

Comments and Response Since July 2023

Comment - Dan Driedger, Beyond Housing
I've just reviewed the Executive Summary and it lands where I had hoped it would. From my perspective, the ability to have offsite partnerships and reallocate funds to an MTSA within the same municipality is critical. Thank you for hearing this, and making it part of your recommendations. I really don't have anything to add or critique.
Staff Response
The team understands that providing offsite units and supporting relationships between developers and third-party housing providers is critical to the long-term success of IZ and has incorporated this into the proposed approach.
Comment - Hal Jaeger
I continue to see the value of IZ in terms of the assistance it provides to those with incomes in the 4th- to 7th deciles who are seeking rental accommodations. I further see that the value provided far exceeds the discounts provided by the municipalities.
I nonetheless continue to perceive this form of IZ, which does not address the population at greatest need, as a patch on a system that over-emphasizes land-use as a revenue-generating tool as opposed to a means of housing and serving the general population.
At our municipal level, I ask that we direct more of our planning energies toward the creation of full rental replacement requirements in the event of both renovation and demolition.
Staff Response
The team agrees with the statement that IZ is only one of many tools that municipalities can use to combat the ongoing housing crisis. Kitchener staff are continuing to pursue the suite of actions contained Housing for All, the Enabling Missing Middle and Affordable Housing Study and others. City of Kitchener staff are preparing a Rental Replacement By-law for Council's consideration in early 2024 and pursuing actions to support housing supply and affordability under the federal Housing Accelerator Fund. Waterloo is working toward a number of actions identified in their recently approved Affordable Housing Strategy, and Housing Accelerator Fund that will support the creation and preservation of affordable rental housing. Waterloo and Cambridge are also both in the process of updating their respective Official Plans and will be looking at policies around Rental Replacement as part of this update and review. The staff report outlines how IZ can directly assist those in the second and third income deciles (15 th -28 th percentile)
Comment – Waterloo City Council
Consider further restrictions to the locations for offsite units to ensure affordable units are created in Uptown.
Staff Response
Enabling offsite units across the MTSAs provides flexibility for condo developers to extract themselves from the long-term management of the affordable rental units. Staff consider this flexibility to be crucial for the program implementation (see below for more details). Limitations on where offsite units can be located will reduce the intended flexibility provided by the offsite policy. Staff recommend that the policy as proposed be reviewed every two years and adjusted if deemed necessary.
Comment - Waterloo City Council
Should we require higher set aside rate for offsite units?
Staff Response

<p>The team recognizes that the proposed requirement for rental as the tenure for affordable units does not fit well with condominium developer's business model. The proposed permissions for offsite units are intended to address this challenge by providing developers, and particularly condo builders, with practical solutions to "get off the site", while also creating a more appealing opportunity for affordable housing providers to take over the ownership and operation of the affordable rental units. Offsite units will be required to be contained within new, well-designed, attractive buildings in accordance with each municipality's design standards and site planning processes. In our opinion, higher set aside rates for offsite units will discourage or penalize condo developers who choose to provide units offsite and will hamper the needed flexibility and potential partnerships with affordable housing providers.</p>
<p>Comment - Waterloo City Council</p>
<p>A request to review/confirm the categorization of some of Waterloo's market areas (is Uptown really "established" or should it be "prime")</p>
<p>Staff Response</p>
<p>The team asked N. Barry Lyons Consultants (NBLC) to provide an updated review of the market areas to reflect current conditions to determine whether certain market areas could support a change in categorization. The market categorization of the Northfield, Willis Way/Waterloo Public Square, Mill and Borden MTSA's are proposed to be amended in response to NBLC's recommendations.</p>
<p>Comment – Larry Kotseff (Solowave)</p>
<p>We feel strongly that our property within the Conestoga MSTA should be classified as an 'Emerging Market Area' based on many factors including the fact that the area is underutilized, being redeveloped, and transitioning with the intent to deliver a mixed-use residential development. Our site certainly should not be considered as an 'Established Market Area' given the existing circumstances. Also, I draw your attention to the disclaimer from NBLC regarding the conclusions and accuracy of their analysis.</p> <p>We would appreciate your consideration of our concern and request a further dialogue with you on this matter. In addition, please keep us apprised of the public process and meetings that will be arranged to discuss the matter further in accordance with your Council's direction.</p>
<p>Staff Response</p>
<p>The team has asked N. Barry Lyons Consultants (NBLC) to review the market areas to reflect current conditions to determine whether certain market areas could support a change in categorization. On NBLC's recommendation, the categorization of the Conestoga station area has been reconfirmed. They also recommend staff explore opportunities to require higher set-aside rates on lands converted from employment to residential use. Notwithstanding these recommendations, the Planning Act provides for certain exemptions from Inclusionary Zoning, including developments that are part of a complete site plan application or plan of subdivision application are exempt from IZ policy. The subject development may be exempt from IZ requirements under these provisions.</p>
<p>Comment – Waterloo Region Home Builders Association</p>
<p>Developers don't want to own rental units or be in property management business. Are there enough non-profits to purchase units? Developers don't want to be landlords.</p>
<p>Staff Response</p>
<p>Staff are recommending a range of options to help condo developers convey/sell affordable rental units to third parties, including provisions that enable: (1) sale of affordable units to not-for-profits, (2) developers to build or fund the construction of affordable units in offsite buildings with third sector, and (3) coordination between developers and consolidation of affordable units into a single offsite building. Although it is staff's preference that non-profits or developers would own the affordable units in the long term, there may be circumstances what</p>

<p>a for-profit third party could own the affordable units. Staff propose to host regular meetings with developers whose developments are subject to IZ requirements, and third sector housing providers for training and education purposes and to facilitate connections to enable offsite unit collaboration and/or transferring ownership of units to the third sector.</p>
<p>Comment – Waterloo Region Home Builders Association</p>
<p>Administration by non-profits would be an unorganized approach to administrating affordable housing. Kitchener should get back into housing business. Sustainable non-profit housing sector is needed.</p>
<p>Staff Response</p>
<p>Staff recommend an approach that would enable third sector ownership and management of units and Region of Waterloo administration and monitoring of the program across all three cities. A number of third sector organizations have expressed interest in ownership and management of the units, and the Region of Waterloo has indicated a willingness to administer the program. Administration by the Region of Waterloo will provide a centralized approach to administration, and it would leverage the existing capabilities and capacity of the Region, who are familiar with administering community housing.</p>
<p>Comment - Waterloo Region Home Builders Association</p>
<p>Will Region or the Cities enforce development agreements? Concern about duplication of efforts if Cities carry out separate admin responsibilities.</p>
<p>Staff Response</p>
<p>Staff are recommending that the Cities enter into a memorandum of understanding with the Region of Waterloo to carry out the monitoring requirements outlined in the agreements. This capitalizes on existing expertise and reduce duplication of admin responsibilities. Provincial regulations require that the cities carry out any enforcement, if required.</p>
<p>Comment - Waterloo Region Home Builders Association</p>
<p>We heard that if not approached carefully, IZ could have the immediate impact of increasing overall housing costs in new developments. By extension, it will also affect the cost of resale housing, further eroding affordability within the regional housing market.</p>
<p>Staff Response</p>
<p>The team recognizes that in the short term, an IZ policy can have a negative impact on the feasibility of development, particularly for those developers who purchased land with the expectation of certain revenues that would be reduced under an IZ policy. Staff have proposed a low initial set-aside rate (ranging from 0% to 2%) that would be reasonable to expect could be absorbed and/or offset in the short term. These requirements would start in 2025 and increase over time. The proposed schedule of set aside rates will signal future policy intentions so that developers can make informed decisions on land purchases.</p>
<p>Comment - Waterloo Region Home Builders Association</p>
<p>Does IZ align with the best planning principles?</p>
<p>Staff Response</p>
<p>In staff's opinion, the recommended IZ program represents good planning that balances the need for affordable housing with the private market's ability to deliver housing. Ensuring that some amount of affordable housing is included in new residential developments around public transit can help the cities facilitate the creation of complete, equitable and diverse communities, which is an important planning objective highlighted in all Provincial and municipal planning documents.</p>
<p>Comment - Waterloo Region Home Builders Association</p>
<p>Will IZ increase the number of homes available?</p>
<p>Staff Response</p>

IZ is a tool to increase the supply of affordable housing, not the overall supply of housing. The team has recommended a variety of measures to ensure that the proposed IZ program does not inadvertently make the development of new market housing financially unfeasible (which could reduce or slow overall housing supply), including: setting low initial set-aside rates, adopting 100% AMR (rather than 80% AMR) as the required rents for the affordable units, and providing the option to construct affordable units offsite to enable the provision of affordable units within lower cost locations and/or lower cost built forms (e.g. wood frame buildings).

Comment - Waterloo Region Home Builders Association

What impacts are there on the current economics of construction?

Staff Response

The proposed IZ program has been carefully designed to minimize negative impacts on development feasibility under current economic conditions. NBLC was retained in 2020 to develop a pro forma model against which different IZ policy parameters could be tested. The model was peer reviewed by land economics firm urbanMetrics and updated in late 2022. The model incorporates the wide range of soft and hard costs associated with development. Hard cost assumptions are from the 2023 Altus Canadian Construction Cost Guide. Outputs from the model were combined with public/stakeholder feedback, a review of best practices, and a follow up review by NBLC in the fall of 2023 to produce the final recommended IZ program parameters. The proposed program also recognizes mandatory exemptions to DCs, CBCs and parkland charges that will help developers offset the cost of the affordable units.

Comment - Waterloo Region Home Builders Association

Societal cost to inclusionary zoning – costs should be borne by general public not new homeowners and renters

Staff Response

Staff acknowledge that the private sector cannot be the only sector responsible for solutions to addressing the affordable housing crisis. Investment in affordable housing is needed from all orders of government, the not-for-profit and private sector. Staff also recognize that additional costs to development can be passed on to the consumer. For this reason, staff are proposing modest initial set aside rates and a gradual increase to provide developers with time to adapt. With clear signals to the development industry about a forthcoming IZ policy and specific set aside rates, the industry will be able to make land purchasing decisions that reflect the true development value of a property. Land transactions in the market that reflect existing zoning regulations and the development potential of a site will not create unanticipated costs that need to be offset by higher costs for renters/owners of market units.

Comment - Waterloo Region Home Builders Association

Desire for consistent, comprehensive Regional policy and implementation strategy. Consideration of entire region as the “regional housing market”. Desire for a coordinated Regional housing strategy (consistent plan, approach and implementation).

Staff Response

This is the approach recommended by the staff team.

Comment - Waterloo Region Home Builders Association

Workable local definition of affordability?

Staff Response

For rental units in condos, staff are proposing 100% AMR or 30% of the 60th income percentile for renter households in the Region. This is consistent with the Provincial Policy Statement, Regional Official Plan and City Official Plans’ definitions of affordability that are determined using local definitions. For rental units in purpose built rental buildings, staff are proposing a definition that aligns with maximum rents under CMHC’s MLI select program, and

<p>accompanying eligibility requirements. These definitions will be consistent across the 3 municipalities to ensure a consistent region-wide definition that balances affordability objectives with financial viability for development.</p>
<p>Comment - Waterloo Region Home Builders Association</p>
<p>Gradual transition period?</p>
<p>Staff Response</p>
<p>A gradual transition is the approach recommended by the staff team.</p>
<p>Comment – Royce Bodaly (City of Waterloo councillor)</p>
<p>Surprised to see Allen Station in the Established market area vs. Prime market area and extremely surprised that Willis Way was not in Prime. What drives these market characterizations and can these be reconsidered (in particular the Willis Way PMTSA).</p>
<p>Staff Response</p>
<p>The categorization of Uptown PMTSAs has been updated per advice from NBLC in memo dated September 28, 2023, and subsequent meeting with NBLC. The Uptown MTSA's are all now identified within Prime market areas.</p>
<p>Comment – Royce Bodaly (City of Waterloo councillor)</p>
<p>Was consideration was given to requiring a higher set aside rate and/or deeper affordability level for offsite units to encourage units to be built on site within new mixed income buildings.</p>
<p>Staff Response</p>
<p>The team received feedback from some members of the public and council who expressed a preference for onsite affordable units within mixed income buildings rather than offsite affordable units provided in mixed income or standalone buildings. A fulsome response to these comments can be found under the heading "Offsite Units" in the staff report. In summary, the team considers offsite units to be crucial to providing needed flexibility to the development community to deliver affordable units in a cost-effective manner that aligns with their business model. It provides a pathway for condominium developers, who do not typically own units in the long term, to deliver on affordability objectives while avoiding long term obligations on their development sites thereby freeing up capital for their next construction project. It further enables developers to incorporate affordable units within low and medium rise built forms that are less expensive to build compared to high-rises. Finally, creating viable options for developers to create offsite units in lower rise built forms is anticipated to provide more choice and diversity for tenants of affordable units, some of whom may prefer to live in mid-rise and low-rise buildings. Staff note that any offsite units provided through the program will need to be constructed within a PMTSA and therefore will be in close walking distance to an ION stop. Offsite developments will be required to achieve the same city performance and design standards as any other development. Under the proposed program, complete mixed income communities can continue to be achieved at a neighbourhood scale around ION stops.</p>
<p>Comment – Royce Bodaly (City of Waterloo councillor)</p>
<p>Agree with the mandatory approach, but am wondering if consideration was given to further increasing height/density by right in exchange for either deeper affordability (below 80% AMR) and/or increased units (beyond what IZ will prescribe).</p>
<p>Staff Response</p>
<p>Given current market conditions that are making residential development challenging under all scenarios (with or without IZ), staff have recommended a policy approach that would see a single set-aside rate along with a onetime increase in development permissions through a concurrent Official Plan amendment and zoning by-law update (simultaneous but subject to separate process and council approval). The additional height and/or density enabled through the concurrent OPA and ZBA process is intended to help with the phase in and impact</p>

absorption of the initial IZ policy. ZBAs requesting additional height or density for developments that provide more affordable units or deeper levels of affordability may be considered by the respective city councils on a case-by-case basis.

Comment – Age Friendly Committee (through Scott Amos)

We (Age Friendly Waterloo Region) support the Major Transit Station Areas (MTSAs) as excellent locations for the IZ tool as they have been planned for intensification and can provide many mixed-use opportunities.

Staff Response

Provincial regulation dictates that IZ can only be implemented within PMTSAs. The team recommends implementing IZ in all Waterloo Region PMTSAs.

Comment – Age Friendly Committee (through Scott Amos)

Even though the legislation allows IZ to be applied to 10 or more residential units, it is unlikely that densities that low will be built in many MTSAs. We do question if 50 units is too high of a standard as it opens the door for developers to start building 49 unit projects to avoid this measure and then just increase the number of bedrooms per unit to maximize their return. We need to maximize the number of affordable units as we are at a crisis now. This raises a broader concern of should the measurement be units or bedrooms or a combination of both, especially in a region with 2 Universities and 1 College.

Staff Response

The proposed policy seeks to balance maximizing the number of affordable units delivered through IZ, without discouraging the creation of missing middle housing that has been demonstrated (through studies such as Kitchener's "Enabling Missing Middle and Affordable Housing Feasibility Study" and feedback from the development industry stakeholders) to be economically challenging to build. For this reason, a 50 unit threshold was chosen to exempt small scale intensification projects and smaller scale midrise developments. Staff will monitor any potential threshold effects and will consider recommending adjustments to the set aside rate threshold should the viability of missing middle housing improve.

Comment – Age Friendly Committee (through Scott Amos)

It seems that the definition of affordability (AMR/AMP) has been set by the Provincial legislation and still seems to have little benefit to those in most dire circumstances.

Staff Response

The team anticipates that amendments to O. Reg 232/18 under Bill 23 (that limit the discount for affordable rents or prices to 80% of Average Market Rent or Average Market Price) will be proclaimed and therefore recommend a program that works within the proposed Provincial framework. The team recognizes that affordable units created through the proposed IZ program will not be affordable to households in the bottom 15% of the regional income distribution and who are likely to face the greatest housing challenges. Since the proposed IZ program does not rely on government funding, it is intended to complement rather than replace existing and new programs that are specifically designed to provide housing for very low-income households (e.g. RGI programs, supportive housing, community housing etc). Moreover, a best practice review and financial modeling suggests that IZ is best suited for the creation of more moderately affordable units rather than very deeply affordable units. Noting that 80% Average Market Price for ownership units is not even affordable to moderate income households, the team has proposed a program that focuses on rental as the tenure for affordable unit.

Comment – Age Friendly Committee (through Scott Amos)

We support the concept that different markets could have different set-aside rates as it recognizes that not all MTSAs are equal. It will allow emerging areas a chance to get off the ground. However, we do not support the concept of a low initial set-aside rate that increases

<p>over time up to 2031. We suggest you start off with the maximum set-aside rate in 2024 as the affordable units are needed now. Further, transitioning from 2% to 5% for Prime Markets, 1% to 3% for Established Markets and 0% to 2% for Emerging Markets is such a small percent shift over 7 years we feel it will have a minimal impact on the viability of a project, but a significant impact on those who get an affordable unit.</p>
<p>Staff Response</p>
<p>The team understands the need for new affordable housing to be created as soon as possible. Feedback from members of development industry and development pro forma modelling suggest that adopting the maximum allowable set aside rate in 2024 at a time when the economic conditions for development are already challenging could stall new residential construction in the short term, which would in turn, slow the creation of much needed new housing supply and worsen the current housing situation. Staff have instead proposed a gradual increase in the set-aside rate to allow development to remain viable, which will deliver needed housing units along with affordable IZ units. Notwithstanding the proposed gradual increase in set aside rates, staff have recommended accelerating the set aside rates and revising the market categorization of certain station areas in response to an updated analysis from N. Barry Lyon Consultants (NBLC) in September 2023.</p>
<p>Comment – Age Friendly Committee (through Scott Amos)</p>
<p>We recognize that you are bound by Provincial legislation and high local market conditions. Further we understand that the IZ tool is not meant to solve all the affordable housing problems. However, this affordability level does little for those in the lower end of the affordability market. Perhaps your concept of assisting moderate income households which in turn may free up housing for lower income households will come true.</p>
<p>Staff Response</p>
<p>In 2022, IZ units would be affordable to the households in the 15th-28th percentiles of regional household income distribution. Creating housing for this income range is expected to help reduce competition for the more deeply affordable housing units and create movement in the housing system by enabling movement of households who no longer require community housing. The team agrees that IZ is only one of many needed tools to create affordable housing.</p>
<p>Comment – Age Friendly Committee (through Scott Amos)</p>
<p>We do support the idea that the target group should be low to moderate income households. We would like to better understand how a senior on a fixed income (Canada Pension Plan) would fit into the \$58,900 threshold.</p>
<p>Staff Response</p>
<p>Senior households, including those that rely exclusively on Federal and Provincial income sources (CPP plus OAS and GIS), are more likely than other age cohorts to own their own homes and therefore may choose to remain in their home or may be able to use their assets to afford a unit created through the IZ program should they chose to do so. A renter senior household with only CPP, OAS and GIS income and no other pension income or assets would be below the 15th percentile of the region's income distribution and below the \$43,000 threshold that would be required to afford a unit created through the IZ program. It is anticipated that very low-income renter senior households would require subsidized housing provided through government assisted housing programs, such as Region of Waterloo community housing, or through non-profit housing geared to low income seniors.</p>
<p>Comment – Age Friendly Committee (through Scott Amos)</p>
<p>We support the 25 year duration with the potential to expand beyond 25 years.</p>
<p>Staff Response</p>
<p>Acknowledged</p>

Comment – Age Friendly Committee (through Scott Amos)
Incentives to provide affordable housing is something that we strongly support provided the incentive truly results in affordable units. It should also be noted that giving an incentive does not mean a Development Charge does not need to be paid, it is just not paid for by that developer. We believe that either the municipality pays for it or other development charge users pay.
Staff Response
Acknowledged
Comment – Age Friendly Committee (through Scott Amos)
We support the approach to offsite units and agree with your rationale.
Staff Response
Acknowledged
Comment – Age Friendly Committee (through Scott Amos)
We support the approach to administration/implementation and agree with your rationale, provided the administration of this program does not become overly burdensome and costly. The administration should be kept as simple and straightforward as possible so all users will find it worthwhile.
Staff Response
Acknowledged
Comment – Age Friendly Committee (through Scott Amos)
We support a transparent monitoring and reporting program. Common sense adjustments should be made to improve the program so that the ultimate users can benefit and the development industry finds it reasonable.
Staff Response
Acknowledged
Comment – Age Friendly Committee (through Scott Amos)
There is a need to provide accessible housing for all age categories not just for seniors however, as one ages, specialized or unique needs occur that can be both physical or mental. Providing accessible units not only benefits the occupant but also any visitors which can reduce social isolation. We would suggest that a requirement be added to provide a set percentage of accessible units.
Staff Response
Staff recognize the need for affordable housing that is also accessible to support seniors and others who may require accessible units. The draft implementation guidelines provide for Building Code accessibility requirements to be distributed proportionally throughout market-rate and affordable units and encourages developers to provide a higher proportion of accessible units than is required by the Building Code and/or to ensure that all affordable units are adaptable to enable later retrofit if needed.
Comment – Age Friendly Committee (through Scott Amos)
To ensure actual affordable units are built, mechanisms need to be put in place that requires developers to fulfill their obligations and actually build the units. The mechanisms (e.g. Legal agreements, By-laws, fines etc.) need to be strong and binding so the developer cannot walk away from their obligation or simply pay a fine. On August 21, 2023 CBC highlighted this issue in the City of Montreal where a program has been in place for 2 years and zero affordable units have been built as the developers chose to pay the fine instead.
Staff Response
Affordability requirements will be included within agreements that must be registered on title. These requirements will include annual reporting requirements and penalties in the event of

<p>default. IZ provisions under the Planning Act do not allow for payment in lieu of affordable units.</p>
<p>Comment – Age Friendly Committee (through Scott Amos)</p>
<p>The Age Friendly Waterloo Multi-Agency Committee strongly supports the Inclusionary Zoning Discussion Paper and its efforts to try and address this challenging issue. We feel the goals and actions laid out in this paper are appropriate and suggest that the above noted items be given further consideration given the special needs of an aging population.</p>
<p>Staff Response</p>
<p>Acknowledged</p>
<p>Comment - Anon</p>
<p>How much longer are you going to "plan" without creating any affordable housing? Habitat for Humanity and Beyond Housing (former Menno Homes) and other community groups with a lot less money and a lot less staff put you to shame.</p>
<p>Staff Response</p>
<p>All orders of government continue to work collaboratively, in partnership with non-profits, co-ops and other housing providers, using all tools available to increase the supply of affordable housing. Inclusionary Zoning is a tool municipalities can use to ensure that the private sector is also contributing to the creation of new affordable units.</p>
<p>Comment – Reema Masri</p>
<p>My opinion is that IZ is yet another download of a social responsibility of the public sector to the private sector. The public shouldn't shed its responsibilities onto private developers, not only because it is irresponsible but it is a cost that will be passed on to the buyers and will ultimately come from tax payers. The Canadian tax payer is too heavily taxed and financially burdened already. Already the cost of building is high, whereas the municipalities continue to add fees and charges and requirements, contributing even more to the increasing costs. Can we be more creative? Can we imagine a solution where we create value without taking it from someone else or passing it down – ultimately to the public?</p>
<p>Removing DC and PLD fees is a good start, but that is only a small portion of the total cost of a unit. Are there other ways to compensate the developer and remove the burden from the other buyers? Are there other incentives that the developer can benefit from in return to the \$400-500K per unit and lost profit? Perhaps remove the DC and PLD for 2-4 units per each IZ unit? Will the municipality offer not collect property tax for these IZ units – so that everyone has skin in this effort?</p>
<p>Staff Response</p>
<p>Staff acknowledge that the private sector cannot be the only solution to addressing the affordable housing crisis. Investment in affordable housing is needed from all orders of government as well as the not-for-profit and private sectors. IZ ensures some private sector involvement in the solution to building affordable housing. With clear signals to the development industry about a forthcoming set IZ policy requirements and specific set aside rates, the industry will be able to make land purchasing decisions that reflect the true development value of a property. Land transactions in the market that reflect existing zoning regulations and the development potential of a site will not create unanticipated costs that need to be offset by higher costs for renters/owners of market units.</p>
<p>The cost of IZ in the short term is proposed to be offset through exemptions from development charges, CBCs and Parkland Dedicate fees, exemptions of the affordable units from parking requirements (prorated), and concurrent planning changes that will provide for increases in height and density.</p>

Comment – Reema Masri
Creative Solution: Perhaps the municipality can commit to process the planning and permit applications within 6 months for a building with IZ units? In this case the savings come from interest rates i.e. banks or investors who can still get their interest earnings from other investments. So nobody loses!
Staff Response
The Cities are working hard to reduce development review timelines. Kitchener continues to lead the way provincially in meeting all our legislated planning approval timelines. As a result of this critical work, Kitchener has approved for construction units equating to more than 30 percent of our Housing Pledge target. Additionally, Kitchener has two dedicated Project Managers to review and process affordable housing proposals. Waterloo has similarly adopted a number of approaches to streamline development approvals and has recently increased their staffing capacity to support faster review times.
Comment – Reema Masri
IZ if to go ahead should apply to projects over 120 units or over 20 storeys. 50 units is too small to be feasible. There could be an increasing scale relative to size, so that this doesn't result in buildings being capped at just below whatever threshold decided upon. The percentage should relate to size of a building and not to time. Basic economy of scale! 5% is too high. should be 1% increasing to 2% and above that should be optional where the municipality provides more incentives.
Staff Response
The proposed policy seeks to balance maximizing IZ while not discouraging the creation of missing middle housing that has been demonstrated (through studies such as Kitchener's "Enabling Missing Middle and Affordable Housing Feasibility Study" and feedback from the development industry stakeholders) to be economically challenging to build. For this reason, a 50-unit threshold was chosen to exempt small scale intensification projects and smaller scale mid-rise developments. The team has anticipated that exempting buildings with 50 units or less will provide an incentive to build 49-unit projects. The team considered graduated set-aside rates by project size. This would be hard to implement given the relatively narrow band of set-aside rates (1-5%). Staff will monitor any potential threshold effects and will consider recommending adjustments to the set aside rate threshold should the viability of missing middle housing improve.
Comment – Reema Masri
Please, do not advocate for yet another body to manage IZ units, costing tax payers even more of their dwindling incomes. All these management bodies eventually evolve into self-serving bodies where they consume more than they save through management costs. If this is a must, the ROW already has a department that manages all forms of low-income housing.
Staff Response
The proposed program would see the Region of Waterloo providing administrative support for monitoring and compliance.
Comment – Reema Masri
A better Idea: If each Condo Board would own the IZ units within their building and rent them out to tenants on the regional list (same as low income housing) at asset market rate, then the condo board would benefit from this income towards the management of the building and this would offer savings to the other owners/ tax payers who already would have paid more for their non-IZ units when the developer passed the costs to them. Again there is more win here than loss. The ownership of the IZ units and the rental rates can be part of the condominium approval conditions.
Staff Response

The proposed IZ program would not prevent a Condo Board from owning and renting the affordable units. However, in staff's opinion, condominium boards may not be as well suited as landlords for affordable units given competing motivations and interests. Staff have not heard interest from the development community in Condominium Boards owning and maintaining IZ units. Over the medium and long term, developers should incorporate their knowledge of reduced revenues of affordable units into their pro forma analysis and make land purchase decisions accordingly so that the costs of IZ are not passed on to the market units.

Comment – Melissa Bowman

While I'm not convinced we should place a lot of faith into IZ as a major solution for our housing challenges, I appreciate staff's efforts in this work to date. The main concerns I'd have are things that are seemingly limited by the province, such as the terms of affordability (I'd definitely want to see them longer, if and when that's possible). Given the sheer number of housing-related policies Kitchener (and likely the other cities too) are doing right now, I'd love to have a better understanding of how they all fit in and build upon each other. For example, where does IZ fit in well (or not) with the Growing Together Plan as a whole, or the Missing Middle report, or work being done about options for city-supported tenant protections.

I think there is some great information in this (and those other) report(s). I'd love to see the city break them down into shareable chunk that housing advocates and others could easily share to keep people up to date on the work being done locally.

Staff Response

Proposed changes to O. Reg 232/18 have not been enacted yet. However, the team has chosen to follow the Bill 23 amendments to O. Reg 232/18 when creating our policy directions with the assumption that these changes will ultimately be proclaimed.

The proposed IZ program operates without significant government subsidy and therefore is intended to complement rather than compete with other government housing programs. The program has been designed to coincide with updates to the planning framework in the Cities' PMTSAs. Kitchener's Growing Together will update the zoning and land use designations in Kitchener's PMTSAs to support transit-oriented development and the City's housing pledge. Waterloo will be proposing increases to heights and removing limitations on densities in growth areas including PMTSAs, as part of a concurrent update to City's Official Plan. Cambridge is working on implementing zoning updates in its PMTSAs through the Hespeler Road Secondary Plan and other ongoing projects.

Comment – Build Urban (through Helen Jowett)

The proposed Inclusionary Zoning set-aside rates of 1-5% should only be implemented in locations where Light Rail Transit (LRT) infrastructure exists. For MTSA's where the LRT is still in the planning stages (e.g. Cambridge), the policy should signal but not implement the intended set-aside rates. This will ensure that the policy aligns with the potential increases in development value created by the LRT.

Staff Response

PMTSAs planned for future LRT are identified as Emerging market areas and as such have an initial 0% set aside rate that is intended to reflect the fact that the full market benefits of LRT have not been realized. In addition, staff are proposing that the policy come into effect in 2025 (rather than 2024 as presented in the discussion paper). With these provisions, PMTSAs that do not currently have LRT in place will not see a set aside rate requirement until 2027. Although trains may still not be running by 2027 in some PMTSAs, a key aspect of the policy is to signal future IZ requirements so that developers can make informed decisions when purchasing land. The transition policies, and low and gradual increases to the set aside

rates are intended to enable a reasonable transition while also signaling future policy requirements and helping developers make informed land purchase decisions in these market areas.

Comment – Build Urban (through Helen Jowett)

At 5% set-aside rate, IZ will cost developers an estimated \$250,000-\$305,000/affordable unit in reduced revenue. Some, but not all, of this reduced revenue may be offset by reduced land value for new land purchases. There is concern that remaining costs will be passed on to market rate units unless municipalities offer incentives to offset costs. Encourage providing incentives to prevent costs from being passed to end user. Support DC exemptions and any other offsets

Staff Response

Staff acknowledge that there are costs to providing an affordable unit at lower than market rent. In the longer term, the majority of these costs should be passed on to land sellers rather than the consumer of the market rate units given that the revenue potential of the land will be diminished under an IZ framework. A proposed gradual phase in of set aside rates is anticipated to provide developers with time and clarity to make informed land purchase decisions that reflect the true value of the land (not unlike other site constraints and zoning restrictions that influence land values). Exemptions of affordable units from DCs, Parkland, and CBCs is estimated to provide a cost offset of approximately \$30,000/unit. Staff also propose to eliminate minimum parking requirements for affordable units which will have a positive financial impact on pro forma. Staff in Kitchener and Waterloo are proposing increases in density permissions alongside IZ, through separate but concurrent OPAs, to help offset some of the potential impact to land value in the short term. Finally, staff propose frequent monitoring and adjustment to reflect emerging market conditions and successes and failures of the program.

Comment – Build Urban (through Helen Jowett)

For properties purchased prior to the IZ policy, 100% of the reduced revenue will need to be absorbed by the market rate units or by incentives. Transition policies will be very important. Costs of IZ that can't be adequately offset (see above) may result in decisions to delay building, which could slow the construction of new housing supply.

Staff Response

Staff have proposed the following transition policies to recognize the foregone investments made in MTSA's and to limit disruption to the market: (1) Exempting developments for which a complete site plan application or plan of subdivision has been submitted prior to the subject city's Inclusionary Zoning by-law being passed, as per the Planning Act; (2) adjustment of the proposed set aside rate phase in to start in 2025 rather than 2024; (3) very low initial set aside rates for the initial phase of the policy (0-2%); and (4) in some cases, increased development permissions will be introduced concurrently with IZ which will help offset reduced revenue in the short term.

Comment – Build Urban (through Helen Jowett)

Recommend that set aside rate be established on a per unit basis rather than GFA or GLA for ease of calculation and implementation.

Staff Response

Staff are of the opinion that the benefits of a GLRA (Gross Leasable Residential Area) approach for applying set aside rates outweigh the benefits of a per unit approach. While a per unit calculation may be slightly easier and more intuitive, challenges include: 1) lower certainty and predictability in the number of affordable units to be secured since the number of units in a development can vary significant based on unit size and mix; 2) possible disincentive to the creation of larger (in terms of bedrooms) affordable units; 3) rounding challenges, particularly for low set aside rates and smaller buildings that would require

<p>additional policy (e.g. 1% set aside rate for a 50 unit building is 0.5 affordable units); 4) less flexibility, since a GLRA approach provides developers with more opportunity to determine appropriate unit number, size and mix within the general limits of the prescribed regulations and guidelines. Staff also heard from a number of other developers that they would prefer a GLRA approach.</p>
<p>Comment – Build Urban (through Helen Jowett)</p>
<p>Question some of the prime, established and emerging markets. Emerging markets may be areas of greatest opportunity.</p>
<p>Staff Response</p>
<p>NBLC provided staff with an updated evaluation of market areas. Staff have adopted the recommendations, which included the reclassification of certain market areas and a policy to recognize additional IZ potential should employment lands be converted to permit residential uses. MTSAs with no trains have remained unchanged and are assigned to the emerging market category with the lowest set aside rates.</p>
<p>Comment – Build Urban (through Helen Jowett)</p>
<p>Transition policy: IZ should applied only to developments that have not yet reached the complete application stage. Significant pro forma development and financial planning goes into development applications and this work would no longer be relevant if IZ policies was applied midway through development application review process. Significant changes to the pro forma late in the game could result in an unviable development.</p>
<p>Staff Response</p>
<p>The proposed transition policies seek to balance the cities' desires to create new affordable units quickly with the potential negative impacts of an IZ policy on pro forma and development viability in the short term. In recognition for the need for a fair transition time, the start date for set aside rates to come into effect has been pushed back from 2024 to 2025. Gradual set aside rates are recommended starting at 0-2% depending on the market area. Additionally, IZ is proposed to not apply to any site plan or plan of subdivision applications that have been deemed complete at the time of council adoption of an IZ policy and regulations. To support the timely delivery of new affordable units and in alignment with the statutory requirements and timing for municipal reviews of IZ policies, the timing for increases in set aside rates has been shortened to be every 2 years with the achievement of the maximum set aside rate of 5% for all market areas by 2031.</p>
<p>Comment – Build Urban (through Helen Jowett)</p>
<p>There is a need to ensure that development in the built-up areas is not shouldering more than its fair share of development costs as compared to development in greenfield areas. City/regional policies should consider ensuring that priority areas for development (e.g. MTSAs) are not overly burdened by fees/charges and policies, which can make them the most expensive and complicated places to develop, and less viable than suburban areas. Rebalancing of urban/suburban development costs needed.</p>
<p>Staff Response</p>
<p>Staff agree in principle in the alignment of fees and charges with policy intentions. For example, Kitchener's DC bylaw has lower DC rates for central neighborhoods than in suburban and greenfield areas. An exemption to DCs, CBCs and Parkland fees will be provided for IZ affordable units. In addition, removal of minimum parking requirements and an increase of heights/densities is proposed to help offset the cost of IZ.</p>
<p>Comment – Build Urban (through Helen Jowett)</p>
<p>Condo builders and rental requirement: Question the capacity of affordable housing providers to obtain financing to purchase units. May not be feasible to rely on one or two affordable housing partners to purchase all the IZ units.</p>

Staff Response
Many stakeholders agree that non-profit ownership of IZ units has many benefits but their financial compacity to deliver the units is uncertain. CMHC, the Region, Banks and Credit units may all assist in financing. The implementation guidelines encourage non-profits/co-ops to purchase IZ units ownership, although private third-party ownership is also possible.
Comment – Build Urban (through Helen Jowett)
Encouraged to see potential for offsite units to be created anywhere in same municipality. This may provide opportunities for developers to transfer units to more affordable sites or to work together on one build, with units to be banked for future developments. Consider if IZ units can be created through the purchase of existing rental buildings?
Staff Response
Staff have confirmed that the legislation only permits the establishment of offsite IZ units as new construction.
Comment – Build Urban (through Helen Jowett)
Definition of affordable: IZ policy should use 30% of annual household income instead of market-based definition. This is more meaningful to households and will be simpler to administer. Recommend that one measure of affordable be used across both condo/rental providers.
Staff Response
Response: Staff have incorporated an income measurement into the calculation of affordable. The definition for affordable units in condos is now generally consistent with the PPS, ROP and City Official Plans and the definition in the DC Act introduced through Bill 134. The definition for affordable units in rental buildings remains unchanged, since it already incorporated an income component.
Comment – Build Urban (through Helen Jowett)
Some felt that rules for rental should better align with rules/points for MLI Select and RCFI funding. E.g., timeframe for affordable units could be 10 rather than 25 years. Others noted that they don't use MLI Select or RCFI, and when they do they opt for sustainability measures over affordability because it is cheaper on their bottom line.
Staff Response
Staff agree that there are some differences between MLI Select and the proposed IZ program. Alignment in the definitions of affordable rents between the IZ program and the MLI Select program is expected to help rental developers who secure MLI Select financing more easily adhere to the requirements of the 2 programs, but it is recognized that not all rental housing providers use the MLI Select program, or don't use the affordability criteria. Staff continue to see value in setting less onerous, higher rents for purpose built rental developments than for condominium developments to avoid discouraging the construction of purpose built rental, which is housing type that has historically faced more financial barriers to construction. Staff continue to recommend a 25-year affordability period rather than the 10-year affordability period recommended in the MLI Select program due to the significant need for longer term affordable housing in the community.
Comment – Build Urban (through Helen Jowett)
For additional consideration, Municipalities should consider offering tax increment financing grants to developers and other providers regarding property taxes paid on affordable housing units.
Staff Response
The Cities of Cambridge and Waterloo currently offer tax-increment financing for affordable units through Community Improvement Plans. (Waterloo's CIP applies only to Uptown).

Kitchener has committed to exploring financial incentives for affordable housing through its Housing for All Strategy and Enabling Missing Middle and Affordable Housing Study.

Comment – Nelson Chukwuma (Conestoga Students Inc)

We are troubled by the proposed 100% minimum of Average Market Rent (AMR) or MLI Select Rent for purpose-built rental units. This requirement, as opposed to the more reasonable 80% minimum, risks excluding lower-income residents. It primarily benefits those within the 60th percentile and above, effectively abandoning low-income individuals and families. Though the province allows IZ minimum rents to be 80% of AMR, the Region's framework suggests a minimum of 100% of AMR or MLI select rent (\$1425), whichever is greater. This does not create affordable housing for low-and-moderate income residents. In this model, only bachelor, one-bedroom, and two-bedroom units will be affordable, and only to the 60th percentile and up, representing those with the highest moderate income. As outlined in the discussion paper, the Region states that IZ is most successful for moderate-income residents, particularly those with larger families, and therefore abandons low-income residents. It argues that an increase in affordable housing to moderate-income residents will further free up deeply affordable units for low-income residents. However, "trickle-down" methods do not work. Additionally, it is vital to note that these rents do not include utilities, pushing these units out of the affordability band even for the 60th percentile, especially during the winter/summer months. Therefore, in the proposed model, IZ will not create any affordable units, but rather create minimal lower-priced but still unaffordable units.

Staff Response

The framework has been revised to align with the market and income-based definition for affordable housing in the PPS and to provide rental housing that is affordable to low income individuals between the 15th and 28th percentiles of the regional income range. Higher rents are proposed for affordable units in purpose built rental to avoid discouraging the construction of this tenure type which already faces financial challenges. Staff acknowledge that these rents may not be affordable to many low-income households. IZ is just one tool in the affordable housing toolkit. Investments from all order of government and the non-profit sector are required to assist low income households.

Comment – Nelson Chukwuma (Conestoga Students Inc)

As pointed out in the discussion paper, rents are outpacing incomes, and with this trend continuing, the minimal units that may need a definition of affordability will quickly become unaffordable. Therefore, by starting at 100% of AMR or MLI select rent (whichever is greater) the Region would have to revisit these criteria to ensure affordable housing is available in the IZ framework. As such, CSI is recommending that the Region make the rent maximums 80% of AMR for all affordable units, unless provincial legislation changes and allows for lower rents, at which point the more affordable option should be pursued.

Staff Response

The calculation of maximum rents has been revised to align with the definition of affordable in the PPS, City and Region Official Plan and Bill 134. The proposed market/income calculation for maximum rents will ensure that rents continue to be affordable to low- and moderate-income households even as housing markets and incomes change over time. The proposed maximum rents of 100% AMR are intended to minimize the financial impact in the on development viability which could stall or delay the creation of new housing supply.

Comment – Nelson Chukwuma (Conestoga Students Inc)

There is a disconnect between the IZ discussion paper's recommended market area distinctions and the recommendations presented to Waterloo and Kitchener Councils. This disconnect has led to multiple areas being "downgraded" to locations with lower IZ requirements, such as Kitchener Market, Downtown Cambridge, and Main, from prime to established. Ensuring consistency in these designations is crucial for fairness and

effectiveness. While CSI believes that all areas should be subject to the 5% maximum sooner rather than later, at minimum, areas that have the greatest potential for new residential development (such as Conestoga, Waterloo Public Square/Willis Way and Allen) should be designated as prime for IZ to have the widest and most effective impact possible in creating additional affordable housing supply.

Staff Response

Staff have proposed revisions to "upgrade" certain market areas in response to a memo by NBLC dated September 2023. All PMTSA are proposed to require 5% set asides by 2031.

Comment – Nelson Chukwuma (Conestoga Students Inc)

While we acknowledge the desire for phased IZ percentages in different areas, there is a lack on emphasis on maximizing affordable units in the majority of market areas. We believe that all areas should contribute to the goal of affordable housing more substantially. The Region has identified a needs-based target of 30% of all new housing (a total of 31790 units) to be affordable, however under the Region's estimated long-term yearly maximum of 99 units per year, this would take just over 321 years. This does not include the almost 50,000 current residents needing affordable housing, the 25-year maximum of affordability, or that the vast majority of MTSAs, under the current model, will not reach the 5% of affordable units. Given that the majority of MTSAs will not reach the 5% threshold, the Region should remove the references to 99 units per year in an effort to be transparent. Looking at the short term estimate of new affordable housing units per year (36 units per year) which is based on a 3% threshold (averaged across various timelines and MTSA categorizations) it would take the Region over 883 years to reach the necessary 31790 new units needed. Though only one tool, the proposed IZ framework fails to address the need for affordable housing in Waterloo Region. Given the gap between Regional needs and the proposed plan, drastic steps need to be taken to intensify in all areas to begin to close this gap.

Staff Response

Staff agree that serious efforts are required to address the affordable housing crisis. IZ is only one tool among many needed to address the issue. Many other municipal tools and programs are being implemented across the region to contribute to the goal of increasing affordable housing supply, including new or expanded affordable housing grant programs, facilitating missing middle housing and the creation of more second and third residential units, and strategic use of surplus lands for affordable housing. Staff have attempted to balance the need for more affordable housing units with the need to maintain the financial viability of development and ensuring that new housing supply will continue to be constructed.

Comment – Nelson Chukwuma (Conestoga Students Inc)

In addition to the phased IZ percentages, the designation of areas along the prime/established/emerging, each with lower percentages of units that need to be affordable, creates a discrepancy among which cities will receive units. For example, Waterloo would receive the least amount of affordable units (12 units/year in the short term and 27 units/year with a 5% maximum in the long term). However, Waterloo has a higher population than Cambridge, and the highest persons per unit out of the three cities included, indicating a greater need for more housing. Though the Region has integrated transit that does allow for travel, it is neither comprehensive nor convenient for all travelers, particularly those with disabilities or who work/study in areas that are unserved by the current transit infrastructure. As such, CSI is in favour of removing the market distinctions, instead focusing on ramping all areas up on a faster timeline to begin to meaningfully address the crisis the Region is in.

Staff Response

Staff recommend different set asides for different market areas to reflect market strength and ability to absorb the cost of IZ. The gradual increase to the 5% set aside rate is intended help ensure that developments in the short term continue to be viable and to reflect current

economic conditions that are already making residential construction financially challenging. A 5% set side is proposed for all markets by 2031.

Comment – Nelson Chukwuma (Conestoga Students Inc)

The utilization of offsite units is a concern. The usage of offsite units, provides opportunities for "using lower cost construction methods", and the potential development of specifically low-income areas. This would counter the positive impact mixed-income neighbourhoods can have for all residents. By allowing developers to provide cheaper offsite units, the municipality is encouraging cost-cutting measures and the creation of lower quality and segregated communities instead of maintaining inclusionary zoning's goal of creating inclusive areas of people from diverse income backgrounds it risks segregating lower-income communities. If this approach is pursued, it must prioritize deeply affordable units and ensure inclusivity.

Staff Response

In staff's opinion, offsite units are necessary to support the requirement that affordable units be rental in tenure, which in turn is important to ensure that the program provides housing that is affordable to low and moderate income households. Enabling offsite units is not expected to result in the creation of low-quality buildings or low-income areas given that there are many successful examples of buildings with moderately affordable units integrated within neighborhoods. The reference in the Discussion Paper to "lower cost construction methods" refers not to the quality of construction but rather the differential in cost between high rise construction that requires expensive concrete and building systems vs. low and midrise construction that can be constructed using less expensive materials such as wood and that may have less expensive building systems (e.g. elevators, HVAC etc).

Comment – Nelson Chukwuma (Conestoga Students Inc)

We have observed an overrepresentation of developer and landlord perspectives throughout the consultations and the discussion paper. While these stakeholders are important, their priorities should not overshadow the pressing need for affordable housing. Landlords are a part of the root problem of the financialization of the housing market. For example, calling landlords "local housing providers", as the report does, ignores the fact that landlords play an active role in the housing crisis by driving up rents and housing prices to make the most profit manageable. Many landlords are encouraging this change in language to eschew the negative connotations of being a landlord, hoping that legislation and politicians (many of who are landlords) will ignore their contributions to the housing crisis. While there may need to balance of developer interests, in areas where feedback was reported, developer's feedback was noted 13 times (compared to 9 times for community members) and this feedback was, on average, longer (an average of 5 lines for developers and 3.2 for community members). While developers are an integral stakeholders in providing affordable housing, their primary interests are in direct opposition to the goal of prioritizing the need for affordable housing.

Staff Response

Staff appreciate the quantitative analysis and feedback that CSI conducted on our analysis to date. Staff have sought to thoughtfully consider the interests of the development industry, low to moderate income households, and the community at large in the development of this policy. We have endeavored to avoid inappropriately privileging the developers' interest in these discussions. However, their feedback has tended to be more technical and warrant more complex explanations and responses. A key principle throughout the development of the IZ project is 'partnering with the development community.' The rationale for this principle is that IZ needs to work for developers because IZ units are necessarily tied to private market investment. IZ seeks to leverage the power of the housing market to deliver on affordable housing outcomes. If IZ does not work for developers, there is significant risk of stifling new housing supply which could further exacerbate the housing affordability crisis.

Comment – Nelson Chukwuma (Conestoga Students Inc)

We also have several questions regarding the implementation of IZ units and their tenant eligibility. Given that many Conestoga students are international students, and therefore ineligible for current social housing programs, we would urge the Region to allow eligible international students to enroll in waitlists for these units. CSI increasingly sees international students become victims of scams, experiencing high rates of food insecurity, homelessness and other concerns that drastically impact their ability to live, study and work in the Region. International students are significant economic contributors to the regional economy and integral to the continued success and growth of the Region. Although the IZ program is not built to receive substantial or ongoing financial support from the municipality, it should not be limited based on citizenship.

Staff Response

Staff are proposing a program that would make Canadian citizens, Permanent Residents, Temporary Residents (including International Students), or a refugee claimant or Convention refugee eligible for the affordable units.

Comment – Nelson Chukwuma (Conestoga Students Inc)

In noting developer concerns with providing affordable housing for low-income residents, they cite marketing and operational concerns. Within this concern, developers imply that providing affordable housing for lower-income populations comes with challenges that limit the feasibility of their projects. These concerns further the oppression of marginalized communities due to the belief that those who are low income are mentally ill, involved in crime or sex work, and more unsavoury elements that make it harder to sell/rent properties out at higher prices and successfully gentrify areas. These types of marketability concerns of non-affordable uses are indirectly related to broader human rights concerns. Further to human rights concerns, the inclusion of landlords being able to vet pre-approved eligible tenants is disconcerting. While landlords cite wanting to avoid conflicts, it is essentially impossible to avoid landlord-tenant conflict altogether and to foresee all future interactions based on minimal meetings. To be able to vet a pre-approved tenant for future conflicts in this manner, landlords would have to rely on stereotypes, which could result in violations of the Ontario Human Rights Code.

Staff Response

Staff have attempted to faithfully report marketing and operational concerns raised by some (not all) developers in our consultation. Staff share many of CSI's concerns regarding the potential negative impact on equity considerations that could arise from centering these developer concerns. These particular developer concerns have not materially influenced the staff recommended policy or program. Staff continue to recommend that landlords have a say in tenant selection from the list of eligible tenants (provided they are not discriminated against on grounds protected by the Charter and Ontario Human Rights Code). Other landlords have any opportunity to select tenant in their units (including not for profit and rent geared to income housing). Staff do not recommend a departure for this approach.

Comment – Nelson Chukwuma (Conestoga Students Inc)

One aspect that CSI is pleased to see is the removal of parking lot requirements. This is one instance where the model appears to be beneficial for both developers and residents, with the goal of reducing the overall cost of providing housing. It also further aligns with sustainability goals, and due to the nature of the MTSAs, helps to encourage residents to use public transportation where possible. Moving away from car-heavy infrastructure, like parking lots, is one of many ways to help address our ongoing climate crisis.

Staff Response

Comment acknowledged.

Comment – Nelson Chukwuma (Conestoga Students Inc)

As originally stated, CSI remains in favour of IZ as one of many tools to address the housing crisis. However, the Region of Waterloo's proposed IZ framework will not provide long-term affordable housing and does not support the core purpose of IZ. CSI urges the Region and cities involved to maximize the presence of IZ throughout the Region to centre on the needs of residents, not developers or landlords, in creating IZ policies.

Staff Response

All orders of government continue to work collaboratively, in partnership with housing providers, using all tools available to increase the supply of affordable housing. Since IZ relies on private market housing construction, staff have worked to develop a program that balances the financial impact of the program on developers with the housing needs of the community. In striking this balance, staff are recommending a program that will fill an identified gap in the housing supply (moderately affordable rental housing) and enable movement within the housing system. Other programs, such as government subsidized housing, which do not rely on the participation of the private sector, will continue alongside the IZ program to create more deeply affordable housing that may not be feasible through the IZ program.

Comment – Brian Doucet

Lots of good ideas within this document. My main comment is the varying set aside rates. 5% is already pitifully low, and far lower than other cities' policies before Ford implemented these very weak rules. Ramping up the rates make sense if the max can be 25% or so. But 5% is a drop in the bucket and if you want to actually get some units built, 5% is such a low number that anything less isn't likely to produce much at all.

Of course on land that the cities and region owns, you can (and should) be much more ambitious than the rules the province has set out for land that is privately owned. While distinct from the IZ policy, it's not entirely separate either, and we can talk more about this when we meet.

Staff Response

Considering the current financial challenges of residential development, a 5% set aside rate can be very impactful on development viability. It is important to allow the market to build IZ requirements into their investment decisions and to avoid delaying new supply. Staff continue to recommend a gradual transition in set aside rates but are now recommending a slight increase in the pace of that transition compared to the discussion paper. Staff agree that additional opportunities for affordable housing may exist for lands that are municipally owned.

Comment – Prica Global Enterprises (through Brandon Simon)

Set aside rates tailored to different MTSA Market Areas: The differentiation between prime, established, and emerging market areas is an important distinction which recognizes that not every MTSA within the Region is subject to the same market conditions. Providing different and phased set-aside rate requirements for each of these market classifications will help to mitigate any short-term impacts that IZ will have on the viability of new housing projects, and allow the land market to gradually adjust to this new cost.

Staff Response

Acknowledged and agreed.

Comment – Prica Global Enterprises (through Brandon Simon)

Ability for Off-Site supply: Permitting affordable units to be provided off-site will potentially allow for synergies and efficiencies in the delivery of affordable units by allowing larger quantities to be concentrated together, allowing for improved operations and administration and potential partnerships with non-profit organizations. Given that some smaller development projects may only need to provide a handful of affordable units, administration of

these and other units will be much more efficient if there are larger concentrations that can potentially satisfy the IZ requirements for multiple development projects at once.
Staff Response
Acknowledged and agreed.
Comment – Prica Global Enterprises (through Brandon Simon)
Level of affordability: The proposed maximum level of affordability of 100% AMR will deliver units "that are affordable to most moderate income households" as noted in the Discussion Paper. This also helps to further mitigate the impact that these new IZ requirements will have on the delivery of new housing and recognizes that IZ is just one tool in the delivery of different affordable housing options, with additional government support required to deliver increased levels of affordability.
Staff Response
Acknowledged and agreed.
Comment – Prica Global Enterprises (through Brandon Simon)
Incentives to Support IZ: Within MTSAs, it is expected that most vehicular parking will be provided as underground and/or structured parking. This is very expensive to construct and represents another potential significant cost in the delivery of affordable units. Exempting affordable units from parking requirements, as suggested by the Discussion Paper, is a prudent and very effective incentive that can help offset the added cost of providing affordable units. This will also further support the significant investment the Region has made in the ION LRT system, and reinforces the Region's goal of creating 15-minute neighbourhoods within the various MTSAs, where public transit and active transportation is prioritized over private vehicle usage.
Staff Response
Acknowledged and agreed.
Comment – Prica Global Enterprises (through Brandon Simon)
The Discussion Paper also suggests that increases to maximum permitted heights and densities should be implemented concurrent with the IZ program. This will have the dual positive impact of supporting the viability of new development projects subject to IZ, and increasing the number of units that can be delivered in a given development project, which will provide both additional housing opportunities overall and additional affordable units given that IZ requirements as based on the overall size of the project.
Staff Response
All three cities, with some variation, intend to increase permitted heights and densities alongside the introduction of IZ to mitigate some of the potential negative impacts of development proformas arising from IZ.
Comment – Prica Global Enterprises (through Brandon Simon)
Additional Financial Incentives: In addition to the consideration of parking waivers for affordable units and increases to maximum height/density limits to support the inclusion of affordable units, as well as Provincial requirements for the waiving of Development Charges, parkland dedication and Community Benefits Charge, it is suggested that additional financial incentives be considered, such as reduced application fees. Streamlined planning approvals would also be an effective tool in reducing cost and expediting the delivery of new affordable housing.
Staff Response
The base IZ program is intended to be "sustainable" in that it does not require significant subsidies for the ongoing and regular construction of new affordable units. The framework doesn't restrict each City from adopting additional financial incentives, if determined appropriate and in particular if they can enable more affordable units or affordable units with

more affordable rents. The municipalities continue to work toward streamlining development approvals to support the efficient delivery of new affordable housing.

Comment – Prica Global Enterprises (through Brandon Simon)

Transition for Active Applications: The discussion paper clearly acknowledges the importance of the phased implementation of IZ requirements in order to allow the development market time to adapt to this new cost. We believe it is also crucial that clear transition policies be established for active planning applications that were submitted prior to IZ requirements coming into effect. The development projects subject to these active applications would have been planned and designed, and the development land acquired, without knowledge of the future IZ requirements, and so should be exempt from IZ requirements. O. Reg 232.18 establishes a baseline transition policy for IZ, providing that any development project for which any application for OPA/ZBA has been submitted, along with an application for either a Draft Plan of Subdivision or Draft Plan of Condominium, is exempt from IZ requirements. Notwithstanding this, recognizing that most development projects within MTSAs will not require a Plan of Subdivision, and that Draft Plan of Condominium applications are typically submitted much later in the application process, following Site Plan Approval and often construction has commenced, we suggest that the City should implement a more practical transition policy, which would exempt a development project that is subject to a previously submitted application for ZBA, minor variance, or SPA. For reference, the City of Toronto has proposed a transition policy whereby developments would be exempted from IZ requirements if complete applications for ZBA and/or SPA were previously submitted. Notwithstanding this, we note that the City of Waterloo has not typically accepted concurrent ZBA and SPA applications, and with recent implementation of Bill 109 requirements related to application processing times, it is our experience that most other municipalities in the Province are now taking a similar approach. As such, it is not practical to require submission of both a ZBA and site plan applications. Rather the transition policy should apply to previously submitted applications for ZBA, SPA, or Minor variance, as noted above.

Staff Response

The team is proposing a program that aligns with the requirements of O. Reg 232/18 that exempts development projects for which any application for OPA/ZBA has been submitted, along with an application for either a Draft Plan of Subdivision or Draft Plan of Condominium. Set aside rates are proposed to come into effect starting in 2025, which provide some additional transition time for projects that have been planned and designed prior to IZ coming into effect. Gradual increase in set aside rates also assist in transition.

Comment – YW Kitchener Waterloo (through Racheal Walser)

Understanding this inclusionary zoning proposal is not targeted at the deepest affordability needs, the discussion paper recommends eligibility for renter households with an income of less than \$58,900. This creates a large population of eligible renters. Due to the severity of the current housing crisis and the large percentage of the population that would be eligible for these affordable units, every effort must be made to increase set-aside rates thereby increasing the impact of inclusionary zoning.

Staff Response

The team has recommended an approach which seeks to reach the 5% maximum set-aside as quickly as possible while minimizing potential disruption to the creation of new housing supply. By balancing these objectives, the recommended approach strives to maximize the number of affordable units that will be built.

Comment – YW Kitchener Waterloo (through Racheal Walser)

To support the creation of resilient communities, limit the exposure of women, gender diverse people, and their children to further violence, and ensure ample supply of resources and services to residents, it is vital that affordable units are spread throughout the region.

Women and gender diverse people regularly experience violence in Waterloo Region and will avoid accessing services and support critical to their wellbeing in an effort to avoid further violence. Project Willow revealed that 65% of women and gender diverse people surveyed stated that they avoided accessing the services and supports they need because they were concerned that they would run into an abuser and/or experience more violence. In order to provide women and gender diverse people with critical supports, like affordable housing, these supports must minimize the chance that recipients would be forced to interact with an abuser. To do this, it is critical affordable units are not over-concentrated in specific geographical locations.

The discussion paper recommends that “offsite IZ units should be provided in an MTSA within the same municipality as the donor development”. This restriction may not be stringent enough in its proximity criteria to avoid over-concentration of affordable units.

Policy must ensure that affordable units are spread throughout the region, including in areas with higher median incomes. Ideally, affordable units should be in the same buildings as their market price counterparts.

Staff Response

Staff appreciate these insights. One of the policy goals of Inclusionary Zoning is to require the construction of affordable housing in PMTSAs, where the high rents of units in new developments price many out of the market. The team understands that allowing the provision of offsite units in any PMTSA within the same municipality may result in the concentration of affordable IZ units within a few PMTSAs. The team is committed to monitoring our approach to offsite units every two years and can consider regulatory changes in the case where concentration of IZ affordable housing units is identified and deemed undesirable. This review could include a review of the geographic distribution of all affordable units, not just those created through the IZ program, to ensure the achievement of complete communities and neighborhoods.

Comment – YW Kitchener Waterloo (through Racheal Walsler)

As per table 4 of the Inclusionary Zoning Discussion paper, rates vary between 0% and 5% across occupancy timeframes and station areas. Specifically, set-aside rates are proposed at 1% for units with 2024-2026 occupancy in established station areas, and 1 % for units with 2027-2029 occupancy in emerging station areas. As these set-aside rates are proposed to apply to buildings with 50 or more units, it is important to note the real-world outcomes of these rates.

A set-aside rate of 1% for a building of 99 units creates a functional to set-aside rate of zero units. When set-aside rates are set at lower, odd-numbered percentages it also has the possibility of incentivizing developers to reduce building units by a single unit in order to avoid setting aside affordable units.

For example, under the proposal outlined in the discussion paper a developer looking to build a 100 unit building in a Prime Market Area with 2028-2030 occupancy would be required to abide by a set-aside rate of 3%, for a total of 3 affordable units. By reducing the building size by only one unit, a set-aside rate of 3% would create a total of 2 affordable units. In this situation a 1% reduction in building size would lead to a 33% reduction in affordable units.

Possible considerations to mitigate these impacts include increasing the set-aside rates and including building size as a factor within the set-aside rate matrix, allowing for set-aside rates that fluctuate according to the number of units in the building.

Staff Response

The proposed approach would calculate the set-aside rate as a percentage of the building's gross leasable residential floor area. A typical 100-unit building may have an average of 50 square meters per unit, which would result in 5000 square meters of leasable residential floor area (i.e. residential space that can be rented or sold). Of said 5000 square meters, a 1% set-

aside would equate to 50 square meters of floor area that must be dedicated to affordable units, which would likely result in 1 affordable unit. In larger developments where more floor area is required for IZ, the unit mix, and size could vary. The team has recommended an approach in the draft Implementation Guidelines which encourages the unit mix and size of IZ units to be comparable to that of the overall development.

Comment – YW Kitchener Waterloo (through Racheal Walser)

It is vital to ensure that affordable multi-room builds are available to support the disproportionate number of women, gender diverse people, and children seeking housing. For women, gender-diverse people, and their children, a unit with an insufficient number of bedrooms has dire consequences – such as a potential loss of custody. The Inclusionary zoning discussion paper proposes maximum rents for affordable units in both purpose-built rental buildings and condominium buildings. The maximum rent for affordable units in purpose-built rental buildings is calculated as the greater of 100% AMR or MLI Select definition of affordability. As a result, the maximum affordable rents for bachelor, one-bedroom, and two-bedroom units in purpose-built rental buildings is identical (\$1,425). This limits incentives for developers to make affordable multi-room builds available. To ensure access to affordable units for women, gender diverse people, and their children, policy outlining inclusionary zoning must be unequivocal in establishing the size and type (including the number of bedrooms) of affordable units must reflect the size and type of market rate units.

Staff Response

The team acknowledges the risk that maximum rents based on the MLI select criteria are not differentiated by number of bedrooms, and that this could provide a marginal disincentive for large units IZ units in purpose built rentals. However, criteria that calculate the set aside requirement based on a percentage of floor area, rather than a percentage of units provides a countervailing incentive to provide larger units. The proposed approach attempts to balance a myriad of factors, including the financial challenges with building purpose-built rental versus condominium developments. By allowing for rents using the MLI Select definition of affordability, rental developers can qualify for CMHC funding which will assist with their costs while also providing affordable housing at rents below what the market could bear. The intent of the implementation guidelines is to require developers to provide IZ units of a unit mix and size which is comparable to the unit mix and size of the overall development, though it does maintain some opportunity for flexibility. Staff are committed to monitoring the results of the approach to IZ and could make adjustments the number of bedroom requirements over time.

Comment – YW Kitchener Waterloo (through Racheal Walser)

As non-profits often lack the additional streams of income that developers maintain, we anticipate challenges in absorbing additional operational and administrative costs if affordable units are transferred to non-profits. Affordable units to be transferred to non-profits must be accompanied by funding frameworks to cover operational and administrative costs.

Staff Response

Staff received feedback from some affordable housing providers who believe they can take on the affordable units and the associated operational and administrative costs, provided that the affordable units are conveyed at a price low enough to be covered through available financing tools and grants.

Comment – Church and Benton Limited (through Heather Price)

We are writing to request that the City give consideration to broadening the exemption of the IZ By-law to exempt development/redevelopments engaged in a planning process with the City (not just Site Plan Applications) and specifically to exempt the Site (39-51 Church/69-73 Benton) from the IZ By-law. We are pleased to provide within this submission additional information and materials in support of this request. Enclosed hereto are transfer documents

for each of the three properties comprising the Site; which confirm that Church and Benton Limited is the current owner of all of these properties and that the lands were purchased in late November and early December, 2021. Church and Benton Limited has assembled the properties comprising the Site with the intent to redevelop it for high density mixed-use. At the time the lands were required, there were no draft IZ policies, guidelines, or regulations in place. [...] Despite their investment and full intention of advancing planning approvals in a timely manner, applications of this complexity require considerable effort to prepare. It is not likely that the OPA and ZBA will be approved before the anticipated timing of IZ, let alone being able to submit a Site Plan application. The inability to submit before the implementation date of the Inclusionary Zoning is through no fault of our client, who has done all the necessary work to prepare complete applications but is held up waiting for clearance of one of their reports by a provincial Ministry. For the reasons illustrated by the circumstances of this Site, we think it prudent that the City give consideration to expanding the exemption provisions to include other planning application types besides Site Plan applications to ease in the transition to IZ. We specifically request that the City provide a site-specific exemption of the IZ for the site.

Staff Response

The team is proposing a program that aligns with the requirements of O. Reg 232/18 that exempts development projects for which any application for OPA/ZBA has been submitted, along with an application for either a Draft Plan of Subdivision or Draft Plan of Condominium. Set aside rates are proposed to come into effect starting in 2025, which provide some additional transition time for projects that have been planned and designed prior to IZ coming into effect.

Comment – Tyler Ulmer (Momentum Developments)

I read through the paper again. I don't think I have any specific comments/questions. Playing around with some of our upcoming project proformas, 2-3% at the affordable rates drops the profitability below the banks typical minimum, but it also makes the equity returns small enough that we wouldn't be able to raise investor money for projects. It's tough to predict if sale prices can increase to cover this, or if build costs drop enough to balance it.

Staff Response

Acknowledged

Comment – Jamie Crich (Auburn Developments)

I mostly like and agree with your approach. There are a few things I think you can improve on:

I feel your set aside rate is too low and too slow. We have an issue now, and both the prov. and feds have come to the table with the HST, so I feel you should be pushing this higher. Prime should be 3/4/5, and EM should be 2/3/5, and Emerging 1/2/4 and all should be shortened to 2029 (year on each). Parking rate should be 0.

Staff Response

Thanks for your feedback. Staff have made some adjustments to increase and accelerate the proposed set aside rates and transition. In addition, some PMTSAs have been moved upwards into Established and Prime market areas with higher set aside rates.

Zero parking is proposed for the affordable units. Kitchener has signaled zero parking for all types of development in Major Transit Station Areas through the Growing Together project.

Comment – Dawn Parker and Brian Doucet

The IZ report asserts that land value uplift facilitates the opportunity to provide affordable housing, but the dynamics work in the opposite way. Land Value uplift combined with high construction costs for high rise housing make it extremely difficult to provide affordable

housing. DP is seeking information on how the land value uplift that results from increases in zoning permission was considered in the IZ analysis

Staff Response

Staff have reviewed academic research, consulted with land developers and real estate industry professionals and talked to other municipalities who have enacted IZ to understand the relationship between land value uplift and Inclusionary Zoning regulations. Results of this research confirmed that significant public investments, like LRT, can increase land values in nearby areas, while site constraints, city zoning regulations and other factors can decrease land values. Property owners who purchased land parcels in MTSA's prior to the construction of the LRT and who continue to own those parcels have benefitted from significant land value uplift, and it is staff opinion that these properties can more easily absorb the reduced revenues associated with IZ. Staff also recognize that many properties within the region's MTSA's were bought and sold after the construction of the LRT at an uplifted market price, and that IZ regulations could have a challenging impact in the short term on the development pro forma for these properties (this impact is intended to be offset through modest and gradual set aside rates). Finally, staff recognize that as land continues to be bought and sold in the market into the future, IZ regulations that have been adopted by council should influence land purchase decisions and depress land values to ensure that future transactions reflect the true value of the land and potential revenues. It is important to distinguish the premise 1) that land value uplift provides an opportunity for policy to capture land value and dedicate it towards a community purpose (affordable units in this case) from an assertion 2) that land value uplift in and of itself improves affordability. Premise (1) but not premise (2) is asserted through this work.

Comment – Dawn Parker and Brian Doucet

Request that pro forma and financial models be released to allow more scrutiny

Staff Response

The pro forma model is a balance sheet of anticipated costs and revenues that could be reasonably anticipated for certain scales of development. The underlying mechanics of the balance sheet were created by the consultant and are the subject of a non-disclosure agreement between the cities and the consultant and cannot be released. Staff are able to share the outputs of the model and information about all of the variables considered but are not able to share the model itself. It is important to note that while the model provided useful information about development pro forma under various scenarios, it was only one of a number of inputs into staff's decision making on potential IZ policy and regulations. Other information, such as feedback and pro formas shared by local developers, information gathered from affordable housing providers and members of the public in need of affordable housing, and a review of program parameters from successful IZ programs also factored into staff's decision making.

Comment – Dawn Parker and Brian Doucet

DP noted that the project team are concerned about slowing the housing market, but the housing market is not a single entity. It is made up of multiple markets housing markets - that differ by housing type, finance type, tenure. In particular land and housing developers are diverse. We know that much of what is being built now is using CMHC rental financing. Policy changes that make for-profit high rise housing construction less financially attractive can provide opportunities for non-profits and or missing middle developers to become more successful buying land to build housing. In this way land market disruption (subtly, not radically) may be desirable for affordability outcomes.

Staff Response

Staff agree that the housing market is comprised of many subsectors and that constraints or pressures in some subsectors can create opportunities in others. Providing opportunities for

non-profit housing providers to create more housing is a worthy objective and is consistent with the general goals and objectives of the Kitchener and Waterloo's housing strategies. Given the current housing affordability and supply challenges, staff recommend minimizing disruption of the housing market that could have the impact of slowing the pace of new housing construction. The proposed IZ policy and regulations are designed to work in tandem with other policy tools to create opportunities for a full range of housing providers and housing types. For example, while IZ is under consideration, staff in Kitchener and Waterloo are also working toward reducing restrictions on small scale intensification in low rise neighborhoods, which will provide opportunities for missing middle developers. Many municipalities, including the Region of Waterloo, have committed to exploring opportunities to use public lands housing, which could support the construction of non-profits in building housing. Any approach that intentionally reduces the viability of market housing in order to provide the non-profit sector greater opportunity to bid for land would be a significant and ideologically charged intervention that is beyond the scope of this project.

Comment – Dawn Parker and Brian Doucet

There should be no transition provision to the IZ regime. It should be implemented fully and promptly for social and political reasons. Transition provides incentives to build now to avoid (higher) IZ rates coming later

Staff Response

Staff have considered the full range of transition provisions and their potential impacts on the housing market. Staff are of the opinion that a gradual transition is important to minimize negative impacts of IZ on development pro formas. A developer who can no longer ensure a development will be financially viable will slow or stall their work and will redirect their energies to more viable projects. This could have the effect of redirecting developers' efforts to projects outside of the cities' MTSAs and possibly outside of the region. Ultimately, such an approach could reduce the local yield of both market and affordable housing in the short term. To avoid this, staff are recommending a program that will ensure market units continue to be constructed in the short term while adding a modest number of affordable units, with a view to maximizing the number of affordable units within the limits of the proposed provincial regulations over the long term.

Comment – Dawn Parker and Brian Doucet

Cities should require at the minimum 5% set aside outlined by the province. It is a moral imperative and will strengthen the municipal positions when advocating to the province for more flexibility in IZ.

Staff Response

Staff recommend that by 2031 all MTSAs will have a set aside rate of 5%. Waterloo and Kitchener councils both advocated to the Province to provide more flexibility in the application of IZ.

Comment – Dawn Parker and Brian Doucet

Analysis that the housing market is currently challenged isn't born out in reality. There is still housing being built, mostly with CMHC funding. IZ should reward innovative developers delivering affordability outcomes

Staff Response

There is a good amount of information to suggest that condominium development is currently challenged as a result of a range of factors, including high interest rates. Rental housing continues to be built, but not at a pace that meets demand. Staff agree that innovation should be rewarded and have proposed a rental only program that enables significant flexibility to permit innovative partnerships between developers and the non-profit sector to enable condo developers to extract themselves from the long-term management and to enable non-profits

to deliver affordable housing for a longer term of affordability. The required rents in purpose built rentals align with CMHC's MLI select program criteria.
Comment – Dawn Parker and Brian Doucet
Other ideas to advance affordable housing: Leverage municipally owned lands.
Staff Response
Determining how municipally owned lands can be leveraged to support affordable housing is an action in both Waterloo's Affordable Housing Strategy and Kitchener's Housing For All plan and work is underway in both cities to implement this action. In the past few years City of Cambridge has declared two properties as surplus to permit the construction of affordable housing and Region of Waterloo identified 3 regionally owned parcels as surplus to permit their use for affordable housing.
Comment – Dawn Parker and Brian Doucet
There should have been further consideration of academic sources. Work should be peer reviewed by people with PhDs. Consultants do not have the training that those with PhDs do, and their analysis should hold less weight.
Staff Response
Academic sources were consulted as part of staff's research into Inclusionary Zoning as a tool to achieve affordable housing. Academic research provided helpful information regarding the theoretical basis of IZ, and lessons learned from communities across North America that have implemented IZ. Consultant research provided additional context regarding local development economics and housing market opportunities and constraints.
Comment – Dawn Parker and Brian Doucet
Major Transit Station Area boundaries should be determined using an analytic and reproducible methodology and their extent should be maximized if and only if municipality can and do limit zoning in the expanded areas (between 500-800 meters walking distance) to low-rise. The extension of these boundaries could provide more opportunity for missing middle land use planning permissions (that may be protected from appeal) and additional opportunities for inclusionary zoning units
Staff Response
MTSA boundaries were identified by the Region of Waterloo through a municipal comprehensive review and public process. These boundaries have now been approved by the Province and are in effect.
Comment – Dawn Parker and Brian Doucet
Residents should be informed of all aspects of the current and planned zoning for their properties, including what it means for appealability to be within a major transit station area and a protected major transit station area. Current communication from the Region and Cities around MTSA's and PMTSA's is incomplete and misleading. When developers and speculators know what is allowed, and residents do not, it gives developers and speculators a market advantage in terms of buying up properties for "land assembly". It also keeps residents from having the opportunity to speak up about proposed zoning changes, which contradicts mandates for resident consultation.
Staff Response
Land use planning information for all properties in Kitchener, Waterloo and Cambridge is available online, along with information about projects that are proposing changes to existing policy and zoning. The Cities continue to work toward improving their communication around land use planning matters to ensure that people affected by decisions have an opportunity to review changes and provide feedback. For IZ specifically, a substantial amount of online and in person engagement has been carried out over the past three years, including in person and online meetings for: the general public, individuals and groups in need of affordable

housing, affordable housing providers, and developers, homebuilders and other real estate industry professionals.

Comment – Bell Canada

No concerns

Comment – Gina Georgiou

I am not very well versed on it, but it sounds like a wonderful idea to get the investors, who stand to gain the most from each development, to “give back” to the community. There are many people cannot afford or stand to continue maintaining any levels of increases to their rent. With renovictions being the new “in” thing, we must stop people profiteering off these unfortunate circumstances from Kitchener residents.

My question is, the last time I checked (maybe a year or so ago) there were 20,000 approved developments (not sure how many of those were of units more than 50+ dwellings), if inclusionary zoning is agreed upon, the ones that have not broken ground yet, would they be required to follow the percentages set?

In the article I read it stated that “starting 2025, require residential developments to include a minimum of 0-2% of their gross leasable residential floor area as affordable units”. Does this apply to a) buildings scheduled to be rentals b) buildings that are approved, but have not yet broken ground?

As a side note: If developers are given the option, I don’t agree with developers choosing to divert from inclusionary zoning to bonusing, as the money given through bonusing is no where close to making any significant difference to the city. If inclusionary zoning does not go through, can the “bonusing” expectations go up by the City which will enable the City funds to use currently owned lands to build affordable housing

Staff Response

Thanks for your interest in the project. In reponse to your questions:

IZ is proposed to apply to both purpose built rental and condominium projects. The maximum rent is proposed to be higher in purpose built rents than in condos to reflect the fact the economics of rentals is typically more challenging, and this is a type of housing we’d like to encourage more of.

We are proposing that buildings that have building permits issued in 2025 or beyond be subject to the IZ requirements. Provincial legislation exempts developments that have already applied for site plan approval from IZ requirements. Also, there is no ability to use bonusing or cash-in-lieu of providing units.