



January 26, 2024

City of Kitchener
200 King Street West
PO Box 1118
Kitchener, ON N2G 4G7

Via email sent to clerks @kitchener.ca

Attention: Members of Committee

Reference: **455 – 509 Mill Street
Inclusionary Zoning – Official Plan and Zoning By-law Amendments**

Polocorp Inc are the owners of 455 – 509 Mill Street (the “Lands”). The Lands encompass approximately 2.17 ha (5.37ac) of land immediately adjacent to the Mill ION Station. The lands are approved for a ~1,500 unit mixed-use infill development including two privately-owned public spaces, and the construction of one new large public park. The proposed development includes extensive streetscaping, a community centre with dedicated funding, and the City’s only large-scale, indoor public bicycle parking facility. Additionally, the Development voluntarily included 50 affordable housing units over the lifetime of the project, even though there was no inclusionary zoning legally in effect. Given the scale of the project, build-out of the project will be completed in multiple phases over the span of up to 10 years.

Polocorp has reviewed the proposed Inclusionary Zoning (IZ) By-law and oppose the imposition of an affordable housing contribution that exceeds the rate that Polocorp committed to through the development review process. Given this, Polocorp are submitting the enclosed letter to **request that the Committee defer any decision on the Inclusionary Zoning By-law and direct staff to continue consultation with stakeholders to better understand the impacts of the proposed by-law.** Polocorp will welcome the opportunity to discuss the proposed changes to the by-law.

Background

The above-described development was approved through an Official Plan and Zoning By-law Amendment passed in May 2023. The applications were initiated by Polocorp and refined through extensive consultation with City staff and the public. Ultimately, the design included a ‘package’ of features and amenities including a commitment to provide 50 units of affordable housing. The approved plan reflected an appropriate balance of height and density with a suitable affordable

housing commitment. Following the approval of the OPA and ZBA, Polocorp began undertaking the task of refining the final design for Site Plan Approval. Given the scale and complexity of the project, this has taken considerable time and effort, such that, Polocorp continues work on these plans at the time of submitting this letter. In the intervening time, however, we have successfully applied for, and received, Site Alteration and Demolition Permits to begin on-site works in preparation for construction.

Growing Together and Inclusionary Zoning Studies

Since the OPA and ZBA approvals on the Lands, the City of Kitchener has moved forward with the Inclusionary Zoning Study and Growing Together Zoning By-law Review. Through these processes, lands within the study areas stand to receive increased height and density permissions, however, a new affordable housing requirement would be imposed. The ultimate intent has been for the two by-laws to, in effect, work in unison.

Through public consultation process it was publicized that the Lands would be identified as Strategic Growth Area 4 (SGA-4) Zone within the updated Zoning By-law, and that the Mill ION Station Area would be categorized as an "Emerging Market" within the Inclusionary Zoning study. Being identified within the SGA-4 Zone would grant increased permissions on the Lands including no height maximum, no FSR maximum, and no minimum parking requirement. Conversely, lands within the "Emerging Market" area of the Inclusionary Zoning study require an escalating affordable housing requirement of 0% in 2025 to 2% by 2031.

Polocorp participated in the public consultation process for both the Growing Together Study and the Inclusionary Zoning Study by:

- Submitting letters regarding the Growing Together Study, dated August 25, 2023 and November 29, 2023 to ensure that the site-specific provisions approved in May 2023 would remain in effect;
- Seeking confirmation whether the additional permissions granted through the SGA-4 zone, including height, FSR, and parking rates, would also apply; and,
- Providing no comment on the Inclusionary Zoning rate as the 50 affordable housing units commitment made through the OPA/ZBA process exceeded the requirement within the Emerging Market Area.

Given the above, Polocorp continued to move forward with the preparation of Site Plan materials and finalize economic development proformas based on the above. Upon release of the January 12, 2023 Staff Report's, however, Polocorp learned that:

- SGA-4 Zone provisions will not apply to the Lands;
- Site-specific provisions approved in May 2023 would remain in-effect including minimum parking rate, maximum building height, and maximum permitted FSR;
- The Lands have been reclassified as "Established Market" within the Inclusionary Zoning By-law despite no new development within the area;

- The required affordable housing rates have been revised to an escalating rate of 1% in 2025 to 5% by 2031; and,
- The Lands will not be considered under the transition policies given that a Site Plan application has not been submitted.

This information came as a disappointment to Polocorp given the extensive works undertaken through the OPA/ZBA process. Given the above, Polocorp will be capped on height and density on the Lands, and a higher affordable housing contribution will be required than was negotiated through the approval process. The net result of this materially impacts the approved project and should not be considered lightly.

Market Area and MTSA	Set Aside Rate and Date of Occupancy		
	2024-2027	2028-2030	2031+
Prime Market Areas <ul style="list-style-type: none"> • University of Waterloo • Laurier - Waterloo Park • Central Station • Victoria Park/Kitchener City Hall • Queen/Fredrick 	2%	3%	5%
Established Market Areas <ul style="list-style-type: none"> • Conestoga • R&T Park • Waterloo Public Square/ Willis Way • Allen • Grand River Hospital • Kitchener Market • Main • Downtown Cambridge 	1%	2%	3%
Emerging Market Areas <ul style="list-style-type: none"> • Northfield • Borden • Mill • Block Line • Fairway • <u>Sportsworld</u> • <u>Preston</u> • <u>Pinebush</u> • Cambridge Centre Mall • <u>Can-Amara</u> • <u>Delta</u> 	0%	1%	2%

Figure 1: Publicized rates prior to January 19, 2024

Market Area	Protected Major Transit Station Area	Minimum Percentage of Gross Leasable Residential Floor Area to be provided for affordable units by date of building permit issuance			
		2025-2026	2027-2028	2029-2030	2031+
Prime	<ul style="list-style-type: none"> • Central Station • Victoria Park/Kitchener City Hall • Queen/Frederick 	2%	3%	5%	5%
Established	<ul style="list-style-type: none"> • Grand River Hospital • Kitchener Market • Borden • Mill 	1%	2%	4%	5%
Emerging	<ul style="list-style-type: none"> • Block Line • Fairway • Sportsworld 	0%	1%	3%	5%

Figure 2: Publicized rates after January 19, 2024

Recommendation

Polocorp has worked in good faith with City staff to bring this project to the point it is at today. We appreciate the need for a mix of housing opportunities within the City and, as such, committed to providing 50 units as being affordable, among a series of other community benefits. This rate was tailored to the approved development through consultation with City staff. The recommendations put forth by Staff regarding the SGA-4 Zone and affordable housing requirements undermine the works completed to date. The proposed IZ requirements do not align with the report dated on January 12, 2024, and publicized prior to January 19, 2024, nor is sufficient justification provided to rationalize the substantial changes to it. Ultimately, the proposed development is the result of numerous years of work between the City of Kitchener Staff and Polocorp, whereas the proposed IZ rates reflect less than two weeks of publicized information with no feedback.

Given the above, Polocorp is requesting that the Committee defer any decision on the Inclusionary Zoning By-law until such time that the full impact of the proposed changes will be on Polocorp and indeed other stakeholders. In the intervening time, we request that staff continue consultation with stakeholders to fully appreciate the impacts of the proposed by-law and make the appropriate modifications. Regardless of the final recommendation, Polocorp is committed to providing a minimum of 50 affordable residential units within the final development on the Lands.

The proposed motion would maintain a good faith working relationship between the City and Polocorp and the approved development can progress through detailed design as planned. We trust that the Committee can appreciate our concerns and will act accordingly. We welcome the

opportunity to work with Staff to come to a resolution ahead of passing the final by-law.

Sincerely,
Polocorp Inc.



Michael Puopolo
CO-CEO



Matthew Warzecha
Director of Development and Planning