

Region of Waterloo and Tri-cities Inclusionary Zoning Study: Engagement Report



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Table of Contents

Project Background	3
Engagement Summary	4
Engagement Methods and Participation	5
Engagement and Reach	6
Who Participated	7
What We Heard	10
Engage Digital Consultation Summary	11
Inclusionary Zoning Beneficiaries Workshop Summary	13
Online Survey Summary	16
Development Industry Meeting Summary	21
Public Meeting Summary	26
Conclusion and Next Steps	35

Project Background

In 2019 the cities of Kitchener, Waterloo and Cambridge and the Region of Waterloo started to investigate the development of an inclusionary zoning policy in each of the tri-cities within the framework of the Official Plan for Waterloo Region.

Inclusionary zoning allows cities to require private developers to include a certain percentage of affordable units within new, multi-unit housing developments of ten units or more. The tool can be applied to areas around ION stations - called Protected Major Transit Station Areas (MTSAs.)

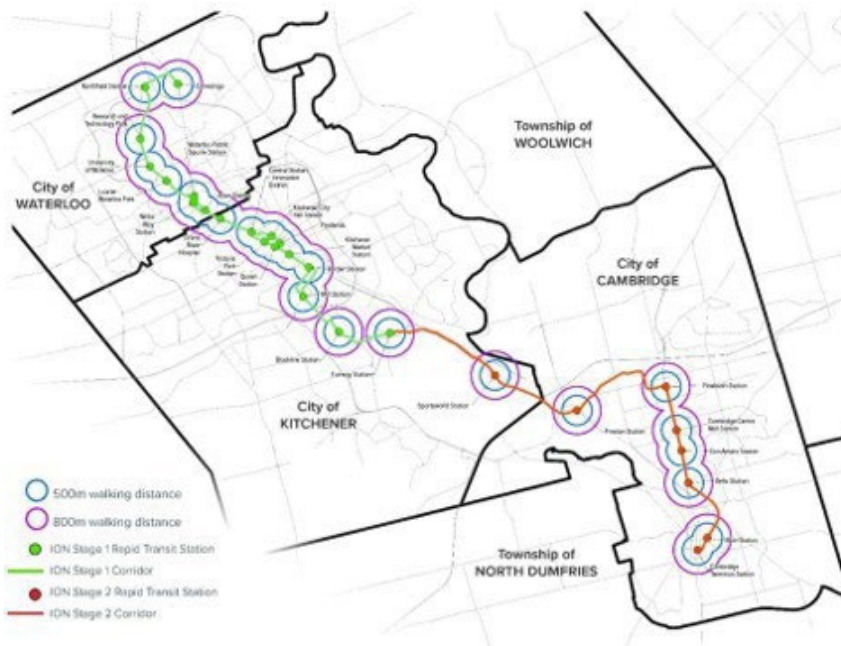


Figure One: Map of ION route where intensification is planned.

In partnership, the tri-cities and the Region contracted N. Barry Lyon Consultants Ltd. (NBLC), a land economics firm, to carry out an assessment of the economic feasibility and financial impact of a potential inclusionary zoning framework for selected MTSAs throughout the region. The results of the NBLC financial impact assessment, a peer review of the NBLC report, and a summary of stakeholder feedback was then presented to respective city councils between Fall 2020-Spring 2021.

In Fall 2022 the project shifted to begin consideration of Official Plan and Zoning by-law amendments to implement inclusionary zoning. The tri-cities retained LURA Consulting to develop and implement a public engagement strategy. The goal of the engagement was to seek specific feedback on policy direction questions from a variety of perspectives. Participants included those who could potentially benefit from an inclusionary housing policy, not-for-profit and for-profit housing providers, and the community at large. This report presents a brief overview of earlier engagement activities and a detailed review and synthesis of the feedback gathered since Fall 2022.

Engagement Summary

The engagement process identified a general, broad level of support for further developing and implementing an Inclusionary Zoning Policy. It identified a strong desire to create a flexible policy to achieve the goal of providing more affordable units as soon as possible. Engagement participants suggested limits to the height and density trade-offs that might be allowed to secure affordable units through the tool, while at the same time indicating a willingness to be flexible in support of the goal of new affordable homes.

Early Awareness and Beneficiary Preferences

One engagement challenge was to ensure that participants understood that the level of affordability offered by an IZ program without additional incentives was not the deep level of affordability required for those receiving social assistance. This challenge was met by providing additional context, guidance and explanation in on-line postings as well as at in-person meetings.

Builder Comments

The development community was concerned about the effect of the policy regulations on the financial impact to future projects. In particular, impacts on project viability, impacts on the price of market rate units, financing horizons, aligning with the Canada Mortgage and Housing Corporation (CMHC)'s Rental Construction Finance Initiative, and CMHC average market rent definitions were highlighted as areas to review. The development community indicated a strong preference for flexibility to deliver requirements off-site and encouraged the tri-cities to have a unified approach to the policy for the administration of IZ units.

Priorities and Flexibility

Through the on-line survey and the in-person feedback, some policy preferences were clear with more nuance and lukewarm support in other policy areas.

The following priorities were clearly indicated in engagement with the general public:

- A general preference that the policy focus on the provision of two bedroom or larger units
- Support for IZ units to be incorporated into the new buildings along the corridor
- A high degree of support for financial incentives to off-set development costs where the incentives helped meet the goals of additional affordable units or increased duration and affordability of the units
- Support for targeting rental units within the policy

Participants were not united in their support for additional height and density allowances. Some identified little concern for allowing additional heights to meet the end goal of additional affordable units, while others were more hesitant to make too many trade-offs in built form. As well, no clear consensus emerged with regards to recommendations on the appropriate price/rental point for the IZ units.

A slight preference for prioritizing the greatest level of affordability in new units was identified over duration of affordability and set aside rates.

Feedback from all sources outlined concerns about the limitations of Inclusionary Zoning as a policy to address affordability. This new policy tool was identified as a further option alongside more established tools and supports such as social housing. An additional common thread was the idea that partnerships and flexibility are needed to ensure a successful program. Developers, affordable housing providers, regulators and the community at large will need to seek out new partnership opportunities in order to meet the goal of providing additional affordable housing in the region.

Engagement Methods and Participation

In order to reach a broad spectrum of the public in Waterloo Region, a variety of methods were used throughout the project lifecycle. The use of multiple engagement tactics lowers barriers to participation and recognizes different preferences and opportunities for citizen engagement. The following are the methods of engaged used during the project. Engagement-specific summaries can be found in subsequent sections.

Digital Engagement: EngageWR (<https://www.engagewr.ca/inclusionary-zoning>). The project page was housed within the Engage Kitchener Hub on the regional EngageWR site, but was also available directly through a link on each of the area municipalities' Engage hubs.

Interest Group Sessions: The project team held listening-based facilitated meetings, both-in person and virtual, focused on generating dialogue from not-for-profit housing providers, the development industry community and future beneficiaries of an IZ policy.

Online Survey: An online survey was posted on the Engage project page.

Public Meeting: A broad community meeting was hosted at a location accessible to residents from any of the three municipalities.

Email/Phone: Contact information for the project team was posted on the Inclusionary Zoning Engage page. Names and photos of project team members were included.



Figure Two: Screen shot from Eventbrite Public Notice

Educational Videos

Given the complexity of the subject matter and technical language involved in the work, the tri-cities also commissioned the development of two educational videos for posting online. The theme of [the first](#) video was affordable housing and it included an introduction to Inclusionary Zoning as a tool within the spectrum of policies to create affordable housing.

The second video focused on the specific meaning and facets of the Inclusionary Zoning policy is forthcoming.



Figure Three: Still from Video #1

Engagement and Reach

The following tables summarize the reach, or participation rates, of the various methods of engagement used.

EngageWR Inclusionary Zoning Page

The EngageWR portal served as an active driver of participation in the project with over 3,300 visits to the site. In addition to serving as a source of information about the project, the site generated active engagement from over two hundred participants who left comments or filled out a survey on the site as of January 31, 2023.

EngageWR IZ Project Pages March 24,2020-January 31, 2023	
Website visitors who viewed at least one page	3,330
Ideas Page Visits	267
Ideas Page Commenters	109
Online Survey Page Visits	175
Online Survey Responses	89
Guest Book Page Visits	341
Guest Book Commenters	22
Document Downloads from the site	924

The primary sources of traffic to the EngageWR page are indicated below. Search engine inquiries and links to the page generated through the EngageWR electronic newsletter drove most traffic to the site. Social media also generated considerable traffic to the site with a lower number of traffic coming from the municipal web page and traditional news media website.

Inclusionary Zoning Engage Page: Top Sources of Traffic	
Google	972
Engage Newsletter	579
Twitter	187
Facebook	148
Kitchener Citynews.ca	69
Kitchener.ca/MyKitchener.ca	49

Members of the public demonstrated confidence in the capacity of the EngageWR page to serve as a source of official documents and a repository of project information. Over 900 documents were downloaded from the site as outlined in the table below.

Document Name	Downloads
Kitchener staff report to council -September 2020	303
Inclusionary Zoning stakeholder engagement session presentation -March 2020	226
Evaluation of potential impacts of an affordable housing inclusionary zoning policy	203
Frequently asked questions	105
Waterloo staff report to council Dec 7, 2020	103
Total	940

Who Participated

As outlined in the Engagement Methods and Participation section above, the tri-cities Inclusionary Zoning engagement strategy used several techniques to reach different audiences. To lower barriers to participation- such as time constraint challenges, or the need to secure childminding- both digital and in-person engagement were part of the program. Other intentional actions taken to seek out and encourage feedback from different audiences included:

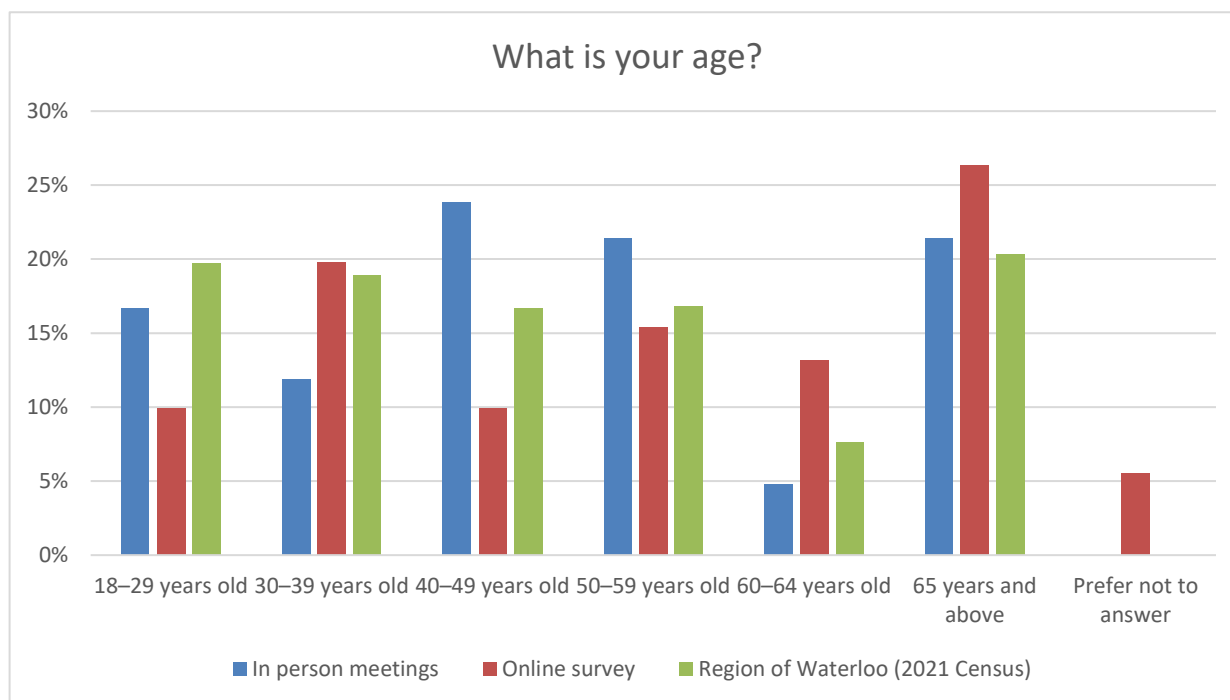
- Specific meetings with interest groups, including individuals with moderate incomes who might benefit from an inclusionary zoning program
- Invitations worded to provide context for the outreach and with an invitation to ask questions about the event from the organizers
- Direct invitations to participate to agencies and associations serving:
 - Students
 - Participants with accessibility needs
 - Age friendly city proponents
 - Indigenous community members
 - Newcomers and refugees
 - Multicultural groups
 - Renters

The project team also made sure to host meetings within an MTSA to reduce reliance on car travel and reduce the need to have home access to the internet.

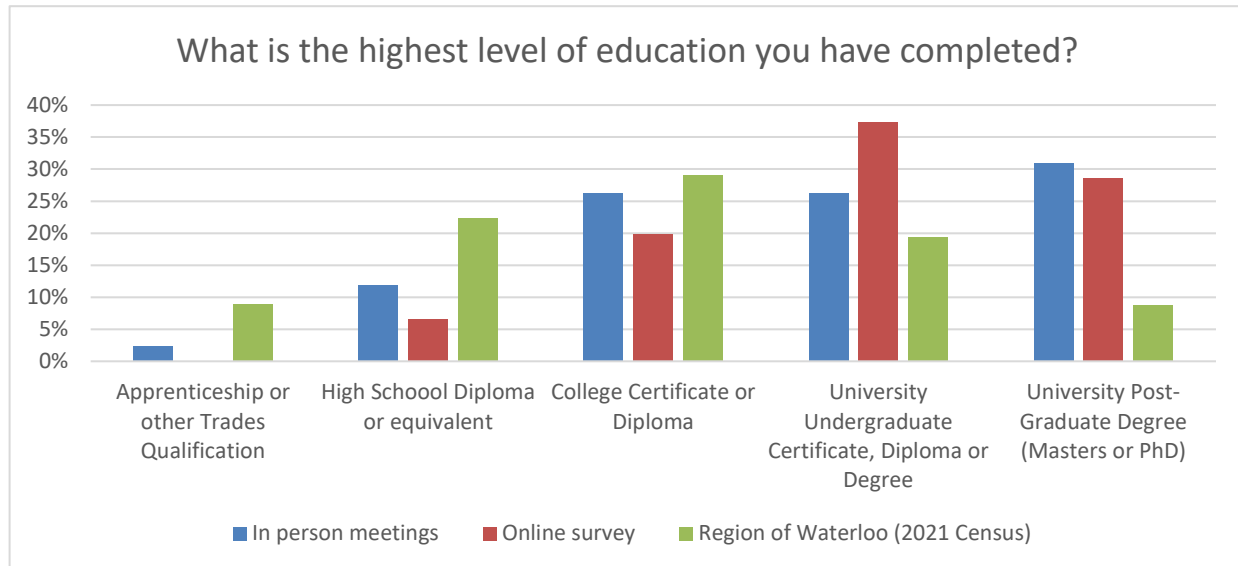
These efforts were made to support the goals of broad awareness and participation from a population reflective of the residents of the tri-cities. They were also taken out of an awareness that in general, organized civic associations and participants in public meetings tend to over-represent citizens with higher levels of education, more leisure time, higher incomes and with better access to technology. Participation is always voluntary and, as reflected in the gap between the number of respondents who indicated that they would participate (took actions to register or RSVP) and the lower number of attendees, municipal engagements compete for attention with the other activities, obligations and realities of citizen participation. Intentional outreach and deliberate care can yield benefits over the longer term as a message from the municipalities that all are welcome and different points of view are wanted.

The Inclusionary Zoning team also collected demographic information from respondents to the online survey as well as attendees at the December 2022 and January 2023 Meetings. Completion was not a requirement of participation. However, it did provide some data to measure against the goal of an inclusive engagement process. The collection of demographic information supports the goal of identifying which individuals and groups were represented through the engagement process thereby allowing an evaluation of methods and lessons learned for future engagement efforts by the municipalities in Waterloo Region. The charts below indicate self-declared responses from three data sets: participants at the public meetings in December 2022 and January, 2023, online survey respondents and 2021 Canada census data for the Region of Waterloo. Unfortunately, not all variables in the City of Kitchener’s standard demographic questionnaire used for this project are comparable to variables used in the census. Additional information collected in the participant surveys included: language, race/ethnicity, religion, gender, sexual orientation and disability but are not reported here.

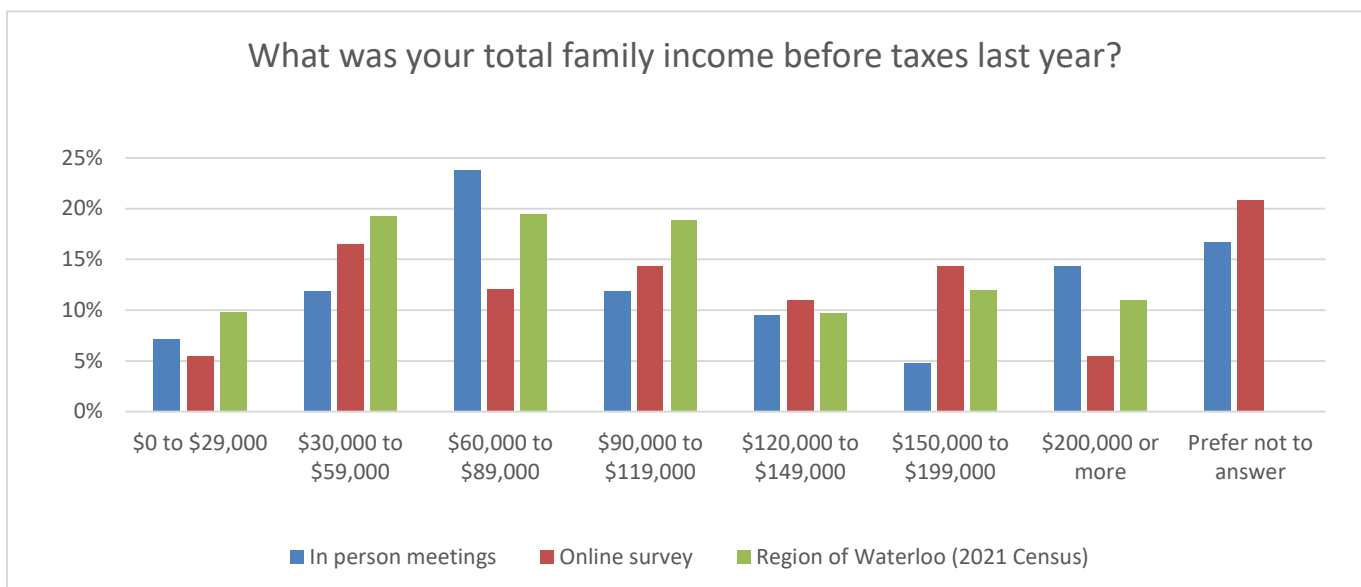
The age of participants in the engagement process indicates a lower participation rate in the online survey for people in the lowest age category and 40-49 year old category. An overrepresentation of responses from participants over aged 60 is indicated. Age distribution for the public meeting was underrepresented for 30-39 year olds and 60-64 year olds. As a whole, there was a general distribution of ages in participants.



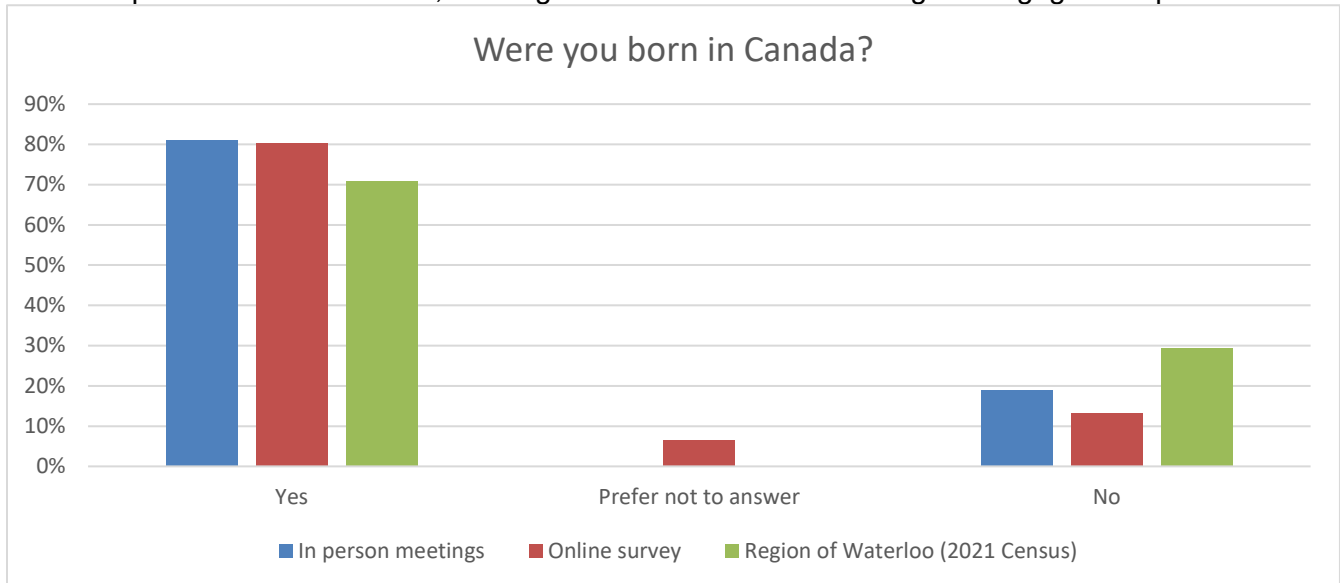
Despite deliberate efforts to facilitate participation from a reflection of the population of the tri-cities area, there was an over representation of residents with higher levels of education. Further attempts to rectify this could include a campaign to promote the videos to ensure broad awareness and help underrepresented communities better understand the relevance of IZ to their issues and concerns.



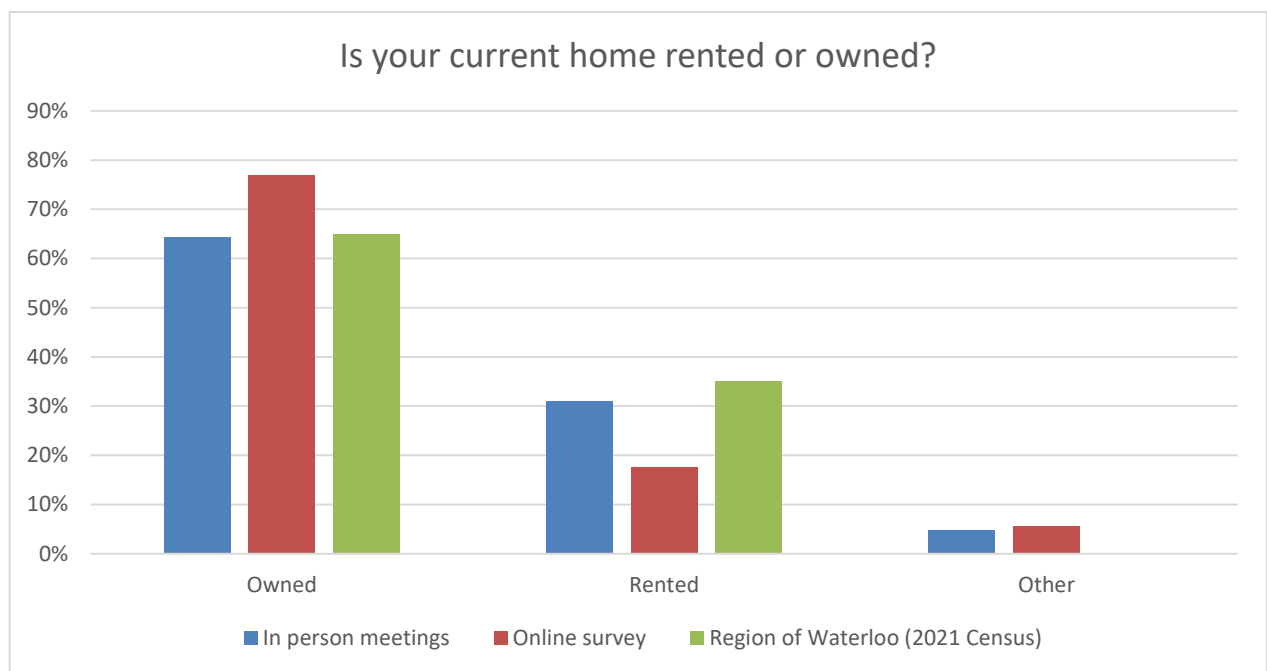
The feedback indicates an underrepresentation in online participation from those with household incomes of \$60-\$89,000. However, this cohort was well-represented at the public meetings. Specific effort was made during the outreach period ahead of the in-person events to identify interested civic groups who serve potential future beneficiaries of the IZ policy and encourage them to promote participation. In general, the income distribution of participants indicates fair participation in different categories. Moderate income households, who are likely beneficiaries of IZ, were well represented. This is a positive finding for the engagement. Incomes under \$60,000 were underrepresented across online and in person engagement.



As outlined above, an effort was made to create awareness of the policy and program development in newcomer communities in the region; despite these efforts, participation in both the online survey and the in-person meeting indicates low participation among first generation immigrants. Additional connections with agencies serving newcomer communities can be pursued to address this gap as the process moves forward, building on the outreach done during the engagement phase.



Affordable housing is needed in both ownership and rental tenures; however, renters were slightly under-represented in the engagement. Additional efforts to increase awareness for renters should continue to be made. The previously identified public advertising could be part of this effort.



What We Heard

The following section provides detailed summaries of the feedback received during each phase of engagement for the project. Feedback is summarized based on themes pulled from responses. The summaries are not intended as verbatim accounts but rather a synopsis of the major takeaways from the engagements.

EngageWR Digital Consultation Summary

Summary:

The project team collected public feedback through a virtual engagement platform. The platform was hosted through the Kitchener Engage website and linked from the engage pages of the other municipal partners. It collected feedback around the question, “What do you think about Inclusionary Zoning?”

The platform collected public feedback from March 24, 2020 to January 31, 2023 with the highest traffic to the site occurring in September 2020, coinciding with the Kitchener staff report to Council.

Objectives:

- Introduce the Inclusionary Zoning project and policy concepts
- Invite members of the public to connect with project team members
- Encourage participants to share their ideas around the development of the policy and comment on the ideas and comments of others

Participants:

Between March 2020-January 2023 period, 608 visitors reviewed the “Ideas” and “Guest Book” pages of the site. Here, a total of 131 contributors left comments, responses and guest book entries.

Key Themes:

The following is a summary of the main themes that emerged through an analysis of the ideas, comments and guest book entries received through the virtual engagement platform. The majority of ideas and responses received (over 90%) date from the early part of the project in 2020 and 2021. The comments reflect a reaction to the initiation of the project and a desire to understand the specifics of the project better.

1. The development community has a role in affordable housing.

Many commenters expressed their desire to have more strict requirements for developers (such as increasing the percentage of units that must be affordable and a call for those units to remain affordable permanently.)

An opinion was conveyed that the public paid for the development of the ION through taxes, and developers who benefit from the increased land value should be obligated to provide a public good.

Some participants expressed that putting excess pressure on developers regarding affordable housing could lead to development companies not investing in the region and cautioned not to lose sight of the goal to create the greatest number of units possible.

2. Taking steps to drive down cost pressures by encouraging development

Participants indicated that parking minimum requirements were a financial burden for developers and supported their elimination in order to support opportunities to build affordable housing.

Some participants expressed support for the concept that increasing the permitted density of developments can be a tool to accommodate more affordable units.

A number of commenters wished to refocus the conversation toward other planning priorities. Many noted the elimination of Exclusionary Zoning as a goal; these commenters called for the removal of single residential zoning and outlined that such a policy would positively impact regional housing supply and affordability.

Some participants commented that development in the region is booming, and intensification efforts within existing residential neighbourhoods should be prioritized, rather than a focus on units in higher built forms along the ION route.

3. IZ should advance city-building goals beyond affordability

Many participants expressed that an Inclusionary Zoning policy should include regulations around the size of affordable units. Affordable family sized units or units for individuals sharing larger units would provide opportunities for rent sharing making further affordability more likely.

Several participants called for new developments to be mixed-use to support walkability in the community. Non-profit agency tenancies, grocery stores and other community needs as well as ground floor retail were identified as preferences.

Some concern was expressed by participants about the focus of Inclusionary Zoning on providing housing affordability for moderate income households rather than low-income households with deep affordability needs.

Concern was expressed by some participants about whether the potential number of units that could be delivered by the program would be too small to have a meaningful impact on the shortage of affordable units.

4. Clarifying the meaning and intention of Inclusionary Zoning

Likely owing to the majority of the comments and feedback received through the virtual engagement platform being received during an early stage of the engagement, several participants expressed confusion about the level of affordability that could be offered through an Inclusionary Zoning program and the type of housing it offered within the wider affordable housing spectrum.

Many comments indicated an assumption that the affordable housing units provided through IZ would be deeply affordable subsidized housing units. Continued explanation of the concept in plain language as a tool for the provision of moderate level affordability is encouraged.

The video resources developed as part of the engagement can be used to further support clarification and education in this regard.

Inclusionary Zoning Beneficiary Group Workshop Engagement Summary

December 13, 2022

6:30-8:00 p.m. City of Kitchener Downtown Community Centre, 35B Weber St W

Summary:

Members of the project team hosted an in-person focus-group style discussion with individuals associated with groups that could benefit from an IZ policy. The session was held at a centrally located venue in Downtown Kitchener. Fifty-one invitations were issued by email on December 2, 2022 with 27 RSVPs received through a designated EventBrite page issued to invitees. Invitations were issued to a list of groups drawn from the Affordable Housing master contact list with a focus on groups whose clients/users could ultimately benefit from the policy. Care was taken to draw awareness to groups serving middle-income clients since any IZ program is anticipated to be of direct benefit to moderate income households. Groups who received the invitation were encouraged to share the invitation with their networks.

The meeting began with a presentation by Tim Donegani, Senior Planner- City of Kitchener who introduced the project and gave an overview of the Inclusionary Zoning project process to date. A video was shown that explained how housing has become less affordable in recent years and how IZ is one option to increase the amount of affordable housing. Following this, LURA facilitated two break-out group discussions with participants and members of the tri-cities project team that invited meeting participants to provide feedback and ask questions.

Project Team:

Tim Donegani
Senior Planner- City of Kitchener

J. Matthew Blevins
Senior Planner Reurbanization-City of Cambridge

Judy Maan Miedema
Principal Planner-Region of Waterloo

Michelle Lee
Senior Policy Planner -City of Waterloo

LURA

Liz McHardy, Partner

Franca Di Giovanni, Senior Engagement Specialist

Objectives:

The objectives of the meeting were to:

- Introduce the Inclusionary Zoning policy concept
- Reach community members through the process who will benefit from such a policy but who may not have awareness of efforts and dialogues established to date
- Promote awareness of the concept and the potential it has to provide new options for creating affordable housing for residents with moderate incomes
- Identify next steps

Participants:

There were 13 participants in the focus group style session.

Questions:

The discussion focused around thoroughly explaining the concept of inclusionary zoning and getting feedback on the specific themes and questions noted below.

- Seeking Affordable Housing: How many units, for how long and for what cost of housing?
- Affordable rental or affordable ownership: Should the cities target securing affordable rental units or ownership units or a mix?
- Ensuring a viable program: What are the trade-offs, such as heights and densities that are needed to encourage a viable program? Should the cities use financial and/or non- financial incentives to further advance affordability objectives?
- Location trade-offs discussion: Should developers be permitted to provide the affordable units in other buildings within the area?

Key Themes:

The main themes that emerged from discussions with stakeholders at the session included:

1. **A preference for larger units (2 or more bedrooms)**

Participants expressed a wide variety of opinions around the need for or uses of three-bedroom units. It was acknowledged that the cost of larger units in new multi-unit buildings is high, both for the builders, renters and buyers, compared to one- bedroom units. However, newcomers and post-secondary students with families coming to the tri-cities to study or work were cited as needing larger homes and therefore benefiting from larger affordable units.

Other participants from the real estate and supportive housing fields identified inconsistencies in the desirability of three-bedroom units citing that they are either highly coveted or languish on the market.

The concept of three-bedroom units as shared space for a larger number of people, but not necessarily from one family or household, was discussed. The question of whether offering larger unit sizes through the program could support the greatest number of people was posed.

In general participants agreed that while it was difficult to identify the ideal unit size for the program, more than one bedroom was the preferred unit size.

2. Ownership or rental

There was a general consensus on the need to prioritize rental units as the form of tenure supplied through an Inclusionary Zoning program.

3. Incentives and trade-offs

Participants in this group did not express a great amount of concern for the financial impact of IZ requirements on new developments. A general feeling that sufficient profit margins could still be attained was expressed.

There was no specific consensus reached on the trade-offs to be provided. Participants expressed a variety of opinions around the concept of forgiving development charges. Flexibility around development charges was supported if the charges stood in the way of getting something built. Some support for eliminating parking minimums and being more flexible in terms of height was expressed, citing the example that “a 24 storey building versus the 27 storey building doesn't make a difference.”

One participant expressed a strong desire not to waive the fees for inclusionary zoning and instead supported redirecting fees toward other housing programs. Another cited empty units in downtown Kitchener as evidence that “it's not true that every one bedroom unit is needed”. While another conveyed that “being flexible might dilute what we get”. Although the intention was to seek feedback on what cost of housing should be targeted through the policy, no strong discussion and no clear preference was articulated in this regard.

Questions of Clarification

Question: Do we have good numbers on how many units are actually required at each price point?

Answer: Many low and moderate income households are experiencing housing affordability issues. The need is greatest at the lowest incomes. The information we do have is provided in the Housing Data and Needs assessments completed or being completed by each area municipality.

Question: How long will it take to get IZ in place?

Answer: The policy is expected to be in place by 2023 with implementation in 2024.

Inclusionary Zoning Consultation Online Survey Summary

Summary:

An online survey was added to the IZ Engage page on December 19, 2022. The survey remained online from December 19, 2022-January 31, 2023.

Objective:

The survey focused on collecting feedback about preferences in response to questions about:

- Overall support for an IZ policy
- Preferences for on-site requirements versus flexibility for off-site units
- Opinions about the trade-offs around financial incentives
- Feedback on additional flexibility in height and density allowances
- Priorities in terms of depth of affordability, length of affordability and number of units created

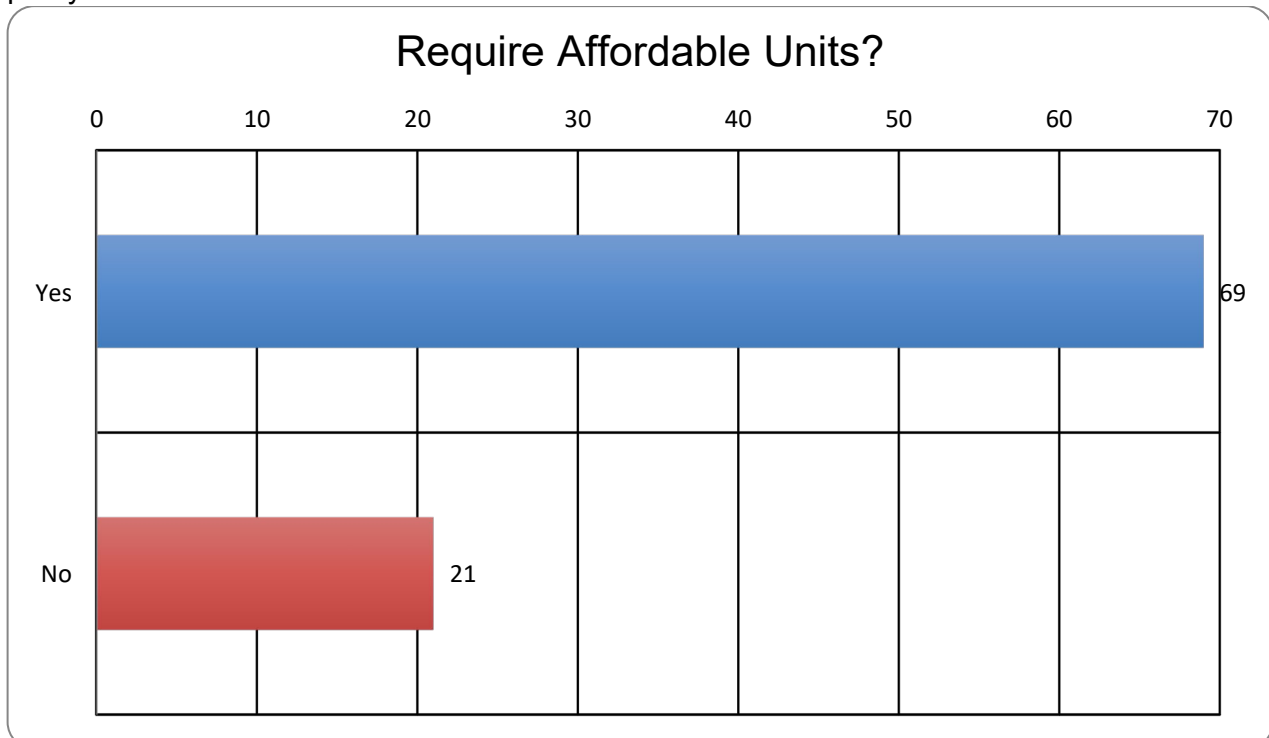
Participants:

Over the timeline previously indicated, the survey had 175 visitors to the page with 89 contributors completing the survey.

Survey Questions and Responses:

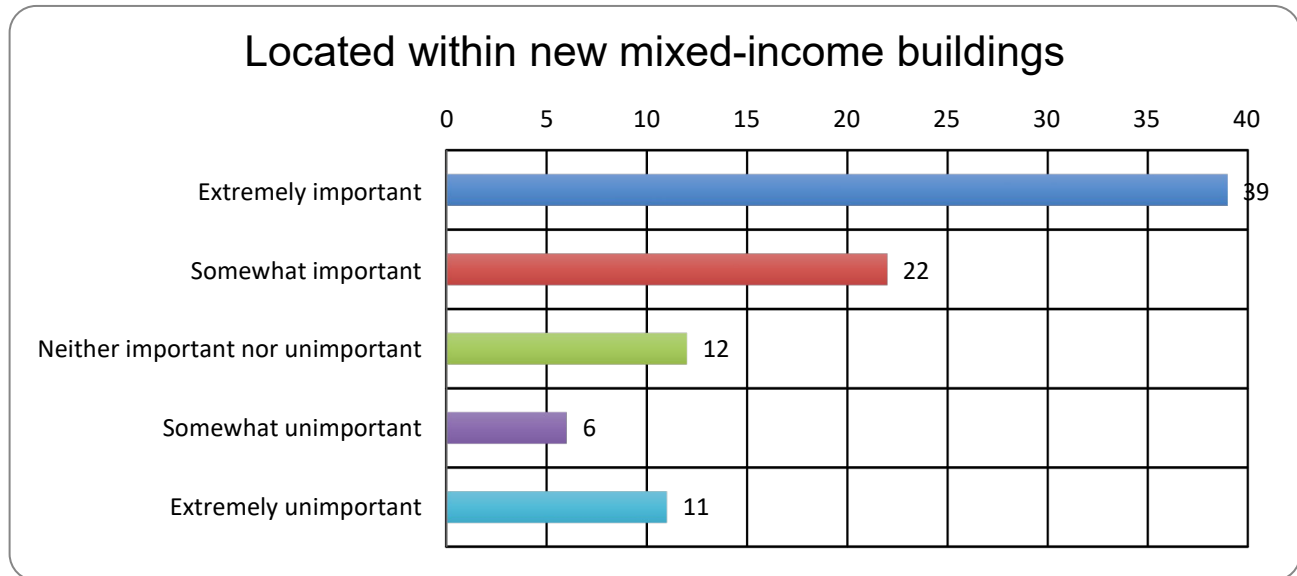
1. **Do you think the cities of Kitchener, Waterloo and Cambridge should require private developers to include some affordable housing within new, multi-unit housing developments near ION stops?**

Survey respondents indicated a high level of support for the development and implementation of the policy.



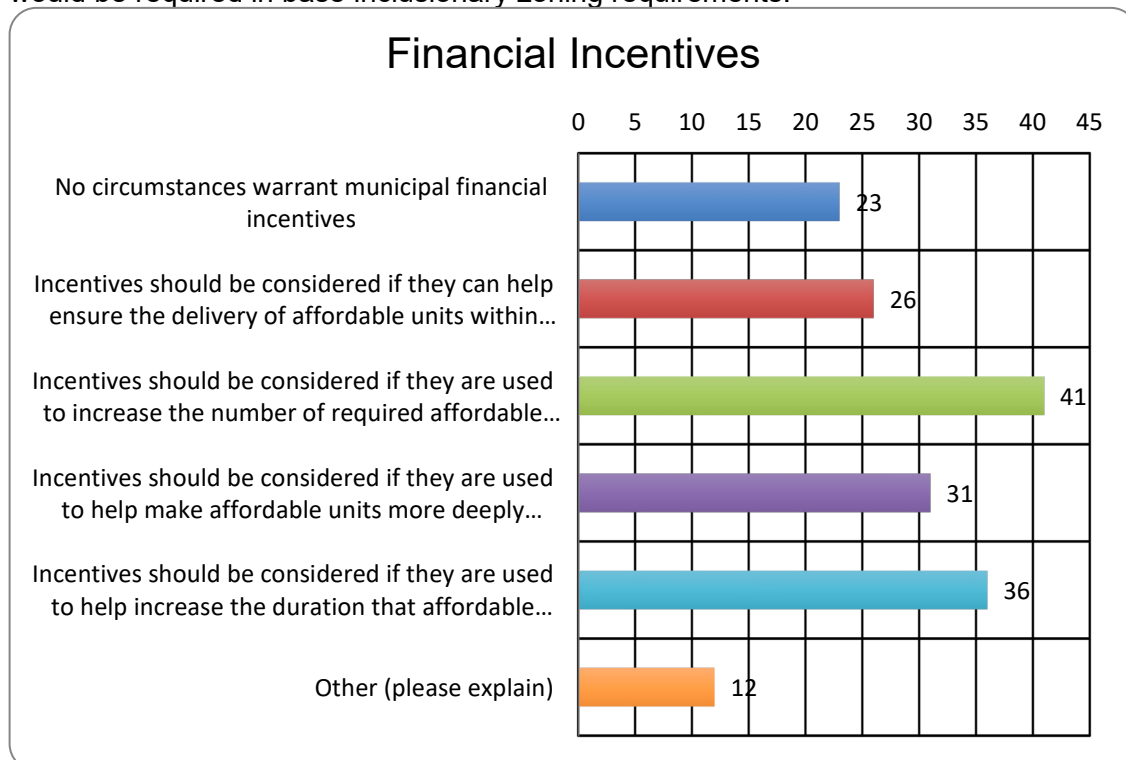
2. How important is it that affordable housing units are located only within a mixed income building rather than in a building that contains all affordable units?

Survey respondents expressed a strong preference for the affordable housing units delivered through the program to be located within the new mixed income building(s.)



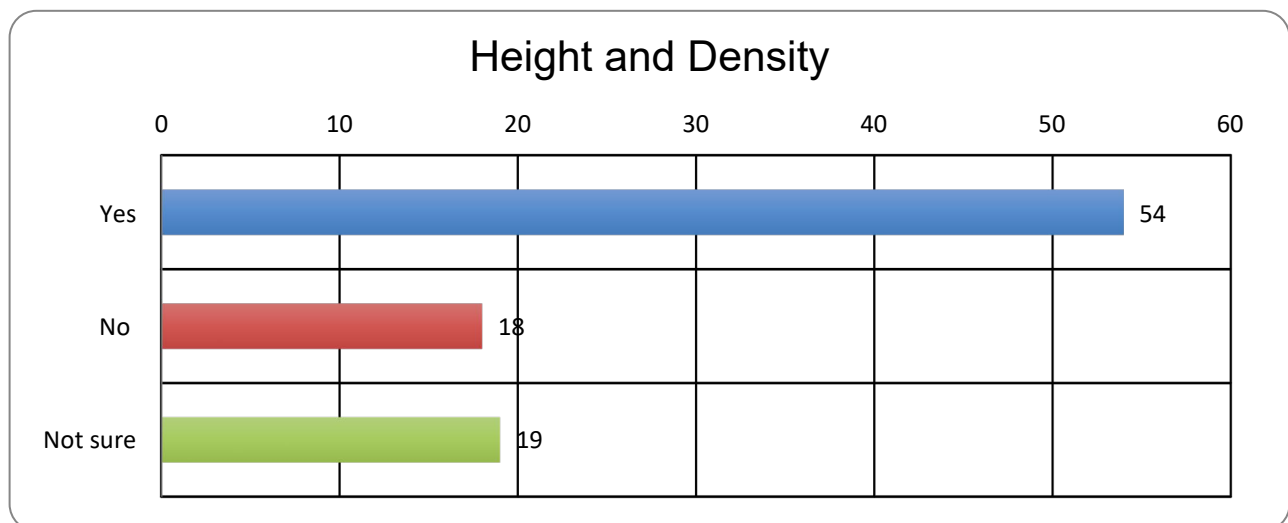
3. Under what circumstances should financial incentives (such as waiving fees or charges) be considered as a way to support an inclusionary zoning program?

Survey respondents indicated a high degree of support for the allowance of financial incentives to off-set development costs where affordable units were being provided above and beyond what would be required in base inclusionary zoning requirements.



4. Recognizing that enabling developers to build more units on the same site could help them offset the reduced revenue they receive for the affordable units- do you think the cities should allow more height and density if it means more affordable units can be provided?

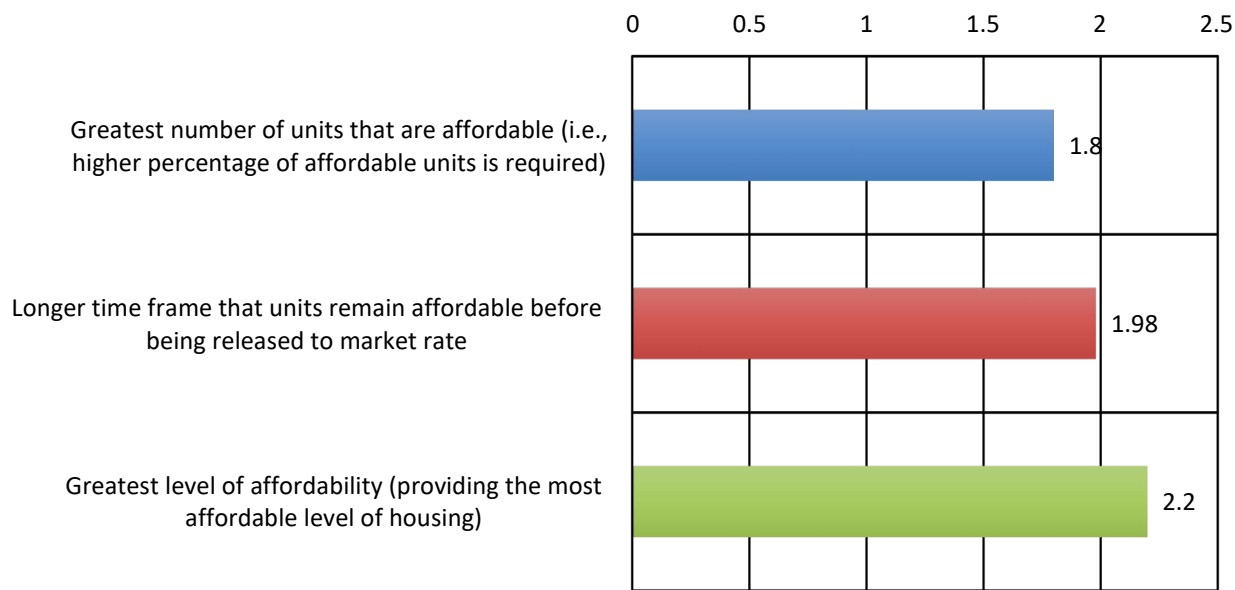
Despite indicating a strong desire for flexibility regarding financial off-sets to support an IZ program, survey respondents were not united in stating their support for additional height and density allowances.



5. What is the most important to you when considering the various policy requirements and tradeoffs? Rank the following from most important to least important. (Where 1 is most important, 3 is least important)

Survey results indicated a slight preference for providing the greatest level of affordability in new units. However, the margin between depth of affordability, length of affordability and number of affordable units was less than half a percent. Respondents are seeking a balanced approach to these three policy objectives.

Requirements and Trade-offs



Affordability Stories:

The survey also included an open text component for participants to write four or five sentences outlining their current experience, or that of someone close to them, affected by housing affordability in Waterloo Region.

The following is a summary of the key themes emerging from the open text section as well as some direct quotes.

1. High proportion of income being spent on rent

Contributors noted the challenges faced by their family members, and reflected on what their own circumstances would be if faced with current housing costs.

Some expressed concern for what the near future would bring should there be a change in circumstances:

I work a full time job and two part time jobs...my mother shares our rental to help offset high prices...we can still barely afford the rent we pay

My partner and I recently moved to Kitchener and were unable to find appropriate housing within our financial means without relying on help from our families. Because we don't drive, it was vital for us to live near an ION station and within walking distance of our daily necessities (grocery, pharmacy, etc). Fortunately, we were able to find a place near downtown that met our needs, but the majority of our combined income is going to housing costs now.

2. High levels of regional demand

A few contributors self-identified as employers or landowners and highlighted the demand for housing and the lack of affordable supply.

I am a landlord and even with recent turnovers in my units (wherein the rent was increased) I was overwhelmed with demand. I feel for the many who are seeking affordable housing.

I'm struggling to hire professional employees because they can't afford to move to the region.

3. Housing costs limiting mobility

Several contributors outlined that, despite a desire for new housing, they felt stuck due to the fear of losing an existing affordable arrangement.

For some this meant the prolonged presence of adult children at home or the need to share housing with multiple generations of the family.

Our 3 generation family is underhoused in a reasonably priced 2 bedroom...to move...will not be possible for us.

My daughter is a university graduate with a full time job, unable to afford moving out on her own.

My daughter is currently living in off campus housing that was opened up for rent when COVID shut down the Universities. She continues to lease (one room with bathroom) but is not a student.

Additional Comments for the Project Team

Respondents were also given the opportunity to leave text comments for the project team. Below is a short summary of the main themes of comments.

1. Inclusionary Zoning is part of the solution, but other programs are also needed

Several participants noted support for the policy but expressed concern about the number of units that could be delivered through the program. Participants offered their support for other affordable housing solutions in addition to IZ. A general sentiment was expressed that delivering the maximum number of units was the goal.

Inclusionary zoning is a very much imperfect solution to this problem...However, it is the best tool we have at the moment within the framework provided by the province, and should be used.

2. IZ holds strong possibilities for partnership opportunities

One respondent expressed enthusiasm for the opportunity to develop new partnerships with not-for-profits to deliver the maximum number of units.

If two projects like this pooled their off-site resources and provided them to a non-profit, the \$5 million in revenue could also be leveraged with funds from CMHC and/or the Region, and could reasonably be expected to bring 40 to 50 new units.

Development Industry Meeting Summary

Thursday January 19, 2023 10-11:30 Via Zoom

Summary:

Members of the project team hosted a virtual meeting with individuals in the development industry. The virtual focus group session was held using the Zoom meeting platform and forty-seven invitations were issued by email Friday January 6, 2023. The list was drawn from the tri-cities Affordable Housing Interested Parties Master List that included all known development industry stakeholders operating within the tri-city area.

The meeting began with a presentation by Michelle Lee, Senior Policy Planner -City of Waterloo. It consisted of an overview of the Inclusionary Zoning work carried out by the cities to date, including some detail from the NBLC study of 2020 and an acknowledgement that this work is being updated. Following this, LURA facilitated a group discussion that invited meeting participants to provide feedback and ask questions. The presentation was circulated to participants after the meeting.

Project Team:

Tim Donegani
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J. Matthew Blevins
Senior Planner Reurbanization-City of Cambridge

Judy Maan Miedema
Principal Planner-Region of Waterloo

Michelle Lee
Senior Policy Planner -City of Waterloo

Franca Di Giovanni, Senior Engagement Specialist

Sesvin Josarosa, Community Engagement Specialist

Objectives:

The objectives of the session were to:

Re-introduce the Inclusionary Zoning project to the development community

Identify the current direction of policy guidelines

Solicit feedback from the development community around the following questions:

- What is an appropriate initial set aside rate for strong markets? (between 1 and 5%)
- What would be an appropriate unit number/building size to exempt from IZ (with a view to removing disincentives for missing middle)?
- Do you have any preferences for a mandatory vs voluntary vs hybrid program?
- Do you want to share any thoughts on the possibility of offsite units?

Participa

Participants

There were 33 participants in attendance, representing approximately 25 development firms.

Key Themes:

The discussions with stakeholders identified concerns about impacts on project feasibility as well as impacts on the price of market rate units. These concerns were captured under the following themes.

1. Importance of the average market rent definition

Several participants remarked on the discrepancy between the average market rent figures seen by looking at rental listings in the tri-cities and the CMHC definition of average market rent for the area. The fact that the CMHC Average market rent definition was so much lower was cited as a significant discrepancy leading to a much too low definition of affordable from a developer point of view.

The project team identified its use of the CMHC-posted average market rent as required by the Ministry of Municipal Affairs and Housing, noting that these numbers take into consideration the global supply. This averaging results in a number that looks lower than typical rents for new rental units.

Several participants offered suggestions for how to address the gap or shortfall between these figures. Suggestions included capital investments and funding from senior levels of government, and tax levies specifically geared toward Affordable Housing.

Several participants noted a shared responsibility between developers, municipalities, and taxpayers.

The project team cited that the 2020 NBLC study used a model of residual land value and also outlined that the Region has invested a significant amount of tax dollars into developing the LRT. This in turn has had the effect of pushing up land values. The idea of the IZ policy is to capture some of that increased land value and redirect it toward affordable units. Local, regional, provincial and federal governments investing capital for affordable housing will be part of the solution but the development industry and existing landowners will also need to be part of the solution.

The project team acknowledged that if there is too much burden on developers, the viability of certain projects will be at risk. That is why the tri-cities have done the updated financial impact analysis. Parkland dedication at the municipal level and Development Charge exemptions at the municipal and regional levels are now mandatory. Reductions in parking requirements were identified as a helpful incentive for affordable units and could also be considered a form of subsidy. In response to suggestions that the cost of affordable housing should be borne by the whole of society through a tax levy, it was noted that the Region of Waterloo currently has a 1.4% tax levy specifically earmarked for Affordable Housing. One participant noted that the question of a portable market rent definition is critical because banks are not going to support financing for projects without CMHC involvement.

2. Limitations of IZ as a policy to address affordability

Concern was expressed about meeting the targets for affordable housing development within Waterloo Region during a period of uncertainty and high costs for the development industry. With immigration and local population

increases expected, a participant issued a caution to not lean too heavily on Inclusionary Zoning for the delivery of affordable units.

The project team indicated an awareness that if market economics don't support new builds the delivery of both market and affordable units will certainly be affected. The team acknowledged that it might be necessary at times to adjust the parameters to reflect evolving market conditions and move between different policy tools.

3. Rent to Own and fractional ownership programs

A few participants wondered where rent-to-own or other programs that fall in between rental and ownership fit into the equation. It was expressed that CMHC is actively encouraging rent-to-own; however, Inclusionary Zoning appears to recognize only rental tenancies or ownership and nothing in between. Other ownership models such as fractional ownership should be considered.

The project team expressed a position that this is something that warrants further conversation in order to better understand how such programs could fit into the IZ policy.

4. Purpose-built rental

One purpose-built rental developer expressed a general opposition to Inclusionary Zoning as a concept to address affordability because it increases rents and prices of market units. It was cited that CMHC financing with a 10 year horizon as opposed to the 25 year affordability horizon for IZ units leads to an inconsistency between financing and the horizon of the IZ financial model. Differences in the quality of finishes as well as maintenance and restoration costs for the units were cited as additional financial concerns.

Tri-city project staff stated that the financial modeling that had been carried out did identify that purpose-built rental is financially more challenging to achieve than condo development. In recognition of the different site economics, IZ policy in Toronto has identified different rules for purpose-built rentals and condos. The possibility of lower Inclusionary Zoning requirements for purpose-built rentals is being considered. The alignment with CMHC financing was identified as a situation that would have to be considered.

5. Challenges around the administration of affordable housing units

Several participants discussed administration of the units. Citing the usual process of closing a condominium development company down at the close of the build-out, participants identified challenges related to any continued responsibility of condominium developers to monitor, administer, and maintain affordable units within the buildings.

It was suggested that the administration and oversight of the affordable units should be the purview of the Region and its not-for-profit partners.

Tri-city project staff expressed the importance of working out administration details early on in the IZ policy development process.

With regards to providing units off site, developers expressed that while on the one hand integration of affordable units through the community is beneficial, from a practical point of view it would be easier to create specific buildings where the units could be centrally administered.

One participant suggested that in developments that happen over a longer period of time, consideration could be given to phasing. At a certain point a critical mass would develop and a purpose-built “missing middle” sized affordable housing building could fulfill the IZ requirement.

A preference for flexibility in the policy to allow off-site provision of units was a common theme. Participants saw value in encouraging the Provincial government to allow IZ in areas other than MTSA's.

6. The need for effective and innovative partnerships

One nonprofit developer participant expressed an openness to new opportunities for partnership with the for-profit development community in order to meet IZ requirements. Developers expressed the desire for flexibility around the development of affordable units outside of the MTSA's and flexible partnerships to maximize affordable housing .

Partnering between different developers in a specific area was also cited as an easier way to administer and build the units. If a purpose-built affordable rental building was constructed in partnership with a not-for-profit provider, the affordability factor could be retained forever.

Questions of Clarification

The following are questions of clarification that the project partners provided responses to during the meeting.

Q1: Will the Inclusionary Zoning policy be implemented at the regional or municipal level?

A: Inclusionary Zoning will be a municipal by-law.

Q2: According to Bill 23, the Regional Official Plan has to get downloaded to the various municipalities- including the defined MTSA areas. Wouldn't that happen first before this process would be implemented?

A: Yes, we are planning any inclusionary zoning policy framework at the same time as updates to various Official Plans that incorporate the new MTSA requirements.

Q3: What is the proposed parking ratio for the units?

A: Staff are contemplating a variety of options to offset the impact of inclusionary zoning, and one of these options could be a reduced parking ratio or the elimination of a parking requirement for IZ units. Our hope is to bring forward a parking ratio of 0 although that must be vetted and approved through the various municipalities. This recognizes the high cost of creating parking structures.

Q4: Can we get a copy of the NBLC modeling and the presentation from today?

A: The presentation from today will be shared. The updated NBLC model will be shared once it has been completed.

Q5: Everyone is waiting for the specific regulations on Affordable Housing within the new Bill 23 which will have an impact on this program. Can the cities arrange an updated meeting of this sort when all of the regulations have been identified?

A: Further points of contact can be arranged.

Q6: With regards to landholdings held by the municipality and the region, will they be rezoning their own land for the purpose of inclusionary zoning?

A: The Region has an existing program for using Regionally-owned lands for affordable housing. The City of Waterloo has done some initial work looking at its land holdings to meet various

community objectives including how best to use surplus lands for affordable housing. The Region and the tri-cities are likely to want to maximize their land offerings for more deeply affordable units. Surplus public lands that are redeveloped will need to meet certain requirements.

Policy Questions

A question was also posed by the facilitator and project team within the chat box of the meeting and elaborated on by the senior planner from the City of Waterloo. One participant provided a specific response.

Q: Do you have any preferences for a mandatory/voluntary/hybrid program?

Voluntary means if you are asking for additional height and density, IZ requirements would set in.

The hybrid approach would be a sliding scale, the higher the height and density, the higher the set aside rate.

A: There is an understanding that there is a gap between what zoning currently allows and what the industry thinks should be allowed in terms of density. The request for increased density is practically a given on any site that will be redeveloped. Figuring out these numbers is likely to be complicated. Other than increased expenses, the development industry does not like uncertainty and calculating the requirements is likely to be very difficult. A mandatory system could be preferred to voluntary or sliding scale type of approach from a complexity and certainty perspective.



Inclusionary Zoning Public Meeting Engagement Summary

Monday January 23, 6:30-8pm

Waterloo Memorial Recreation Complex, 101 Father David Bauer Drive

Summary:

Members of the project team hosted an in-person public meeting at a community centre in Waterloo, accessible to residents from the region and in a different municipality than the December, 2022 meeting in Kitchener. Invitations were issued by email to both subscribers of the Inclusionary Zoning Engage page, and a contact list assembled over time by the project team. The event was promoted on the Engage project page and also listed as a public event on EventBrite.

The meeting began with a presentation by Michelle Lee, Senior Policy Planner -City of Waterloo who gave an overview of Inclusionary Zoning and the work done by the project team to date. A short question and answer session with attendees was arranged followed by small group question answer sessions directly with project team members. Participants could also leave comments and feedback on posterboards affixed to the walls. Stickie dots and notes were distributed.

The presentation from the meeting was subsequently posted on the Engage page.

Project Team:

Tim Donegani
Senior Planner- City of Kitchener

J. Matthew Blevins
Senior Planner Reurbanization-City of Cambridge

Judy Maan Miedema
Principal Planner-Region of Waterloo

Michelle Lee
Senior Policy Planner -City of Waterloo

LURA

Franca Di Giovanni, Senior Engagement Specialist

Sayan Sivanesan, Community Engagement Specialist

Objectives:

The objectives of the Public Meeting were to:

- Share the latest information on the status of the Inclusionary Zoning policy development project
- Present an overview of the benefits of the project
- Create opportunity for reaction and discussion
- Seek feedback on priorities for depth of affordability, duration of affordability and set-aside rates
- Explain the concept of trade-offs in new builds

Participants:

Approximately fifty (50) residents attended the session with forty-two (42) signing in and leaving demographic information.

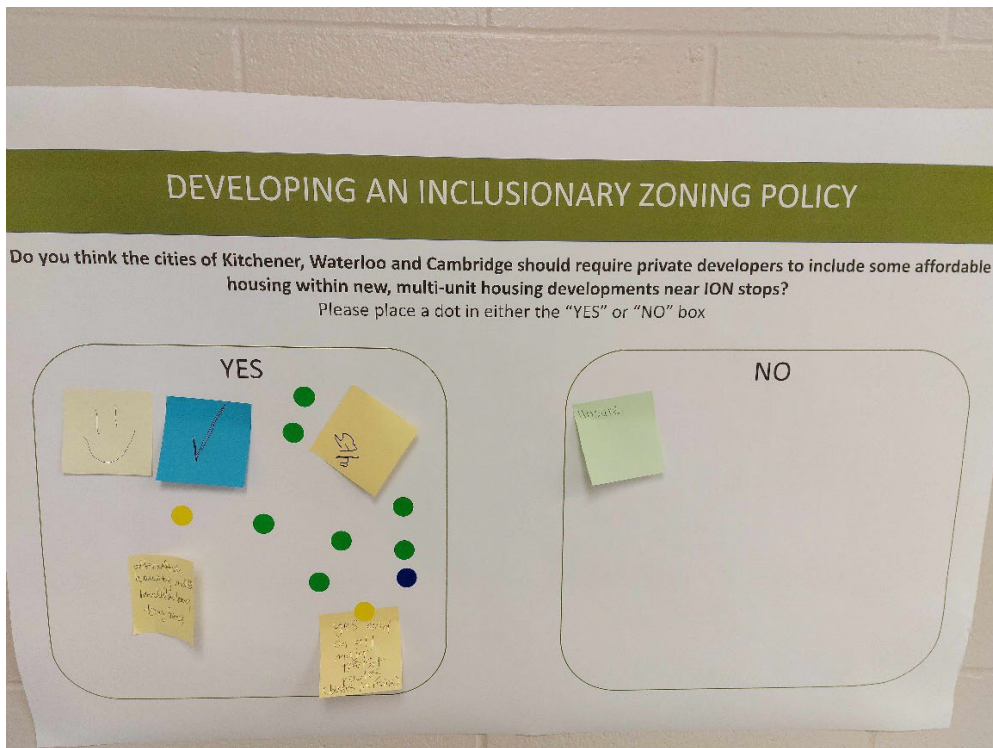
Dotmocracy responses

The following is a summary of the responses collected on the posterboards displayed in the two adjacent rooms. Project team and engagement team members circulated through the rooms to ensure that participants understood the questions and had the supplies necessary to participate.

1. Do you think the Cities of Kitchener, Waterloo and Cambridge should require private developers to include some affordable housing within new, multi-unit housing developments near ION stations?

Respondents at the public meeting indicated strong support for the policy concept.

Yes	No/Unsure
12	1



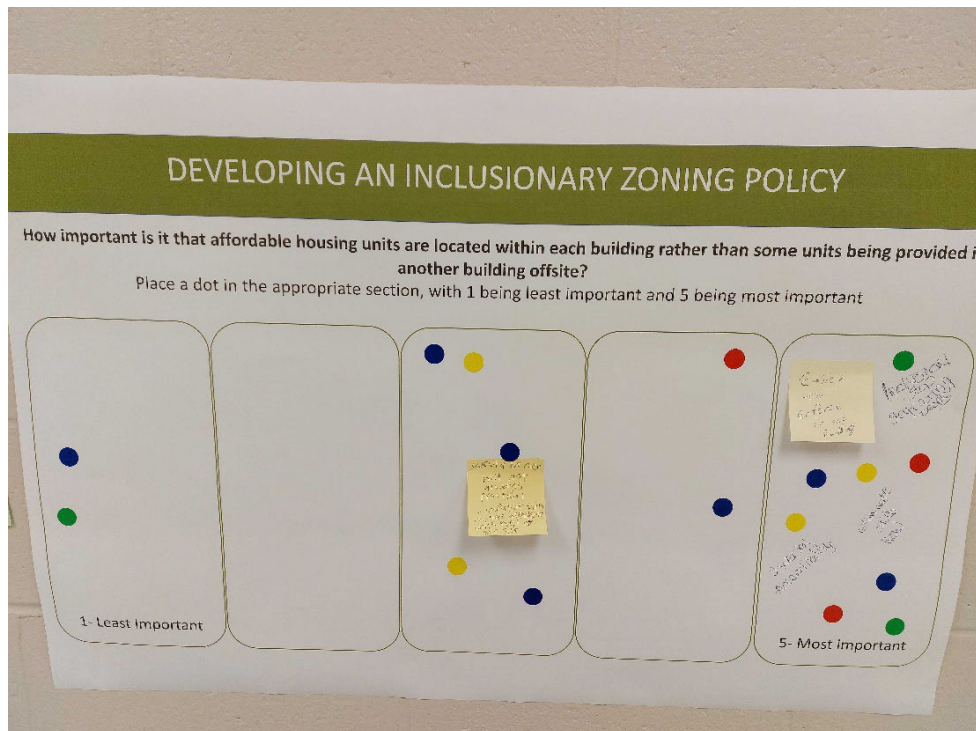
Notable Comments:

One participant encouraged the definition of major transit station areas to include bus routes.

2. How important is it that affordable housing units are located only within a mixed income building rather than in a building that contains all affordable units?

In response to this question, the single option with the highest number of responses was the preference for IZ units to be incorporated into the new build.

Extremely unimportant	2
Unimportant	0
Neither important nor unimportant	5
Somewhat important	2
Extremely important	9



3. Do you think the cities should allow more height and density on a site if it means more affordable units can be provided?

A strong consensus response to this question indicated comfort with flexibility in height and density allowances in order to increase the number of units provided.

Yes	18
Other	1
No	0

Two respondents identified that the elimination of parking requirements would support cost off-sets. One respondent identified limited support for off-site flexibility, depending on the off-site location.

A slight preference from respondents supported the prioritization of incentives to support units with deeper levels of affordability (compared to market rent). Support for incentives to increase the duration of affordability ranked second and some support for incentives to support a higher number of affordable units was also indicated.

If they are used to help make affordable units more deeply affordable	9+3 that are shared with duration of affordability
If they are used to help increase the duration that affordable units remain affordable	6+3 that are shared with affordability level
If they are used to increase the number of affordable units	7
No circumstances	2
If they can help ensure the delivery of units in weak markets	0

DEVELOPING AN INCLUSIONARY ZONING POLICY

Under what circumstances should financial incentives (such as waiving fees or charges for new developments) be considered as a way to support an inclusionary zoning program?

Place dots in the spaces you agree with

No Circumstances

Don't eliminate Parkland fees for any reason.

If they can help ensure the delivery affordable units in weak markets

If they are used to increase the number of affordable units

If they are used to help make affordable units more deeply affordable

If they are used to help increase the duration that affordable units remain affordable

Bill 66 already provides enough financial incentives through waived fees to help private use

Notable Comments:

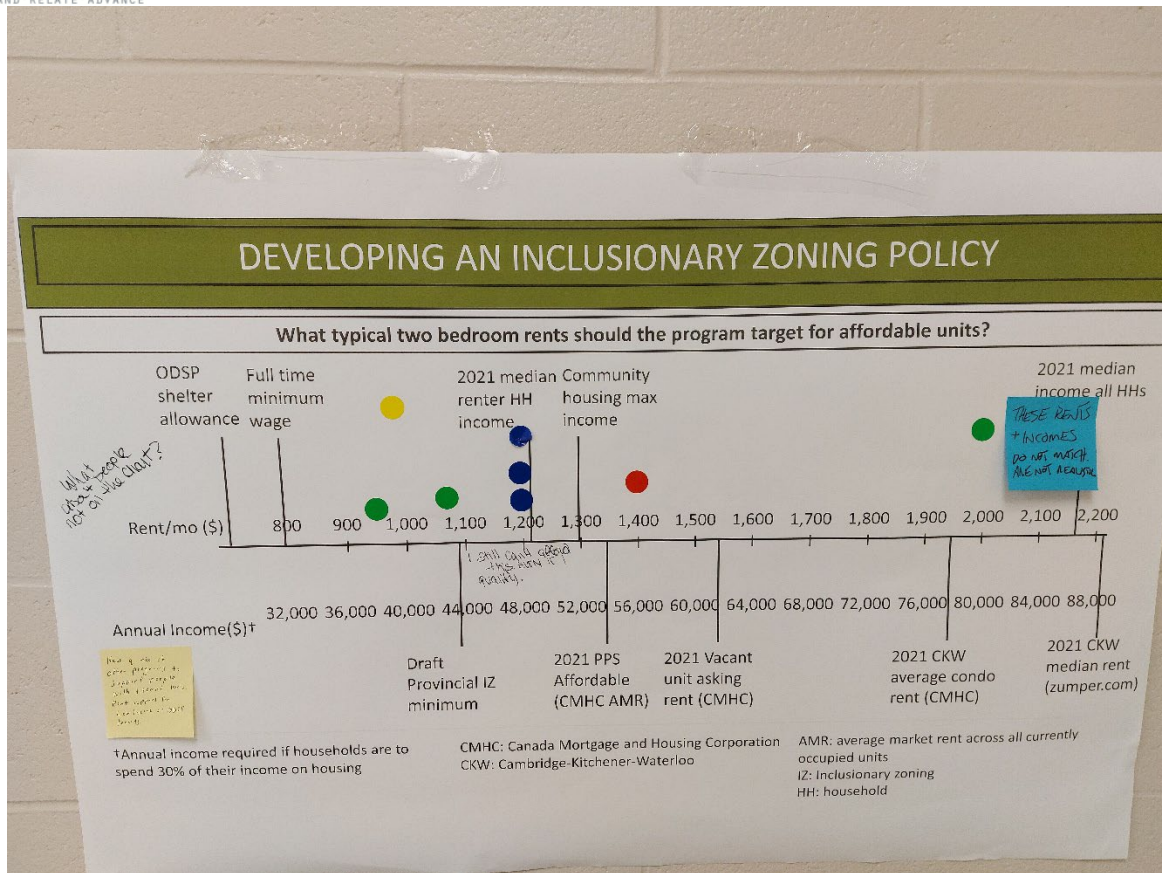
One respondent expressed that new provincial regulations provide enough financial incentives through waived fees and that additional incentives are not required.

One participant identified parkland fees as requiring safeguarding against incentive trade-offs.

5. Which typical two bedroom rents should the program target for affordable units?

A lower number of respondents supplied a response to this question, with a mild preference for supporting units in the \$1001-\$1200/month rental range and incomes in the \$44-\$48,000 range. The lower number of responses indicates a lack of consensus on an appropriate rent rate at which to focus the program.

\$900-\$1000	2
\$1001-\$1200	4
\$1201-\$1400	1
\$2000-\$2100	1



Notable Comments:

A participant identified that the rents and incomes indicated on the chart did not appear to match up to existing market and income ranges.

6. When considering the balance needed to ensure the project remains viable for the builder, which consideration is most important to you?

The vast majority of responses to this question fell on the side of the pyramid listing delivery of the greatest number of units and the longest period of affordability as the most important considerations. The single most important consideration was the number of affordable units.

Greatest number of units that are affordable	7
Combination number-period affordable	11
Units remain affordable for longest period possible	3
Combination period affordable-depth affordable	0
Most affordable versus market rent	0
Combination number-depth affordability	2
Equal Importance	1

DEVELOPING AN INCLUSIONARY ZONING POLICY

Inclusionary zoning programs set out a range of requirements, including: the number of units identified as affordable, how long units are required to be affordable and how affordable the units are versus market rent.

Each requirement has a financial impact on the project.

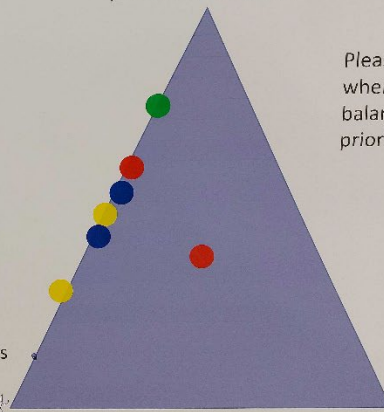
When considering the balance needed to ensure the project remains viable for the builder, which consideration is most important to you?

Units remain affordable for the longest period possible
(Maximum 25 years)

Please place a dot showing where you think we should balance the competing priorities.

Greatest number of units that are affordable
(Maximum 5%)

Most affordable versus market rent
(Minimum 80% market rent)



DEVELOPING AN INCLUSIONARY ZONING POLICY

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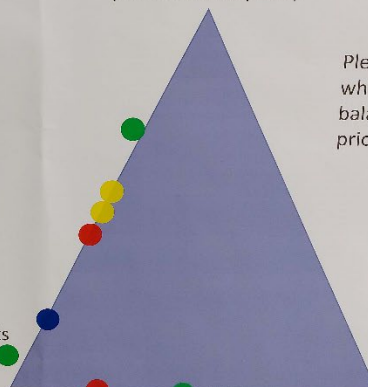
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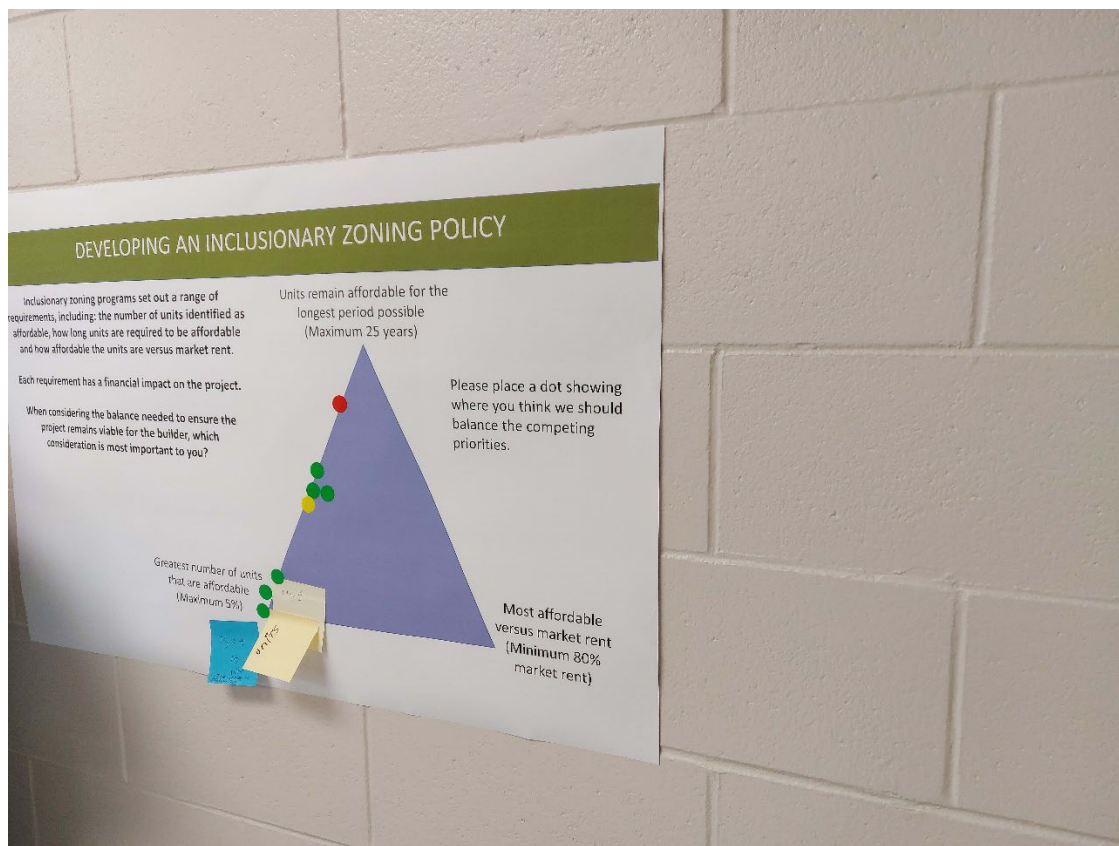
Units remain affordable for the longest period possible
(Maximum 25 years)

Please place a dot showing where you think we should balance the competing priorities.

Greatest number of units that are affordable
(Maximum 5%)

Most affordable versus market rent
(Minimum 80% market rent)





Notable Comments:

Multiple respondents encouraged the municipalities to advocate for the 5%+ set-aside rate as a minimum,

Questions of Clarification

The following is a synopsis of the questions and responses given during the Q and A portion of the meeting . It is not intended as a verbatim record but to capture the main themes and responses given.

Q: It's very disappointing that Bill-23 changed the definition for affordability. Would like to see the region push-back more. Would like to see a duration increase in the future – start with 25 years for now but increase it in the future. There is still a significant percentage of people that can't afford 80% of market rate.

A: The tri-cities have individually submitted comments to the Province. We do have the opportunity to review in 2 years and see if the Province can give greater flexibility to municipalities.

Q: Targeting middle-income earners does not address the needs of low-income residents. What is being done for those with low-income?

A: Inclusionary Zoning is only one approach of many that the cities have implemented or are considering with regards to affordable housing. Inclusionary Zoning would help out those with moderate incomes, which would help free up more deeply affordable units to those who need them – the goal is to move people up the spectrum.

Q: How does this program work for rent control?

A: Affordable units would be governed by a legal agreement that will include additional requirements beyond the Residential Tenancies Act's rent-controls.

Q: What protections are in place to protect affordability for the duration of the tenure and ensure that units are designed equitably?

A: During the implementation phase the program will develop agreements and parameters for building design standards.

Q: How does off-site unit provision work – is it possible for all affordable units of a development to be in one building?

A: An Inclusionary Zoning program would set out rules and conditions for the provision of off-site units. This means that the program could enable units to be provided within a single building.

Q: How do unhoused people living in encampments fit within the concept of affordable housing?

A: The Region receives funding from the Federal Government specifically geared towards addressing the housing needs of the unhoused. Inclusionary Zoning is one tool to provide a level of affordability and it does not replace the need to also provide deeply affordable housing. We are still working to address deeply affordable housing needs.

Conclusion and Next Steps

The engagement identified overall support from engaged citizens within the municipalities of Waterloo Region for the implementation of an Inclusionary Zoning Policy. Participants expressed support for flexibility within the policy as long as the flexibility did not result in a 'watering down' of the standards that would affect the quality of the future affordable homes.

Moving forward, additional educational opportunities should be considered to continue to help members of the public distinguish between Inclusionary Zoning affordable units operating with no on-going subsidy, as opposed to social housing programs geared toward lower income earners. The desire to see the IZ tool complemented by other policies geared toward the creation of many more deeply affordable units should be kept in mind as the cities continue to advance, or begin to develop, their Affordable Housing Strategies.

Participants in the engagement also sought reassurance that additional planning by-laws changes, such as the elimination of parking minimums and continued efforts to implement upzoning, would continue. Therefore, as IZ is implemented in MTSA's, care should be taken to broadly identify and engage on other intensification policies and plans. The engagement feedback expressed a position that affordability concerns in Waterloo Region were best addressed by maximizing the use of all tools available for supporting the supply of additional housing stock in a variety of built forms. A base of support for growth in the Waterloo Region is evident.

A summary of engagement participation indicates that the efforts made during the engagement phase to seek out participation and input from the newcomer community, renters, diverse perspectives and a spectrum of ages should continue. Additional feedback from these segments of the population can provide additional insight that could benefit the end users of the policy.

The development community indicated support for playing a part in the creation of affordable housing in the Region while emphasizing the primacy of partnerships. Concern was expressed about being able to deliver the units without adversely affecting typical project viability with resulting reduction in new supply. A preference for allowance of off-site purpose-built residences was expressed by this group. Joint advocacy with the province to expand the allowable areas for Inclusionary Zoning can be considered. Future developer focused meetings should be convened when specific details emerging from Bill 23 are available and when the specifics of the IZ policy are determined.

Following this phase of the project, the tri-cities intend to draft a Discussion Paper for their respective City Councils expected in Spring. Following this, the policy regulations could be developed for implementation in 2024.