

AMENDMENT NO. **x** TO THE OFFICIAL PLAN
OF THE CITY OF KITCHENER

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AMENDMENT NO. **x** TO THE OFFICIAL PLAN OF THE CITY OF KITCHENER

SECTION 1 – TITLE AND COMPONENTS

This amendment shall be referred to as Amendment No. **x** to the Official Plan of the City of Kitchener. This amendment is comprised of Sections 1 to 4 inclusive.

SECTION 2 – PURPOSE OF THE AMENDMENT

The purpose of this Amendment is to introduce Inclusionary Zoning policies that will permit the City to require affordable housing units in new developments to be included as part of other housing development within Protected Major Transit Station Areas (“PMTSAs”).

The amendment:

- Introduces goals and objectives for the Inclusionary Zoning policy and a description of measures and procedures used to attain these goals and objectives;
- Sets the minimum size of development to which Inclusionary Zoning policies apply as 50 units or more;
- Specifies that the policy initially applies to the Protected Major Transit Station Areas west of the Conestoga Expressway;
- Establishes a requirement in each Protected Major Transit Station Area that up to 5% of the gross leasable residential floor area be set aside as affordable housing, with the set aside requirements phased in over multiple years;
- Specifies that affordable units are to be rented by low and moderate income renter households
- Authorizes all housing types and sizes to be provided as affordable units, and requires that they be similar in size and number of bedrooms to market units giving rise to the Inclusionary Zoning requirement;
- Establishes a minimum period of affordability of 25 years;
- Outlines the measures and incentives to support these policies;
- Outlines that the maximum rents for affordable units will be determined according to Average Market Rent and median renter income in the regional market area;
- Amends the definition of affordable housing as it applies to the Inclusionary Zoning policies to align with these criteria;
- Enables the provision of off-site affordable units, provided they are located within an PMTSA in the City, and are occupied in a timely fashion; and
- Sets out the approach to monitoring that ensures required affordable units remain affordable for 25 years.

SECTION 3 – BASIS OF THE AMENDMENT

Section 16(4)-16(13) of the Planning Act provides that municipal official plans may contain policies authorizing Inclusionary Zoning by requiring the inclusion of affordable housing units within buildings containing other residential units. These sections along with Ontario Regulation 232/18 outline the required processes and prescribed content of Official Plan policies authorizing Inclusionary Zoning. The requirements have been met in the preparation of this amendment.

The Regional Official Plan designates Protected Major Transit Station Areas and encourages municipalities to implement Inclusionary Zoning.

This Official Plan amendment has regard for matters of provincial interest, is consistent with and conforms to the Provincial Policy Statement (2020), A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2019) as amended, and the Regional Official Plan (2009) as amended.

SECTION 4 – THE AMENDMENT

The City of Kitchener Official Plan is hereby amended as follows:

1. Section 4 is hereby amended by adding the following after Objective 4.1.6:

“4.1.7 To ensure that new *affordable housing* is provided alongside market housing within Protected Major Transit Station Areas through Inclusionary Zoning.”

2. Section 4.C.1 is amended by adding the following policies after policy 4.C.1.42 :

“Inclusionary Zoning

4.C.1.43 Inclusionary Zoning is a tool that allows the *City* to require *affordable housing* to be provided in new *developments* within Protected Major Transit Station Areas. Policies for Inclusionary Zoning are intended to support the development of mixed-income communities and equitable access to higher order transit by increasing the supply of *affordable housing* for low and moderate income households within these areas.

(a) Inclusionary Zoning will be implemented in conjunction with other planning tools to increase the supply of *affordable housing* within Protected Major Transit Station Areas that might not otherwise be built, contributing to diverse, mixed-income communities that offer a range of housing options that are *affordable* for a range of household incomes.

(b) Inclusionary Zoning policies will be informed by ongoing monitoring and periodic assessment reports in accordance with Provincial requirements, or more frequently as necessary, to create and increase the supply of *affordable housing* without negatively impacting new market housing supply.

(c) The *City* will work collaboratively with the *Region*, private and non-profit developers and housing providers, to leverage expertise to achieve affordable housing objectives.

(d) Inclusionary zoning will be implemented through the *Zoning By-law* and guided by Inclusionary Zoning Implementation Guidelines.”

4.C.1.44 The *City* will enact a Zoning by-law for Inclusionary Zoning, pursuant to the Planning Act and in accordance with the policies of this Plan, to require *affordable housing* to be included in *developments* containing *dwelling units* located within a Protected Major Transit Station Area as shown on Map 4.

4.C.1.45 Notwithstanding policy 4.C.1.44, Inclusionary Zoning will not apply to:
a) *development* containing fewer than 50 new *dwelling units*;

b) the portions of a *development* containing residential care homes, retirement homes, group homes, nursing homes or post-secondary student residences;

c) the *development* or *redevelopment* proposed by a non-profit housing provider or is proposed by a partnership in which:

(i) a *non-profit housing provider* has an interest that is greater than 51 per cent, and

(ii) a minimum of 51 per cent of the *dwelling units* are intended as affordable housing, excluding any offsite *dwelling units* that would be located in the development or redevelopment;

d) developments that are otherwise exempt under the Planning Act;

e) Lands located within the Block Line, Fairway or Sportsworld Protected Major Transit Station Areas until such time as a comprehensive *city*-initiated Official Plan Amendment updating the planning framework for these areas has been completed.

4.C.1.46 *Development* subject to Inclusionary Zoning shall provide a minimum percentage of new gross leasable residential floor area as *affordable dwelling units* in accordance with Table 3.

Table 3: Inclusionary Zoning Set-Aside Requirements

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

4.C.1.47 Notwithstanding Policy 4.C.1.46, any lands within a Protected Major Transit Station Area that were designated for employment or industrial purposes in accordance with the Secondary Plan or Official Plan in effect on the day prior to the effective date of Official Plan Number xx, must provide *affordable dwelling units* in accordance with the Prime Market Area in Table 3.

4.C.1.48 *Affordable dwelling units* required under Policy 4.C.1.46 will be provided as rental *dwelling units*.

4.C.1.49 The *City*, in consultation with the *Region* and the Cities of Waterloo and Cambridge will establish maximum rents for the required *affordable dwelling units* on an annual basis as described in definition of *affordable housing/affordability* in Schedule A.

4.C.1.50 *Affordable dwelling units* required under Policy 4.C.1.46 shall be:

(a) occupied by low or moderate income renter households as described in the definition of *affordable housing/affordability* in Schedule A, with a maximum income at the time of their initial tenancy of 3.5 times the *dwelling unit's* rent;

(b) rented in accordance with policies of this plan for a period of at least 25 years from the date of first residential occupancy of the *affordable dwelling unit*;

(c) similar to the market-rate portion of the *development* giving rise to the requirement for *affordable dwelling units* in terms of *dwelling unit* mix and size, as appropriate, to achieve a balanced mix of *dwelling unit* types and sizes and support the creation of affordable units suitable for a range of household sizes; and

(d) first occupied prior to or coincident and proportional to the first occupancy of the market *dwelling units* in the *development* giving rise to the *affordable dwelling units*.

4.C.1.51 The *City*, in consultation with the *Region*, will support *developments* in meeting their Inclusionary Zoning requirements by exempting *developments* that contain the required *affordable dwelling units*, on a prorated basis, from park dedication requirements, development charges, and community benefit charges in accordance with Provincial legislation.

4.C.1.52 *Affordable dwelling units* will be provided within the building giving rise to the Inclusionary Zoning requirements, or offsite in a building located within a Protected Major Transit Station Area as shown on Map 4, and on lands subject to the Inclusionary Zoning provisions of the *zoning by-law*.

4.C.1.53 Further to Policy 4.C.1.50 d), the timing of first occupancy of offsite *affordable dwelling units* will be prior to or coincident and proportional to the occupancy of market units on the site giving rise to the requirement for the *affordable dwelling units*.

4.C.1.54 The *City*, with support from the *Region*, will ensure ongoing *affordable* rents of the *dwelling units*, and their occupancy by eligible households, by establishing and maintaining a list of eligible tenants, outlining reporting requirements, and securing these requirements through agreements as outlined in section 17.E.17.

4.C.1.55 The *City* shall prepare an assessment report a minimum of every 5 years, in accordance with the Provincial requirements, for the purpose of determining whether any Inclusionary Zoning policies in this Plan should be amended.

4.C.1.56 The *City*, together with the *Region*, shall monitor the impact of Inclusionary Zoning on the *affordable* housing supply and will prepare and make publicly available a report every two years in accordance with Provincial requirements. The report will contain information including:

- a) the number of *affordable dwelling units*;
- b) the types of *affordable dwelling units*;
- c) the location of the *affordable dwelling units*;
- d) the range of household incomes for which the *affordable dwelling units* were provided;
- e) the number of *affordable dwelling units* that were converted to units at market value; and
- f) the proceeds (if any) that were received by the municipality from the sale of *affordable dwelling units*.

The *City* may initiate amendments to these policies in response to the findings of this report in advance of the 5-year assessment report update.

4.C.1.56 The *City* will prepare a report to Council before the end of 2024, 2026, 2028 and 2030, on local market conditions, including engagement with the development industry, and provide a recommendation on whether the Minimum Percentage of Gross Leasable Residential Floor Area to be provided as *affordable dwelling units* should be imposed or increased in January the following year; and if any of the Protected Major Transit Station Areas should be reclassified as a different Market Area in Table 3. This report will analyse factors such as market rents, condominium sale prices, presales and market unit absorption, financing costs, construction costs, building permits, construction starts and land sales.

3. Section 17.E.17 is deleted in its entirety and replaced as follows:

“17.E.17 Inclusionary Zoning Agreements

An owner of a *development* subject to an Inclusionary Zoning By-law will enter into one or more agreements with the *City*, and if applicable, an offsite *affordable dwelling unit* owner, to be registered on title, securing:

- a) the requirements of Section 4.C.1.43-56
- b) requirements for the timely delivery of the *affordable dwelling units* including any phasing if applicable;

- c) the approach to determining maximum rent and permitted rent increases;
- d) Adjustments to the maximum permitted rent in the event the *purpose built rental housing*, is converted to condominium tenure,
- e) requirements ensuring the occupants of *affordable dwelling units* have the same building and amenity access as occupants of market units
- f) requirements ensuring *affordable dwelling units* are provided to eligible tenants;
- g) requirements for ongoing administration, reporting and monitoring of the *affordable dwelling units* over the affordability period;
- h) conditions for offsite *affordable dwelling unit* delivery if applicable;
- i) provisions that apply in the event of default of the agreement; and
- j) other standards or arrangements as appropriate.”

4. Schedule A is amended by adding the following definitions into the existing text in alphabetical order:

“**Non-profit housing provider** means,

(a) a corporation to which the *Not-for-Profit Corporations Act, 2010* applies that is in good standing under that Act and whose primary objective is to provide housing,

(b) a corporation without share capital to which the *Canada Business Corporations Act* applies, that is in good standing under that Act and whose primary objective is to provide housing,

(c) a non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act*, or

(d) an organization that is a registered charity within the meaning of the *Income Tax Act* (Canada) or a non-profit organization exempt from tax under paragraph 149 (1) (l) of that Act, and whose land is owned by the organization, all or part of which is to be used as affordable housing”;

and

“**Purpose Built Rental Housing** means a *multiple dwelling* where individual *dwelling units* are not units in a plan of condominium, and which is intended for use as rented residential premises.”

5. Schedule A is amended by adding the following text after the final paragraph of the definition of **Affordable Housing/Affordability**:

“Notwithstanding the preceding, for the purposes of policies relating to Inclusionary Zoning in section 4, *affordable housing* means:

- c) for *dwelling units* within buildings that are not within *purpose-built rental housing*, in accordance with subsection b); and



d) for *dwelling units* within *purpose-built rental housing*, the greater of the value calculated in accordance with subsection c); or 30% of median renter income for the *regional market area*, as published from time to time by Canada Mortgage and Housing Corporation.”

6. Schedule B is amended by inserting the words “Inclusionary Zoning Implementation Brief” between the words “Existing Conditions Plan” and “Neighbourhood Design Report or Brief”

APPENDIX 1 – Statutory Public Meeting Notice

Advertised in The Record – January 5, 2024

NOTICE OF PUBLIC MEETING
proposing Inclusionary Zoning requirements for
affordable housing within major transit station areas



Have Your Voice Heard!
Planning & Strategic Initiatives Committee
Date: **January 29, 2024**
Location: **Council Chambers,
Kitchener City Hall
200 King Street West
or Virtual Zoom Meeting**

Go to **kitchener.ca/meetings**
and select:

- Current agendas and reports
(posted 10 days before meeting)
- Appear as a delegation
- Watch a meeting

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To learn more visit:
**www.engagewr.ca/
inclusionary-zoning**

The City of Kitchener will consider city-initiated Official Plan and Zoning By-law amendments that would require some affordable housing units to be included as part of new buildings within Protected Major Transit Station Areas. These requirements are called Inclusionary Zoning and would establish a minimum number of units that would be required to be set aside to be rented to low and moderate income households at affordable rents for the next 25 years.

