

# Staff Report



Development Services Department

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**REPORT TO:** Committee of the Whole

**DATE OF MEETING:** March 20, 2023

**SUBMITTED BY:** Garrett Stevenson, Interim Director, Planning, 519-741-2200 ext. 7070

**PREPARED BY:** Natalie Goss, Manager, Policy & Research, 519-741-2200 ext. 7648  
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**WARD(S) INVOLVED:** ALL

**DATE OF REPORT:** March 15, 2023

**REPORT NO.:** DSD-2023-063

**SUBJECT:** City of Kitchener Municipal Housing Pledge

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## RECOMMENDATION:

**That the Municipal Housing Pledge attached as Attachment “B” to report DSD-2023-063 titled “City of Kitchener Municipal Housing Pledge” be submitted to the Province as the City of Kitchener’s Municipal Housing Pledge.**

## REPORT HIGHLIGHTS:

- The purpose of this report is to outline Kitchener’s municipal housing pledge as requested by the Province of Ontario.
- Kitchener is well positioned to enable the supply of an additional 35,000 homes by 2031
- Staff recommend that Kitchener’s municipal housing pledge include the continued commitment of work that is already in progress in the areas of streamlining development approvals; missing middle housing; land use and zoning updates in Major Transit Station Areas and designated greenfield areas; surplus city owned lands; infrastructure investments, affordable housing, and; continuing partnerships with the Federal and Provincial governments, development industry, and educational institutions.
- Kitchener’s municipal housing pledge focuses on actions a municipality can take. The private sector is needed to build market housing in Ontario and municipalities cannot require private development to proceed.
- There are no impacts on the capital or operating budget.
- This report was posted on the city’s website as part of the agenda.
- This report supports the delivery of core services.

## EXECUTIVE SUMMARY:

On October 25, 2022, the Minister of Municipal Affairs and Housing sent a letter to 29 municipalities providing individual housing targets and requesting a municipal housing pledge. The City of Kitchener has been provided a housing target of building 35,000 additional homes by 2031. Kitchener was also requested, like other municipalities, to

\*\*\* This information is available in accessible formats upon request. \*\*\*  
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

develop a municipal housing pledge outlining strategies and actions that Kitchener will do to prioritize and accelerate housing. This report outlines the strategies and actions that Kitchener will take to support the building of 35,000 additional homes by 2031.

Kitchener is committed to accelerating housing supply and taking necessary steps to facilitate 35,000 additional homes by 2031. The strategies and actions described in this report and specifically outlined in Attachment B, form Kitchener's municipal housing pledge and will be delivered the Minister of Municipal Affairs and Housing prior to the extended deadline of March 22, 2023.

### **Kitchener's Municipal Housing Pledge**

Tackling the housing crisis locally means everyone needs to work together – building on our proven barnraising approach that includes all orders of government, the private sector, the not-for-profit sector, educational institutions, and most importantly, all Kitchener residents to help build a stronger Kitchener and a stronger Ontario.

Delivering 1.5 million homes in Ontario, including 35,000 in Kitchener will require the provincial and federal governments to invest in change and municipalities to do their part to efficiently enable additional housing supply. We will rely on the private sector as a vital partner in the delivery of homes and will leverage and build upon our strong working relationship with development industry partners that includes active collaboration to improve all aspects of the housing supply process. We will also work with our educational institutions and the not-for-profit sector to bring about effective new models for housing affordability and the skilled people to make them happen.

Our growing and vibrant community will continue to welcome new people in all neighbourhoods in a variety of housing forms as we grow and change.

By working together across the Province, we can help resolve Kitchener and Ontario's housing crisis. We will get it done.

1. Updates to Kitchener's Official Plan and Zoning By-law to further enable an increased supply of missing middle housing;
2. Continuing digital improvements and online public portal development; online booking system; mobile technology for onsite inspections; and other process improvements resulting from the implementation of Bill 109;
3. Completion of the City-owned property review and continued work towards strategies to use surplus or underutilized City lands for the development of affordable, community, below market rental, and/or below market ownership housing units;
4. Continued advancement of infrastructure as anticipated in Kitchener's 2022 Development Charge Background Study for the time being, using development charge funding as permitted and other tools such as credit/refund agreements; however, funding is anticipated to become constrained and could impact future greenfield growth, and;
5. Continued advancement of work on updates to land use and zoning within its Major Transit Station Areas;
6. Continued work to update land use and zoning within the Hidden Valley Secondary Plan and Dundee North Secondary Plan;

7. Continued work to implement the recommendations and action items from Kitchener's Housing for All Strategy, specifically including those that enable an increased housing supply or streamlining development approvals;
8. Continued collaboration with the Waterloo Region Home Builder Association and Kitchener Development Liaison Committee, and others, to identify labour shortages and costs, material costs, infrastructure timing, economic market conditions, and land supply and housing capacity;
9. Continuation of work with post-secondary institutions, where able, to respond to the evolving workforce needs including building a necessary talent pool;
10. Continued collaboration with Provincial, and Federal governments to develop strategies to increase housing supply capacity including the identification of funding required for infrastructure, and;
11. Tracking and monitoring housing supply capacity, housing starts (i.e., building permits) for new housing projects, including attainable, supportive, and affordable housing projects, through the Annual Growth Management Monitoring report.

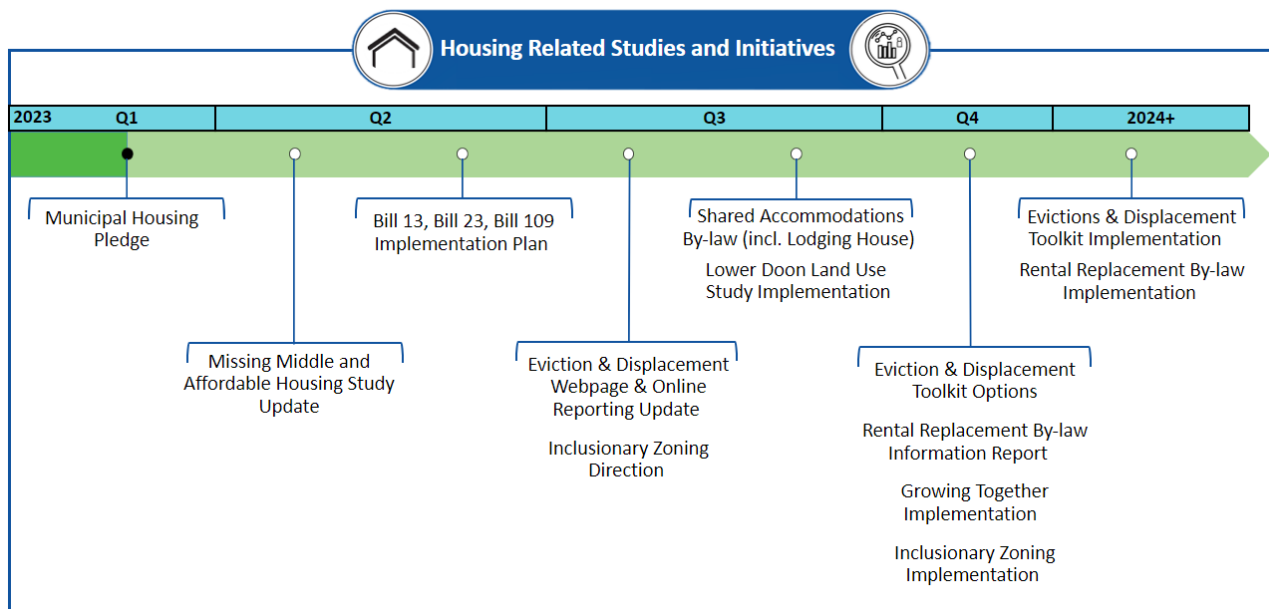
### **BACKGROUND:**

On October 25, 2022, the Minister of Municipal Affairs and Housing sent a letter to the City of Kitchener providing Kitchener with a housing target of building 35,000 additional homes by 2031. The letter also included a request that the City of Kitchener develop a municipal housing pledge outlining strategies and actions that Kitchener will do to prioritize and accelerate housing. (Attachment A). The Minister of Municipal Affairs and Housing, in a subsequent letter dated February 13, 2023, requested that municipal housing pledges be submitted by March 22, 2023.

Kitchener has a long-standing history of managing growth through its [Growth Management Strategy and Growth Management Plan](#), and enabling housing supply through its Official Plan (i.e. directing growth to intensification areas like the Urban Growth Center and nodes as well as generally throughout Kitchener) and forward thinking zoning. For example, since the mid-1990s Kitchener has enabled 2 dwelling units (i.e., duplexes) on most residentially zoned properties. Additionally, Kitchener has prioritized continuous improvement as demonstrated with its Development Services Review (2019) which was acknowledged by the Minister of Municipal Affairs and Housing as part of the announcement of Bill 23 on October 25, 2022.

This report provides an overview of Kitchener's historical housing trends and estimated capacity in its built-up and designated greenfield areas. Further, this report outlines the strategies and actions that are recommended to form Kitchener's municipal housing pledge.

This is the first of a series of staff reports to be presented to Council for consideration in 2023-2024+ which focuses on housing related studies and initiatives. The graphic below depicts the planned updates for Council in the next 12 months.



## REPORT:

The Minister of Municipal Affairs and Housing's October 2022 letter includes suggestions for what municipalities may wish to incorporate in their pledges. These suggestions include:

- Enabling gentle intensification including the expedition of additional residential units;
- Outlining ways that provincial programs have been used to streamline existing municipal development approvals processes;
- Information on development approval timelines including whether municipalities are being appealed for non-decisions,
- Strategies for using surplus municipal lands;
- Opportunities to advance critical infrastructure to support growth and new housing,
- Prioritizing decisions to expedite housing in priority areas like major transit station areas (MTSAs); and,
- Updating zoning by-laws to permit a greater range of housing.

## The Numbers

The Province has provided Kitchener a housing target of building 35,000 additional homes by 2031. Over the last 10 years, the City issued permits for 22,657 residential units, approximately 12,300 units less than Kitchener's provincial housing allocation to 2031. However, in both 2019 and 2020 building permits were issued for more than 3,500 residential units. These years were outliers and were marked by significant Downtown multiple dwelling (i.e., apartment) construction boom spurred in part by the sunset of development charge exemptions and the opening of the ION light rail transit system.

### *Current estimated capacity*

With the final stages of Kitchener's new Zoning By-law complete and in effect earlier this year, zoning is now in place to enable approximately an additional 95,000 residential units as-of-right. The full build-out of these units is not expected to occur in the short or medium term and in many instances may be challenging to realize once individual sites are explored in more detail through site design processes. A full build out of an additional 95,000 residential units through low rise infill development (e.g., duplex, triplex, detached accessory

dwelling unit, etc.) would require most residentially zoned properties to utilize these increased zoning permissions.

Within Kitchener's existing designated greenfield area, there is the potential for an additional approximately 35,000 to 36,000 residential units. These units are in various stages of the development approvals process with approximately 32% available to be constructed in the short term (i.e., in registered plans of subdivision) and the balance subject to secondary planning processes or significant infrastructure (e.g., sewer, water, road extensions).

### **Kitchener's Municipal Housing Pledge**

As outlined above, the City has existing capacity and has initiated planning processes to increase housing supply to enable the construction of housing units to meet the Province's Housing Pledge Target. Additionally, the City has completed a systematic development review process to identify and implement several initiatives that will enable the building of 35,000 new homes. The following are the strategies and actions that Kitchener commits to continuing as part of its municipal housing pledge.

### **Enabling Gentle Intensification (Missing Middle Housing)**

Since the mid-1990s Kitchener's Zoning By-law has removed exclusionary zoning (i.e., single use zones). Certain forms of missing middle housing, such as duplexes and triplexes have been permitted on most serviced residential lots. In 2021, Kitchener was one of the first municipalities in Ontario to update its Zoning By-Law to allow for detached additional dwelling units (tiny houses) on over 25,000 lots. To date Kitchener has received 37 applications for additional dwelling units with some already occupied.

In August 2022 Region of Waterloo Council approved an amendment to their Official Plan that, among other things, requires area municipalities, including Kitchener, to permit neighbourhood missing middle housing, including multiple dwellings between two and four storeys across all residential neighbourhoods. Mid-rise housing is also permitted and encouraged in Regional transportation corridors, like Ottawa Street.

Through Provincial Streamline Development Approval funding, Kitchener is studying ways to enable and incent missing middle and affordable housing. Specifically, through this study key market, policy, regulatory, and process barriers are being explored to enable the delivery of a full range of housing types (including missing middle and mid-rise housing). The study is also looking at opportunities available to address barriers to increase housing supply and diversity to create more housing opportunities across the housing continuum. This study will provide the foundation for future updates to Kitchener's Official Plan and Zoning By-law to align with Provincial, Regional, and local direction on and enable increased as of right supply of missing middle housing.

- 1. Kitchener's municipal housing pledge includes updates to Kitchener's Official Plan and Zoning By-law to further enable an increased supply of missing middle housing.**

### **Provincial Programs and Streamlining Development Approvals**

In recent years, the City has prioritized continuous improvement as demonstrated with the Development Services Review in 2019. This resulted in the creation of a customer-informed workplan that included 18 lean improvement projects involving over 111 staff. Since that

time, several streamlining projects have been initiated with the support of provincial funding along with a reorganization of the Planning Division to incorporate a Project Management function. This body of work is focused on implementing the recommendations from the Provincially funded 2021 KPMG report on Digital Transformation, as well as ongoing work funded by the Province through their Streamline Development Approvals Fund. This includes:

- Digital Improvements and Online Public Portal Development. Various initiatives are underway to improve the efficiency of the software used for processing development applications, including the development of a new, public-facing portal for applicants;
- Online Booking System. The development of an online booking system is underway for a variety of planning meetings including pre-submission consultations and Site Plan Review Committee meetings. This project is aligned closely with the implementation of the City's customer service review to ensure a consistent user experience across all corporate customer meeting requests, and;
- Mobile Technology for Onsite Inspections. An evaluation of mobile technology needs to better support development review and inspections was conducted in late 2022 to identify gaps or inefficiencies in the existing process that can be streamlined. The order and subsequent training on new mobile devices is currently underway.

This provincially funded work will continue to refine processes and is supported by the creation of a continuous improvement culture driven by the Development Services Review. Additionally, staff continue to explore opportunities for process improvements and streamlining the development approvals process as part of the implementation of Bill 109.

- 2. Kitchener's municipal housing pledge includes continuing digital improvements and online public portal development; online booking system; mobile technology for onsite inspections; and other process improvements resulting from the implementation of Bill 109.**

### **Strategies for Using Surplus Lands**

As first identified in the 2019-2022 Strategic Plan, a comprehensive review of City-owned properties is being completed with the goal to determine how any surplus lands could be effectively used to advance Kitchener's strategic objectives, including the provision of affordable housing. Kitchener's Housing for All strategy also includes three action items that are underway relating to the use of City lands to enable community housing, below market rental and below market ownership units.

- 3. Kitchener's municipal housing pledge includes completion of the City-owned property review and continued work towards strategies to use surplus or underutilized City lands for the development of affordable, community, below market rental, and/or below market ownership housing units.**

### **Opportunities to Advance Critical Infrastructure Investments**

In May 2022 Kitchener Council approved a new Development Charge (DC) By-law which includes the continued advancement of key pieces of growth-related engineering infrastructure such as Strasburg Road, Huron Road, the Upper Hidden Valley Pumping Station, and Dodge Drive Sanitary Sewer. It also includes significant community amenities like the Aquatics Centre and Indoor Turf Field at Schlegel Park. In anticipation of these large, growth-related projects, the City has been building up its DC reserve in advance as a

course of prudent financial management. It is expected these major project expenses will drive the DC reserve into deficit as early as 2024 and remain there until 2032. The DC reserve will recover over a number of years as greenfield lands move through the development approvals process and infrastructure to service these lands comes online.

It is the City's plan to continue to advance the installation of growth-related infrastructure and ensure, through its growth management program that it is aligned with the anticipated timing of growth. However, staff continue to note the financial impacts of the More Homes Built Faster Act, 2022 (Bill 23) will place additional challenges on municipalities to fund growth related infrastructure. City staff intend to monitor the impacts of Bill 23 to Kitchener's DC reserve and will advance a discussion with Council in the future about the options available to the City if DC revenues are reduced (e.g., issue more DC debt, defer projects, allow developers to fund projects and be reimbursed through a credit/refund agreement). It is expected that the implications of Bill 23 will be reflected as part of the 2024 and subsequent budget processes.

- 4. Kitchener's municipal housing pledge includes the continued advancement of infrastructure as anticipated in Kitchener's 2022 Development Charge Background Study for the time being, using development charge funding as permitted and other tools such as credit/refund agreements; however, funding is anticipated to become constrained and could impact future greenfield growth.**

#### **Prioritizing decisions to expedite housing in priority areas like Major Transit Station Areas**

Kitchener has made significant progress on updating land use and zoning permissions within its Major Transit Station Areas (MTSAs). With Regional Council's approval of MTSA boundaries and updated Regional Official Plan policies in August 2022, pending Provincial approval, Kitchener can now complete the final stages of this work which includes updates to its Official Plan, Zoning by-law and the incorporation of an inclusionary zoning framework. At this time, it is anticipated that relevant amendments will be brought forward for Council's consideration in late 2023.

Within Kitchener's MTSAs, pending the completion of community engagement and Council's consideration of land use changes, and in alignment with Provincial and Regional direction, staff estimate a potential for approximately 66,000 units above current zoning permission for a total capacity of approximately 89,000 new housing units. The estimated residential unit potential represents possible maximum zoning permissions that are above and beyond what is reasonably expected to be built within the next ten years and will most certainly take several decades and beyond to begin to approach maximum zoning permissions.

- 5. Kitchener's municipal housing pledge includes continued advancement of work on updates to land use and zoning within its Major Transit Station Areas.**

#### **Update Zoning By-laws to permit a greater range of housing**

In addition to planned updates to Kitchener's Official Plan and Zoning By-law to enable more missing middle housing and an increased supply of housing within MTSAs, lands within [Hidden Valley](#) and [Dundee North](#) are currently being planned for updated land uses through in progress secondary planning. While the Hidden Valley lands have long been within

Kitchener's urban area, the Dundee North lands were added as part of Kitchener's urban area through final approvals on the Region's Official Plan in 2015 and Kitchener's Official Plan in 2019. These secondary planning processes will ultimately result in Official Plan amendments that will provide the framework to guide the development of new communities in these areas. Staff currently estimate that the City may need to plan to add approximately 7,000 to 8,000 new housing units within these areas to meet the greenfield density target set in the Region's Official Plan. Some of these lands are anticipated to be built within the next 10 years, but the majority is longer term land supply. Longer term land supply could be brought online sooner if required in response to stronger than expected greenfield unit growth. Full build out of these areas is expected to extend well beyond 2031. However, there is the potential for portions or all these lands to be brought online sooner in response to stronger than expected greenfield growth once secondary planning processes are complete and infrastructure is planned and financed.

**6. Kitchener's municipal housing pledge includes the continued work to update land use and zoning within the Hidden Valley Secondary Plan and Dundee North Secondary Plan.**

**Housing Affordability**

In December 2020 Kitchener Council approved Kitchener's [Housing for All Strategy](#) establishing Kitchener's priorities on housing affordability. Much work has been advanced since December 2020 on action items several of which are related to housing supply and streamlining/fast tracking development approvals. These are:

- Continuing to improve the development approvals process with input from the development industry and community
- Fast tracking non-profit and affordable housing developments through city processes
- Working with the Region of Waterloo to delineate Major Transit Station Areas in the Region's Official Plan
- Continue ongoing work to identify city lands suitable for others to develop for affordable housing and incorporation of community housing, below market rental and below market ownership units
- Piloting two city sites (one has been granted occupancy) that include community housing in proximity to transit/major transit station areas
- Continue work on the development of a strategy for the use of city lands for affordable housing and play a leadership role in advancing innovative mixed housing communities as a model for other Canadian communities to replicate
- Continue work on assessing the feasibility and implications of policy updates for inclusionary zoning; lodging houses; tenant assistance; reduced parking for affordable housing developments; and a community improvement plan for affordable housing

**7. Kitchener's municipal housing pledge includes continued work to implement the recommendations and action items from Kitchener's Housing for All Strategy specifically including those that enable an increased housing supply or streamlining development approvals.**

**Collaboration with Industry, Educational Partners, and other levels of government**



### ***Industry partners***

Kitchener alone cannot deliver the building of 35,000 additional housing units in the city by 2031. Staff acknowledge that there are other factors at play that influence the development of housing, such as residential real estate market conditions, interest rates, construction costs, labour availability, and the overall health of the economy. Movement in many of these factors at the same time, as we are currently experiencing locally and nationally, can create uncertainty with respect to the financial feasibility of housing development. Furthermore, the City can approve development applications, yet it does not have the ability to ensure market rate housing is delivered by the private sector. The City recognizes the significant role that the private sector plays in the delivery of 35,000 homes in Kitchener by 2031. Kitchener has a good working relationship with development industry partners that includes an active exchange of information to learn, understand, and improve on all aspects of the housing supply process.

- 8. Kitchener's housing pledge includes continued collaboration with the Waterloo Region Home Builder Association and Kitchener Development Liaison Committee, and others, to identify labour shortages and costs, material costs, infrastructure timing, economic market conditions, and land supply and housing capacity.**

### ***Educational partners***

Earlier in March [the Province announced](#) additional support to help more students enter skilled trades earlier. Kitchener also recognizes the importance role that post-secondary institutions play in education and training of a workforce to deliver the construction of additional housing.

- 9. Kitchener's municipal housing pledge includes the continuation of work with post-secondary institutions, where able, to respond to the evolving workforce needs including building a necessary talent pool.**

### ***Provincial and Federal Governments***

Addressing the housing supply crisis requires all levels of government, community, and industry partners to use all tools available in coordinated, managed and collaborative way. Kitchener acknowledges the efforts and funding that have been provided to date by the Federal Government's [National Housing Strategy](#) and [Rapid Housing Initiative](#) funding and the Provincial Government's [action plan for community housing renewal](#) under the National Housing Strategy as well as the [Community Infrastructure and Housing Accelerator](#). Kitchener continues to be committed to working with all levels of government on updated and new long-term, permanent municipal funding strategies to increase housing supply capacity including the identification of funding required for infrastructure.

- 10. Kitchener's municipal housing pledge includes continued collaboration with Provincial, and Federal governments to develop strategies to increase housing supply capacity including the identification of funding required for infrastructure.**

### ***Annual Reporting***

In February the Province posted a [Regulation](#) requiring municipal reporting on certain planning matters. Since 2010 Kitchener has been [monitoring its growth](#) on an annual basis.

This monitoring has tracked the number of development opportunities and progress on meeting intensification and density targets. Kitchener is well positioned to continuing monitoring on growth, housing supply and other related targets in a way that is consistent with the proposed Provincial regulation. Kitchener will also continue to report on its progress on the Housing for All Strategy and other matters related to affordable and attainable housing.

**11. As part of Kitchener's municipal housing pledge, it will also track and monitor housing supply capacity, housing starts (i.e., building permits) for new housing projects, including attainable, supportive, and affordable housing projects, through the Annual Growth Management Monitoring report.**

**STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

**FINANCIAL IMPLICATIONS:**

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – The recommendation has no impact on the Operating Budget.

**COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

**PREVIOUS REPORTS/AUTHORITIES:**

[DSD-2022-501 Bill 23 – More Homes Built Faster Act](#)

**REVIEWED BY:** Ryan Hagey, Director, Financial Planning and Reporting  
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**APPROVED BY:** Justin Readman, General Manager Development Services Department

**ATTACHMENTS:**

Attachment A – Provincial Housing Pledge Letter – October 25, 2022

Attachment B – City of Kitchener's Municipal Housing Pledge