diversify income, share infrastructure, and make efficient use of existing land and buildings. Requiring all such uses to move into industrial zones can unintentionally remove economic opportunities from the agricultural sector, discourage farm succession, and reduce the ability of farmers to invest in land stewardship. Moreover, OFDUs bring in additional property assessment that increases municipal tax revenues—helping to subsidize the existing tax base without significantly increasing municipal servicing costs. Well-designed policies, supported by size limits, performance standards, and

	site plan control, ensure these uses remain secondary, compatible, and beneficial — strengthening both the farm business and the broader rural economy.
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What Are Other Municipalities Doing?

Staff have reviewed the policies and regulations from other municipalities, and a wide variety of strategies are used, in order to reflect local objectives and concerns. Norfolk County for example, has exceeded the 2016 Guidelines, allowing for larger OFDUs and offering 50% area discounts if they use existing or demolish building footprints. Norfolk also explicitly lists potential OFDU examples and includes clear criteria for agricultural-related uses separately, with extensive compatibility and environmental requirements. They also provide clear detail on how the area is calculated, to prevent misunderstanding.

The Municipality of Meaford, as another example, and one within the County of Grey, is generally aligned with the County of Grey's Official Plan, although they provide more detailed framework and additional local nuance. Meaford recognizes two distinct categories—agriculture-related uses (commercial/industrial uses that directly serve and support farm operations) and OFDUs (secondary, limited-scale uses that diversify farm income while coexisting with agriculture). Meaford's Official Plan places stronger emphasis on ensuring compatibility with surrounding agricultural operations, maintaining rural character, and demonstrating a direct link to local agricultural production. It also provides tailored policies for specific uses—such as farm produce outlets, wineries, and agri-tourism—detailing size limits, locational criteria, and as-of-right permissions, with zoning by-law amendments required for expansions or uses not specifically listed. Compared to Grey County's broader performance-based policies, Meaford applies more prescriptive criteria and often requires site plan control for both agriculture-related uses and OFDUs, even when they meet as-of-right thresholds. While Grey County permits OFDUs up to 2% of the lot area (to a maximum of 8,000 m²), Meaford defers to County size limits but integrates additional operational safeguards, such as limits on special event frequency, parking impacts, and timing of activities to avoid interference with farming. This results in a framework that maintains County policy consistency while embedding additional local controls to address community context and site-specific compatibility.

Options to Consider

With a clearer understanding of provincial and County policy requirements, an overview of pertinent planning policy in other municipalities and the common areas of public concern, Grey Highlands now has an opportunity to modernize its approach to on-farm diversified uses (OFDUs) in a way that balances flexibility with protection. The following options and recommendations are grounded in the 2016 OMAFRA Guidelines, Grey County's Official Plan policies, research from other municipal planning policy frameworks and the community feedback received to date.

8.1 Alignment with County and Provincial Policy

Grey Highlands' OFDU policies must be consistent with the Provincial Planning Statement (PPS) and conform to the Grey County Official Plan. The County's OFDU policies are attached as Appendix 6 to this Discussion Paper, for easy reference. These higher-level documents require municipalities to permit on-farm diversified uses in prime agricultural areas, subject to specific criteria for scale, compatibility, and impact. While the Municipality retains the authority to refine how these uses are regulated locally, setting policies that are too restrictive — or inconsistent with upper-tier direction — carries both legal and strategic risks.

Risks of being too restrictive:

1. **Appeals and OLT challenges:** Applicants denied permissions that are consistent with County and Provincial policy may appeal, potentially resulting in costly Ontario Land Tribunal proceedings. The taxpayers are responsible for the costs incurred under these appeals (\$0 to >\$100,000 per appeal).
2. **Loss of economic opportunity:** Overly narrow rules could deter farm-based entrepreneurs, shifting economic activity — and associated tax assessment — to neighbouring municipalities with more enabling frameworks.
3. **Perceived policy conflict:** A local approach that materially differs from upper-tier direction can create uncertainty for landowners, investors, and staff, and may be viewed as acting in bad faith.

Risks of not following policy:

- **Non-conformity with the County Official Plan** could trigger County refusal of local Official Plan Amendments, resulting in delayed implementation and undermining local autonomy.
- **Provincial non-consistency** may result in Ministerial modifications during Official Plan approval processes, removing local control over how OFDUs are managed.

The goal, therefore, is to develop policies that are locally responsive while remaining clearly defensible within the County and Provincial policy framework — ensuring that Grey Highlands' rules are strong enough to manage impacts, but not so restrictive as to be found inconsistent or non-conforming.

8.2 Delineating Between Agricultural-Related and On-Farm Diversified Uses

It is recommended that the Municipality clearly distinguish between agriculture-related uses and on-farm diversified uses in its Official Plan and Zoning By-law to ensure alignment with the PPS, OMAFRA Guidelines, and the County of Grey Official Plan. While both categories are permitted in agricultural areas, they differ in purpose, scale, and policy requirements: agriculture-related uses are commercial or industrial operations directly related to and primarily serving the agricultural sector, with no prescribed size limit, and may operate as standalone facilities; OFDUs are secondary to the principal farm use, limited in scale, and intended to supplement the income of the farm on which they are located. By embedding

clear definitions, criteria, and distinct regulatory pathways for each, the Municipality can reduce misinterpretation, streamline approvals, and avoid applying unnecessary constraints that may hinder economic opportunities while still ensuring farmland protection.

8.3 Performance Based Zoning Tools

Rather than focusing solely on what type of use is permitted, performance-based zoning emphasizes how a use operates and the impact it has on surrounding properties. This approach allows for greater flexibility while still ensuring that OFDUs remain secondary to the farm's main agricultural function and are compatible with their rural setting. Key performance measures can include limits on building size that are consistent with higher-level policy, site coverage, hours of operation, traffic volumes, noise levels, and environmental safeguards. By clearly defining these measurable standards in the zoning by-law, the Municipality can enable more diverse, small-scale economic opportunities on farms without creating a “free-for-all.” This also makes it easier for staff to assess applications, enforce rules, and respond consistently to public concerns, as decisions would be based on whether the use meets established criteria rather than subjective interpretations.

8.4 Tiered Permissions by Lot Size/Use Type

In line with County Policy and Provincial Guidelines, a tiered permissions framework recognizes that not all farms are the same, and that the scale and type of OFDU should be proportional to the size of the property and the surrounding context. Larger agricultural lots can typically accommodate bigger buildings and higher intensity uses without compromising farm operations or rural character, while smaller lots may need tighter restrictions to avoid land use conflicts. By establishing clear, size-based thresholds—such as maximum building area, percentage of lot coverage, or limits on outdoor storage—the Municipality can provide more flexibility where it is appropriate while ensuring compatibility in more sensitive areas. This approach also makes it easier to communicate rules to the public, since permissions would be transparent, predictable, and tied directly to property characteristics rather than negotiated on a case-by-case basis.

8.5 Site Plan Control and Education Tools

Site plan control is one of the most effective planning tools for managing the potential impacts of OFDUs. It allows the Municipality to review elements such as building placement, buffering, screening, parking, and stormwater management before development occurs. It can also implement noise level limitations with sound monitoring. This ensures that OFDUs can be integrated into the rural landscape with minimal disruption to neighbouring uses. In combination with regulatory tools, a public education strategy could help property owners better understand what is permitted, why certain performance standards exist, and how they can design their businesses to meet municipal expectations. This not only improves compliance but can also reduce misunderstandings and build greater trust between the Municipality, the farming community, and rural residents.

8.6 Enforcement and Monitoring Strategies

Even the best-written policies and performance standards will only be effective if they are consistently enforced. Establishing a clear process for monitoring OFDUs—such as scheduled inspections, complaint-response protocols, and requirements for periodic reporting—may help ensure the residents concerns regarding ongoing compliance. Where possible, enforcement should be proactive rather than reactive, with a focus on early intervention and collaborative problem-solving before issues escalate. Strong enforcement practices also reassure residents that OFDUs will be held to the same standards as other uses, reducing fears of “slipping standards” or unchecked industrialization in rural areas. Over time, a balanced approach to monitoring and enforcement can support both farmland protection and economic viability, reinforcing the Municipality’s long-term planning goals. This enforcement strategy, depending on the established service delivery level for inspections and monitoring, may result in the requirement for additional funding for increased staffing levels.

Conclusion

The conversation around on-farm diversified uses in Grey Highlands has highlighted both the opportunities and the challenges of rural economic diversification. Provincial and County policy are clear: municipalities are expected to provide a framework that enables OFDUs, while safeguarding the agricultural land base and rural character. Grey Highlands, however, has taken a more restrictive approach, resulting in a high volume of rezoning requests, added staff workload, and frustration among landowners who see neighbouring municipalities moving forward with more enabling frameworks.

At the same time, public input has underscored genuine concerns about scale, traffic, enforcement, and fairness. These concerns are not unique to Grey Highlands—they reflect the broader rural reality that balancing farmland protection with economic opportunity is never simple. What is clear, however, is that continuing with the status quo risks leaving the Municipality out of step with higher-level policy, limiting local economic resilience, and perpetuating conflict in the community.

Moving forward, the challenge is not whether OFDUs should be permitted, but how they can be permitted responsibly. The most effective path is to align Grey Highlands’ policies with the Provincial Planning Statement and the Grey County Official Plan, ensuring local approaches are both compliant and consistent. By grounding local decision-making in higher-level direction, Council can provide clarity and predictability for landowners, reduce unnecessary applications, and strengthen the Municipality’s ability to defend its decisions. At the same time, performance standards, transparent communication, and enforcement tools will remain essential in addressing local concerns.

In summary, the evidence shows that Grey Highlands’ restrictive approach has created inefficiencies and community tension, while higher-level policies at both the County and Provincial levels are moving toward greater flexibility. The path forward is not about whether OFDUs should be permitted, but how they can be managed responsibly. Aligning Grey Highlands’ policies with the PPS and County Official Plan provides the clearest way to ensure compliance, reduce unnecessary applications, and

support farm viability—while performance standards and enforcement tools address legitimate local concerns.

Next Steps

The next stage for Grey Highlands is to translate this policy analysis into a clear, actionable framework. Proposed policy direction is included in Appendix 6 of this Discussion Paper. Council should first provide feedback at a Committee of the Whole meeting, ensuring that the proposed directions reflect Council's priorities and expectations. Following this, staff can prepare a revised draft framework and present it through a statutory public meeting, giving residents and stakeholders the opportunity to provide further input.

Staff recommend the following phased approach:

1. **Council Feedback** – Present this report and draft policy directions at a Committee of the Whole meeting to obtain feedback and confirm Council's direction before advancing to public consultation.
2. **Public Engagement** – Host a statutory public meeting where residents, farmers, and other stakeholders can review the draft framework, ask questions, and provide feedback on the proposed standards for OFDUs.
3. **Implementation Tools** – Finalize the Zoning By-law Update and Official Plan Amendment processes. Once complete, refine site plan control, enforcement mechanisms, and education materials to ensure that the policies are clear, consistently applied, and enforceable.
4. **Monitoring and Review** – Establish a system for tracking approvals, assessing community impacts, and reporting back to Council within a set timeframe (e.g., three to five years) to evaluate effectiveness and make adjustments if needed.

By taking these steps, Grey Highlands can move from reactive, case-by-case decisions to a proactive and transparent framework that balances farm viability, community values, and long-term rural sustainability.

Appendices

Appendix 1: Norfolk County – Planning Regulations Related to OFDUs

Appendix 2: Halton Region – Planning Regulations Related to On-Farm Diversified Uses

Appendix 3: Municipality of Collingwood – Planning Regulations Related to On-Farm Diversified Uses

Appendix 4: Municipality of Meaford – Planning Regulations Related to On-Farm Diversified Uses

Appendix 5: Proposed Policy Changes in Southgate

Appendix 6: County Official Plan Policies re: OFDUs

Appendix 7: Proposed Policy Direction for Grey Highlands

Appendix 1: Norfolk County – Planning Regulations Related to OFDUs

7.2.2(b) On-farm diversified uses comprise of gainful occupation conducted in whole or in part of an accessory building (shed or farm building) by a member of the farm family. On-farm diversified uses shall be subject to all of the following policies:

- i. the use is located on a parcel of land which has an existing farm operation established on it,
- ii. the use is secondary to the principal agricultural use of the property,
- iii. the use is limited in area, as outlined in Section 7.2.2(c),
- iv. the use may include, but is not limited to, home occupations, home industries, agri-tourism uses including overnight tourist accommodation and uses that produce value-added agricultural products, including those that use crops from other producers,
- v. the use is compatible with, and will not hinder, surrounding agricultural operations,
- vi. the use is appropriate to available rural services and infrastructure,
- vii. the use maintains the agricultural/rural character of the area,
- viii. the use meets all applicable environmental standards, and
- ix. outside storage areas associated with the on-farm diversified use shall be included in the limited area calculations in Section 7.2.2(c). Outside storage areas shall be screened from the road and residential buildings on adjacent properties.

(c) On-farm diversified uses shall be limited in size in accordance with the following policies:

- i. the acceptable area occupied by an on-farm diversified use is up to 2% of a farm parcel to maximum of 1 hectare (10,000 square metres),
- ii. the gross floor area of buildings used for on-farm diversified uses is limited to an approximate 20% of the acceptable land area, as calculated in 7.2.2(c).i.
- iii. the land area and the area of existing buildings used for on-farm diversified uses may be discounted at the rate of 50%. Where the on-farm diversified use occupies the same footprint as a demolished building, the land area for the use may be similarly discounted by 50%,
- iv. where an on-farm diversified use uses an existing farm laneway, the area of the laneway will not be included in the area calculations,
- v. 100% of the area needed for parking and outdoor storage for on-farm diversified uses will be included in the area calculation,
- vi. If more than one on-farm diversified use is proposed on a single property, the combined area of all on-farm diversified uses shall be within the land area and building area requirements,
- vii. On-farm diversified uses that are proposed to grow beyond the area limited, either incrementally or otherwise, will not be permitted and will be encouraged to locate in areas of the County appropriately designated for the use.,
- viii. On-farm diversified uses will be subject to site plan control, where warranted and appropriate (e.g. for those uses requiring outdoor storage areas, visitor parking and/or a new farm access, etc.), in accordance with the policies of Section 9.6.5 (Site Plan Control).

- ix. Severances to separate the on-farm diversified uses from the farm property will not be permitted.

d) Agriculture-related commercial and industrial uses that are clearly supportive of and directly related to agricultural operations may be permitted subject to the following criteria:

- i. The use must be justified on the basis of being required near to the farm operation,
- ii. The proposed use is directly related to farm operations in the area and provides direct products and/or services to farm operations as a primary activity,
- iii. The proposed use shall be compatible with and not hinder surrounding agricultural operations,
- iv. The proposed use shall be appropriate to available rural services, such as road access, private water and waste water services, utilities, fire protection and other public services,
- v. The proposed use maintains the agricultural character of the area,
- vi. The proposed use meets all applicable provincial emission, noise, water and wastewater standards and receives all relevant environmental approvals,
- vii. The cumulative impact of multiple agricultural-related uses in prime agricultural areas should be limited and not undermine the agricultural nature of the area,
- viii. The location of the proposed use shall provide minimum sight distances from the access points in either direction along a County road,
- ix. The proposed use shall be located and designed to mitigate potential adverse impacts, including noise impacts, on adjacent residential and other incompatible uses by buffering measures such as landscaping, berming and building setback and layout,
- x. The proposed use shall not be permitted in Provincially Significant Wetlands and Hazard Lands identified on Schedule “B” or Table 1 of Section 3.5 (Natural Heritage Systems) to this Plan,
- xi. The proposed use shall not be permitted in or adjacent land to the Natural Heritage Features identified on Schedule “C” and/or Tables 1 and 2 or on Schedule “G” and Table 6 of the Lakeshore Special Policy Area Secondary Plan, unless it has been demonstrated that there will be no negative impacts on the natural features or their ecological functions, in accordance with the policies of Section 3.5 (Natural Heritage Systems) and Section 11 (Lakeshore Special Policy Area Secondary Plan) of this Plan.
- xii. The proposed use shall be subject to a Zoning By-law Amendment, and
- xiii. The proposed use shall be subject to site plan control, where warranted and as appropriate, in accordance with the policies of Section 9.6.5 (Site Plan Control) of this Plan.

e) Wineries, craft breweries, cideries and distilleries may be permitted in the Agricultural designation, subject to site plan control, where warranted and as appropriate, in accordance with the policies of Section 9.6.5 (Site Plan Control) of this Plan. A winery may be an agricultural-related or an on-farm diversified use and subject to appropriate policies of the Plan while craft breweries, cideries, and distilleries are considered on-farm diversified uses and particularly subject to policies 7.2.2 (b) and (c).

f) Agricultural events, that are beyond the scale of an on-farm diversified use, shall only be permitted on a temporary basis through a temporary zoning bylaw amendment or where the event is of a reoccurring or permanent nature it can be justified in accordance with the criteria outlined in Section 7.2.2 j).

g) Home occupations not related to farming shall be permitted within a dwelling provided the use remains clearly secondary to the farm operation or principal use of the lot, and provided the use is operated by a farm family member, or resident of the property. The actual range of home occupations permitted and the standards applying to them shall be set out in the Zoning By-law. Examples of home occupations include an office, consulting room or studio for a profession, business or a trade, and a hairdressing establishment.

h) Home industries shall be permitted provided that such activities are wholly conducted within an accessory building (, and the use remains clearly secondary to the principal use of the resident of the property. In order to ensure that the scale of the business is clearly accessory to the main permitted use, the gross floor area of the home industry shall not exceed the gross floor area of the residential unit. Examples of home industries include small scale carpentry, electrical, welding machine and small engine repair or similar uses. Home industries shall be subject to the policies of Section 8.8 (Noise, Vibration, Odour and Light Emissions) of this Plan.

i) Nothing in this Plan shall prevent normal farm practices that are conducted in a manner consistent with proper and acceptable customs and standards as established and followed by similar agricultural operations under similar circumstances; or make use of innovative technology in a manner consistent with proper advanced farm management practices. Normal farm practices shall be consistent with the Nutrient Management Act and regulations made under that Act.

j) Limited non-agricultural uses may be permitted in the Agricultural Designation provided that all of the following policies are met. An amendment to this Plan shall be considered on the basis of the following criteria:

- i. The land is characterized by rolling topography, forest cover, and rivers and streams. Such lands will be given preference for the establishment of outdoor recreational uses, subject to the policies of Section 3(Sustainable Natural Heritage),
- ii. The use shall not be permitted in Provincially Significant Wetlands, Hazard Lands, or any Natural Resource Areas, where the resource has not yet been extracted, identified on Schedules “B” or “J” to this Plan;
- iii. the proposed use shall not be permitted in or on adjacent land to the Natural Heritage Features identified on Schedule “C” and/or Tables 1 and 2 or on Schedule “G” and Table 6 of the Lakeshore Special Policy Area Secondary Plan, unless it has been demonstrated that there will be no negative impacts on the natural features or their ecological functions, in accordance with the policies of Section 3.5 (Natural Heritage Systems) and Section 11 (Lakeshore Special Policy Area Secondary Plan) of this Plan;
- iv. there is a demonstrated need within the planning horizon of this Plan for the proposed use;

- v. the use shall be located on lower priority agricultural land unless it has been demonstrated that there are no reasonable alternative locations that avoid the use of prime agricultural lands;
- vi. the use shall comply with the minimum distance separation formulae;
- vii. the use will be compatible with existing or planned uses in the vicinity; and
- viii. impacts from any new or expanding non-agricultural uses on surrounding agricultural operations and lands are to be mitigated to the extent feasible.

Norfolk County Zoning By-law

3.13 Home Industry

Any home industry shall be subject to the following provisions:

- a) there shall be no goods, wares or merchandise, other than arts and crafts produced on the premises, offered or exposed for sale or rent on the premises;
- b) there shall be no change to the exterior appearance of the building used to accommodate the home industry;
- c) two (2) employees in addition to the proprietor shall be permitted (does not include farm workers on a registered farm);
- d) no home industry shall occupy more than 100 square metres of the usable floor area of the building in which it is located; in cases where there is more than one (1) home industry, the cumulative total usable floor area of the building occupied by the home industries shall not exceed 100 square metres;
- e) no home industry shall occupy any portion of a dwelling;
- f) no outdoor storage accessory to the home industry shall be permitted;
- g) no home industry shall be located in a building which is closer than 10 metres from an interior lot line.

3.14 Home Occupation

Any home occupation shall be subject to the following provisions:

- a) there shall be no goods, wares or merchandise, other than arts and crafts produced on the premises, offered or exposed for sale or rent on the premises;
- b) there shall be no change to the exterior appearance of the dwelling to accommodate the home occupation;
- c) two (2) employees in addition to the proprietor shall be permitted;
- d) no home occupation shall occupy more than 25 percent to a maximum of 60 square metres of the usable floor area of the dwelling unit in which it is located; in cases where there is more than one (1) home occupation, the cumulative total usable floor area of the dwelling unit occupied by the home occupations shall not exceed 25 percent to a maximum of 60 square metres;
- e) no home occupation shall occupy any portion of an accessory building.

12.2 Value Added Agriculture

12.2.1 Any farm processing-value added shall be subject to the following provisions:

- a) the maximum usable floor area shall be 560 square metres,
- b) the majority of the product processed, preserved, packages and/or stored shall be from the farm operation,
- c) the farm processing-value added shall be secondary to the main farm use on the subject lands.

12.2.2 Any farm experience activity shall be subject to the following provisions:

- a) the farm experience activity shall be secondary to the main farm use on the subject lands;
- b) all farm experience activity shall be clearly farm-related through ongoing interaction with agricultural activities;
- c) the farm experience activity area including all associated uses shall not exceed 5 percent of the total lot area for the farm parcel on which it is located. Production lands which are used for the growing of crops and simultaneously used as part of the activity area shall not be included in the calculation of the 5 percent.

12.2.3 Any farm winery, farm brewery, or farm distillery shall be subject to the following provisions:

- a) all wines, beers, and spirits produced shall be made from crops grown primarily by the farm operation; and,
 - b) secondary uses shall be limited to on-farm diversified uses, subject to Subsection 12.3.
- [34-Z-2019]

12.3 On-Farm Diversified Uses (defined under 2.107 as use(s) that are secondary to the principal agricultural use of the property, and are limited in area)

12.3.1 Any on-farm diversified use shall be subject to the following provisions:

- a) an on-farm diversified use shall only be permitted on an existing farm operation,
- b) no on-farm diversified use shall exceed a combined total of one (1) hectare,
- c) the gross floor area of all buildings used for an on-farm diversified use shall not exceed 20 percent of the acceptable land area, as calculated in 12.3.1 (b),
- d) the land area and the area of existing buildings used for an on-farm diversified use may be discounted at a rate of 50 percent. Where an on-farm diversified use uses the same footprint as a demolished building, the land area for the use may be similarly discounted by 50 percent.
- e) 100 percent of the area needed for a parking space and outdoor storage for the on-farm diversified use will be included in the area calculation.
- f) Where an on-farm diversified use uses an existing laneway or parking area, the area of the laneway or parking area will not be included in the area calculations.

Appendix 2: Halton Region – Planning Regulations Related to On-Farm Diversified Uses

Part III – Section 100: Subject to other policies of this Plan, applicable policies of the Greenbelt Plan and Niagara Escarpment Plan, and applicable Local Official Plan policies and Zoning By-laws, the following uses may be permitted in the Agricultural Area:

(21) following uses only if located on a commercial farm and secondary to the farming operation:

- a) Home industries with a gross floor area not exceeding 200 sq. m.,
- b) Retail uses with a gross floor area not exceeding 500 sq. m. and the majority of the commodities for sale, measured by monetary value, produced or manufactured on the farm,
- c) Agriculture-related tourism uses with a gross floor area not exceeding 500 sq. m., and
- d) Small-scale businesses that provide supplementary income to the farming operation provided that:
 - i. such uses are permitted by specific Local Official Plan policies and Local Zoning By-laws;
 - ii. their scale is minor and does not change the appearance of the farming operation;
 - iii. their impact such as noise, odour and traffic on surrounding land uses is minimal and will not hinder surrounding agricultural uses; and
 - iv. they meet all Regional criteria as stated in the On-Farm Business Guidelines adopted by Council;
- e) subject to site plan approval by the local municipality, horticultural trade uses provided that:
 - i. the use meets all the criteria under Sections 100(21)d);
 - ii. the farm property accommodating the use is at least 4 hectares in size ;
 - iii. at least 70 per cent of the arable area of the farm property accommodating the use is dedicated to the growing of horticultural plants;
 - iv. the use is located within the existing farm building cluster, with only minor rounding out of the cluster permitted provided that there are no tree removals;
 - v. the gross floor area for the use does not exceed 500 sq m; [vi] the outdoor storage area for the use does not exceed 1,000 sq m;
 - vi. the use including buildings, outdoor storage, parking areas, and loading/unloading zones is adequately screened from neighbouring properties and public highways; and
 - vii. the use can be accommodated by the private water supply and waste water treatment systems located on the property.

Appendix 3: Municipality of Collingwood – Planning Regulations Related to On-Farm Diversified Uses

Section 5.5.1.4 of the Official Plan (under appeal) states:

On-Farm Diversified Uses

- a) On-farm diversified uses within the Rural Designation are secondary industrial or commercial uses that are limited in area and are accessory to an agricultural operation or a single detached dwelling on the same property. These uses should not detract from the primary use of the property for agricultural or residential purposes, nor shall these uses detract from the intent of this Plan as they relate to the Rural Designation.
- b) Such uses may include building and/or landscaping contractors yards, workshops for skilled trades and services, or small-scale production and processing facilities undertaken in a workshop or agricultural building. The accessory retail sale of products produced in conjunction with the home industry or on-farm diversified uses is also permitted.
- c) The establishment of an on-farm diversified use shall be subject to a Site Specific Zoning By-law Amendment and Site Plan Control. In considering approval of such uses, the Town shall be satisfied the following criteria have been addressed:
 - i. The building(s) accommodating the use is located within the existing farm-building cluster;
 - ii. The building(s) accommodating the use has a floor area that is limited in size and is in keeping with the size of the land parcel and scale of farm buildings;
 - iii. The use and any activity area associated with the use is suitably set back from all lot lines;
 - iv. The type and level of traffic generated by the use is compatible with the character of the area and the function of adjacent roads;
 - v. The operator of the on-farm diversified use permanently resides on the property, however a limited number of employees of seasonal or permanent nature may be permitted;
 - vi. All machinery and equipment, with the exception of motor vehicles required for the use, is located within enclosed buildings;
 - vii. Any permitted open storage associated with the use is screened from view and located within a fenced compound; and
 - viii. Any retail component of the use is clearly accessory to the on-farm diversified use and does not detract from the primary use of the property or adjacent properties.

Agricultural-Related Uses

- d) Agricultural-related uses are industrial or commercial in character and provide services or products to farm operations and are beneficial to the agricultural community. When evaluating the required Site Specific Zoning By-law Amendment and/or Site Plan Control application to permit a new agricultural-related use, the Town shall consider the following criteria:

- i. The proposed business would not remove active agricultural land from production and the location would be compatible with and not hinder, surrounding agricultural operations and other existing land uses; and
 - ii. The size and character of the proposed use is appropriate within the Rural Designation.
- e) In cases where the proposed agriculture-related use involves vehicles or equipment providing contract services (i.e., trucking), the Town shall be satisfied that the nature of the building and/or facility exclusively serves farm operations. The Site Specific Zoning By-law Amendment will regulate the size of the structures and the maximum land area available for vehicle or equipment storage and/or parking.

Agri-Tourism Uses

- f) The Town supports the development of uses that highlight the importance and value of the agricultural economy. On this basis, uses such as farm tours, petting zoos, hayrides and sleigh rides, small-scale farm theme playgrounds, processing demonstrations, and small-scale educational establishments that focus on farming instruction are permitted in the Rural Designation as an accessory use on a farm, subject to a Site Specific Zoning By-law Amendment, in consideration of the following criteria:
 - i. The use and any activity area associated with the use is suitably set back from all lot lines; and
 - ii. The type and level of traffic generated by the use does not create an undue, adverse impact on adjacent properties and is compatible with the capacity of the adjacent road. Agricultural Research and Training Establishments
- g) Agricultural research and training establishments may be permitted subject to a Site Specific Zoning By-law Amendment, provided the Town is satisfied that:
 - i. The use is related to and will benefit the agricultural industry;
 - ii. The use will assist in the furthering of knowledge in the agricultural sector of the economy; and
 - iii. The use will assist local farmers through training and the identification of improved farming methods and procedures.

Appendix 4: Municipality of Meaford – Planning Regulations Related to On-Farm Diversified Uses

B2.1.4.5 Agricultural-Related Uses Agriculture/Farm-related uses in the Rural, Agricultural and Specialty Agricultural Designations shall be permitted subject to the following provisions.

Farm-related commercial uses are a category of uses that may include uses such as retailing of agriculture-related products (e.g., farm supply co-ops, farmers' markets and retailers of value-added products like wine or cider made from produce grown in the area), livestock assembly yards and farm equipment repair shops if they meet all the criteria for this category of uses. *Farm-related industrial uses* are a category of uses that may include uses such as industrial operations that process farm commodities from the area such as abattoirs, feed mills, grain dryers, cold/dry storage facilities, fertilizer storage and distribution facilities, food and beverage processors (e.g., wineries and cheese factories) and agricultural biomass pelletizers if they meet all the criteria for this category of uses. Many of these uses add value to the agricultural commodities produced in the area. Farm-related commercial and farm-related industrial uses in the Rural, Agricultural and Specialty Agricultural Designations not specifically identified in this plan may be permitted subject to a Zoning By-law Amendment and the following provisions:

- a. Uses shall be compatible with, and shall not hinder, surrounding agricultural operations and ensure that surrounding agricultural operations are able to pursue their agricultural practices without impairment or inconvenience;
- b. Uses should be appropriate to available rural services (e.g., do not require the level of road access, water and wastewater servicing, utilities, fire protection and other public services typically found in settlement areas);
- c. Use shall maintain the agricultural/rural character of the area;
- d. Uses shall meet all applicable provincial air emission, noise, water and wastewater standards and receive all relevant environmental approvals, which may be implemented through the inclusion of a Holding Provision under Section 36 of the Planning Act, R.S.O. 1990, c. P.13 or Site Plan Control;
- e. Uses shall be directly related to the farm operations in the area;
- f. Uses shall be supportive of agriculture by increasing capacities of existing agricultural operations in the area;
- g. Uses shall provide direct products and/or services to farm operations as a primary activity; and,
- h. Uses shall benefit from being near farm operations that they serve.

B2.1.4.5.1 Farm Produce Outlets

A Farm Produce Outlet is a premises accessory to an agricultural use where the majority of the products sold are produced or grown on the same lot. Such use would not typically include extended retail offerings beyond on-farm and locally grown produce, nor any café/small restaurant or similar hospitality use. Such use in the Rural, Agricultural and Specialty Agricultural Designations may be permitted as of right in the Zoning By-law and shall be subject to Site Plan Control.

Requests to extend the size or scope of use beyond such as-of-right permissions of the By-law shall be evaluated against those criteria within B2.1.4.5 a) through h).

A Farm Produce Outlet may occur alongside or together with permitted On-Farm Diversified Uses, however those components are size/scale limited and where such uses are not permitted on an as-of-right basis within the Zoning By-law, change requests will be evaluated against section B2.1.4.6, of this plan, the policies of the Grey County Official Plan and the Provincial Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas, as may be amended from time to time. This section shall not restrict a seasonal agricultural stand, subject to the standards of the implementing zoning by-law, where accessory to an agricultural use.

B2.1.4.5.2 Wineries

- i. Farm wineries shall be permitted in the implementing zoning by-law as part of a farm operation.
- ii. The production of wine from a farm shall be subject to the following criteria:
 - a. All wines produced are to be made predominantly from fruit grown within the Municipality of Meaford by that farm operation, with the balance being predominantly from Ontario fruit;
 - b. All wines produced are to be made predominantly from fruit crushed and fermented by that farm operation.
- iii. The retail sale of wine produced by the farm operation shall be permitted. The implementing zoning by-law shall permit accessory retail sale of wine on an as-of-right basis up to 18.5 square metres provided it does not conflict with any minimum floor area for licensing approval. Expanded retail area may be considered via Zoning By-law Amendment, subject to the provisions of sections B2.1.4.5 and B2.1.4.6 of this Plan, as may apply.
- iv. An accessory hospitality/tasting room shall be permitted on lots greater than 2 hectares in the Rural Designation, greater than 10 ha in the Specialty Agricultural Designation, and on lots greater than 20 hectares in the Agricultural Designation. The combined floor area for the retail sales and tasting room shall not exceed 75 square metres. Site Plan Control may apply.
- v. Requests for expanded hospitality/tasting floor area, beyond the sizing identified in (iv) above, may be considered via Zoning By-law Amendment, subject to the provisions of section B2.1.4.6 of this Plan relating to On-Farm Diversified Use.
- v. A farm winery may exist in combination with other agriculture-related or On-Farm Diversified uses permitted by this Plan.
- vi. Where special events and related temporary structures are proposed accessory to a farm winery use, they may be permitted subject to the issuance of a special event permit or entertainment event license by the Municipality of Meaford.

B2.1.4.6 On Farm Diversified Uses

A variety of uses may qualify as on-farm diversified uses based upon the Provincial Policy Statement (PPS) definition. On-farm diversified uses should be related to agriculture, supportive of agriculture, or able to coexist with agriculture without conflict. On-farm diversified uses are

intended to enable farm operators to diversify and supplement their farm income, as well as to accommodate value-added and agri-tourism uses in agricultural areas. On-Farm Diversified uses shall be limited in size and scale as detailed within the County of Grey Official Plan and the use-specific policies of this Plan. On-farm diversified uses in the Rural, Agricultural and Specialty Agricultural Designations not specifically identified in this plan may be permitted subject to a Zoning By-law Amendment and the following provisions:

- a. The use or activity does not interfere with, or generate off-site adverse impacts, and is compatible with surrounding uses,
- b. The use or activity can be sustained by local service levels and infrastructure,
- c. The buildings to be used meet all Building Code requirements for the type of use being proposed,
- d. The scale of the operation is secondary to the active agricultural use on the farm property, and appropriate to the site and the surrounding area,
- e. The timing and duration of activities does not hinder agricultural operations on site or in the area,
- f. For special events, the use or activity represents an occasional activity and is not a regular occurring activity and does not have permanent structures, and on-site parking can be accommodated without impacting the agricultural operation.

B2.1.4.6.4 Farm-Related Exhibitions & Agricultural Tourism Establishments

Council supports the development of uses that promote the importance of the agricultural community. On this basis, uses such as farm related exhibitions and agricultural tourism uses and agricultural business shall be permitted. Agricultural Tourism (“Agri-Tourism”) refers to the act of visiting a working farm or any agricultural, horticultural or agribusiness operation for the purpose of enjoyment, education or active involvement in the activities of the farm where the principle activity on the property remains farming and where products used in activity are produced on the property or related to the farm. Such activities may include: farm machinery and equipment exhibitions, farm tours, farm holiday-related exhibitions and small-scale educational establishments that focus on farming instruction, a hay or corn maze, petting zoo, hay rides and sleigh, buggy or carriage rides, processing demonstrations; pick-your-own produce and farm themed playgrounds and other similar uses. Such uses shall be permitted in the Agricultural, Rural, and Specialty Agricultural designations and are encouraged to locate in existing farm buildings wherever possible. The implementing zoning by-law will identify permissions/standards for exhibition and agri-tourism uses on an as-of-right basis. Site plan control should apply. Prior to approving an amendment for a farm related exhibition or agritourism use, Council shall be satisfied:

- a. The use is located on a farm;
- b. The use is secondary to the principal agricultural use of the property;
- c. The use is limited in area;
- d. The use shall be compatible with, and shall not hinder, surrounding agricultural operations, and is compatible with existing uses and maintains the rural character of the area;
- e. The use will have safe ingress and egress from a year-round maintained public road.

Attachment 5: Proposed Changes to OFDU Language in Southgate

Policies 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.
 - 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.
 - 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 2 metre-high board on board privacy fence.
 - All setbacks within the Agricultural-1 zone are met.

Appendix 6: County OFDU Policies

Table 7: Permitted Use Examples in Agricultural and *Rural Land Use Types*

Agricultural Use	Agricultural-related Use	On-farm diversified Use
Growing of all types of crops	Apple storage and distribution centre (for multiple farms use)	<i>Home rural occupations</i> (e.g. professional office, bookkeeper, land surveyor, art studio, hairdresser, massage therapist, daycare, classes or workshops)
Raising of all types of <i>livestock</i>	Farm gate sales or farmers market primarily selling locally grown produce/goods	
<i>Livestock barns / livestock facilities / manure storage</i>		
Pastureland	Agricultural research centre	Home industries (e.g. sawmill, welding or woodworking shop, manufacturing / fabrication, storage of boats or trailers, biomass pelletizer)
Feedlot	Winery, cidery, meadery using mostly local fruit or honey	Veterinary clinic
Residential uses associated with farming such as houses on existing lots of record, farm help accommodation and <i>additional residential units</i>	Flour mill for local grain	Kennel
	Grain dryer / storage for multiple local farmers	
Fish farm or aquaculture	Farm equipment repair shop	Café/small restaurant, cooking classes, food store (e.g. cheese, ice cream)
Mushroom farm	<i>Livestock</i> assembly yard, or stockyard for local farmers	
Christmas trees farms / nurseries	Auction for local produce or local <i>livestock</i>	Agri-tourism and <i>recreational</i> uses (e.g. farm vacation suite, bed and breakfasts, hay rides, petting zoo, farm-themed playground, horse trail rides, corn maze, seasonal events, horse/pony events, wine tasting)
Greenhouses	Farm input supplier e.g. seeds, feed, fertilizer, etc.	
Grain dryers and feed storage for own farm's use	Abattoir selling and processing local meat	A campground shall not be recognized as an on-farm diversified use,
Feed storage i.e. bunkers / silos	Food processing plant for local produce (e.g. cider-making, pitting, canning, quick-freezing, packing)	Distillery or brewery partially using some local farm inputs
Washing, sorting, grading (of farm's own commodities only)		Value-added uses (e.g. processor, packager, cheese factory, bakery)
Machine shed (for own farm's use)		Retail uses (e.g. farm market, antique business, tack shop)
Cold storage (for own farm's use)		Food banks, second harvest, or gleaning operations
Indoor/outdoor riding arenas/tracks		
Minimum amount of processing to make a produce saleable (e.g. evaporating maple sap, or extracting honey)		

Marihuana/Cannabis production
in accordance with any Federal
laws

15) New on-farm diversified uses shall be limited in size and scale, as per Table 8 below and to those uses that can be sustained by local service and infrastructure levels. New agricultural-related uses shall also be limited to uses that can be sustained by local service levels. Municipal official plans may choose to set local road standards required for such uses, which are in-line with the level and type of traffic being generated by the uses. Traffic Impact Studies may be required to determine the impact of the proposed operation on the local road network, as per section 8.3 of this Plan. Servicing or Noise Studies may also be required for new or expanded on-farm diversified or agricultural-related uses. Municipal official plans or zoning by-laws may also choose to limit individual uses that could otherwise be directed to settlement areas. Agricultural-related uses are not required to be limited in size, whereas on-farm diversified uses are required to be limited to the sizes shown in Table 8. Subject to the size limitation requirements of Table 8 of this Plan and section 5.2.2(17), on-farm diversified uses may be considered on lots less than 10 hectares in size in the Rural land use type.

Notwithstanding the above, *home rural occupations* may be permitted in the *Rural land use type* on lots less than 10 hectares in size, which exceed the size limitations in Table 8, only where permitted in municipal zoning by-laws, or where adequate justification has been provided in support of a zoning amendment.

16) When determining the size of the *on-farm diversified* use it shall include buildings, laneways, parking, outdoor storage, servicing, exhibition areas, and/or amenity areas occupied by the *on-farm diversified* uses. Shared laneways / servicing, farm buildings, or landscaped areas also used by the farm shall not be included in the calculation of total use size. The passing of an implementing zoning by-law amendment will generally be required to permit new *on-farm diversified* uses, unless otherwise permitted 'as-of-right' in municipal zoning by-laws.

Table 8: On-farm Diversified Use Size Criteria	Property Size	On-farm diversified Use Maximum Size
Land use type		
Agricultural	> 20 ha	The lesser of: • 2% of the total size of the property • A max. combined area of the use of 8,000 sq. m.
	< 20 ha	Bed and Breakfasts and/or rural occupations within the dwelling only.

Special Agricultural	10 ha of agriculturally productive area or greater	The lesser of: • 2% of the total size of the property • A max. combined area of the use of 8,000 sq. m.
	Less than 10 ha of agriculturally productive area	Bed and Breakfasts and/or rural occupations within the dwelling only.
Rural	> 20 ha	The lesser of: • 2% of the total size of the property A max. combined area of the use of 8,000 sq. m.
	< 20 ha	The lesser of: • 2% of the total size of the property • A max. combined area of the use of 2,000 sq. m.

17) The gross floor area of the buildings (combined total for all buildings associated with the *on-farm diversified* use) shall not exceed 20% of the total area of the *on-farm diversified* use.

18) 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.

19) Prior to considering a new *on-farm diversified* use, it shall be demonstrated that the following criteria can be met:

a) The use or activity does not interfere with, or generate off-site adverse impacts, and is *compatible* with surrounding uses,

b) The use or activity can be sustained by local service levels and *infrastructure*,

c) The buildings to be used meet all *Building Code* requirements for the type of use being proposed,

d) The scale of the operation is secondary to the active agricultural use on the farm property, and appropriate to the site and the surrounding area,

e) The timing and duration of activities does not hinder agricultural operations on site or in the area,

f) For special events, the use or activity represents an occasional activity and is not a regular occurring activity and does not have permanent structures, and

g) On-site parking can be accommodated without impacting the agricultural operation.

20) Ministry of the Environment, Conservation and Parks (MECP) *D-6 Guidelines*, or any successor thereto, shall be considered for any new *agricultural-related uses* or *on-farm diversified uses* or an industrial nature in the *Agricultural, Special Agricultural, or Rural land use types*, to guide the separation of industrial uses from nearby *dwelling*s, institutional uses, or other *sensitive non-agricultural uses*. Uses which are covered as *normal farm practices* by the *Farming and Food Practices Protection Act* (FFPPA) shall not be required to meet the *D-6 Guidelines*, provided they meet all required Provincial noise, air, water, and wastewater standards.

Appendix 7: Proposed Policy Direction

In order to implement the proposed changes, an Official Plan Amendment will be required to change some of the language in the Official Plan.

Official Plan Policy

The following is the draft policy that has been developed for the Official Plan Housekeeping Amendment, pertaining to agricultural-related uses and on-farm diversified uses:

Agriculture-Related Uses

Agriculture-related uses means those farm-related commercial and farm-related industrial uses that are directly related to farm operations in the area, support agriculture, benefit from being in close proximity to farm operations, and provide direct products and/or services to farm operations as a primary activity.

1. Permitted As-Of-Right

The following agricultural-related uses shall be permitted in the Agricultural, Rural and Specialty Agricultural designations without the need for a Zoning By-law Amendment, provided they meet the criteria of this section and all applicable zoning provisions:

- Apple storage and distribution centre (for multiple farms use)
- Farm gates sales or farmers market primarily selling locally grown produce/goods,
- Agricultural research centre,
- Winery, cidery, Meadery using mostly local fruit or honey,
- Flour mill for local grain,
- Farm equipment sales, services and repair establishments serving local farm operations,
- Seed, feed, fertilizer or crop input supply businesses primarily serving the local agricultural area,
- Grain drying, storage, and handling facilities primarily serving local farm operations,
- Livestock assembly yards and livestock supply facilities serving the local agricultural area,
- Cold or dry storage facilities for agricultural products,
- Abattoir selling and processing local meat,
- Auction for local produce or local livestock,
- Value-added processing facilities (e.g. cheese-making, cideries, pitting, canning, quick-freezing, packing, maple syrup production) where the majority of inputs are produced locally.

2. Criteria

All agricultural-related uses, including those permitted as-of-right, shall:

- a. Be justified on the basis of being required near farm operation;

- b. Be directly related to farm operations in the area and provide direct products and/or services to farm operations as a primary activity;
- c. Be compatible with, and not hinder, surrounding agricultural operations;
- d. Meet the requirements identified in the Zoning By-law;
- e. The cumulative impact of multiple agricultural-related uses in prime agricultural areas should be limited and not undermine the agricultural nature of the area,
- f. Be appropriate to available rural services, such as road access, private water and wastewater services, utilities, and fire protection and other public services;
- g. Meet all applicable provincial environmental standards, including emissions, noise, water and wastewater requirements, and receives all relevant environmental approvals;
- h. Be located and designed to mitigate potential adverse impacts on adjacent sensitive uses through measures such as landscaping, berming, setbacks, and layout;
- i. Provide minimum sight distances from the access points in either direction along a public road;
- j. Not be located in Provincially Significant Wetlands, Wetlands or Hazard Lands;
- k. Not be located in or adjacent to a natural heritage area, unless it has been demonstrated that there will be no negative impacts on the feature or its ecological function,
- a) Not be required to meet MDS I,
- b) A Traffic Impact Study, Servicing and/or Noise Study may be required to determine the impact of the proposed operation; and
- l. The proposed use shall be subject to site plan control.

3. Uses requiring Site-Specific Approval

Agricultural-related uses that are not listed in Section XXX, or that exceed the scale or impact thresholds established in the Zoning By-law shall require a Zoning By-law Amendment and shall be evaluated against the agricultural-related use criteria in the County of Grey's Official Plan, this Official Plan and the OMAFRA Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas.

There is no maximum gross floor area prescribed for agriculture-related uses; however, proposals must meet the lot coverage and setback requirements under the Zoning By-law. The Zoning By-law Amendment application must demonstrate that the scale is appropriate to the location and supportive of agriculture in the area.

4. Severances

Severances to create a separate lot for an agricultural-related use are permitted, subject to Section 5.2.3 of the County Official Plan policies.

On-Farm Diversified Uses (OFDUs)

On-farm diversified uses mean 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.

1. Permitted As-of-Right

The following on-farm diversified uses shall be permitted in the Agricultural, Rural, and Specialty Agricultural designations without the need for an Official Plan Amendment or Zoning By-law Amendment, provided they meet the criteria of this section and all applicable zoning provisions:

Home Occupations

- Conducted within the primary dwelling, operated by a resident of the farm.
- Low-traffic, low-impact professional, craft, or service uses (e.g., bookkeeping, photography studio, land surveyor, art, studio, consulting, daycare, classes & workshops, hair salon).

Home Industries

- Located within an accessory building, operated by a resident of the farm.
- Small-scale workshop-type operations (e.g., sawmill, welding or woodworking shop, manufacturing/fabrication, machine repair, metal fabrication, artisan production, storage of boats or trailers, biomass pelletizer).

Food banks, second harvest or gleaning operations.

Veterinary Clinic and/or Kennels

Café/Small Restaurant

Cooking classes

Food Stores

Retail Uses, such as farm market, antique business, tack shop

Value-Added Agricultural Processing

- Processing products from the farm (and possibly other local farms) into goods for sale (e.g., processor, packager, maple syrup bottling, cheese making, canning, preserves, milling).
- Distillery or brewery partially using some local farm inputs

Agri-Tourism Activities

- Low-impact visitor experiences related to farming (e.g., pick-your-own produce, corn mazes, farm tours, sleigh/hay rides, pumpkin patches).
- Bed and Breakfasts

- Wine tasting

Small-Scale Event Uses (*Occasional only*)

- Activities secondary to farming that draw limited visitors (e.g., seasonal farm festivals, harvest celebrations, art-in-the-barn).
- Farm vacation suites and bed and breakfasts

Workshops, Studios, and Training Spaces

- Small-scale craft/artisan workshops, educational farm tours, or agricultural skill-building sessions.

2. Criteria

All OFDUs, including those permitted as-of-right, shall:

- c) Be located on a parcel that has an active farm operation;
- d) Be clearly secondary to the principal agricultural use;
- e) Be limited in area in accordance with the County of Grey Official Plan;
- f) Be compatible with and not hinder surrounding agricultural operations;
- g) Be appropriate to available rural services and infrastructure;
- h) Maintain the agricultural/rural character of the area;
- i) The timing and duration of activities does not hinder agricultural operations on site or in the area;
- j) For special events, the use or activity represents an occasional activity and is not a regular occurring activity and does not have permanent structures;
- k) On-site parking can be accommodated without impacting the agricultural operations;
- l) Not be required to meet MDS 1;
- m) Meet all applicable provincial environmental standards;
- n) A Traffic Impact Study, Servicing and/or Noise Study may be required to determine the impact of the proposed operation; and
- o) Be subject to site plan control.

3. Uses requiring site-specific approval

OFDUs that exceed the size, scale, or impact thresholds set out in the Official Plan shall require local and County Official Plan Amendments. OFDUs that introduce uses not listed in Section X.X.1, and are proposed to be larger than what is prescribed in the Zoning By-law however meet the requirements of this Official Plan and the County's Official Plan, shall require a Zoning By-law Amendment and be evaluated for compatibility, infrastructure capacity, and conformity with the County of Grey Official Plan, this Official Plan and OMAFRA Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas.

4. Severances

Severances to create a separate lot for an on-farm diversified use are not permitted.

Zoning By-law

No major changes have been proposed in the Zoning By-law between the v.3, which was presented at the time of the Open House and v.4, which is being presented at the Committee of the Whole in October. Changes mostly relate to meeting the OFDU language and sizing requirements in the County OP. Staff have also introduced some language that would allow a Home Industry on agricultural properties with 5 to 20 hectares of land, at a maximum size of 100 square metres. A definition for secondary and compatible were also included.