

# Inclusionary Zoning Implementation Guidelines

for Cambridge, Kitchener and Waterloo Revision History

| Version | Date          | Description                                        |  |
|---------|---------------|----------------------------------------------------|--|
| 1.0     | February 2024 | Draft presented to Kitchener and Waterloo Councils |  |
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#### Section 1 – Introduction

Inclusionary Zoning (IZ) is a land-use planning tool, authorized through the *Planning Act*, that can be used by municipalities to require affordable housing units in new residential and mixed-use developments located in *Protected Major Transit Station Areas* (PMTSAs). The tool has been used successfully in a number of different jurisdictions to create a modest but meaningful supply of affordable housing.

IZ is only one tool in a larger toolbox to help create a healthy housing system that provides housing across the full housing continuum. Used in combination with (rather than instead of) other tools and programs, such as emergency shelters and temporary housing, Federally and Provincially funded affordable housing, municipal grants and programs, and supportive local planning policies and regulations, IZ has the potential to create a continuous supply of affordable housing to support households with modest incomes who have been priced out of the housing market.

Once the cities of Kitchener, Waterloo, and Cambridge adopt a join inclusionary zoning policy and program, this guide will assist will assist in its implementation. The purpose of this document is to outline the principles and implementation guidelines for the IZ program that are not explicitly outlined in the *Planning* Act, *Ontario Regulation 232/18*, or the Cities' respective IZ Official Plan policies and by-laws. The guidelines in this document are to be read in conjunction with the IZ policies and regulations in each city's Official Plan and Zoning By-law (Table 1).

| Municipality | Relevant Official Plan Policies                                                                                            | Relevant Zoning By-law<br>regulations                                             |
|--------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Kitchener    | Housing Section 4;<br>Implementation: Section<br>17.E.17                                                                   | Zoning By-law 2019-051,<br>Section 4.20 and<br>Zoning By-law 85-1 Section<br>5.37 |
| Waterloo     | Major Transit Station Areas<br>Section 3.8;<br>Supporting a Range of Housing<br>Section 10.1.2; and<br>Implementation 12.2 | Zoning By-law 2018-050,<br>Section 3                                              |
| Cambridge    | TBD                                                                                                                        | TBD                                                                               |

\*Policy Numbers may change from time to time. Readers should refer to the updated Official Plan and Zoning Bylaw of the subject municipality for the most up-to-date policy numbers and references.

The IZ Official Plan policies and Zoning By-law regulations shall take precedence over these guidelines in the event of any conflict. These guidelines may be revised from time to time by staff to reflect council-approved program changes, improve clarity and usability and to update the latest applicable maximum rents that can be charged for *affordable units* required through the IZ program.

#### Section 2 – Guiding Principles

The following guiding principles will inform decisions of all parties in the implementation and administration of IZ.

## **2.1** Inclusionary Zoning shall be used to ensure the continuous supply of affordable housing near higher order transit station stops.

Housing located within Protected Major Transit Station Areas is increasingly unaffordable for many households. IZ will help support the creation of a continuous supply of affordable housing in places of significant public investment in high quality transit and will ensure that people with lower incomes can benefit from convenient transit options.

#### 2.2 The IZ program will complement, not compete with, existing affordable housing programs.

A wide range of housing types are needed to ensure a healthy housing system. The IZ program will support moderate income households seeking rental tenure housing near transit. By focusing on creating units that are affordable to moderate income households, the program can operate without additional municipal subsidy (also see Principle #5). The requirement for affordable units to be provided as rental units recognizes the fact that rental units are typically easier for lower income households to access and further, to ensure that a mix of tenure types are available near higher order transit stops. **2.3 The IZ program will provide policy predictability and limit market disruption.** 

IZ set-aside rates will come into effect starting in 2025 and will increase gradually over time in accordance with the schedule set out in the relevant municipality's Inclusionary Zoning By-law (See Section 3). The gradual phase in of set-aside rates is intended to minimize land market disruption, signal to the market the policy expectations and allow time for developers to incorporate *affordable unit* requirements into their financial models and reduce risks for negative impacts on the supply of new housing units. By 2031, it is expected that all market areas will achieve the maximum set-aside rate of 5% that is permitted under proposed amendments to *Ontario Regulation 232/18*.

#### 2.4 The IZ program will be designed to maximize duration of affordability.

Owners of *affordable units* created under the IZ program will be required to provide those units at prescribed rents for a period of 25 years, which is the maximum term under the proposed amendments to *Ontario Regulation 232/18*. The 25-year period shall commence on the date of *occupancy* of an *affordable unit*. The IZ program will provide flexibility and opportunity to support the eventual ownership of *affordable units* by co-operatives and non-profit housing providers who may choose to expand the period of affordability beyond 25 years.

#### 2.5 The IZ program be designed to operate without significant government subsidy.

To complement existing housing programs and initiatives, and to avoid competing for limited government funds, the IZ program has been designed as a financially sustainable program that doesn't rely on municipal grants or financial incentives. Private developers can offset reduced revenues in the short term by capitalizing on the increased value and opportunity created through municipally-initiated increases in heights and/or densities (in some stations areas), the elimination of vehicle parking requirements for *affordable units* and exemptions for affordable units from development charges and

other charges (see Section 5). Over the longer term, real estate transactions and particularly land acquisitions by builders, should reflect and account for the IZ requirements and revenue potential of newly acquired lands. The program further limits the financial impact on development pro formas by prescribing rents that are affordable for households with moderate incomes.

#### Section 3 – Set-asides

#### 3.1 Set-aside Rates

Development within Protected Major Transit Station Areas will provide affordable units in accordance with the set aside rate associated with the relevant Market Area (Table 1).

#### Table 1. Set Aside Rates for Protected Major Transit Station Areas

| Market Area | Protected Major Transit Station Area                                                                                                      |                                                                                                                               | Set-aside Rate by Date of <i>Building Permit</i> issuance |           |           |       |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------|-----------|-------|
|             |                                                                                                                                           |                                                                                                                               | 2025-2026                                                 | 2027-2028 | 2029-2030 | 2031+ |
| Prime       | <ul> <li>University of<br/>Waterloo</li> <li>Laurier/Waterloo<br/>Park</li> <li>Waterloo Public<br/>Square</li> <li>Willis Way</li> </ul> | <ul> <li>Allen</li> <li>Central Station</li> <li>Victoria<br/>Park/Kitchener<br/>City Hall</li> <li>Queen/Fredrick</li> </ul> | 2%                                                        | 3%        | 5%        | 5%    |
| Established | <ul> <li>Conestoga</li> <li>Northfield</li> <li>Research &amp;<br/>Technology Park</li> <li>Grand River<br/>Hospital</li> </ul>           | <ul> <li>Kitchener<br/>Market</li> <li>Borden</li> <li>Mill</li> <li>Main</li> <li>Downtown<br/>Cambridge</li> </ul>          | 1%                                                        | 2%        | 4%        | 5%    |
| Emerging    | <ul> <li>Block Line</li> <li>Fairway</li> <li>Sportsworld</li> <li>Preston</li> </ul>                                                     | <ul> <li>Pinebush</li> <li>Cambridge<br/>Centre Mall</li> <li>Can-Amera</li> <li>Delta</li> </ul>                             | 0%                                                        | 1%        | 3%        | 5%    |

For developments with more than one phase, the required set-aside rate for a given phase will be calculated at the time of the *building permit* issuance for that phase. The set-aside rate for a development shall be calculated by multiplying the applicable set-aside rate in Table 1 by *the Gross Leasable Residential Floor Area* of the development.

#### Section 4 – Exemptions and Limitations

#### **4.1 Developments Exempt from IZ Requirements**

IZ affordable housing requirements are only applicable to certain classes of development within *Protected Major Transit Station Areas*. Classes of development that are exempt from the IZ requirements are set out in the Zoning By-law for each *subject city* and include:

- 1. Existing buildings except where any addition, extension or change in use would result in 50 or more new dwelling units;
- 2. Development that would add fewer than 50 housing units;
- 3. Development where a non-profit housing provider has a majority interest;
- 4. Residential Care Facilities;
- 5. Lodging Houses;
- 6. Group Homes;
- 7. Hospices; and
- 8. Student residences owned and operated by a post-secondary educational institution.

Developments which have submitted complete applications for either site plan approval or plan of subdivision prior to the *subject city's* Inclusionary Zoning by-law being passed (xxx, 2024 for Kitchener and xxx 2024 for Waterloo and xxx 2024 for Cambridge ), shall be exempt from IZ affordable housing requirements in accordance with Section 8(1) of *Ontario Regulation 232/18*.

#### 4.2 Rental Replacement Units

The Region of Waterloo Official Plan directs area municipalities to develop Official Plan policies and implementing By-laws that regulate the replacement of rental units in buildings with six units or more. *Affordable units* required to meet IZ requirements shall be net new *affordable units* and shall not include any rental replacement units that may be required under a rental replacement by-law, if one exists. If the proposed development requires rental replacement units, such rental replacement units shall not count toward the IZ exemption threshold of 50 units or *Gross Leasable Residential Floor Area* that is used in combination with the set-aside rate to determine a development's *affordable unit* requirements.

#### 4.3 No Cash in Lieu

While proponents may enter into various contractual and financial arrangements with other partners to meet their IZ requirements, they may not provide cash payments in lieu of providing *affordable units* to the city in which the development is located.

#### Section 5 – Financial Incentives

#### **5.1 Financial Incentives and Capital Grants**

*Affordable units* that are provided in accordance with IZ requirements will not be eligible for Regional or local municipal affordable housing financial incentives and/or capital grants. Developments that are proposing to provide additional *affordable units* (i.e. greater than the required set-aside rate for the applicable market area) and/or units with lower rents than that required by the IZ program may be

eligible for financial incentives and/or capital grants on a case-by-case basis, at the discretion of the municipality.

#### 5.2 Development Fees and other Charges

IZ units are exempt from City and Regional Development Charges, Community Benefits Charges, and Parkland Dedication requirements and/or Fees.

#### Section 6 – Offsite Units

#### 6.1 Offsite Units

Affordable units can be provided onsite within the development giving rise to the IZ requirements ("onsite"), or in a separate, new building provided that the new building is located in the same city as the original development and within an area subject to IZ requirements (PMTSA) ("offsite").

Offsite affordable housing units will be located in a newly constructed residential or mixed-use buildings. Offsite affordable units may be located within a building comprised entirely of *affordable units* or in combination with market-rate units, affordable units created through other programs, or nonresidential uses. Should a building containing offsite *affordable units* contain more than 50 market-rate housing units, it shall also be subject to IZ requirements unless otherwise exempt (see Section 4).

#### 6.2 Innovative and Flexible Approaches

Innovative approaches will be considered to facilitate the rapid construction of *affordable units*, with a view to ensuring appropriate and efficient long term management of the *affordable units* and to facilitate, where possible, the sale or conveyance of *affordable units* to not-for-profit and co-operative housing organizations. Such approaches include but not limited to:

- Enabling affordable units required to meet the IZ requirements of a single development to be located in one or more offsite buildings
- Enabling *affordable units* required to meet the IZ requirements for multiple developments to be located of one or more offsite buildings
- Partnerships that facilitate the construction of new *affordable units* on lands owned or leased by non-profit, co-operative or social purpose affordable housing provider (cannot double count units already funded by senior government housing programs)
- Agreements with other developers to jointly satisfy IZ requirements, provided the newly constructed *affordable units* total the sum *affordable units* required for each development

#### Section 7 – Implementation and Administration

#### 7.1 Planning to meet IZ requirements

As part of a complete application for site plan approval or plan of subdivision, the applicant will submit an Inclusionary Zoning implementation Brief outlining how the inclusionary zoning requirements are intended to be met. This will include:

- The proposed tenure of the development
- The total Gross Leasable Residential floor area for all units and the affordable units (whether onsite or offsite)

- The suite mix (number of bedrooms) for all units and affordable units (whether onsite or offsite)
- Typical floor plans that identify the market and affordable units
- If offsite units are proposed, the address of the proposed offsite units along with the owner's/proponent contact information
- Expected timing of *occupancy* of market and affordable units

#### 7.2 Agreements Registered on Title

Matters to support the implementation and administration of IZ, including matters set out in these implementation guidelines, shall be secured through an Agreement between the *subject city*, the owner of the *affordable units*, and the owner of offsite units if applicable, to be registered on title of the lands, to the satisfaction of the *subject city's* Solicitor. Agreements will secure ongoing compliance with the applicable IZ policies and Zoning By-law. Agreements will cover matters outlined in these guidelines, including, but not limited to:

- The maximum rents for the *affordable unit(s)*;
- The timing of *occupancy* of *affordable units*;
- The time period for which the *affordable unit(s)* must remain affordable;
- The timing of construction and *occupancy* of the *affordable units* in relation to the market units
- Matters related to the eligibility and selection of tenants;
- Restrictions on offering affordable units as short-term rental accommodation;
- Matters related to offsite *affordable unit(s)*;
- Requirements for annual monitoring and reporting; and
- Provisions in the case where an owner of the *affordable unit(s)* acts in violation of the Agreement.

Agreements registered on title automatically bind subsequent owners.

The owner will typically be required to enter into an inclusionary zoning agreement as condition of site plan approval. An agreement must be executed and registered on title prior to *building permit* issuance.

#### 7.3 Agreements for Units in a Condominium Building

In addition to the requirements in 7.2, where *affordable units* are located within a condominium building, affordability requirements may be included in the condominium description with reference to the agreement registered on title, to ensure that any potential purchaser is aware of the affordability requirement. In certain circumstances, affordability requirements may also need to be registered as a restriction enabled by section 118 of the Land Titles Act.

#### 7.4 Agreements for Offsite Units

If IZ affordable units are proposed offsite , an agreement between the City, the owner of the development giving rise to the IZ requirement, and the owner of the offsite development shall be entered into and register on title to the lands of both the proposed development and the offsite development, to the satisfaction of the City Solicitor and *subject city's* most senior planning staff, in order to secure any conditions that, in the opinion of the City Solicitor and Chief Planner, may be necessary to implement the IZ requirements applying to the proposed development.

#### 7.5 Timing of Occupancy

The timing of *occupancy* of *affordable units* must be before or concurrent with and proportional to the timing of *occupancy* of the market units within the development giving rise to the IZ requirements. In developments with multiple phases and/or buildings, or where IZ requirements are to be satisfied through creation of affordable units in an offsite building, the *occupancy* of the *affordable units* must be concurrent and proportional to the *occupancy* of market units on the site giving rise to the IZ requirements.

In the case where *affordable units* are to be provided offsite and the construction timing of the offsite building does not align with construction timing of the development giving rise to the IZ requirements, then the *affordable units* shall be provided in the development giving rise to the IZ requirements until such a time that the affordable units are ready for *occupancy* at the offsite location. If the offsite project does not proceed for whatever reason, affordable housing units shall be provided onsite for the duration of the affordability period. The tenant of any temporary onsite *affordable unit* will have the right of first refusal to occupy an offsite *affordable unit* containing the same number of bedrooms.

#### 7.6 Affordability Period

Affordable units created to meet the Inclusionary Zoning requirement shall remain affordable for 25 years, to be measured from the date of *occupancy*. Proponents are encouraged, but not required to maintain the units as *affordable units* beyond the 25 year requirement.

#### 7.7 Household Eligibility

Eligible households shall, at the time of *initial tenancy* of an *affordable unit*, satisfy the following criteria:

- 1. At least one member of the household shall be at least 18 years of age;
- 2. At least one member of the household must currently reside in Waterloo Region;
- 3. Each member of the household shall be a Canadian citizen, Permanent Resident, Temporary Resident (including International Students), or a refugee claimant or Convention refugee;
- 4. The household shall have a gross income at or below the 60th percentile of renter household incomes in the Region of Waterloo; and
- 5. The gross annual income of a household shall not exceed 3.5 times the rent of an *affordable unit;*
- 6. Household sizes shall be such that *affordable units* are occupied by a minimum of one and a maximum of two persons per bedroom. Individuals and couple households without children or dependents are only eligible for one-bedroom or bachelor units;
- 7. No member of the household shall be related (including kindship, business or close personal relationship) to any person with current or former interest in the land or development; and
- 8. No member of the household shall own, in whole or in part, any form of residential real estate in Canada or abroad;
- 9. The household must occupy the *affordable unit* for the duration of their lease and may not sublet the unit.

#### 7.8 Applications for Affordable Units

The Region of Waterloo will be responsible for creating and maintaining an online application portal ("Community Housing Portal") and a waitlist of eligible tenants for affordable units created through Inclusionary Zoning. Households interested in an *affordable unit* will apply through the application portal and will be required to submit documentation that confirms their eligibility, such as income statements. Applications will be assessed by Region of Waterloo staff to confirm eligibility. Eligible

households will be placed on a waiting list specifically for Inclusionary Zoning *affordable units* based on the date their application was deemed complete. Households will be contacted when a unit becomes available.

#### 7.9 Selection of Tenants

When a new *affordable unit* is to be rented out, or an existing *affordable unit* becomes vacant, the Region of Waterloo will post details of the unit(s) on the Community Housing Portal and applicants will be invited to express interest in as many units as they would like. After the posting period has ended, staff will, for each unit, determine prospective tenants based on how long the household has been on the IZ waiting list and forward their names to the landlord.

The landlord of the *affordable unit* may vet the prospective tenants identified by the Region of Waterloo. Any vetting must be carried out in accordance with the provisions of all relevant legislation including the Residential Tenancies Act and must adhere to the Ontario Human Rights Code, Regulation 290/98, which lists the following review and selection practices as acceptable:

- Rental history, credit references, and/or credit checks may be requested. A lack of rental or credit history shall not be viewed negatively.
- A landlord can ask for income information, but they must also ask for, and consider together, any available information on rental history, credit references, and credit checks (such as through Equifax Canada).

In the event the first eligible tenant's credit, rental history or income is not satisfactory to the landlord, the process will be repeated for the second household on the waitlist, etc. until a final tenant is selected. The landlord will send an offer to the selected tenant to rent the unit. Once the tenant receives an offer, they will be provided with an opportunity to tour the unit and sign the lease.

#### 7.10 Maximum Permitted Rent

Maximum permitted rents for *affordable units* will be adjusted on an annual basis and published in annual updates to this guideline document. Calculations and sources of data used to determine the maximum permitted rent for each building type are listed below.

#### Affordable Units in Condominiums

Maximum permitted rents for *affordable units* within condominium buildings are the lower of (a) and (b):

- (a) Average Market Rent (using the CMHC data for apartment rentals in the regional market area); and
- (b) Rent that does not exceed 30% of a household's gross annual income for a household at the 60<sup>th</sup> percentile of renter household income range for the regional market area (inflation adjusted using Census data)

Table 2 shows the maximum permitted affordable rents for 2021 and 2022 calculated in this way.

#### Affordable Units in Purpose Built Rental Buildings

Maximum permitted rents for *affordable units* within purpose built rental buildings are calculated as the higher of (a) and (b):

- (a) The maximum rent in for affordable units in Condominiums above or
- (b) Rent that is 30% of median renter income (as published by CMHC from time to time).

The table below shows the maximum permitted affordable rents for 2021 and 2022 calculated in this way.

| Building Type        | Year | Bachelor | 1 Bedroom | 2 Bedroom | 3+ Bedroom |
|----------------------|------|----------|-----------|-----------|------------|
| Condominium          | 2021 | \$950    | \$1,134   | \$1,356   | \$1,470    |
| Condominium          | 2022 | \$1,075  | \$1,245   | \$1,469   | \$1,631    |
| Durnaca Duilt Dantal | 2021 | \$1,425  | \$1,425   | \$1,425   | \$1,470    |
| Purpose Built Rental | 2022 | \$1,425  | \$1,425   | \$1,469   | \$1,631    |

Table 2. Maximum Rents for Affordable Units within Different Building Types

Developments may choose to, but are not required to, provide *affordable units* at rents that are lower than the maximum rents in Table 2.

#### 7.11 Rent Changes

Rents can be increased annually by landlords in accordance with the maximum rent for the most recent year outlined in Table 2 of this guideline.

#### 7.12 Maximum Rents Upon Vacancy

If an *affordable unit* becomes vacant, both maximum rent and eligibility criteria apply to the new tenancy. The maximum rent will be calculated in accordance with Table 2 of this guideline document and not based on the rent paid by the previous tenant.

#### 7.13 Sale of Affordable Units in Condominiums

In a case where condominium developers do not wish to own and operate *affordable units* over the long term, they are encouraged to consider, as a first step, the sale of *affordable units* to non-profit and cooperative housing providers. The area municipalities and the Region of Waterloo will provide support to connect affordable housing providers seeking affordable units with private developers seeking to sell affordable units. The Region of Waterloo, CMHC, credit unions and banks may all play a role in financing these transactions. Inclusionary zoning by-law and policy does not regulate the sale price of affordable rental units.

If the purchase of the *affordable units* by an affordable housing provider is unsuccessful, *affordable units* can be sold to a private individual or corporation. The maximum rents, eligible tenants, and other requirements of the IZ program will continue to apply regardless of unit ownership and will be secured through agreements registered on title.

#### Section 8 - Building Design

#### 8.1 Location and Distribution within Buildings

Where IZ requirements are to be achieved within a mixed income building, either in the development giving rise to the IZ requirements or in an offsite building, the *affordable units* should be dispersed throughout the building. Concentration of units may be considered where such an approach will benefit

the *affordable unit* occupants (e.g. at the request of a future not-for-profit owner, or to improve proximity to amenities or services). Location and distribution of affordable units in a development will be confirmed through the site plan application and review process.

In some cases, IZ requirements may be achieved within a building containing only *affordable units*, either on the site giving rise to the IZ requirements, or offsite.

#### 8.2 Access to Building and Amenities

Affordable units shall share the same entrances, common areas, and amenities as market-rate units located within the same building, and additional fees or charges over and above the fees and charges applied to market units shall not be applied to the *affordable units* or the tenants of those units for access to these amenities. Indoor and outdoor amenity space shall be made available to the residents of *affordable units* on the same terms and conditions as residents of the market-rate units. Tenants of *affordable units* may be charged fees for the private booking of amenities (i.e. party room, movie theatre) so long as the fees charged do not exceed the amounts charged to residents of the market-rate units.

#### 8.3 Balconies, Patios, and Terraces

The proportion of *affordable units* within a development featuring a balcony, patio, or terrace shall be equal to or greater than the proportion of market-rate units within the development featuring a balcony, patio, or terrace.

#### 8.4 Accessibility

The Ontario Building Code requires 15% of units within a multi-unit residential building to include barrier-free accessibility features. Accessibility requirements shall be distributed proportionally throughout market-rate and *affordable units*. Where the proportional distribution results in a fraction, then the number of *affordable units* that have barrier-free accessibility features shall be the next higher whole number (For example, where 8 *affordable units* are provided and a 15% proportion would equal 1.2, there shall be 2 *affordable units* designed to include barrier-free accessibility features). Developers are encouraged to, where possible, provide a higher proportion of accessible units than required by the Building Code, and/or to ensure that all *affordable units* are adaptable to enable later retrofit to include accessibility features if needed.

#### 8.5 Universal Design

*Affordable units* should incorporate as many principles of Universal Design as possible to create spaces that are suitable for individuals and families of all ages, abilities, sizes, and stages of life. For guidelines detailing the principles of Universal Design, refer to Table 4:

| Municipality      | Relevant Document(s) | Relevant Section(s) |  |
|-------------------|----------------------|---------------------|--|
| City of Kitchener | Urban Design Manual  | Part A              |  |
| City of Waterloo  | Urban Design Manual  | Section 2.3.3       |  |
| City of Cambridge | Official Plan        | Section 5.9         |  |

#### Table 4. Universal Design Policies

#### **8.6 Parking Requirements**

Parking spaces for *affordable units* required under the IZ program shall be provided in accordance with the relevant Zoning By-law. Parking spaces may be provided for affordable units as long as the total number of parking spaces for the overall development is below the maximum parking requirement specified in the *subject city's* Zoning By-law, where applicable. Bicycle and visitor parking spaces shall be provided at the rates specified in the applicable city's Zoning By-law and shall be made accessible to residents of the *affordable units* on the same terms and conditions as residents of market-rate units.

#### Section 9 – Affordable Unit Design

#### 9.1 Unit Sizes

The average unit sizes of *affordable units* within the proposed development units shall be consistent with or larger than the average unit sizes of market-rate units, by bedroom type. The minimum unit size of an IZ affordable housing unit must be no less than 90% of the average unit size of the market-rate units, by bedroom type (e.g. if the average size of a market-rate two-bedroom unit is 80 m<sup>2</sup>, the minimum unit size of an two-bedroom *affordable unit* shall be 72 m<sup>2</sup>). Affordable units will be comparable and functionally equivalent to market-rate units in terms of unit shape and configuration.

#### 9.2 Number of Bedrooms

The mix of one bedroom, two bedroom, and three or more bedroom *affordable units* within the proposed development shall be similar and proportional to the mix of bedrooms for the market-rate units.

#### 9.3 Unit Features

The finishes, fixtures, and features (including appliances) provided in the *affordable units* will be the same or similar to the finishes, fixtures and features provided in the market-rate units. Where finishes, fixtures or features are not identical, they will be functionally equivalent to the finishes, fixtures, and features provided in market-rate units. A functionally equivalent finish, fixture or feature is one that is new, of good quality, and generally the same in terms of performance and durability.

#### Section 10 – Reporting and Monitoring

#### **10.1 Annual Reporting**

The Owner of one or more *affordable units* shall submit rent rolls to the Region of Waterloo on an annual basis confirming that the rents of the *affordable units* do not exceed the maximum rents as set out in the *subject city's* Inclusionary Zoning By-law. The Owner shall also be responsible for reporting any change in tenancy and any changes in unit ownership in their annual report to the Region of Waterloo. It is the responsibility of the vendor of any *affordable unit* to inform the subject city and the Region of Waterloo of any sale, and the contact details of the new owner within 30 days of closing.

#### **10.2 Responding to Market Conditions and Program Outcomes**

The *subject city* shall be responsible for monitoring the relative success of IZ in delivering affordable rental housing units without negatively impacting new housing supply. Where market conditions improve or decline in specific Market Areas, the City shall contemplate increasing or decreasing the

required set-aside rate rent criteria or other requirements of the IZ program accordingly. This may be done at the time of the five-year municipal IZ assessment report or the biennial monitoring reports pursuant to Section 35.2(9) of the *Planning Act*; the biennial report; or more frequently as appropriate.

#### Appendix A - Definitions

*Affordable Unit* – means an affordable housing unit that meets the rent and tenant requirements set out in the subject municipality's Inclusionary Zoning official plan policies and zoning by-law regulations.

*Building Permit* – means a building permit granted in accordance with the building shell permit, not the building permits for foundation or site works. For developments with more than one phase, the required set-aside rate shall be in accordance with the timing of building shell permit issuance for each phase.

*Gross Leasable Residential Floor Area* - means the aggregate horizontal area of dwelling units in a building measured from the exterior faces of the exterior walls of all storeys of a building. For greater clarity, Gross Leasable Residential Floor Area does not include common or parking areas.

Occupancy – means the first time at which an eligible tenant inhabits an affordable unit

*Ontario Regulation 232/18* - refers to O. Reg. 232/18: INCLUSIONARY ZONING made under the *Planning Act*.

Planning Act - refers to the Planning Act, R.S.O. 1990, c. P.13

*Protected Major Transit Station Area* - refers to a geographic area around and including rapid transit station stops that is delineated in an Official Plan.

*Set-aside Rate* – means the proportion of Gross Leasable Residential Floor Area that must be set aside for affordable units

Subject city – means the city in which the development that is subject to the IZ requirements is located. The subject city will be one of the following: City of Kitchener, the City of Waterloo or the City of Cambridge.











Frederick Station



0 55 110 220

Central Station - 6a

Sim

Queen and Frederick Station - 6c

Que

Station

0 50 100 200 300 Mater

0 50 100

200



Victoria Park and Kitchener City Hall Station - 6b

17







Main Station - 9c

0 50 100 200



C Sq eorge StS 0 40 80 160 340 Downtown Cambridge Station - 9d

0 45 90 180

0 40 80 160 240 Met