



THIS MEETING WILL BE WEBCAST ON THE [CITY'S PUBLIC YOUTUBE SITE](#)
(CITYWATERLOO) AND MAY BE TELECAST ON PUBLIC TELEVISION



COUNCIL MEETING AGENDA
Monday, June 24, 2024
2:00 PM

Mayor McCabe in the Chair

- 1. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**
- 2. CLOSED MEETING**

Recommendation:

That Council hold a closed meeting for the purposes of considering the following subject matter:

- a) educating or training the members and discussion will not deal with any matter in a way that materially advances the business or decision-making of the council, local board or committee (council orientation – accessibility tour);

**COUNCIL MEETING WILL RECESS AND
RECONVENE AT 3:00 PM**

- 3. TERRITORIAL ACKNOWLEDGEMENT**
- 4. MOMENT OF REFLECTION**
- 5. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**
- 6. APPROVAL OF MINUTES**

That the previous meeting minutes be approved.

a) May 27, 2024 – Council Meeting

Page 7

Recommendation:

That the minutes of the Council meeting held on May 27, 2024 be approved as printed.

7. CONSENT MOTION

That consent motion items (a) through (b) be approved.

a) Title: Denholm Pond Environmental Assessment

Page 16

Report No.: IPPW2024-034

Prepared By: Jessica Kellerman

Recommendation:

1. That IPPW2024-034 be approved.
2. That Council endorse the Denholm Pond Municipal Class Environmental Assessment and direct staff to file the Notice of Completion and commence the mandatory 30-day public review period, as required by the Municipal Class Environmental Assessment process.
3. That capital funding for Denholm Pond Upgrades in the amount of \$717,000, funded from the Stormwater Reserve, be approved and released as per the 2024-2026 Approved Capital Budget Ref#532.

b) Title: Permitting Online Notices for Heritage Matters

Page 23

Report No.: IPPW2024-035

Prepared By: Dominik Simpson

Recommendation:

1. That Council approve report IPPW2024-035.

2. That Council approve the publication of Ontario Heritage Act (“OHA”) notices on the City’s website for the purposes of satisfying the requirements for publishing OHA notices in a newspaper pursuant to Sections 26(4) and 39.1(3) of the Ontario Heritage Act, R.S.O., 1990, c.O.18.

8. ITEMS REMOVED FROM THE CONSENT MOTION

9. STAFF REPORTS

a) Title: [**Official Plan Review: Draft Official Plan Policies and Schedules**](#) **Page 27**
Report No.: IPPW2024-005
Prepared By: Adam Lauder and Ric Martins

Presentation: Adam Lauder and Ric Martins

Recommendation:

1. That Council approve report IPPW2024-005.
2. That Council receive the draft Official Plan policy updates for information.
3. That Council direct staff to consult with the public and interested parties on the draft Official Plan policy updates.
4. That Council direct staff to bring a final draft Official Plan (Chapters 3, 10 and 12) with modifications to Council for its consideration, after consulting with the public and interested parties.

b) Title: [**Housing Accelerator Fund - Corridor Expansion Study and Plan Initiative**](#) **Page 37**
Report No.: IPPW2024-032
Prepared By: Tanja Curic

Introductory Remarks: Tanja Curic

Recommendation:

1. That report IPPW2024-032 be received for information.
2. That Council direct staff to undertake engagement with the Sugarbush South neighbourhood and return to Council at a later date with a proposed plan for missing middle housing in Sugarbush South.

c) **Title:** [Property Tax Exemption for Affordable Housing](#) **Page 53**

Report No.: CORP2024-027

Prepared By: Paul Hettinga

Recommendation:

1. That Council approve CORP2024-027.
2. That Council acknowledges and supports the Property Tax Exemption Program for Affordable Housing approved by the Regional Municipality of Waterloo through report CSD-HOU-24-004 March 5, 2024.
3. That Council adopt the By-law attached as Appendix A to this report to provide Property Tax Exemption for Affordable Housing.
4. That Council authorize the City Treasurer to negotiate and execute any and all documents related to Property Tax Exemption Program for Affordable Housing, subject to the satisfaction of the City Solicitor.

d) **Title:** [2023 Consolidated Financial Statements](#) **Page 62**

Report No.: CORP2024-030

Prepared By: Mary Zubert

Recommendation:

1. That Council approve CORP2024-030
2. That Council approve the 2023 Consolidated Financial Statements of the Corporation of the City of Waterloo.

10. PUBLIC MEETINGS

Informal Public Meeting

a) **Title:** [Zoning By-law Amendment Z-24-14, City of Waterloo](#) **Page 72**

Prepared by: Tristin Deveau

Ward No.: City-Wide

Presentation: Tristin Deveau

Formal Public Meeting

b) Title: **Inclusionary Zoning Official Plan
Amendment 50 and Zoning By-law
Amendment Z-23-15** Page 73

Report No.: IPPW2024-008

Prepared By: Michelle Lee

Ward No.: Wards 3, 4, 6, 7

Presentation: Michelle Lee

Recommendation:

1. That IPPW2024-008 be approved.
2. That the City-initiated Official Plan Amendment 50 for the purposes of introducing Inclusionary Zoning within Protected Major Transit Station Areas be adopted, in the form shown in the Official Plan Amendment attached to Report IPPW2024-008 as Appendix 'A' and accordingly forwarded to the Region of Waterloo for approval.
3. That the City-initiated Zoning By-law Amendment Z-23-15 to amend Zoning By-law 2018-050 be approved in the form shown in the "Proposed By-law Amendment" attached to Report IPPW2024-008 as Appendix 'B'.
4. That staff be directed to enter into a memorandum of understanding with the Region of Waterloo outlining roles and responsibilities in relation to administration of Inclusionary Zoning, to the satisfaction of the Director of Planning.
5. That staff be directed to monitor local market conditions and engage with the community and the development industry, as appropriate, and report back to Council no later than the end of 2024, 2026, 2028 and 2030, with recommendations on whether Inclusionary Zoning requirements should continue to be advanced or modified, within the Market Area categorizations, and as set out in Report IPPW2024-008.

11. CONSIDERATION OF NOTICE OF MOTION GIVEN AT PREVIOUS MEETING

None

12. NOTICE OF MOTION

None

13. COMMUNICATIONS AND CORRESPONDENCE

None

14. UNFINISHED BUSINESS

None

15. QUESTIONS**16. NEW BUSINESS****17. ENACTMENT OF BY-LAWS****Recommendation:**

That the By-laws listed below be read a first, second and third time and finally passed, numbered sequentially commencing with By-law Number 2024-055 and that the Mayor and Clerk be authorized to sign them accordingly.

- a) By-law to provide for the form and manner of publication of notices for heritage matters. (IPPW2024-035, Council June 24, 2024, City of Waterloo).
- b) By-law to Provide a Property Tax Exemption for Affordable Housing (CORP2024-027, Council June 24, 2024)
- c) By-law to confirm all actions and proceedings of Council, June 24, 2024

18. ADJOURNMENT



A meeting of the Council of The Corporation of the City of Waterloo was held on May 27, 2024 at 2:00 p.m. in the Council Chambers, 100 Regina Street South, Waterloo, Ontario and streamed live via YouTube.



COUNCIL MEETING MINUTES - DRAFT

**Monday, May 27, 2024
2:00 PM**

PRESENT: Mayor Dorothy McCabe, Councillor Sandra Hanmer, Councillor Royce Bodaly, Councillor Hans Roach, Councillor Diane Freeman, Councillor Jen Vasic, Councillor Mary Lou Roe, Councillor Julie Wright

Mayor McCabe in the Chair

1. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

Councillor Hanmer declared a conflict with respect to the closed meeting due to a conflict of interest as it relates to volunteer commitment.

Councillor Freeman declared a conflict with respect to the closed meeting due to a conflict of interest as it relates to place of employment.

2. CLOSED MEETING

Moved by Councillor Roe, Seconded by Councillor Roach:

That Council hold a closed meeting for the purposes of considering the following subject matter:

- a) advice that is subject to solicitor-client privilege, including communications necessary for that purpose (OLT updates, tribunal matter);
- b) litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board (OLT updates, tribunal matter);
- c) a proposed or pending acquisition or disposition of land by the municipality or local board (site selection recommendations); and

- d) a matter in respect of which a council, board, committee or other body may hold a closed meeting under another Act [e.g. the Municipal Freedom of Information and Protection of Privacy Act] (site selection recommendations, tribunal matter).

Carried Unanimously

Council meeting recessed: (Time: 2:01 p.m.)
Council meeting reconvened: (Time: 4:00 p.m.)

3. TERRITORIAL ACKNOWLEDGEMENT

Mayor McCabe opened the meeting with the following Territorial Acknowledgement:

We would like to begin by acknowledging that the land on which we gather (land on which we are broadcasting from) today is the land traditionally cared for by the Haudenosaunee, Anishinaabe and Chonontan People. We also acknowledge the enduring presence and deep traditional knowledge and philosophies of the Indigenous People with whom we share this land today.

4. MOMENT OF REFLECTION

Mayor McCabe provided Council with a moment of reflection.

At the beginning of this Council meeting, we pause to think about the needs of our community. May we show wisdom and compassion in all our decisions.

5. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

Councillor Freeman declared a conflict with respect to the closed meeting due to a conflict of interest as it relates to place of employment.

6. APPROVAL OF MINUTES

That the previous meeting minutes be approved.

a) April 22, 2024 – Council Meeting

Moved by Councillor Wright, Seconded by Councillor Freeman:

That the minutes of the Council meeting held on April 22, 2024 be approved as printed.

Carried Unanimously

b) April 29, 2024 – Council Meeting

Moved by Councillor Wright, Seconded by Councillor Freeman:

That the minutes of the Council meeting held on April 29, 2024 be approved as printed.

Carried Unanimously

7. CONSENT MOTION

That consent motion items (a) through (c) be approved.

a) Title: 2024 Asset Management Plan
Report No.: CORP2024-018
Prepared By: Cassandra Pacey

Moved by Councillor Hanmer, Seconded by Councillor Roe:

1. That report CORP2024-018 be tabled as information and that Council make a decision on June 17, 2024.

Carried Unanimously

b) Title: 2023 Wastewater and Stormwater Annual Reports
Report No.: IPPW2024-030
Prepared By: Jaclyn Varga

Moved by Councillor Hanmer, Seconded by Councillor Roe:

1. That Council receives the 2023 Wastewater Collection Annual Report and Stormwater Management Annual Report pursuant to the Environmental Protection Act, 1990.
2. That Council approves IPPW2024-030.

Carried Unanimously

c) Title: Waterloo Town Square: North Parking Lot Land Matters and Commencement of Expropriation Proceedings
Report No.: CAO2024-022
Prepared By: Christina Marina

Moved by Councillor Hanmer, Seconded by Councillor Roe:

1. That CAO2024-022 report be approved:
 - (a) That Council direct and authorize the City Solicitor to commence expropriation proceedings and make Application for Approval to Expropriate Land to Council for all right, title and interest in and to the lands legally described as:

PT MILL SQUARE AND PART OF ERB STREET PL 385
CITY OF WATERLOO being Part of PIN 22411-0263 (LT)
designated as Parts 1 and 2 on the draft Reference Plan
prepared by James M. Laws of Van Harten Surveying Inc.,
Project No. 29240-21 dated March 13, 2024 and bearing
revision date March 20, 2024 attached as Schedule "A" hereto
(the "Lands").

for the municipal purpose(s) of:
the advancement of a master plan for the short-term, medium-term and long-term use and development of lands at and in the vicinity of PIN 22411-0263(LT), in the City of Waterloo in furtherance of the economic and social well-being and parking rationalization of the City, implementation of community improvement objectives, realization of the Uptown Public Realm Strategy (March 19, 2019), promotion of good land use planning principles and Official Plan policies, implementation of Provincial Policy Statement policies, facilitation of required housing and considerations under Royal Assent of Bill 23 (More Homes Built Faster Act), together with completion of any future acquisitions and/or dispositions of land including transactions involving any or all of the Lands in furtherance of the foregoing municipal purposes and objectives.

- (b) Serve Notice of Application for Approval to Expropriate Land in connection with the application as described in paragraph (a) above in accordance with the Expropriations Act, R.S.O. 1990, c. E.26 (the "Act");
- (c) Forward any request for a hearing that may be received within the time prescribed under Section 6(2) of the Act to the Ontario Land Tribunal ("Tribunal");
- (d) Attend, with appropriate City Staff or legal counsel, any hearing to be held under Section 7 of the Act that may be scheduled, including filing and serving of Notice of Grounds and associated materials;

- (e) THAT arrangements be made for any report issued by the Tribunal pursuant to Section 7(6) of the Act to be brought to City Council for consideration;
- (f) THAT the City Solicitor is authorized to retain any professional advisor or expert deemed necessary or expedient in connection with the expropriation proceedings herein;
- (g) Discontinue expropriation proceedings, or any part thereof, upon registration on title of the required documentation to complete a transaction whereby the required interests in the Lands are secured or if otherwise deemed appropriate in the opinion of the City Solicitor; and
- (h) That the City Solicitor, and/or designate be authorized to do all things necessary and proper to be done in the furtherance of the above and to report thereon to Council in due course.

Carried Unanimously

8. ITEMS REMOVED FROM THE CONSENT MOTION

None.

9. STAFF REPORTS

a) Title: **2025 University Ave E for Affordable Housing – Community Feedback and Recommended Next Steps**
Report No.: CAO2024-020
Prepared By: Michelle Lee

Michelle Lee gave a presentation outlining the staff report, including the feedback received from the community and the next steps for proposal. She then responded to questions of Council.

Sean Campbell, Executive Director, Union: Sustainable Development Co-operative spoke about the housing crisis, the importance of public land for affordable housing and the suitability of the site. He then responded to questions of Council.

Kae Elgie, Resident of Waterloo gave a presentation asking staff to expand the definition of affordable to allow for more people to live in these homes, and encouraging proposals to reduce transportation emissions.

Michelle Lee responded to questions of Council.

Moved by Councillor Freeman, Seconded by Councillor Wright:

1. That Council approve report CAO2024-020.
2. That Council endorse the proposed vision and draft zoning for 2025 University Ave E as outlined in Sections 4 and 5 of this report (CAO2024-020) and supports a Ministerial Zoning Order (MZO) to enable the proposed vision and draft zoning.
3. That Council direct staff to request a Ministerial Zoning Order (MZO) under the Planning Act in accordance with the Provincial MZO framework, to establish zoning as set out in Section 5 of this report (CAO2024-020) and that CAO Tim Anderson or designate be authorized to sign any related documents to this request process for the lands at 2025 University Ave E.
4. That the City of Waterloo Engage Waterloo website be routinely updated with the MZO application and progress in relation to the MZO application.

Carried Unanimously

b) Title: **Infrastructure Replacement and Rehabilitation Needs – 2024-2026 Implementation Plan**
Report No.: IPPW2024-026
Prepared By: Kyle Bossie, Chris Hodgson, Cassandra Pacey

Moved by Councillor Freeman, Seconded by Councillor Vasic:

1. That IPPW2024-026 be approved.
2. That Council approve (Ref: 674) IPPW Infrastructure Replacement and Rehabilitation Needs – 2024-2026 Implementation Plan as outlined in report IPPW2024-026.
3. That capital funding for the Ref: 674 IPPW Infrastructure Replacement and Rehabilitation Needs 2024 Implementation Plan in the amount of \$355,000, funded from the Capital Infrastructure Reinvestment Reserve Fund, be approved and released as per the 2024-2026 Approved Capital Budget Ref. #674.

4. That additional capital funding for the Ref: 674 IPPW Infrastructure Replacement and Rehabilitation Needs 2024 Implementation plan in the amount of \$184,000, funded from the Canada Community Building Fund, be approved and released.
5. That on January 1, 2026 capital funding for the Ref: 674 IPPW Infrastructure Replacement and Rehabilitation Needs 2026 Implementation Plan in the amount of \$955,000, funded \$366,000 from the Sanitary Sewer Utility Capital Reserve, \$207,000 from the Stormwater Utility Reserve, and \$382,000 from the Water Utility Capital Reserve, be approved and released as per the 2024-2026 Approved Capital Budget Ref. #674, subject to approval of the 2026 Budget Confirmation report.
6. That additional capital funding for the Ref: 674 IPPW Infrastructure Replacement and Rehabilitation Needs 2026 Implementation plan in the amount of \$770,000, funded from the Canada Community Building Fund, be approved and released, subject to approval of the 2026 Budget Confirmation report.
7. That Council approve the reallocation of \$159,000 from project #230053 to project #230060 Resurfacing Roads – Various Locations as identified in Table 4.
8. That on January 1, 2026, Council approve the reallocation of \$338,000 from project #230053 to project #230060 Resurfacing Roads – Various Locations as identified in Table 4.
9. That on January 1, 2026, Council approve the reallocation of \$121,000 from project #230053 to project #110099 Condition Assessment and Sewer Main Spot Repairs as identified in Table 4.

Carried Unanimously

c) Title: AMO Board of Director Nominations
Report No.: CORP2024-028
Prepared By: Julie Finley-Swaren

Moved by Councillor Freeman, Seconded by Councillor Hanmer:

1. That Council approve CORP2024-028.
2. That Council support the nomination of Dorothy McCabe for the AMO Board of Directors, Large Urban Caucus position and directs the City Clerk to prepare the necessary support letter.

Carried Unanimously

10. QUESTIONS

Councillor Wright asked if staff can consider the following: the City's NetZero by 2050 commitment, the Corporate Climate Action Plan, the development of a Green Building Policy, the upcoming rental housing report, and the ongoing urban forest management plan consultation. Considering that, can we look at an all-city approach to extreme heat in partnership with Public Health and emergency response partners? Tim Anderson responded to say staff will take that one away.

Councillor Freeman wanted to thank the transportation team for their work in the Colonial Acres area to resurface the roads throughout the subdivision. There is a large gap between asphalt and the properties and she was wondering if there were plans for the City to come back and reseed those areas. Bob Henderson replied that he believes it's the City's responsibility to come back, but that he would look into it and follow up.

11. NEW BUSINESS

Councillor Bodaly wanted to thank the Vista Hills Community Association for the community picnic they hosted yesterday, May 26. Neighbourhood events are a great way to connect to the community and do some community building. It's important to recognize that many volunteers put these events together.

Councillor Vasic participated in the Easter Seals Dancing with the Stars event on Friday, May 24. There were 250 people who attended and they raised \$80,000 for Easter Seals, which will send 32 kids to camp that is fully accessible. The event was a beautiful representation of community and connection. Two dance studios took part: The Underdog Dance Corp and TenC Dance Corp.

Councillor Vasic also wanted to highlight Green Light Arts and the production they recently put on titled Late Company. Green Light often takes difficult subjects and theatre and makes people think about them through different lenses to connect to the story. Green Light Arts has been putting on shows for 10 years and is going to be launching a fundraising campaign soon.

Councillor Roe wanted to highlight Special Olympics Ontario that came to town from Friday May 24 to Saturday evening, May 25. She attended the opening ceremonies on Thursday night which was incredible. The energy and excitement of the participants was fantastic. She gave a shout out to all the volunteers who put this on and the Waterloo Regional Police Services, who did a lot of work and really showed up for the athletes.

12. ENACTMENT OF BY-LAWS

Moved by Councillor Vasic, Seconded by Councillor Roe:

That the By-laws listed below be read a first, second and third time and finally passed, numbered sequentially commencing with By-law Number 2024-048 and that the Mayor and Clerk be authorized to sign them accordingly.

- a) By-law 2024-048 By-law to adopt Official Plan Amendment No. 38 redesignating the lands known municipally as 150-152 Albert St. (OPA 38, IPPW2024-025, Council May 6, 2024, Wilfrid Laurier University)
- b) By-law 2024-049 By-law to amend By-Law No. 2018-050, being a Zoning By-law controlling land use in the City of Waterloo. Rezone the lands known municipally as 150-152 Albert St from Residential Conservation One (RC1) to Residential Conservation One (RC1) with site specific provisions. (Zoning By-law Amendment Z-22-09, IPPW2024-025, Council May 6, 2024, Wilfrid Laurier University)
- c) By-law 2024-050 By-law to Amend By-law No. 2018-050, being a Zoning By-law Controlling Land Use Development within the City of Waterloo, 155 & 165 University Avenue West (IPPW2023-053, Council December 11, 2023)
- d) By-law 2024-051 By-law to confirm all actions and proceedings of Council, May 27, 2024

Carried Unanimously

13. ADJOURNMENT

Moved by Councillor Wright, Seconded by Councillor Hanmer:

That the meeting adjourn.

(Time: 5:12 p.m.)

Carried Unanimously

READ AND APPROVED, June 24, 2024

Mayor

City Clerk



**STAFF REPORT
City Utilities**

Title: Denholm Pond Environmental Assessment
Report Number: IPPW2024-034
Author: Jessica Kellerman
Council Date: June 24, 2024
File: N/A
Attachments: N/A
Ward No.: Northeast Ward 4

Recommendations:

- 1. That IPPW2024-034 be approved.**
- 2. That Council endorse the *Denholm Pond Municipal Class Environmental Assessment* and direct staff to file the Notice of Completion and commence the mandatory 30-day public review period, as required by the Municipal Class Environmental Assessment process.**
- 3. That capital funding for Denholm Pond Upgrades in the amount of \$717,000, funded from the Stormwater Reserve, be approved and released as per the 2024-2026 Approved Capital Budget Ref#532.**

A. Executive Summary

The purpose of this report is to seek Council's approval to file a Notice of Completion for the Denholm Pond Municipal Class Environmental Assessment (EA).

Denholm Pond is a small body of water contained within a low-lying area on private property (462 Denholm Street, Waterloo, ON). While it is located on private property, it is part of the urban drainage system for this part of Waterloo. Urban runoff discharges from the storm sewer system on Hillside Drive to a concrete-lined channel that directs flow into the pond. A continuously flowing artesian well also discharges water to the pond. Drainage enters the pond in the southwest corner, exits via a small weir in the northeast corner, and ultimately discharges into Colonial Creek a short distance downstream.

City Utilities has undertaken Phases 1 and 2 of the Class EA Schedule B process for the Denholm Pond. Phase 1 consisted of creating a problem and opportunity statement

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for the Project, based on complaints related to sediment accumulation, erosion, and odour. Phase 2 consisted of identification and evaluation of alternative solutions.

Within Phase 2, alternative solutions were evaluated using several criteria, including: terrestrial and aquatic environment, surface and ground water, social environment, technical feasibility, and overall lifecycle costs.

Consultation with the public, stakeholders, Indigenous Nations and Indigenous Organizations, and government agencies was completed as per the requirements of the Class EA process.

An alternatives analysis was conducted to determine the preferred stormwater management strategy for the operation and maintenance of the City's stormwater infrastructure related to the pond, that address sediment accumulation, erosion, and odour. Based on the alternatives analysis, the preferred alternative is to separate the stormwater management (SWM) infrastructure, remove Denholm Pond, and acquire ownership of the lands associated with the SWM infrastructure for future operation and maintenance purposes.

After considering input from stakeholders, agencies, and Indigenous Peoples, City Utilities, in collaboration with Engineering Services, will proceed with detailed design and implementation of the preferred alternative, subject to Council's approval of IPPW2024-034.

B. Financial Implications

The approved 2024-2026 capital budget includes \$717,000 in capital funding for the non-routine project Denholm Pond Upgrades (ref#532). This funding is non-routine and requires council approval for release. The \$717,000 was budgeted in the 2024-2026 Capital Budget Book as being funded by debt however due to savings it is expected that the stormwater reserve can defer debt until 2025.

C. Technology Implications

None

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Environmental Sustainability and Climate Action – Objective 1 Utilize data-driven solutions to address present and historical impacts of climate change for impacted communities.

Complete Community – Objective 4 Optimize the use of City-owned lands to achieve strategic objectives.

Infrastructure and Transportation Services – Objective 1 Prioritize environmentally sustainable infrastructure to improve infrastructure resilience in order to meet the needs of future generations; identify and plan for required operational, maintenance and rehabilitation/replacement needs associated with new and existing infrastructure while considering ways to minimize the impacts of life cycle costs; construct, upgrade and manage essential infrastructure for stormwater and other municipal assets to support the long-term needs of the community and natural environment.

Guiding Principles: Sustainability, Integrity, Operational Excellence

E. Previous Reports on this Topic

None



Denholm Pond Environmental Assessment IPPW2024-034

Section 1 – Background

Denholm Pond is a small body of water contained within a low-lying area on private property (462 Denholm Street, Waterloo, ON). While it is located on private property, it forms part of the urban drainage system for this part of Waterloo. Drainage enters the pond in the southwest corner, exits via a small weir in the northeast corner, and discharges into Colonial Creek a short distance downstream. Historically, the City of Waterloo has been involved in the maintenance of the pond, and based on resident requests, has undertaken investigations to determine the most appropriate and efficient long-term approach to operation and maintenance of this stormwater management facility.

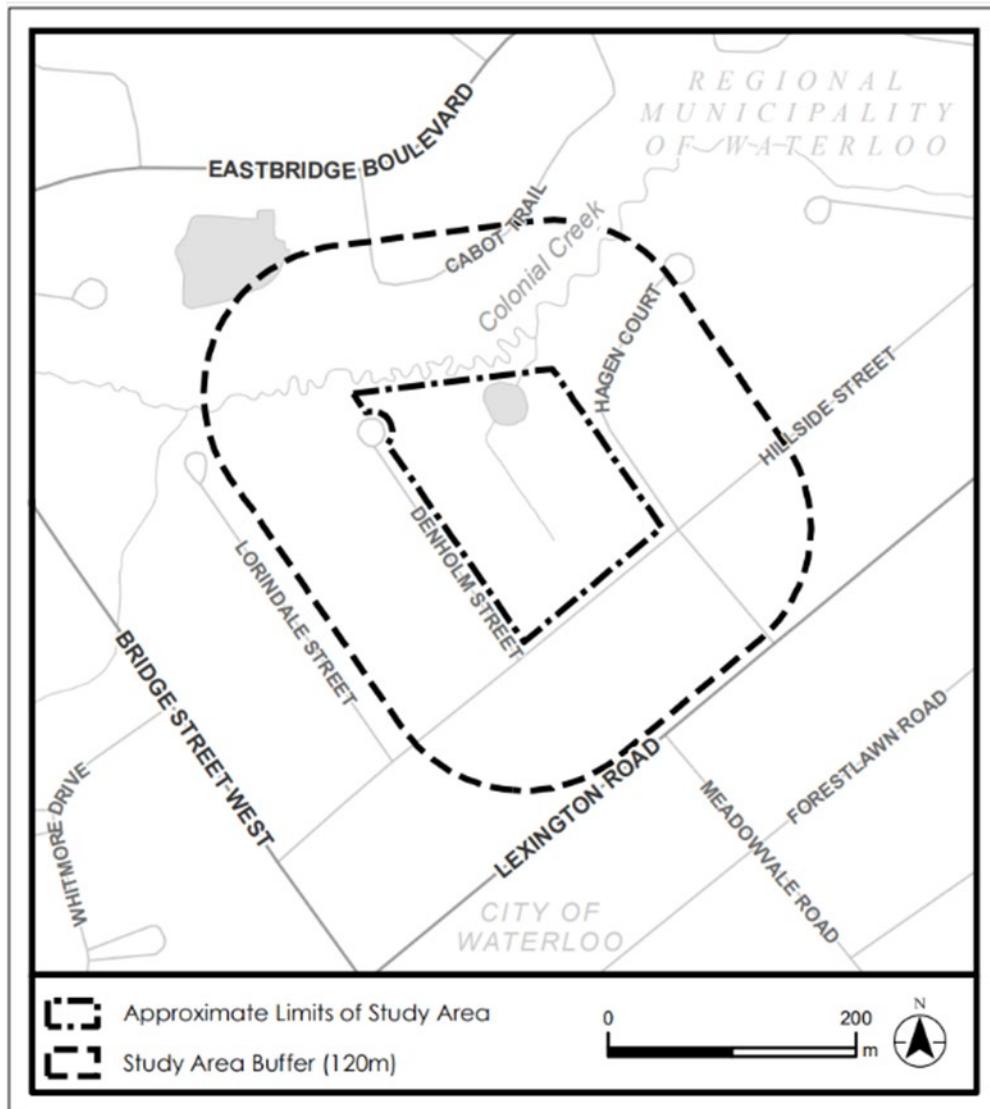
The pond has two known water sources that can be observed from the surface. One source is urban drainage both from the neighbouring private properties and from a storm sewer that discharges flow from Hillside Drive into a concrete-lined channel that conveys water to the pond. The second is from a continuously flowing artesian well, which empties into the common concrete drainage channel. The physical quality and aesthetic appeal of the pond has been significantly degraded over time. Local residents have expressed concerns about the Denholm Pond, including odours, ongoing flooding, and erosion conditions along the channel and pond banks. City Utilities has completed this Schedule B Municipal Class Environmental Assessment (Class EA) to address resident's concerns and identify a long-term solution for the Denholm Pond.

The Class EA ensures compliance with the Environmental Assessment Act by providing for the identification of problems or opportunities, and having regard for the need to protect the environment by reducing potential environmental effects through Project design or mitigation. The Class EA includes consultation/engagement with Indigenous Nations/Organizations, the public, and regulatory agencies during the planning and decision-making processes.

Section 2 – Study Area

As illustrated below in Figure 1, the Study Area includes parcels of land adjacent to the pond and channel, as well as a 120 metre buffer. The Study Area and buffer were selected to consider the potential environmental impacts that could be reasonably predicted by the proposed Project activities, given the current land uses in the area and the sensitivity of the adjacent natural and socio-economic features.

Figure 1 – Denholm Pond EA Study Area



Section 3 – Study Goal and Objectives

The City of Waterloo, based on feedback received from residents, identified the need to address the management (operations and maintenance) of Denholm Pond. Denholm Pond is part of the urban drainage system in northeastern Waterloo, and the City of Waterloo has a history of involvement with this facility. In response to resident's complaints about sediment accumulation, erosion, and odour, City Utilities initiated the Class EA to determine a long-term stormwater management strategy for the operation and maintenance of the pond.

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Section 4 - Alternatives Analysis and Evaluation Criteria

For the purposes of this study, five alternative solutions were considered in response to the problem/opportunity statement:

1. 'Do Nothing' alternative;
2. 'Separate Stormwater Facility' alternative; which was further subdivided into 3 options:
 - Separate Stormwater Facility from Surface Pond and Artesian Well
 - Separate Stormwater Facility from Surface Pond and Artesian Well with New Outlet
 - Separate Stormwater Facility and Remove Pond
3. 'Engineered Stormwater Management Pond' alternative;
4. 'Naturalized Restoration Area' alternative; and
5. 'Stormwater Diversion' alternative.

The criteria for the evaluation of the alternatives is shown in Table 1. The criteria fall into four main categories: technical, financial, biophysical environment, and social environment.

Table 1 – Project Evaluation Criteria

Category	Criteria
Technical	<ul style="list-style-type: none">• Effectiveness of addressing problem opportunity statement• Technical ability to convey water to Colonial Creek• Separates public and private infrastructure• Constructability
Financial	<ul style="list-style-type: none">• (Municipal and private) operation and maintenance costs• Construction cost
Biophysical	<ul style="list-style-type: none">• Changes to terrestrial environment<ul style="list-style-type: none">- Change to vegetation- Change to wetlands- Change to habitat• Changes to aquatic environment<ul style="list-style-type: none">- Change to fish habitat• Generation or importation of material (e.g., soil/ aggregate)• Changes to surface water<ul style="list-style-type: none">- Provides water quality/quantity control- Substantial alteration of drainage patterns/ augmentation of flows- Change in ability to adapt and manage severe precipitation events• Changes to groundwater (quality/ quantity)
Social	<ul style="list-style-type: none">• Changes in air quality<ul style="list-style-type: none">- Changes in odours- Contribution to GHG emissions• Changes to noise levels• Aesthetics of the pond, channel, above-ground structures, and associated temporary construction impacts• Archaeological resources, built heritage resources, and cultural heritage landscapes• Impacts to resources of Indigenous interest

Feedback received from public consultation, stakeholders, project team members and study data was used to qualitatively assess each alternative against each criteria to determine the preferred alternative.

Section 5 – Preferred Alternative

Based on the results of the alternatives evaluation, the preferred alternative is Alternative 2c: Separate SWM Facility and Remove Pond (see conceptual rendering below in Figure 2). Alternative 2c includes the complete removal of the pond and concrete channel. The storm sewer will be extended by approximately 160 metres. The storm sewer would outlet in the current location of the pond outfall. The artesian well would be collected by the storm sewer. An oil girt separator would be installed to provide quality treatment of storm water.

Alternative 2c involves the removal of the majority of the surface infrastructure, including the pond and concrete channel. The areas will be returned to a sodded/manicured state following construction. The removal of the pond and concrete channel directly addresses the ongoing concerns with pond cleanliness, odour, sediment accumulation, and erosion, while maintaining conveyance of SWM flows to Colonial Creek via the underground SWM system. As this alternative utilizes the existing channel connection to Colonial Creek, there are few construction and maintenance requirements within the Colonial Creek corridor.

The removal of the pond and concrete channel and conversion of the SWM system into an underground system will reduce the frequency of flows and flooding events, which will reduce the frequency of City maintenance requirements (e.g., pond clean-outs, erosion mitigation of the pond and channel, and garbage and sediment removal). Alternative 2c also establishes clear ownership by the City and will contain the majority of maintenance operations within lands owned by the City to reduce disruption to and impacts on privately-owned lands.

Figure 2 – Preferred Alternative Concept Rendering





STAFF REPORT Planning

Title: Permitting Online Notices for Heritage Matters
Report Number: IPPW2024-035
Author: Dominik Simpson
Council Date: June 24, 2024
File: n/a
Attachments: Appendix 'A' – Proposed By-law
Ward No.: All wards

Recommendations:

1. That Council approve report IPPW2024-035.
2. That Council approve the publication of *Ontario Heritage Act* ("OHA") notices on the City's website for the purposes of satisfying the requirements for publishing OHA notices in a newspaper pursuant to Sections 26(4) and 39.1(3) of the *Ontario Heritage Act*, R.S.O., 1990, c.O.18.

A. Report

Pursuant to the *Ontario Heritage Act*, heritage notices (e.g. a "notice of intention to designate") shall be:

- (a) served on the owner of the property and on the Ontario Heritage Trust; and
- (b) published in a newspaper having general circulation in the municipality.

The *Municipal Act* and *Ontario Heritage Act* allow municipalities to establish their own methods for providing notice instead of publishing notice in a newspaper. For example, municipalities, by by-law, can permit online (website) notices instead of the default newsprint notices. This can significantly reduce advertising costs to the City of Waterloo, and is more sustainable. Further, as newspapers reach fewer households over time, the City's website represents a viable alternative for providing notice to the general public. Affected property owners and the Ontario Heritage Trust will receive notice by letter, and the City's Municipal Heritage Committee will be informed by staff.

Planning staff are evaluating the merits of designating approximately 40 properties in Fall 2024, following owner and stakeholder consultations this summer. This work stems from changes made by the Province through Bill 23 (*More Homes Built Faster Act*, 2022). More information about this project can be found on Engage Waterloo:

<https://www.engagewr.ca/waterloo-heritage-register-review>

Under the current process, each heritage designation that the City advances requires publication in The Record newspaper, which is costly and requires staff time to arrange. In the alternative, online notices have nominal costs, require less staff time, and can be more accessible to a wider audience and updated more frequently in-house. For these reasons, staff recommends that the City of Waterloo migrate the publication of *Ontario Heritage Act* notices from “a newspaper having general circulation in the municipality” to the City’s Cultural Heritage webpage. For clarity, this will not remove or replace any notices served on the owner(s) of a property or the Ontario Heritage Trust, as required by the *Ontario Heritage Act* (re: typically via direct mail or email (where available)).

The shift towards online heritage notices is consistent with many municipalities throughout Ontario, as confirmed by a best practices review. These municipalities include, but are not limited to: Markham, Vaughan, East Gwillimbury, Oakville, Milton, Grimsby, Hamilton, and Ottawa.

Should Council adopt this updated notification process, staff will publish a newsprint ad informing the public that we will be using the City’s website for online heritage notices going forward. Communications staff will also provide notification through social media.

B. Financial Implications

Publication of *Ontario Heritage Act* notices on the City’s website has positive financial implications, significantly reducing or eliminating the costs associated with print ads in a local newspaper.

C. Technology Implications

None. The City’s existing Cultural Heritage webpage or similar site is equipped to house such notices.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Alignment with the ‘Operational Excellence’ guiding principle, as well as the ‘Sustainability and Climate Action’ strategic priority, by providing more accessible notification services that also reducing reliance on paper products.

E. Previous Reports on this Topic

CORP-CLK2003-005: Municipal Act, 2001 Notice Policy - Section 4.1 of the Notice Policy states, “Where separate by-laws have been enacted in accordance with provisions contained in the [Municipal] Act, the notice provisions set out in such by-laws shall prevail.”

APPENDIX 'A'



**THE CORPORATION OF
THE CITY OF WATERLOO**

BY-LAW NO. 2024 –

**BY-LAW TO PROVIDE FOR THE FORM AND MANNER OF
PUBLICATION OF NOTICES FOR HERITAGE MATTERS**

WHEREAS:

1. Section 11(3)(5) of the *Municipal Act, 2001*, S.O. 2001, c. 25 (the "Municipal Act") provides that a municipality may pass by-laws within the following sphere of jurisdiction: culture, parks, recreation and heritage;
2. Section 270 of the Municipal Act requires a municipality to adopt and maintain policies with respect to the specific form and manner of the publication of notices;
3. Section 4.1 of the City of Waterloo's Notice Policy, as approved by Council on February 10, 2003, by report CORP/CLK03-05, states where separate by-laws have been enacted in accordance with provisions contained in the [Municipal] Act, the notice provisions set out in such by-laws shall prevail;
4. Sections 26(4) and 39.1(3) of the *Ontario Heritage Act*, R.S.O., 1990, c. O.18 (the "Ontario Heritage Act") permits a municipality to publish notices in accordance with a policy adopted by the municipality under section 270 of the Municipal Act for the purposes of satisfying the requirement of publishing heritage notices in a newspaper; and
5. The Council of The Corporation of the City of Waterloo (the "City") deems it desirable and appropriate to publish notices for select heritage matters on the City's Website, to fulfill the newspaper notification requirements set out in the Ontario Heritage Act, as specified herein.

**THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE
CITY OF WATERLOO ENACTS AS FOLLOWS:**

1. For the purposes of this By-law, in addition to the definitions set out in the recitals hereto:

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- a) **“Owner”** means the person(s) registered on title in the applicable land registry office as the owner of the Property;
- b) **“Property”** means real property and includes all buildings and structures thereon;
- c) **“Trust”** means the Ontario Heritage Trust; and,
- d) **“Website”** means the official internet website of The Corporation of the City of Waterloo whose uniform resource locator is known as www.waterloo.ca at the time of the passing of this by-law.

2. Pursuant to subsection 26(4) of the Ontario Heritage Act, the City shall issue notice on the City’s Website, to satisfy the newspaper publishing requirement pursuant to subsection 29(3)(b) of the Ontario Heritage Act, for the following select heritage matters:

- a) Notice of intention to designate a Property under Part IV or Part V of the Ontario Heritage Act;
- b) Notice of the passing of a designation by-law under the Ontario Heritage Act;
- c) Notice of withdrawal under the Ontario Heritage Act;
- d) Notice of an amendment to a designation by-law under the Ontario Heritage Act; and,
- e) Notice of the repeal of a designation by-law under the Ontario Heritage Act.

3. This by-law shall not remove or replace the requirement for providing notice to the Owner of a Property and to the Trust, pursuant to subsection 29(3)(a) of the Ontario Heritage Act.

4. This By-law shall come into force and effect on the date of its final passing.

Enacted this _____ day of _____, 2024.

D. McCabe, Mayor

J. Finley-Swaren, City Clerk



STAFF REPORT Planning

Title: Official Plan Review: Draft Official Plan Policies and Schedules
Report Number: IPPW2024-005
Author: Adam Lauder and Ric Martins
Council Date: June 24, 2024
File: PF2020-002
Attachments: Draft Updated Official Plan – [see Engage Waterloo](#)
Ward No.: City-Wide

Recommendations:

1. That Council approve report IPPW2024-005.
2. That Council receive the draft Official Plan policy updates for information.
3. That Council direct staff to consult with the public and interested parties on the draft Official Plan policy updates.
4. That Council direct staff to bring a final draft Official Plan (Chapters 3, 10 and 12) with modifications to Council for its consideration, after consulting with the public and interested parties.

A. Executive Summary

The City of Waterloo is undertaking a statutory review of its Official Plan, as required by the Planning Act. The Official Plan Review (“OPR”) is being undertaken by City staff, with support from consultants. The OPR is intended to refine existing Official Plan policies and mapping to reflect contemporary best practices in urban planning, and to update the City Official Plan (“City OP”) for consistency with legislation and current Provincial and Regional policies and plans. Draft updates to the City OP also address local considerations and input to date from community consultation.

A phased approach to the OPR is being used to allow for key chapters in the City OP to be updated in the short term, in response to current pressures. The phased approach also allows for flexibility, in particular to respond to on-going legislative changes and the pending transition of upper-tier (regional) planning authority to local area municipalities.

The focus of the Phase 1 modifications in IPPW2024-005 is on Chapter 3 (City Form), Chapter 10 (Land Use Policies), and Chapter 12 (Implementation). A summary of the updates comprising Phase 1 of the OPR is highlighted in this report, while the full

annotated version of the draft Official Plan updates can be found on the Engage Waterloo's [Official Plan update](#) page.

Subject to direction from Council, staff propose to further consult with the community on the draft updates before bringing back recommended policy changes for Council's consideration early in 2025.

B. Financial Implications

Previously approved through report IPPW2017-041, \$151,000 was made available for the Official Plan Review. An additional \$159,000 was subsequently made available in routine funding (Ref 652 in the approved 2020-2022 Capital Budget).

As noted in the Official Plan Review Terms of Reference report (IPPW2020-060), a total of \$125,938 was allocated to the Commercial and Employment Policy Study.

A total of \$184,062 remains available in capital funding.

If the final updates to the Official Plan are appealed, potential costs related to an Ontario Land Tribunal hearing may be incurred, to be funded from the Planning Litigation Reserve (LIT).

C. Technology Implications

None

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

The Official Plan is the City's primary comprehensive land use planning document that guides growth, land use change, built form, and development. Updating the City OP will ensure that it aligns with the 2023-2026 Strategic Plan, including the Strategic Priority of creating a complete community and making the city Future Ready.

E. Previous Reports on this Topic

IPPW2022-055 – Official Plan Review: Commercial and Employment Policy Study

IPPW2020-060 – Official Plan Review: Terms of Reference



Official Plan Review: Draft Official Plan Policies and Schedules IPPW2024-005

1.0 Overview and Background

The City of Waterloo is undertaking a statutory review of its 2012 Official Plan (the “**City OP**”). The Official Plan Review (“**OPR**”) is being undertaken by City staff, with support from consultants. The OPR is intended to refine existing City OP policies and mapping to reflect contemporary best practices in urban planning, and to update the City OP for consistency with legislation and current Provincial and Regional policies and plans. A Terms of Reference guiding the OPR process was approved by Council through report IPPW2020-060.

The earlier research and initial consultation phase of the OPR has informed draft updates to the existing policies and schedules (land use maps) of the City OP. Further, the draft updates reflect Regional Official Plan Amendment 6 (“**ROPA 6**”), as approved. ROPA 6 has directly informed key policies and growth provisions in the updates to the City OP.

Recent directions from the Province have been incorporated into the draft updates. In April 2023, the Province advised municipalities of its intent to combine the elements of the Provincial Growth Plan (A Place to Grow) and the Provincial Policy Statement 2020 into a new consolidated provincial plan called the “Provincial Planning Statement” (“**PPS**”). In April 2024, the Province further updated and amended the draft new PPS. The proposed new PPS has not yet been adopted by the Province at the time of writing this report. Notwithstanding the status of the new PPS, the draft updates to the City OP incorporate provisions that align with the proposed new PPS as currently drafted. The draft City OP policies also align with recent legislative changes, including the *More Homes Built Faster Act, 2022* (Bill 23) and the *More Homes for Everyone Act, 2022* (Bill 109). Additional revisions to the draft City OP policies will likely be necessary to align with the most recent Provincial planning related legislation, the *Cutting Red Tape to Build More Homes Act, 2024* (Bill 185).

Additional documents informing the draft policies of the City OP includes:

- the Commercial and Employment Policy Study, which was received by Council in October 2022;
- the Affordable Housing Strategy, approved by Council in March 2023; and
- several documents and reports approved under the umbrella of the Streamlined Development Approval Fund, approved by Council in October 2023.

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Regarding the documents approved under the Streamlined Development Approval Fund, specific documents informing the OPR included the Built Form Review Study, the Community Planning Permit System Study, and the Parking Review.

Updates to the City OP will either be incorporated through this current phase of review, or in pending future phases of the OPR.

Inclusionary Zoning, if approved, will be implemented through a separate Official Plan Amendment and not incorporated through the OPR.

2.0 Official Plan Function

The Official Plan provides city-wide direction on growth management, land use planning, and development related matters over the course of a 20-30 year timeframe. The goal is to provide direction through land use and planning policy to achieve the City's intended vision for growth and community, while limiting overly specific and technical details which are better left to technical planning instruments such as zoning by-laws. Zoning by-laws must conform to applicable official plans pursuant to the Planning Act.

City Master Plans also provide more detailed guidance for specific topic areas such as transportation, parks, economic development, etc. These Master Plans are referenced in the City OP for consistency and policy coordination. While other documents may provide more detailed provisions and/or are updated more frequently, the City OP maintains a vital role in setting the foundation and broad direction for land use development and growth management.

3.0 Official Plan Review: Phased Approach and Priority Focus Areas

In response to recent Provincial legislative changes and delays to the ROPA 6 approval, a phased approach to the OPR is being used. Staff have outlined three phases, with separate amendments, as a means to update the entire City OP (as described below). A phased approach to the OPR is being used to allow for key chapters in the City OP to be updated in the short term, in response to current pressures. The phased approach also allows for flexibility, in particular to respond to on-going legislative changes and the pending transition of upper-tier (regional) planning authority to local area municipalities.

The focus of the Phase 1 modifications includes Chapter 3 (City Form), Chapter 10 (Land Use Policies), and Chapter 12 (Implementation). Additional chapters have been included in this current phase of review with more minor policy changes. These include Chapter 1 (Introduction), Chapter 2 (Vision, Principles and Basis of the Plan), Chapter 7 (Economy), and Chapter 11 (Specific Provision Areas).

To correspond with the City OP chapters noted above, several Land Use Schedules have been updated as well. The remaining chapters of the City OP will be reviewed and updated in subsequent phases of the OPR, including Transportation, Utilities and

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Networks, as well as the Natural Heritage System, among others. Later phases will also provide an opportunity to undertake additional updates and modifications as necessary and respond to new provincial plans and legislation.

The phased approach to the OPR allows for necessary flexibility to respond to changes in legislation, and reflects existing operating capacities within Community Planning, recognizing the significant resources required to review and evaluate large and complex chapters in the City OP (e.g., Transportation, Utilities, and Environment and Energy).

In addition to the required updates to align with provincial and regional plans, the OPR identified several priority focus areas that form the basis of the review. Many of the priority areas of focus were identified through early stages of the OPR consultation. Priorities include facilitating housing and refining urban form, streamlining and clarifying policies, and encouraging compact complete communities. The table below summarizes the priority focus areas, and the associated action items as part of the OPR:

Priority Areas of Focus	Priority Actions:
Facilitating Housing and Refining Urban Form	<ul style="list-style-type: none">• Review and refinement of nodes and corridors• Review of height and density policies• Update housing policies and policy framework to allow for Inclusionary Zoning
Encouraging Compact and Complete Communities	<ul style="list-style-type: none">• Expanding definition of Complete Communities to include 15-minute neighbourhoods as per Regional Official Plan• Updates to commercial and employment policies• Enhancing policies to encourage mixed-use, good urban design, urban form objectives, protection of the countryside line
Streamlining and Clarifying Policies	<ul style="list-style-type: none">• Updating policy language, references and classifications• Deleting unnecessary policy sections• Merging policy sections• Extensive updates to “City Form” chapter

Many of the proposed policy changes and updates overlap with the three principal priority focus areas. For example, the proposed expansion/refinement of some corridors would allow for additional density, which facilitates additional housing options in neighbourhoods, and contributes to a compact community.

4.0 Specific Official Plan Updates and Modifications

Municipalities are required under the Planning Act to update their Official Plan to ensure conformity / consistency with provincial plans, policy statements, and matters of provincial interest. The OPR represents an opportunity to refine the City OP to reflect contemporary urban planning best practices in the local context. The existing Official Plan was adopted in 2012 and amended over subsequent years; the focus of the OPR is to incorporate policy and mapping refinements to the existing City OP as amended, to

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address provincial, regional and local planning interests and update Waterloo's planning policy framework as required. The primary focus of staff has been on:

- Ensuring consistently with provincial and regional policy requirements and directions (ROPA 6, Planning Act, and PPS);
- Addressing local requirements and land use planning challenges; and
- Improving clarity and streamlining policy wherever possible (including administrative changes such as formatting and renumbering).

A version of the City OP with all of the draft policy updates / modifications is posted to the [Engage Official Plan review](#) page for interested persons and parties to review. Staff will undertake further community consultation and provide more context / background for the proposed updates thought the pending public consultation process. Given the breadth of the City OP and the wide range of proposed updates / modifications, a high-level summary of the proposed updates / modifications is noted below:

Chapter 1 – Introduction

- Added Territorial Acknowledgement
- Minor administrative modifications

Chapter 2 – Vision, Principles and Basis of the Plan

- Updated 2.2 Principles of the Plan to reflect a sustainability framework
- Added references to the City Strategic Plan
- Minor administrative modifications

Chapter 3 – City Form

- Several administrative modifications, including:
 - Updated preamble, removing redundancies
 - Reinforced concept of complete communities, including policy references to "15-minuite communities"
 - Streamlined 3.1 Objectives
 - Modified designation name changes from "high density" to "high rise", and removal of "mixed-use" from residential land use designations.
- Consolidated all Official Plan targets into a table including population, growth, density and housing targets
- Height measured in metres has been replaced with heights measured in storeys (creates flexibility in the City OP, and leaves technical measurements to zoning)
- Permitting up to 30 storeys as of right in Major Transit Station Areas and Uptown, with a up to 25 storeys contemplated in the remaining High-Rise areas
- Removal of maximum densities from the City OP (re-focused policies to built form); minimums densities where they already exist will remain
- Merged Nodes, Corridors, and MTSAs under one section called "City Structure"
- Moved and streamlined "Greenfield Areas" to the new "City Structure" section
- Minor Corridor expansions in select areas by: (a) expanding the depth of existing corridors to achieve more viable development sites; or (b) identifying new Minor Corridor areas

- Creation of a "Minor Neighbourhood Corridor" designation, which would enable a broader range of gentle density in select low rise areas (e.g., stacked townhouses, 4-storey apartments; R9 zone framework -- e.g., Westmount Rd)
- Renaming references: from "Uptown Waterloo Urban Growth Centre" to "Uptown Waterloo Primary Node", to align with the draft Provincial Planning Statement

Chapter 7 - Economy

- Relevant policies have been moved to other sections of the Official Plan such as "Employment" and "Major Institutional"
- Remaining chapter has been removed and remaining Official Plan chapters have been reorganized accordingly

Chapter 10 – Land Use Designations

Residential

- Updated residential designation names, including:
 - "Low Density Residential" to "Low Rise Residential"
 - "Mixed-Use-Medium Density" to "Medium Rise Residential"
 - "Mixed-Use Medium High Density" to "Medium High Rise Residential"
 - "Mixed-Use-High Density" to "Mixed-Use-High Rise Residential"
- Creation of an "up-designation"/increase in height policy; consolidates up-designation criteria policy 10.1.1(12) and policy 12.3.1; applies to all requests for increased height, in any land use designation
- Streamlined Additional Residential Unit (ARU) policies to align with Planning Act; removed detailed/restrictive language. Enabled three (3) ARUs as of right, subject to zoning
- Updated post secondary residential policies to encourage residential development for students and faculty on or near the main campus
- Removed limitations on house conversions, in accordance with Provincial requirements for ARUs
- Updated Affordable Housing policies to conform with ROPA 6 and the City's Affordable Housing Strategy
- Low Rise Residential: Minor updates to stacked townhouses (formerly known as terrace dwellings) and low-rise apartment criteria to allow for more flexibility, subject to zoning
- Medium Rise Residential: removal of ancillary use restrictions/caps, deferring such details to zoning
- High Rise Residential: removal of ancillary use restrictions/caps, deferring such details to zoning

Commercial

- Focus is on "Commercial and Mixed-Use" land policies - consolidation of some designations as per recommendations from Commercial and Employment Policy Study
- Primary Commercial and Retail Centres are comprised of:
 - (i) Uptown Mixed-Use Core,
 - (ii) Conestoga Commercial Centre, and

- (iii) West Side Mixed-Use Commercial Centre.
- Consolidated the “Uptown Commercial Core” and “Uptown Complementary Transition Area” designations into a single designation titled "Uptown Mixed-Use Core"
- Consolidated the “Mixed-Use Community Commercial” and “Mixed-Use Neighbourhood Commercial” and some “Mixed-Use Office” designations into a single "Mixed-Use Community" designation
- “Mixed-Use Office” designation proposed to be removed. Properties currently designated Mixed-Use Office are proposed to be re-designated to an alternate Commercial designation, Academic (e.g. some Laurier owned, Lodge St properties), or Business Employment, as appropriate
- Neighbourhood and Speciality-Serving Centres and Areas is comprised of:
 - Convenience Commercial; and,
 - Corridor Commercial

Employment

- Employment areas – Business Employment and Flexible Industrial policies updated to reflect PPS and ROPA 6; general streamlining of policies
- Moved specified Business Employment lands (west side north of Weber and Northfield) into Flexible Industrial designation
- Removed office uses as primary uses within the “Flexible Industrial” designation; Flexible Industrial will specify through a site-specific permission other use (e.g., office, commercial) if such uses are to be permitted as ancillary uses
- Included PPS employment conversion criteria – intent of this changes is to maintain the employment function of the employment designation

Major Institutional

- Removed Academic from the “Employment” designation and moved it to the “Major Institutional” designation (new "Major Institutional - Academic" sub-designation for post-secondary uses)

Chapter 11 – Specific Provision Areas

- Updating of some SPAs including: Northdale (to remove bonusing provisions); Beaver Creek Meadows Minor Node
- Minor tweaks to wording to reflect changes above, e.g., land use name changes
- Renamed “Specific Provision Areas” to “Area Specific Policies”

Chapter 12 – Implementation

- Removal of section 12.3.1 Height and Density Bonusing
- Various administrative updates

Glossary

- Updated glossary terms or additions/removals where appropriate. Some highlights include complete communities; terms from Affordable Housing Strategy; heritage terms; etc.

Land Use Schedules

- Various updates to Schedule 'A' Land Use Plan
- Schedule 'B1' "Height and Density" changed to "Built Form"
- Updated Schedules including merger of Schedule 'B' with Schedule J: Schedule 'J' to be deleted, however 'J1'- 'J5' will remain, including three (3) new sub-J schedules for the Uptown MTSAs
- Deletion of Schedule 'B2' - Uptown Waterloo Urban Growth Centre
- Deletion of Schedule 'B3' - Designated Greenfield Areas

In addition to the above noted changes, City staff are also proposing to update the urban design policies found in Chapter 3 – City Form as part of Phase 1 of the OPR. In Fall 2023, the City undertook a “Built Form Review” as part of the Streamlined Development Approval Fund initiative. Following the Built Form Review report, the urban design consultants who authored the study reviewed the existing Urban design policies in the City OP, as a separate addendum to the Built Form Review. Urban design policies have been updated in the draft City OP based on recommendations from the Built Form Review addendum.

5.0 Consultation Plan and Approaches

Subject to the direction of Council, staff propose to consult with the community on the draft City OP policies and schedules before bringing back recommended policy changes for Council’s consideration. The initial Terms of Reference for the OPR outlined a communications plan, which staff will continue to follow. The approved communication plan noted that the intent of engaging with the community is to:

1. Inform residents and businesses and the development community of the Official Plan Review process.
2. Educate our community on what an Official Plan is and how it is used. Education will include legislated requirements, as well as highlighting opportunities for community priority setting.
3. Engage with our community to get their feedback on existing and proposed policies, with a focus on enhancements to the City OP policies and schedules that will contribute to positive planning outcomes in the local context.

Residents, property owners, business owners, developers, various interest groups, committees, agencies and associations will all be invited to participate in the consultation process. While the *Planning Act* prescribes a formal consultation process and notice requirements, staff noted in the Terms of Reference communication plan that we would supplement the legislated requirements with additional consultation throughout the OPR process in a number of ways (e.g., social media, workshops, open houses, individual meetings, and other means).

This current round of public consultation will form the informal public consultation period. Formal public outreach will follow as part of the Official Plan Amendment process. For the current draft of the OPR, staff plan on reaching the community through:

- Engage Waterloo – posting the draft reference material and inviting online feedback
- Hosting Public Meetings – to outline what an Official Plan does and share the draft Official Plan updates
- Reaching out to various stakeholders and interest groups to share the reason for the Official Plan updates and to solicit feedback

City staff have received a few requests to review specific properties including updating land use designations as part of the OPR process. Planning staff will use this consultation period to work with landowners to evaluate these proposed modifications and provide a recommendation to Council for consideration as part of the Official Plan Review approval process.

6.0 Next Steps

Subject to the direction of Council, City staff will engage with the community on the draft City OP updates. A combination of public meetings and stakeholder meetings as well as online engagement will allow the community to provide feedback on the draft City OP updates. Based on feedback received, City staff will update the draft City OP where appropriate, then initiate the process to formally update the City OP through an Official Plan Amendment (OPA) application. The OPA to implement Phase 1 of the OPR could begin in late 2024. Following the OPA for Phase 1, staff would initiate subsequent phases of the OPR including updates to the remaining chapters of the City OP.

7.0 Draft Updates

The draft updates to the City OP (Phase 1) are provided for information and discussion purposes only. The policies as presented serve as an initial draft of potential policy updates. City staff anticipate there will be several additional updates and further modifications through the consultation process. Further updates will also be required in response to any additional legislation that is passed by the Province. City staff will provide a formal recommended updated Official Plan following the consultation period.



STAFF REPORT

Planning

Title: Housing Accelerator Fund - Corridor Expansion Study and Plan Initiative
Report Number: IPPW2024-032
Author: Tanja Curic
Council Date: June 24, 2024
File: Housing Accelerator Fund
Attachments: Appendices A-B
Ward No.: 6 – Central-Columbia Ward

Recommendations:

1. That report IPPW2024-032 be received for information.
2. That Council direct staff to undertake engagement with the Sugarbush South neighbourhood and return to Council at a later date with a proposed plan for missing middle housing in Sugarbush South.

A. Executive Summary

The City received a Housing Accelerator Fund (“HAF”) grant to implement eight housing initiatives. These initiatives are all focused on increasing the supply of housing and/or streamlining planning processes. Disbursement of the HAF grant monies is dependent on the achievement of specific milestones and the issuance of 650 building permits by 2027 that are over and above the City’s historical housing growth.

This report relates to one (1) of the HAF initiatives, being a Corridor Expansion Study and Plan, to enable missing middle housing in proximity to transit in a two-part process. The first component pertains to the expansion of the Columbia Street West Minor Corridor through the City's current Official Plan Review process. The second component pertains to enabling missing middle housing just north of the Columbia Street West Minor Corridor. Both components are in the Sugarbush South neighbourhood, as shown in Figure 2 of this report.

This report provides an overview of the initiative's two phases, and the proposed process and engagement plan. Staff are of the opinion that expansion/creation of Minor Corridors and enabling more missing middle housing in close proximity to transit and the City's post-secondary institutions is appropriate in the context of current housing supply challenges. Staff recommend that Council direct staff to proceed forward with public and agency engagement for this initiative as set out in Section 7 of this report and

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direct staff to return at a later date with a proposed plan for enabling missing middle housing in Sugarbush South.

B. Financial Implications

As required, costs related to this project will be funded from the HAF grant.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Complete Community: This initiative will enable more “missing middle”, transit supportive housing options in proximity to the City’s three post-secondary institutions. This initiative is one of the actions in the City’s Affordable Housing Strategy and will help the City achieve its Housing Accelerator Fund commitment of 650 additional units over and above the City’s historical growth rate.

E. Previous Reports on this Topic

CAO2024-014 – Housing Accelerator Fund Launch and Progress Reporting

IPPW2023-037 – Housing Accelerator Fund – City of Waterloo Application



Housing Accelerator Fund - Corridor Expansion Study and Plan Initiative
IPPW2024-032

1.0 Background

To help address the housing supply challenges facing communities across Ontario and Canada, governments at all levels are looking at ways they can enable more housing. Expanding the Columbia Street West Minor Corridor and enabling “missing middle”, transit supportive housing in the Sugarbush South neighbourhood, in close proximity to the City’s post-secondary institutions, is an initiative in Waterloo’s CMHC-approved Housing Accelerator Fund (HAF) Action Plan. This initiative is an important step to help Waterloo achieve its Provincial housing pledge and the overall building permit requirements in the HAF grant conditions.

This report provides an overview of the Corridor Expansion Study and Plan initiative’s two components, proposed process, and engagement plan. Staff are of the opinion that expansion and creation of new Minor Corridors and enabling missing middle housing in proximity to transit and the post-secondary institutions is appropriate in the context of current housing supply challenges. A recommended engagement and planning process is presented in Section 7 of this report.

2.0 Need for Additional Missing Middle Housing Supply

Like many communities across Ontario, Waterloo is facing significant housing challenges which is contributing to increased housing prices and rents. The City’s population increased 15.7% from 2016 to 2021, and continues to grow. The City also has a low rental vacancy rate of 1.5% whereas 3% is considered a healthy and balanced market. The City’s Affordability Housing Strategy (IPPW2023-002) identified housing gaps such as the need for rental and ownership units within medium density “missing middle” built forms along transit routes and near amenities. “Missing middle” housing tends to refer to a variety of low and medium density, multiple-unit housing forms, such as triplexes, fourplexes, townhouses, additional residential units and low and mid-rise apartment buildings. For this report, missing middle housing refers to four to eight storey building typologies such as stacked townhouses and mid-rise apartments. Enabling missing middle housing in the Sugarbush South neighbourhood could help the City achieve its Provincial housing target of 16,000 new homes by 2031, and its overall HAF commitment of 650 additional units over and above the City’s historical growth rate.

Waterloo is a fast-growing community, as demonstrated by the 2021 Census (see **Figure 1.**). From 2016 to 2021, Waterloo was the fastest growing community in Waterloo Region, and one of the fastest growing communities in Canada. Since the 2021 Census, the City’s population, including post-secondary student population, has

4 Integrated Planning & Public Works

continued to grow. This growth places an increased need on the housing market. The Waterloo Town and Gown Committee's 2023 Student Accommodations Report identified a deficit of 4,730 student housing beds and anticipated enrolment growth at the City's post-secondary institutions.

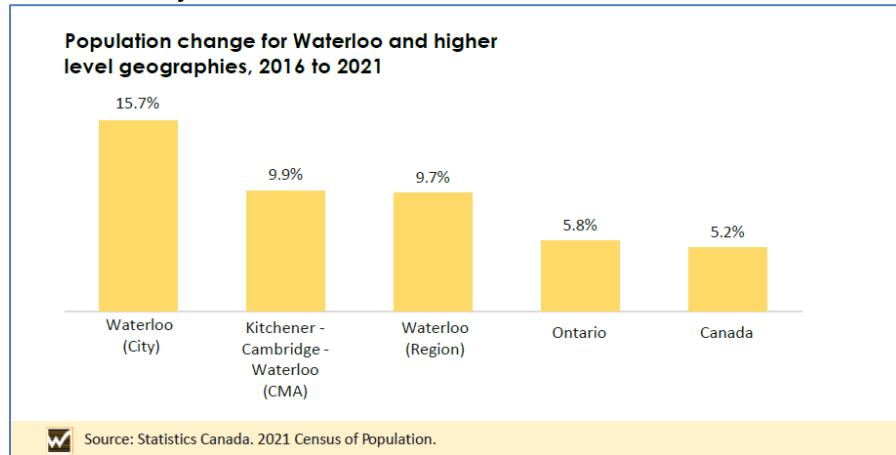


Figure 1. Population Change in Waterloo

3.0 Site and Planning Considerations

This initiative focuses on the southern portion of the Sugarbush neighbourhood (referred herein as Sugarbush South). The extent of the initiative area is illustrated in **Figure 2**. For background, this area was included in various Student Accommodation Studies (2004, 2008, 2015, 2017, 2023). It was also included in the draft boundaries for the Northdale Land Use Plan Study. Council received community feedback in 2010 regarding the Northdale study boundaries, and ultimately limited the study to the lands south of Columbia Street West commonly referred to as "Northdale".

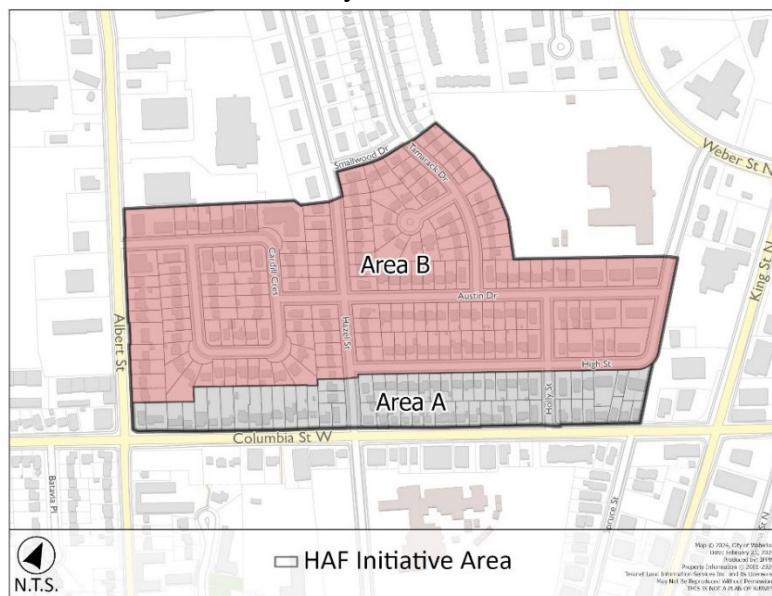


Figure 2. HAF Initiative Area

Sugarbush South was initially developed as a suburban community from the 1950s to the 1960s. With the continued growth of the post-secondary institutions, there has been significant pressure on the city's near-campus neighbourhoods to accommodate students, staff and faculty. This has resulted in intensification in near-campus nodes and corridors, such as on the periphery of the neighbourhood (north side of Cardill Crescent and east of Holly Street), as well as the conversion of single detached dwellings into multi-unit dwellings.

The subject neighbourhood is 22 hectares in size (inclusive of roads). It is surrounded by:

- To the east – properties that are part of the King Street Major Corridor.
- To the south – Columbia Street West (a four-lane City Arterial road) and south of it is the Northdale neighbourhood (the south side of Columbia Street West in Northdale is designated a Minor Corridor).
- To the west – Albert Street (a Major Collector road) and to the west of it is a Minor Corridor with “medium” and “medium high” designated properties and employment lands.
- To the north – a combination of low density, medium density, employment and major institutional lands.

Existing Planning Framework

The subject area is primarily designated “Low Density Residential” in the City’s Official Plan (Schedule ‘A’ – Land Use) as outlined in **Figure 3.** and contains the site characteristics outlined in **Table 1**. A more detailed overview of the neighbourhood’s history and planning context is contained in **Appendix A**.

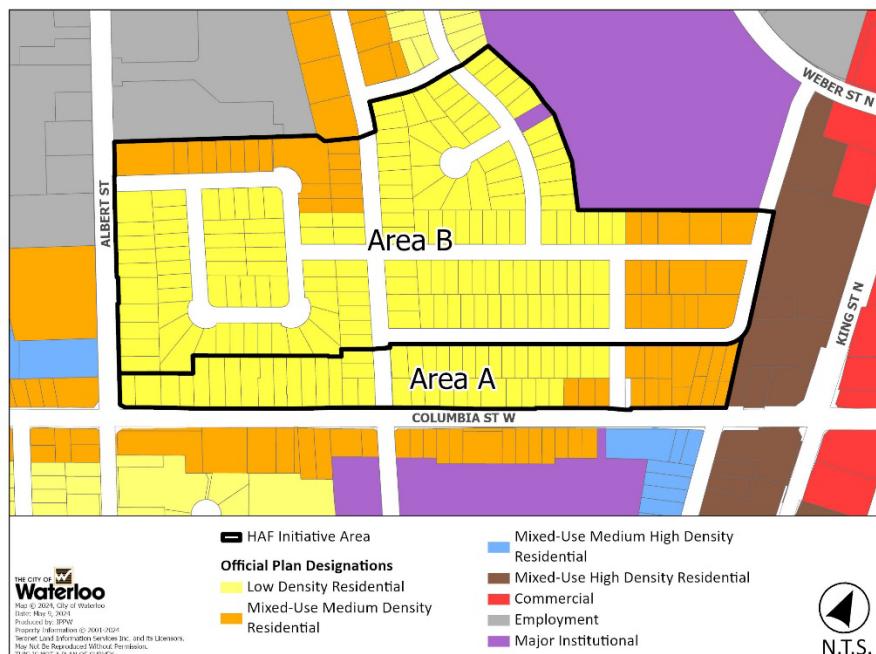


Figure 3. Existing Official Plan Land Use Designations

Table 1. – Area Site Characteristics

Component	Lot Area (ha)*	Current use	OP Designation	Zoning
Area A (Minor Corridor Expansion)	4.74	Residential	Primarily Low Density Residential with some Mixed-Use Medium Density Residential	R1, RMU-20, ZC
Area B (Enabling of Missing Middle Housing)	18.02	Residential	Primarily Low Density Residential with some Mixed-Use Medium Density Residential	R1, R4, R9, RMU-20

*includes roadways

4.0 Initiative Overview

The Council approved [**Affordable Housing Strategy**](#) includes the following action items that have informed this initiative:

- 1.1.B Consider identifying and designating new corridors in the OP and ZBL that will provide low and medium density “missing middle” housing options along key transit and transportation supportive corridors.
- 1.2.B. Identify and plan for additional sites in the City to transition toward mixed-use, complete areas/neighbourhoods.
- 1.3.D. Permit stacked townhouses and low rise (3-4 storey) multi-unit residential buildings in strategic areas as determined by the City, such as along certain segments of arterial and major collector roads, and in close proximity to schools and mixed-use nodes where appropriate.

Staff envisions two distinct components to this initiative, as outlined below.

Component 1 – Expansion of Columbia Street West Minor Corridor (Area A)

As part of the City’s statutory review of its Official Plan, the proposed Phase 1 modifications include identification of new Minor Corridor areas and refinement of the boundaries of existing corridors in select areas (see **Appendix B**). This includes the expansion of the Columbia Street West Minor Corridor on the north side, between Albert Street and west of the King Street North Major Corridor as denoted in **Figure 4**. The analysis undertaken and support for expansion of this Minor Corridor is found in **Appendix B**. This segment of the Columbia Street corridor is one of the few single-sided corridors in the city. Extending the corridor is consistent with the city-wide Nodes and Corridors framework that typically includes both sides of a corridor road. The identified lands are ideally located for missing middle housing due to its proximity to two Station Areas, three post-secondary institutions, location on Columbia Street West (City Arterial Road), and proximity to many services and amenities. The corridor also serves as a connection between a Major Node and Minor Corridor.

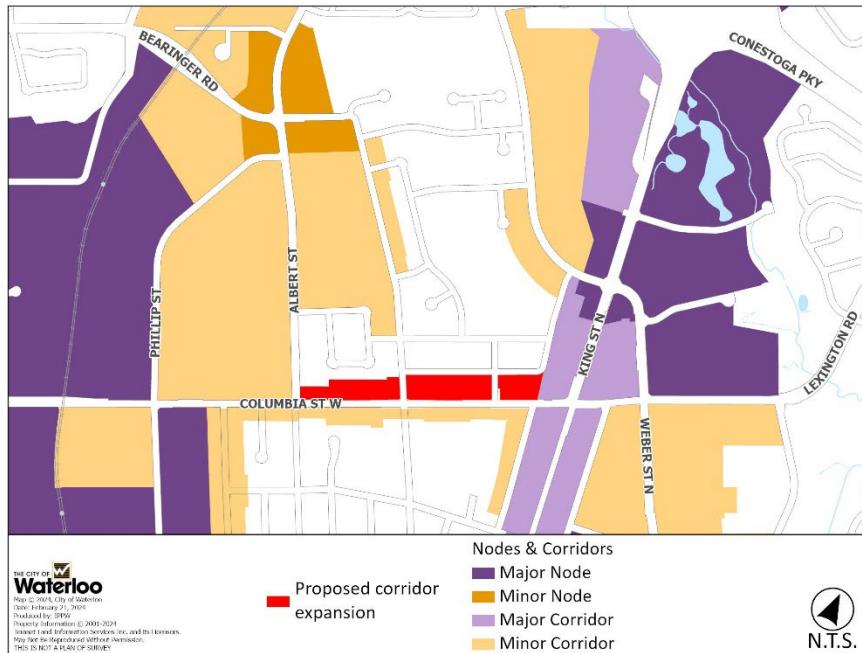


Figure 4. Proposed Minor Corridor Expansion

The Official Plan Review Phase 1 draft updates, which includes the expansion of the Columbia Street West Minor Corridor, will be brought forward to Council on June 24 for information and initial feedback. No Council decision will be made at this the meeting, rather a draft of certain chapter amendments will be tabled for public input. Informal and Formal Public Meetings for Phase 1 are anticipated by year-end. An amendment to the Zoning By-law will follow to implement the approved changes to the Official Plan. In line with the existing Official Plan, the Area A lands could be designated Mixed-Use Medium Density Residential. Similar permissions to the existing Columbia Street Minor Corridor to the south provide a starting point for the Area A review, which would permit development up to eight storeys and a maximum density of 450 bedrooms per hectare.

Component 2 – Enabling of Missing Middle Housing (Area B)

Analysis of rental licence data illustrates that approximately 65% of the properties in the Sugarbush South neighbourhood currently have an active and/or pending rental licence (see **Figure 5.**). Clearly, this neighbourhood is providing an important supply of rental units to the community. Prior to the 2012 Northdale Land Use Study Plan, the Northdale neighbourhood exhibited similar rental characteristics. Given population and post-secondary enrollment growth since 2012, coupled with the city's low vacancy rate, staff believe this neighbourhood provides a significant opportunity to add to the missing middle housing supply.

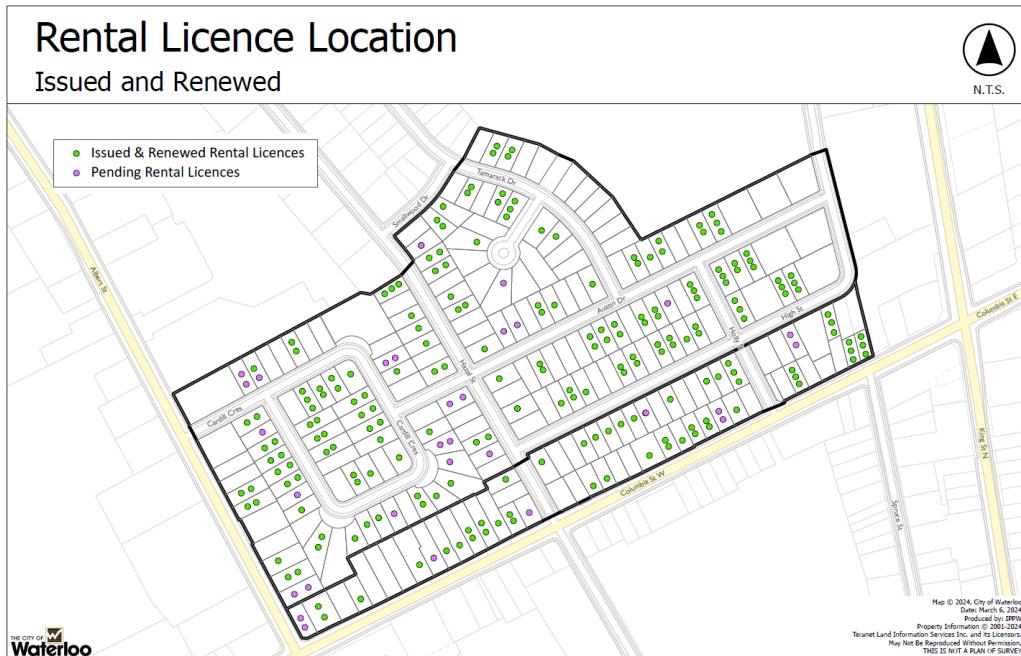


Figure 5. Rental Licences

The City has received enquiries as well as a zone change application in 2017 for 84 to 88 Columbia Street West (Z-17-16) for a proposed 28 unit stacked townhouse redevelopment consisting of 36 bedrooms. Rental license mapping above indicates that approximately half of the active/pending licensed properties have more than one rental licence, indicating multiple units on those properties. Some single-detached houses have been subdivided into smaller units to meet the growing demand for housing.

The last comprehensive planning review of Area B was undertaken in 2007/2008 as part of the Columbia Street, University Avenue, King Street and Lester Street Neighbourhood Land Use Planning Review. Staff are of the opinion that it is an appropriate time to comprehensively review the Sugarbush South land use planning framework with a lens of enabling missing middle housing given:

- The continued build-out of Northdale;
- The proposed expansion of the Columbia Street West Minor Corridor; and
- The large number of duplexes and triplexes within Sugarbush South and future potential of fourplexes.

As a reminder, the City permits three dwelling units on many low-density lots as-of-right, subject to certain zoning criteria, in alignment with Provincial requirements. In 2023, Council directed staff to evaluate a zoning amendment to permit fourplexes as-of-right where appropriate in low-density areas, up to four storeys in height, as part of the HAF grant.

5.0 Proposed Planning Framework for Area B

The Sugarbush South neighbourhood can continue to retrofit/convert single-detached dwellings into two- and three-unit dwellings (possibly four units) on a property, or a

comprehensive, coordinated plan can be prepared to shape and manage growth and built form within the neighbourhood – staff recommend the latter, with a focus on missing middle housing (four to eight storeys) such as stacked townhouses and mid-rise apartments. These built forms are typically compact and seek to optimize the subject lands given their context and characteristics, while still providing some ground-oriented built forms and options for larger households. The proposed scale of development would permit wood frame construction which supports lower construction costs and greater affordability.

To facilitate public consultation and discussion, staff has prepared a planning framework for Area B. The proposed planning framework would facilitate development that is similar to what can be seen in the interior of the Northdale neighbourhood, being multi-unit buildings up to 6 storeys in height. The proposed new Minor Corridor expansion along Columbia Street West (Area A), and existing Medium Density Residential properties, would facilitate multi-unit buildings up to 8 storeys in height. See **Figure 6.** below. This could support an estimated 4,800 additional bedrooms.

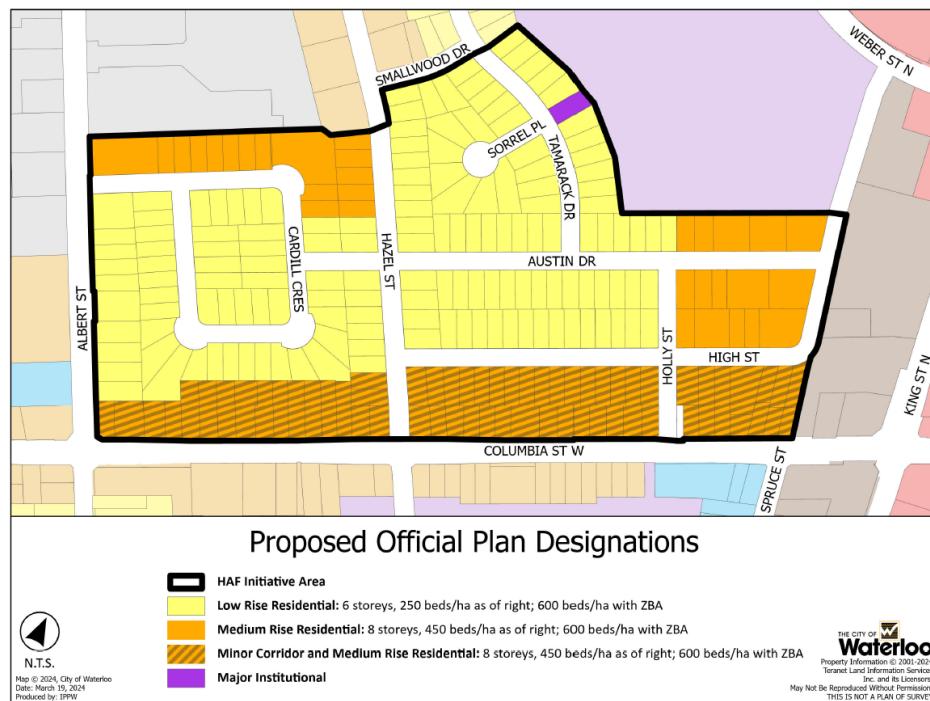


Figure 6. Proposed Official Plan Designations

6.0 Process Overview

This project is anticipated to run until late 2025 and is anticipated to include the following phases and timing:

Component 1 – Minor Corridor Expansion by way of Official Plan Review process

- Official Plan Review - Council report with draft updated Phase 1 policies (June 24, 2024)
- Official Plan Review engagement (Summer 2024)

- Informal Public Meeting (Fall 2024)
- Formal Public Meeting and Council consideration of Official Plan modifications by way of Official Plan Amendment (Fall 2024/Winter 2025)
- Zoning By-law Amendment to implement the Official Plan modifications (by year-end 2025)

Component 2 – Enabling Missing Middle Housing

- Engagement with the neighbourhood, other interested persons and parties, staff (including from Planning, Parks, Engineering and Transportation), and interested agencies (June to October 2024).
- Staff report including planning framework recommendations to Council to enable missing middle housing (December 2024)
- Official Plan Amendment and Zoning By-law Amendment process to enable missing middle housing in the neighbourhood (by year-end 2025) – potentially undertaken by a consultant.

7.0 Engagement Plan and Approach

A webpage (<https://www.engagewr.ca/WaterlooHAFActions>) on EngageWR provides Council and the community with a centralized location for information about the initiatives that comprise the City's HAF Action Plan. From this central webpage, users are able to link to individual project pages containing more detailed information about each initiative's milestones, timelines, and opportunities for public input. The Corridor Expansion Initiative webpage is found here <https://www.engagewr.ca/waterloo-haf-initiative-3>.

As part of this project, Planning staff will undertake engagement with the neighbourhood and other interested persons and parties. The intent of the engagement will be to:

1. Inform property owners, residents and other interested persons and parties of the Columbia Street West Minor Corridor Expansion occurring by way of the Official Plan Review Phase 1 modifications. Although the Official Plan Review process has its own public consultation process (including Informal and Formal Public meetings), staff feel it is important to also engage the neighbourhood directly on this initiative.
2. Educate the neighbourhood about HAF, housing challenges, legislative requirements as applicable.
3. Engage with the neighbourhood to understand their vision for the neighbourhood and the missing middle housing approach.

For this initiative, staff plan on engaging with the community through:

- Engage Waterloo project page
- Property specific mail-outs
- Neighbourhood meetings (virtual and in-person)
- City's social media platforms

8.0 Next Steps

This initiative will help the City enable much needed missing middle, transit supportive housing in proximity to the post-secondary institutions, to help address the housing supply challenges. Subject to Council's direction, staff propose to engage the Sugarbush South neighbourhood and return to Council at a later date with a proposed plan for enabling missing middle housing in Sugarbush South.

Prepared by:

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City of Waterloo
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APPENDIX A - Sugarbush South History and Planning Context

History

Sugarbush South was initially developed as a suburban neighbourhood from the 1950s to the 1960s. With the continued growth of the post-secondary institutions, there has been significant pressure on the city's near-campus neighbourhoods to accommodate students, staff, and faculty. This has resulted in intensification generally along the periphery of the neighbourhood, as well as the conversion of single detached dwellings into multi-unit low-rise rental dwellings (see **Figure A1**).



Figure A1. Existing and Pending Rental Licences

The City's planning "vision" for Sugarbush South is not contained in one City document but consists of various policies, statements, reports and Council decisions developed/approved over many years and includes components of the City's Official Plan, the Columbia Residential District Plan and the Student Accommodations Study, among others. The policies and decisions to date have sought to control growth and achieve a balance within the neighbourhood between longer-term residents and shorter-term residents by maintaining the low-rise, low-density character of the interior of the neighbourhood and supporting medium and higher densities on the edges of the neighbourhood in the designated corridors. Relevant policies, studies and reports include:

- **1990 Official Plan and 1992 Columbia District Plan** both looked to promote stability in core neighbourhoods and support the retention of existing families. As

a result, much of the Sugarbush South neighbourhood was designated Low Density Residential while the north side of Cardill Crescent and east of Holly Street were designated Medium Density Residential enabling multi-unit dwellings.

- **Height and Density Policy Study** which was undertaken to 1) identify areas appropriate for redevelopment and intensification and 2) to reduce the impacts of intensification on adjacent low density residential neighbourhoods. It was decided that Nodes and Corridors were the most appropriate places for higher density development. In 2003, Council approved Official Plan Amendment No.54 and in 2005 Council approved the Zoning By-law Amendments to implement OPA 54.
- **Student Accommodation Study (2004)** which outlined the University Neighbourhoods Plan, being a long range plan that sought to accommodate students in areas near the Universities but, at the same time, sought to retain and stabilize the low density residential neighbourhoods near the universities. The strategy to achieve this was to encourage apartment development in the Nodes and Corridors near the universities and discourage further conversion in low density residential neighbourhoods by limiting the number of lodging houses, accessory apartments, and duplexes. In participating in the Student Accommodation Study in March 2004, the Sugarbush Neighbourhood Association presented their vision for the long term evolution of their neighbourhood (which at the time included the Northdale area). That vision included that,

“the neighbourhood would become a balanced neighbourhood where students and permanent residents live together... the area is reclaimed as a desirable family neighbourhood with some rental properties converted back into family homes ... new student housing would be created at the edges of the neighbourhood in identified Nodes and Corridors”.

- **Columbia Street, University Avenue, King Street and Lester Street Neighbourhood Land Use Planning Review (2007-2008)** which evaluated the appropriateness and applicability of the current zoning and Official Plan designations in the area (which contained Northdale and the neighbourhood north of it). This Land Use Planning Review was initiated based on some concerns raised by permanent owners with respect to the mix of permanent and non-permanent residents in the area and the resulting behaviour concerns of an increased student population. Planning staff found that there was sufficient capacity available for housing geared towards students in surrounding Nodes and Corridors, as well as opportunities available for other demographics. Therefore, staff did not recommend any land use changes to Sugarbush South and Council agreed.
- **Northdale Land Use and Community Improvement Plan Study (2012)** originally contemplated the Sugarbush South neighbourhood in the study boundaries (it was ultimately removed). The study resulted in a comprehensive planning and regulatory framework to guide change in Northdale, including a: Vision and Guiding Principles; Land Use Plan including an Official Plan Amendment, District Plan Amendment, and Zoning By-law Amendment permitting significant intensification throughout the neighbourhood including missing middle housing in the interior; Community Improvement Plan; and Urban

Design/Built Form Guidelines. The Northdale planning framework has been tremendously successful at generating new units. Since the approval of the plan in 2012, 5,000+ new units (8,000+ beds) and 400,000+ square feet commercial space have been built, with over \$1 Billion in building permits issued. This has included missing middle housing types in the interior of the neighbourhood.

- **Waterloo Town and Gown Committee's Student Accommodations Reports** (2015, 2017, 2023) which included the Sugarbush South neighbourhood in its student accommodations target neighbourhoods. The 2023 Student Accommodations Report identified a deficit of -4,730 student housing beds and anticipated enrolment growth at the city's three post-secondary institutions.
- **Additional Residential Units** are permitted in the City's Zoning Bylaw. It permits three residential units per property in alignment with the Province's Bill 23, More Homes Built Faster Act, 2022. Changes to the Zoning Bylaw are being evaluated that could allow up to four dwelling units to be constructed on certain properties zoned for low density residential development. In addition to permitting fourplexes, staff are reviewing Additional Residential Unit (including Coach House) requirements, and zoning regulations related to built form (height, setbacks, floor area, entrance locations, parking, etc.).

APPENDIX B - Minor Corridor Expansion Review Analysis

As part of the City's statutory review of its Official Plan, the proposed Phase 1 modifications to the City OP include identification of new Minor Corridor areas and refinement of the boundaries of existing corridors in select areas (see **Figure B1.**). This includes the expansion of the Columbia Street West Minor Corridor on the north side between Albert Street and west of the King Street North Major Corridor.

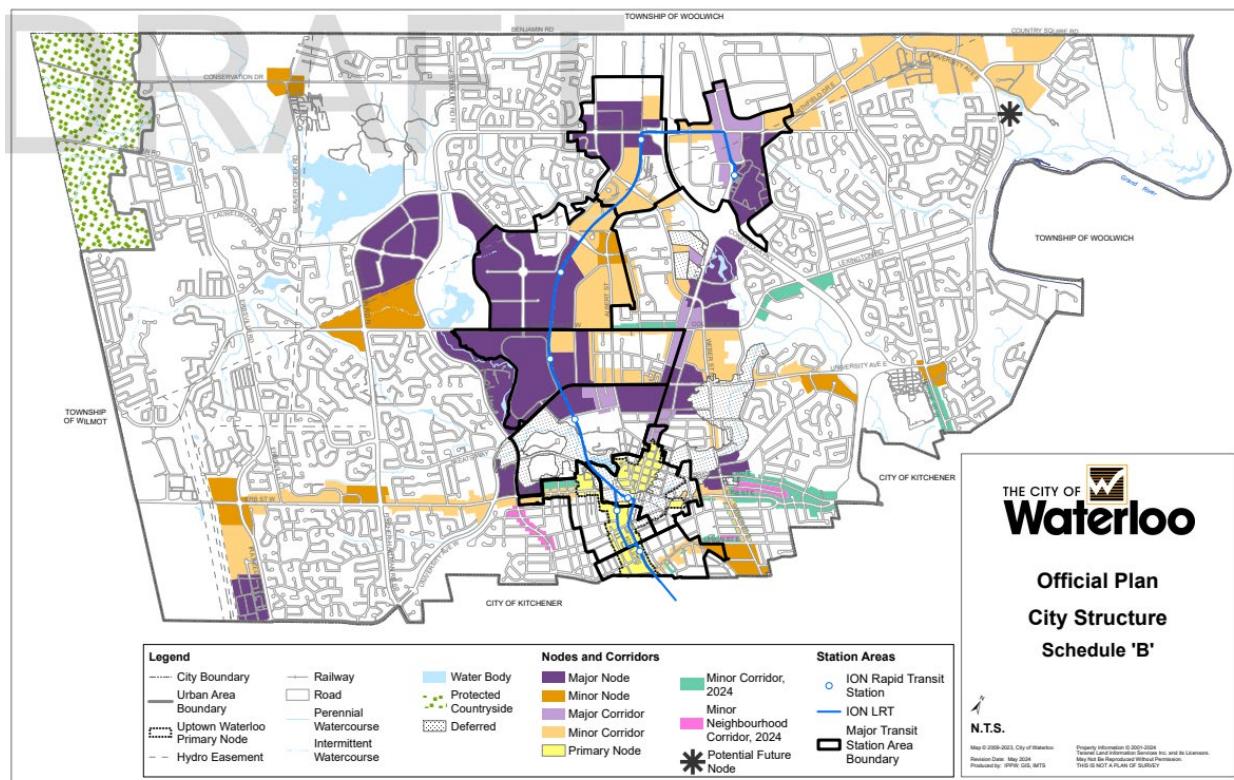


Figure B1. 2024 Official Plan Review Proposed Minor Corridors

The planning analysis undertaken to date and support for expansion of this particular Minor Corridor is outlined below. This segment of the Columbia Street corridor is one of the few single-sided corridors in the city. Extending the corridor is consistent with the city-wide Nodes and Corridors framework that typically includes both sides of a corridor road.

Policy Background and Columbia Street West Corridor Expansion Criteria Analysis

According to Official Plan policy 3.6.4, expansions to existing designated Corridors, or the designation of new Corridors, will be considered by amendment to the City's Official Plan where the City (Council) is satisfied that there is a demonstrated community benefit associated with additional medium, medium-high or high density uses, and subject to consideration of five criteria as outlined below.

(1) *The corridor is an existing or planned to be a major traffic and higher frequency transit route;*

- YES.** Columbia Street West is an existing 'City Arterial' road.
- Transit: 201 iXpress (frequent); 31 Columbia (regular); and 19 Hazel (frequent).

(2) *The corridor directly links Nodes or other major origin and destination points;*

- YES.** The corridor would serve as a connection between a Major Corridor and Minor Corridor. The south side of Columbia Street West is already designated as a Minor Corridor.
- The lands are in close proximity to the University of Waterloo and Research and Technology ION stops.
- The lands are in close proximity to employment opportunities and a multitude of services and amenities.

(3) *There is potential for intensification due to the ability for lot consolidation, properties front onto the corridor rather than back onto the corridor, and/or lots are deep enough to permit greater density;*

- YES.** Majority of properties (especially between Albert Street and Hazel Street) exceed the 49 metres (160 feet) lot depth test (deep enough). Where lots are shallower (east of Hazel Street), the surrounding properties (abutting High Street) have been added to the proposed corridor to support lot consolidation.
 - Properties on the south side of Columbia Street West are similarly shallow, but have seen considerable gentle intensification (small apartments and multi-plexes).
- No back-lotting; properties front onto the corridor.

(4) *The lands are designated primarily for medium to high density development;*

- YES** and **NO.** Several properties on the north side of Cardill Crescent and properties east of Holly Street (plus three properties west of Holly along Columbia Street West) are already designated Mixed-Use Medium Density Residential, comprising approximately 25 percent of the neighbourhood. The remainder of lots are currently designated Low Density Residential.

(5) *The proposed amendment demonstrates that the expansion to an existing designated Corridor or designation of a new Corridor is compatible with the surrounding neighbourhood.*

- YES.**
- The existing neighbourhood is low rise, but the surrounding area is predominantly designated for medium to high density. The subject area is a neighbourhood in transition comprised of primarily single detached houses, many of which are operating as rentals geared towards students, not unlike the Northdale neighbourhood 12 years ago. It is anticipated that some owners are eager to redevelop.

Conclusion

Based on the corridor expansion criteria analysis above, Planning staff are advancing the expansion of the Columbia Street West Minor Corridor on the north side between Albert Street and west of the King Street North Major Corridor as part of the Official Plan Review Phase 1 modifications, for Council's consideration.



STAFF REPORT
Finance

Title: Property Tax Exemption for Affordable Housing
Report Number: CORP2024-027
Author: Paul Hettinga
Council Date: June 24, 2024
File: n/a
Attachments: Appendix: A By-law to Provide a Property Tax Exemption for Affordable Housing
Ward No.: all

Recommendations:

1. That Council approve CORP2024-027.
2. That Council acknowledges and supports the Property Tax Exemption Program for Affordable Housing approved by the Regional Municipality of Waterloo through report CSD-HOU-24-004 March 5, 2024.
3. That Council adopt the By-law attached as Appendix A to this report to provide Property Tax Exemption for Affordable Housing.
4. That Council authorize the City Treasurer to negotiate and execute any and all documents related to Property Tax Exemption Program for Affordable Housing, subject to the satisfaction of the City Solicitor.

A. Executive Summary

On March 5, 2024, the Region of Waterloo created a property tax exemption for Affordable Housing Program and relevant by-law to allow Regional Council to exempt regional and educational property taxes for affordable housing providers that meet the guidelines of the program as per Regional report [CSD-HOU-24-004](#).

Eligibility criteria include but is not limited to:

1. Affordable rental housing represents a minimum of 30% of the total residential units in a building (with six or more units).
2. Affordability means rents at or below 80% of Average Market Rate (AMR) in the Kitchener-Waterloo-Cambridge Census Metropolitan Area (CMA)

3. Affordable rents must be provided for a term of 60 years or remaining useful life of the building. (minimum 20 years)

This report is to extend that program to also provide an exemption on the City of Waterloo lower tier portion of property taxes for eligible properties under the Regional Program. There is no fixed term for this program, and it will remain in effect until the bylaw is repealed.

Regional report CSD-HOU-24-004 directed regional staff to work with interested area municipalities within Waterloo Region to exempt the lower tier portion of property taxes for eligible properties under the Program. City of Waterloo staff are supportive of extending this Property Tax Exemption for Affordable Housing to include the lower tier portion.

B. Financial Implications

The total property tax levy collected is not impacted. This exemption will reduce taxable assessment and property tax from the new exempt class, by shifting to all other property classes resulting in slightly higher tax rates for all taxable classes, including residential, multi-residential, new multi-residential, commercial, and industrial. Properties currently identified to shift to exempt would result in a reduction of approximately \$406,000 in City of Waterloo annual taxes which would result in an increase for all other properties of approximately 0.4%. This increase would likely occur over multiple years.

Exempting property taxes can result in a negative impact for tenants who apply for and receive the Ontario Trillium benefit, as in accordance with Canada Revenue Agency rules, tenants of properties that are exempt from property taxes are not eligible for this benefit.

C. Technology Implications

n/a

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Complete Community - Achieve a high quality of life for all residents and overall community vibrancy through strategic density, diverse housing options and equitably available parks, public spaces and other recreational and cultural amenities.

Integrity - We operate with integrity and transparency, we strive for well-considered comprehensive, responsive, diligent and thoughtful decision-making.

E. Previous Reports on this Topic



Property Tax Exemption for Affordable Housing CORP2024-027

Background

On March 5, 2024, the Region of Waterloo created a property tax exemption for Affordable Housing Program and relevant by-law to allow Regional Council to exempt regional and educational property taxes for affordable housing providers that meet the guidelines of the program. (CSD-HOU-24-004)

Eligibility criteria include but is not limited to:

1. Affordable rental housing represents a minimum of 30% of the total residential units in a building (with six or more units).
2. Affordability means rents at or below 80% of Average Market Rate (AMR) in the Kitchener-Waterloo-Cambridge Census Metropolitan Area (CMA)
3. Affordable rents must be provided for a term of 60 years or remaining useful life of the building. (minimum 20 years)

This program was created to safeguard existing affordable housing under a regional capital grant program and to provide an incentive for future growth of new affordable housing units.

Between the years of 2001 to 2020, 21 buildings were developed by private developers who received regional capital grants in exchange for providing some affordable units within their buildings for a term of 20 to 25 years. Four of these 21 buildings are located in Waterloo. The agreements between the private developers/owners and Region are beginning to expire; meaning the current affordability of these units is likely to be lost once the existing tenants move out. By entering into an agreement with the property owners of these units, the Region and City of Waterloo are able to provide a property tax exemption for these units in exchange for maintaining them as affordable, beyond the initial term set in the expiring agreement. Property tax exemption is also a tool for supporting existing community housing providers under the *Housing Services Act, 2011* in achieving financial sustainability and maintaining these units as a part of the affordable housing stock beyond the end of mortgage or operating agreements.

Property tax exemptions can increase the economic viability of purpose-built affordable rental housing and provide an opportunity for new developments to stack incentives for affordable housing from the Region, City and other sources such as Canada Mortgage and Housing Corporation (CMHC). As such, this incentive can work in tandem with

existing Regional, Federal, and Provincial affordable housing programs and grants. Affordable housing development in receipt of a Regional or City capital grant for affordable housing can stack this incentive with a property tax exemption by entering into a municipal housing facilities agreement. In this case, the term length of 60 years would apply to the affordable units in receipt of the property tax exemption, thereby extending the length of affordability for units developed through a capital grant and potentially incenting developers to add more affordable units to meet the Property Tax Exemption for Affordable Housing Program requirements.

“Naturally occurring” affordable housing units are market units that primarily exist in older buildings with long-term tenants. In Waterloo Region, the AMR for buildings with pre-1990 construction dates are lower than the rest of the market. Incentivizing landlords to preserve “naturally occurring” affordable housing is an avenue outside of development, which is often timely and costly, for increasing the number of affordable units in Waterloo Region. Further, it can prevent the loss of this form of affordability in the private market and de-incentivize tenant displacement through “renoviction,” as rent increases between tenancies become regulated by the affordability set in the Program, instead of what the market will bear.

While property tax exemption is a tool that benefits landlords and incentivizes the development and preservation of affordable housing, tenants of a tax-exempt property become ineligible for refundable property tax and energy credits through the Ontario Trillium Benefit (OTB), a program designed to help low-to-moderate-income Ontario residents. The OTB program is legislated and funded by the Province of Ontario and the Canada Revenue Agency (CRA) administers this program on behalf of the province. It is CRA’s position that tenants within a tax-exempt property are not eligible for the OTB. It is estimated that tenants who would otherwise be eligible for the OTB refundable tax credit receive a maximum benefit of approximately \$420 to \$800 per year. Potential savings generated from rents at 80% of AMR are estimated to total between \$233-\$429 a month.

Other municipalities that have implemented property tax exemptions through municipal housing facilities by-laws include Toronto, Ottawa, Hamilton, Chatham-Kent, and Wellington County.

Financial Implications

Tax exemptions provided through a municipal housing facilities agreement have no impact on lower tier property tax levy. Moving a property from a taxable status to an exempt status on the assessment roll impacts the overall amount of assessment upon which municipal taxes are levied. This results in a slightly lower level of net assessment growth in the year following the reclassification, as well as an in-year tax adjustment.

Regional Staff have identified the following categories of properties that may be eligible to enter into a municipal housing facilities agreement with the Region (note all figures are based on the 2024 assessment roll, tax ratios and tax rates):

- Properties that have an existing funding agreement with the Region or for which an agreement has recently expired – there are approximately 21 properties in this category, four of which are in the City of Waterloo. Existing agreements will expire over the 2025-2043 period, and in total, these properties represent approximately \$110,000 in city of waterloo taxes (approximately 0.11% of the City's 2024 tax levy). Future assessment impacts will be dependent on how many of these properties choose to participate in the program.
- Non-profits and Cooperatives subject to *Housing Services Act, 2011* - there are approximately 117 properties in this category, almost all of which are in the three cities. 13 of these 117 properties are located in the City of Waterloo. Six of which are already fully exempt from property taxes. Existing agreements will expire over the 2024-2029 period, and in total, these properties represent approximately \$296,000 in city of waterloo taxes (approximately 0.30% of the City's 2024 tax levy). Future assessment impacts will be dependent on how many of these properties choose to participate in the program.
- Naturally occurring affordable housing – while the number of such units is unknown at this time, entering into municipal housing facility arrangements will assist the Region and City in achieving its Building Better Futures goals.
- New housing development – providing a tax exemption for new housing development will assist the Region and City in achieving its Building Better Futures goals. Eligible projects would be added to the roll as exempt rather than taxable, resulting in a slightly lower assessment growth in the year of occupancy and assessment.

Adjustments to the assessment roll will happen over a long period of time and it is anticipated that related tax impacts for properties that have current arrangements with the Region will be very minor in any given year. Determining assessment and tax impacts for naturally occurring and new properties is dependent on uptake and staff will report back to Council annually through the Tax Adjustment report on the impacts of this program.

Conclusion / Next Steps:

The Region anticipates the intake process for the Program will take approximately a year as the following steps are completed: (1) application intake, (2) submission review, and (3) approval. Regional staff will put out an annual call out for applications from March to May. Regional Staff will review the submissions and come back to Regional Council by September with properties to exempt. Agreements will be entered into with the successful applicants, with program administration designed to require housing providers to attest to complying with all provisions of the agreement, including annual review by regional staff to ensure rents remain affordable and new occupants meet income-tested eligibility requirements. Regional Staff will then be in contact with the Municipal Property Assessment Corporation (MPAC) and area municipalities to ensure the appropriate Regional, City (for participating lower tiers) and education portion of

these property taxes are exempt for the term length set in the agreements. MPAC may take six to 12 months to review and implement property tax exemptions.



THE CORPORATION OF THE CITY OF WATERLOO

BY-LAW NO. 2024 –

BY-LAW TO (Provide a Property Tax Exemption for Affordable Housing)

WHEREAS The Regional Municipality of Waterloo has enacted By-Law 24-007, A By-Law to Provide for Municipal Housing Facilities (the “Municipal Housing Facilities By-Law”).

WHEREAS The Regional Municipality of Waterloo is a Consolidated Municipal Service Manager and is authorized to operate and manage housing as well as establish, fund and administer programs for the provision of residential accommodation in its service area under the *Housing Services Act, 2011*, S.O. 2011, c.6, Sched.1.

AND WHEREAS section 110 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, allows municipalities to enter into agreements for the provision of municipal capital facilities.

AND WHEREAS The Regional Municipality of Waterloo has entered into an agreement that has provided an exemption from taxation for upper tier and school purposes, land or the portion of it on which the municipal housing project facility is located and is subject to affordability guidelines as set forth in the program.

AND WHEREAS section 110 (9) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended allows another municipality that has not entered into an agreement to provide a tax exemption provided that an agreement has been entered into with the service manager under the *Housing Services Act, 2011*, S.O. 2011, c.6, Sched.1 and contains all or part of the land on which the capital facilities are located.

THEREFORE, THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE CITY OF WATERLOO ENACTS AS FOLLOWS:

1. Subject to an approved agreement entered into under the Municipal Housing Facilities By-Law and as quantified by MPAC (the “Agreement”), the Corporation

of the City of Waterloo shall approve exemption from taxation for lower tier, land or the portion of it on which the municipal housing project facilities, as defined under the Municipal Housing Facilities By-Law, is located.

- 2 All exemptions provided while this by-law remains in effect shall remain in force subject to terms of the Agreement.
3. This by-law shall come into force and effect on the date of its final passing.

Enacted this _____ day of _____, 2024.

D. McCabe, Mayor

J. Finley-Swaren, City Clerk



STAFF REPORT
Finance

Title: 2023 Consolidated Financial Statements
Report Number: CORP2024-030
Author: Mary Zubert
Meeting Type: Council Meeting
Council/Committee Date: June 24, 2024
File: N/A
Attachments: [Appendix A: 2023 Audited Financial Statements \(draft\)](#)
Ward No.: Citywide

Recommendation:

1. That Council approve CORP2024-030
2. That Council approve the 2023 Consolidated Financial Statements of the Corporation of the City of Waterloo.

A. Executive Summary

The Municipal Act requires that the City of Waterloo publish annual audited financial statements. A draft copy of these statements is attached to this report. In addition, the final copy, once approved by Council, will be available on the City's website.

The City's Audit Committee has received and commented on this report and the audited financial statements at their meeting on June 6, 2024 and passed a motion recommending that Council approve the audited financial statements. The City's auditors expressed that the statements present fairly, in all material respects, the financial position of the City.

The consolidated financial statements are based on the information approved by Council through the Allocation of 2023 Surplus report CORP2024-07 on May 13, 2024. The surplus allocation report outlined the 2023 final operating tax based budget surplus of \$1.8M which Council approved transferring to reserve funds as per policy detailed in CORP2024-07.

Various items, both in surplus and deficit positions, drive the net operating budget surplus. The details of these items are referenced in CORP2024-07. The final statements reflect no changes from this report. The audit is complete and the auditor has recommended no further adjustments.

The consolidated financial statements are prepared on a different basis than the traditional fund accounting approach used in the municipal sector to prepare the budget. Key changes are highlighted in note 16 to the consolidated financial statements. All reserve and reserve funds transfers and principal repayments are excluded when preparing the Public Sector Accounting Board (PSAB) compliant budget. In addition, all items budgeted for capital additions are also excluded.

B. Financial Implications

Overall, the financial statements of the City of Waterloo reflect an improvement in overall financial position. Total net financial assets have increased by \$5.6M over last year and accumulated surplus has increased by \$16.7M.

Council has approved key actions and policies developed by management regarding debt issuance (strategic debt issuance in accordance with policy advancing the Strategic Plan priorities), reserve maintenance and increased investment in Infrastructure which have all assisted in this outcome.

- Total debt per capita has decreased by \$42 from last year to \$257 and is below levels from a decade ago.
- Reserve levels have decreased by \$7.2M due to continued infrastructure investment.
- Significant investment in replacement infrastructure has occurred in 2023 as capital investment exceeded amortization in 2023. Investment in the replacement or rehabilitation of infrastructure has a direct impact in managing the infrastructure gap.

The budget strategies and three-year budgeting process have enabled the City to plan for the future in a stable and predictable manner.

C. Technology Implications

N/A

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Operational Excellence - We provide fiscally responsible, exceptional service that meets the needs of residents, partners and equity-deserving groups, employees and volunteers of the city.

Integrity - We operate with integrity and transparency, we strive for well-considered comprehensive, responsive, diligent and thoughtful decision-making.

E. Previous Reports on this Topic

- CORP2024-007 Allocation of 2023 Surplus
- CORP2023-037 2022 Consolidated Financial Statements
- CORP2023-029 Allocation of 2022 Surplus



2023 Consolidated Financial Statements
CORP2024-030

Financial Statement Analysis

2023 Financial Statements

The 2023 financial statements are prepared in compliance with Public Sector Accounting Board (PSAB) requirements. PSAB 3150 regarding tangible capital assets has now been in place since January 1, 2009. PSAB 3150 requires that local governments capitalize assets at historic cost and amortize these assets over their estimated useful life. Some of the more material items are highlighted below.

Financial Statement Highlights

- Total revenue was above budget and most expenditures except amortization were within budget, resulting in an audited annual surplus of \$16.7M (see Consolidated Statement of Operations). Surplus funds have been transferred to reserves as per corporate policy for future operating and capital expenditures approved by Council.
- Investment in infrastructure continues to be a priority. Additions to capital assets totalled \$42.8M in 2023 (Note 9 to Consolidated Financial Statements). Council approved increased infrastructure funding as part of the 2020-2022 Budget and the 2023 Budget.
- Reserve levels have decreased over prior year by \$7.2M to \$59.6M. (Note 10 to Consolidated Financial Statements; total reserves and total reserve funds) due to increased infrastructure investment funded by reserves and reserve funds.
- Per capita debt has decreased from the prior year by \$42 to \$257 and remains below levels of a decade ago. \$40.7M of debt (see Consolidated Statement of Financial Position; long-term liabilities and capital lease obligation) remains outstanding at December 31, 2023.

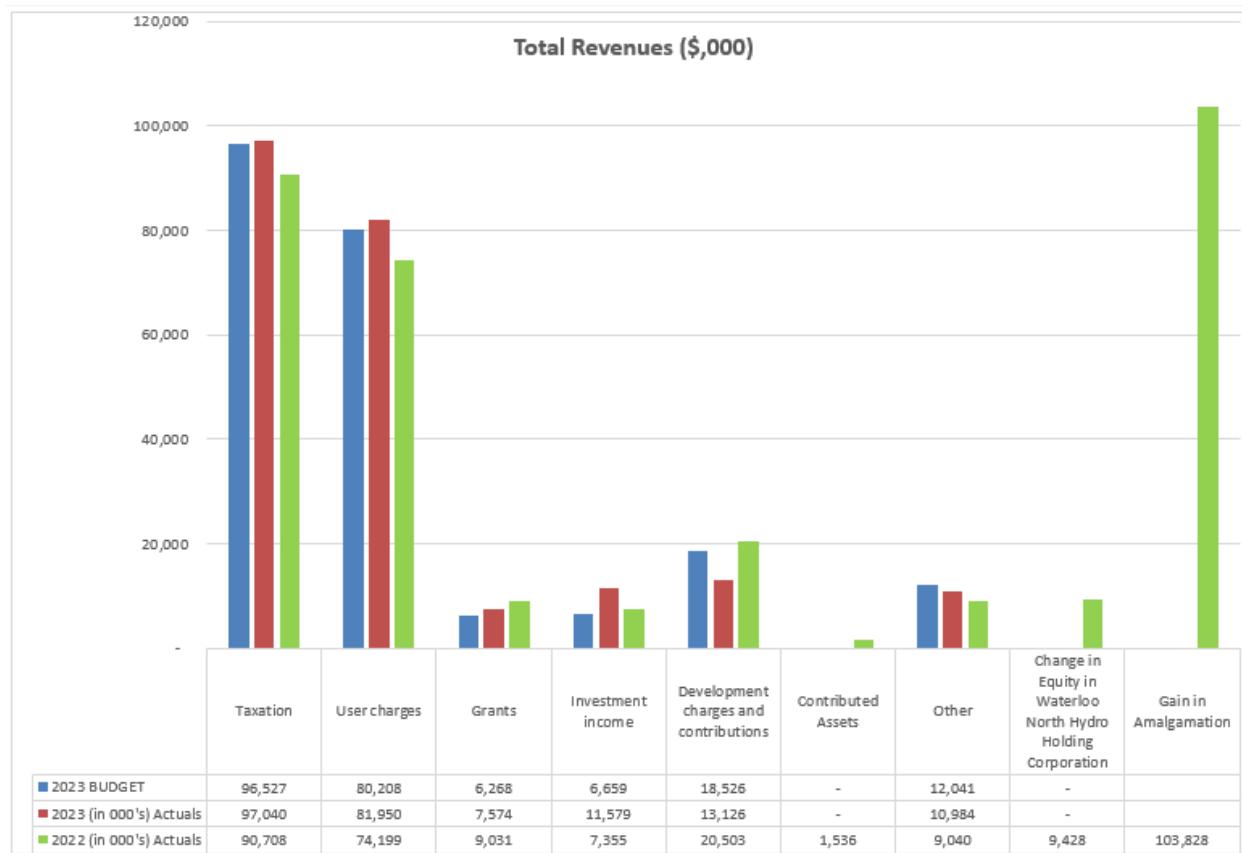
Other Highlights

- Assessment growth continued its trend yielding an increase of 1.4% and averaging over 1.6% annually for the past five years.
- Overall tax budgeted levy increase in 2023 was 5.45%, which included 1.0% dedicated to increased infrastructure investment.
- City portion of City Utilities rates were increased in 2023 for an average household impact of 3.6%, combined with regional increases of 1.5% for an overall average household impact of 5.1%.

Total Revenue

Total revenue exceeded budget by 1.31%, this is a decrease when compared to the 48% increase last year which was attributed to the \$103.8M gain on the disposal of Waterloo North Hydro Holdings Inc. (WNHHI) as a result of the investment in Enova Power Corporation. Last year, the increase in revenue was substantial, but the funds were not available for use unless the investment in Enova is liquidated. In 2021, the prior year, before the disposal of WNHHI, total revenue exceeded budget by 0.80%.

Graph 1 – Total Revenue



Taxation

Taxation as a percentage of revenue was 43.5% which represented an increase of 2.6% when compared to 2022 when excluding the gain of \$103.8M as a result of the deemed disposal of Waterloo North Hydro Holdings Inc. (WNHHI). Approximately 71% of this taxation is from residential properties and 26% from commercial properties, with actuals slightly exceeding the budget target.

User Charges

The main components of user charges are City Utilities (water, wastewater and stormwater) charges and facility rental fees.

Revenue from user charges increased by 10% when compared to 2022. The total amount of revenue collected by user charges was 2% above budget which was an increase over 2022 where user charges were 3% below budget due to the pandemic.

Grants

Grants exceeded budget mainly due to grants received from the federal government and provincial grants. These grants offset revenue shortfalls to budget in user charges.

Development Charges and contributions

Development charges (DC) account for a significant portion of the decrease in total revenue over prior year and the budget to actual difference. This is due to the timing of recognition of development charges as earned. Revenue is recognized as earned once related expenditures for approved projects are incurred. This recognition can be significantly impacted by project schedules and delays.

In 2023, DC revenue collections achieved 41% of the targeted \$13.5M. While 2023 attainment was low at 41%, on a cumulative basis over time from 2013-2023, 89% was collected compared to target, illustrating that DC collections are variable from year to year. The 2023 Annual Statement of Development Charges (CORP2024-23) discloses more information about this revenue stream.

Contributed Assets

Contributed Assets revenue of \$0 was recognized in 2023 due to no donated infrastructure, this would normally include assets such as underground linear assets, roads and sidewalks.

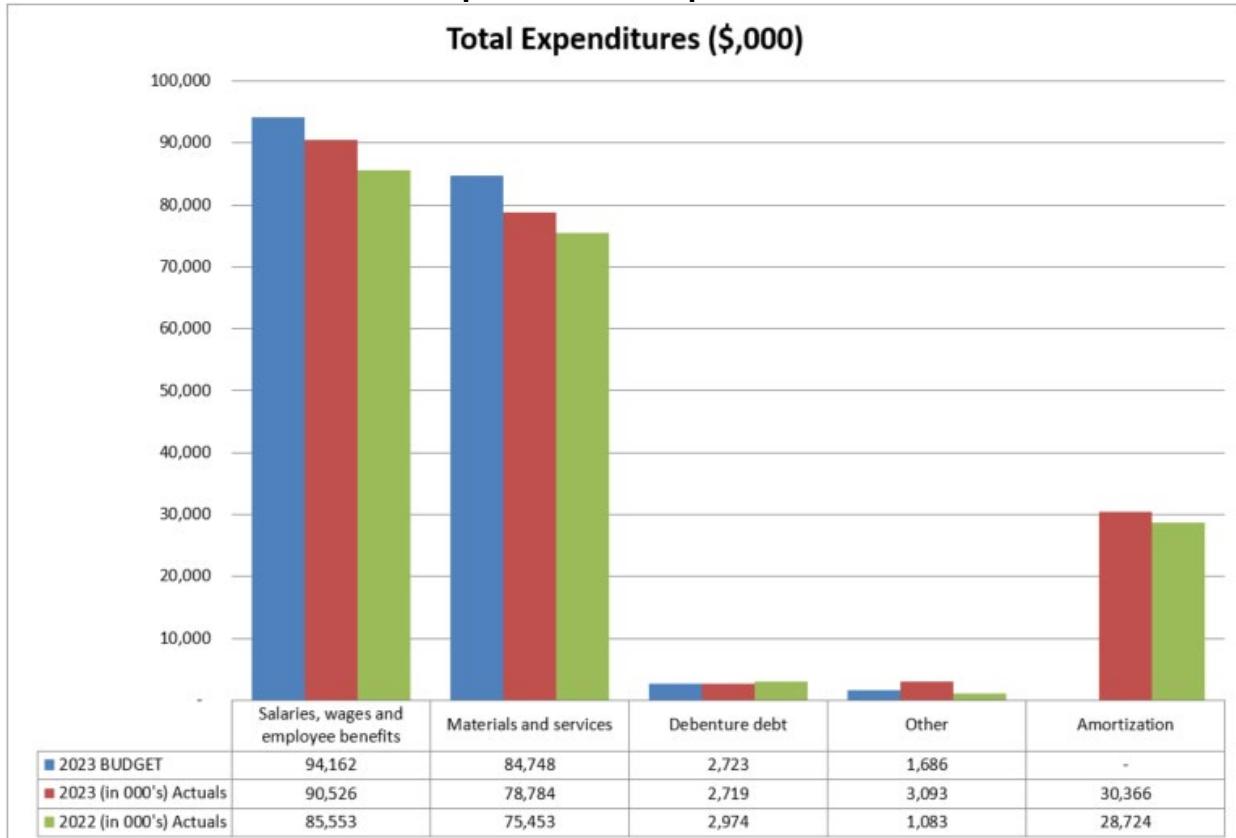
Other

Other Revenue consists of fees earned, donations and gain or loss on sale of tangible capital assets. The year to year fluctuation of the gain or loss accounts for the majority of the yearly changes. In addition the timing of revenue associated with land sales accounts for the difference between budget and actual.

Total Expenditures

Overall, total expenditures increased by 6% when compared to 2022. The City does not currently budget for amortization. Excluding amortization is standard practice across all municipalities. As a result, total expenditures exceeded budget. If this non-cash item were removed, the City expenditures for 2023 would fall well within budget.

Graph 2 – Total Expenditures



Materials and Services

Approximately \$36.7M of material and services relates to services received from the Region of Waterloo for water distribution and wastewater treatment and disposal, up \$3.5M from prior year due to rate increases partially offset by decreased volume.

Materials and services will also fluctuate significantly from year to year dependant on the type of capital programs incurred in the year. A year heavy in maintenance type projects will see heavier expenditures than a year with more planned reconstructions. This is due to the reconstructions being considered capital additions and not expenditures.

Total expenditures if excluding amortization are below budget due the timing of capital projects. Capital projects can experience delays in getting started and the majority of expenditures can occur in years subsequent to the original year budgeted.

Surplus Reconciliation

This PSAB compliant consolidated surplus is compiled on a different basis than the traditional fund accounting approach utilized by municipalities for budgeting purposes. On May 13, 2024 through the CORP2024-07 surplus allocation report, staff reported an operating budget surplus of \$1.8M during the Council meeting.

The remaining portion of PSAB compliant consolidated surplus reported in the financial statements can be attributed to inclusion of capital grants earned, contributed assets and amortization expenses. Also, all reserve and reserve fund transfers and principal repayments are excluded and only the development charges earned in the year are recognized.

Consolidated Statement of Financial Position (Balance Sheet)

PSAB 3150 requires that tangible capital assets (TCA's) be recorded on the municipalities' balance sheet. The City of Waterloo has included \$861.3M of net assets on the balance sheet. The replacement value of these assets is well in excess of historic net costs. Currently it is estimated that the replacement value of all City infrastructure assets is almost \$4 billion (CORP2023-040).

The 2023 accumulated surplus equals \$1.148B. This amount is primarily the City's non-financial assets that will be consumed in the future through the delivery of City services. (i.e. tangible capital assets not fully amortized) and reserves and reserve funds.

The various components of working capital (receivables, payables, deferred revenue and inventory) will fluctuate year over year due to the timing of capital projects in process at year-end.

Some of the more significant balances such as debt, reserves and reserve funds and tangible capital assets are outlined in the audited financial statements.

Table 1: Year End Balances

YEAR END BALANCES OF ASSETS AND LIABILITIES		
	2023(in \$,000)	2022(in \$,000)
Cash and short-term investments	93,679	78,644
Taxes receivable	16,281	11,869
Accounts receivable	29,109	29,115
Long-term investments	123,182	140,966
Investment in Enova Power Corporation	217,609	219,553
Inventory	2,739	2,807
Tangible Capital Assets	861,358	849,333
Accounts payable and accrued liabilities	(56,918)	(53,725)
Deferred revenue	(74,765)	(79,887)
Employee future benefits	(22,249)	(21,642)
Asset retirement obligations	(917)	-
Long-term liabilities	(5,460)	(8,157)
Capital lease obligation	(34,307)	(37,154)
Accumulated surplus and Accumulated remeasurement gains(losses)	1,149,341	1,131,722

Comprised of:

	2023(in \$,000)	2022(in \$,000)
Accumulated surplus	1,148,487	1,131,722
Accumulated remeasurement gains (losses)	854	-
Accumulated surplus and Accumulated remeasurement gains(losses)	1,149,341	1,131,722

Appendix A – 2023 Audited Financial Statements

Past and current audited financial statements are located on The City of Waterloo website (www.waterloo.ca) under Property Taxes + Finance / Financial Reports. The following is a direct link to access the audited financial statements: <https://www.waterloo.ca/en/government/financial-reports.aspx>

The draft financial statements for 2023 are available here:
[Appendix A: 2023 Audited Financial Statements \(draft\)](#)



THE CITY OF
Waterloo

NOTICE OF AN INFORMAL PUBLIC MEETING AND COMPLETE APPLICATION **ZONING BY-LAW AMENDMENT Z-24-14, CITY OF WATERLOO, CITY-WIDE**

Council Chambers, City Hall
Waterloo City Centre, 100 Regina St S
Monday, June 24, 2024
At a time to be determined

The City of Waterloo's Planning Division is advancing general amendments to Zoning By-law 2018-050 to create a new Station Area Mixed-Use Employment zoning category. As part of the review of the City's Official Plan, Staff are considering adding mixed-use residential uses to select employment areas throughout the City of Waterloo.

The purpose of this application will be to develop a new zoning category for station area mixed-use employment areas to implement the upcoming changes to the Official Plan.

The exact mix of uses and the subject areas will be determined through the Official Plan review process, and then refined through this Zoning By-law Amendment.

For more information on the Official Plan review, please visit the following website:

www.engagewr.ca/waterloo-official-plan

More information will be made available as this project continues. In the meantime, Staff welcome any preliminary questions and comments.

www.engagewr.ca/station-area-mixed-use-employment-zone

HOW TO GET INVOLVED

The purpose of the public meeting is to share information and to hear and consider public and stakeholder comments regarding the planning application as part of City Council's decision-making process. The public is invited to participate by submitting written comments in advance of the public meeting and/or arranging to speak to the application in person.

TO SUBMIT WRITTEN COMMENTS

Written comments received **before 9:00 a.m. on Wednesday, June 12, 2024**, will be included in the City Council Agenda. Written comments received after 9:00 a.m. on Wednesday, June 12, 2024, will be provided to City Council for consideration prior to the Informal Public Meeting, but will not be included in the Council Agenda. Written comments can be provided in the following ways:

- Via the application Engage Page: www.engagewr.ca/station-area-mixed-use-employment-zone
- Via email to Tristin Deveau, tristin.deveau@waterloo.ca
- By dropping off a hardcopy at Waterloo City Hall, addressed to **Tristin Deveau, Planning Division, 2nd floor, 100 Regina St S, Waterloo, ON**
- By placing a hardcopy in the Waterloo City Hall after hours mail slot to the left of the side door entrance on William Street

All written submissions should clearly state "**Informal Public Meeting, Zoning By-law Amendment Z-24-14**" at the top of the letter/correspondence.

TO SPEAK TO THE APPLICATION

If you wish to speak to the application, please contact the Legislative Services Division **no later than 10:00 a.m. on Monday, June 24, 2024** by any of the following ways:

- By phone at **519-747-8549**
- By email to clerkinfo@waterloo.ca

When we receive your registration, we will provide you with a confirmation message and instructions for participating in the public meeting.

We encourage the public to provide input into this important Zoning By-law Amendment application. The public is informed and notified that names, addresses and comments may be made public.

Julie Finley-Swaren, City Clerk, City of Waterloo.

For further information regarding the above matter, please contact the **City of Waterloo Integrated Planning and Public Works, 2nd Floor, Waterloo City Centre, Waterloo, Ontario**, by calling **Tristin Deveau at 519-747-8753** or email tristin.deveau@waterloo.ca



STAFF REPORT
Planning

Title: Inclusionary Zoning Official Plan Amendment 50 and Zoning By-law Amendment Z-23-15

Report Number: IPPW2024-008

Author: Michelle Lee

Council Date: June 24, 2024

File: PF2020-01

Attachments: Appendix A. Official Plan Amendment 50
Appendix B. Zoning By-law Amendment Z-23-15
[Appendix C. Draft Implementation Guidelines](#)
[Appendix D. Demographic Characteristics of Beneficiaries of Inclusionary Zoning](#)
[Appendix E. IZ Supplementary Discussion Paper \(NBLC Memo\)](#)
[Appendix F. Public Engagement Comments and Responses](#)

Ward No.: Wards 3, 4, 6, 7

Recommendations:

1. That IPPW2024-008 be approved.
2. That the City-initiated Official Plan Amendment 50 for the purposes of introducing Inclusionary Zoning within Protected Major Transit Station Areas be adopted, in the form shown in the Official Plan Amendment attached to Report IPPW2024-008 as Appendix 'A' and accordingly forwarded to the Region of Waterloo for approval.
3. That the City-initiated Zoning By-law Amendment Z-23-15 to amend Zoning By-law 2018-050 be approved in the form shown in the "Proposed By-law Amendment" attached to Report IPPW2024-008 as Appendix 'B'.
4. That staff be directed to enter into a memorandum of understanding with the Region of Waterloo outlining roles and responsibilities in relation to administration of Inclusionary Zoning, to the satisfaction of the Director of Planning.

5. That staff be directed to monitor local market conditions and engage with the community and the development industry, as appropriate, and report back to Council no later than the end of 2024, 2026, 2028 and 2030, with recommendations on whether Inclusionary Zoning requirements should continue to be advanced or modified, within the Market Area categorizations, and as set out in Report IPPW2024-008.

A. Executive Summary

The City is working in collaboration with the private sector, other area municipalities, the Region of Waterloo, and the community to develop a set of approaches and housing tools in an effort to collectively address the housing affordability crisis. The Affordable Housing Strategy was approved in March 2023, and outlined a number of actions the City could take to promote the supply of affordable housing throughout the City. One such action was the continued collaboration with Kitchener, Cambridge and the Region of Waterloo to create an Inclusionary Zoning framework that would, over time, increase the number of affordable housing units along the ION transit line throughout the region.

Inclusionary Zoning (IZ) is a planning tool that requires a certain percentage of affordable housing units within new private developments. Unlike other actions outlined in the Affordable Housing Strategy, such as the Affordable Housing Grant program or Provincially-mandated Development Charge exemptions for affordable units, the program does not rely on government subsidies, but instead captures some of the increased value arising from high density development and directs it towards affordable housing. Kitchener, Cambridge, Waterloo and Regional staff have developed a consistent approach to IZ implementation that reflects market differences across the region.

This report recommends Official Plan and Zoning By-law amendments that would require affordable rental housing units to be included in new private developments within Protected Major Transit Station Areas (MTSAs) along the ION route. The program is expected to create an estimated 12 affordable rental units in Waterloo per year within the first few years, increasing to approximately 37 affordable rental units per year by 2031. Region-wide the program is expected to create approximately 144 units per year by 2031. This would help contribute to the development of complete, vibrant, mixed income communities along the LRT. The actual success of IZ remains dependent on private sector investment and development, much of which is beyond the direct control of a municipality. General macroeconomic factors also play a role, including things such as land valuation, interest rates and construction costs.

The program is proposed to apply to residential and mixed-use developments of 50 or more units. These developments would need to set aside 0-2% of the gross residential floor area to affordable units, starting in 2025 and increasing to 5% by 2031 or before.

Rents in these units would be regulated for 25 years, with a longer duration possible if they transition to third sector (e.g. non-profit or co-operative) ownership. The maximum rents would be \$1,164 - \$2,039 in 2023. Bachelor apartment rents would be affordable to the 16th percentile of household incomes, and 3+ bedroom would be affordable to the 39th percentile. These rents fill a gap in the housing continuum, generally serving households who earn too much to be eligible for subsidized community housing but cannot afford market rents.

The program seeks to balance the goals of increasing the affordable housing supply with financial feasibility and minimizing disruption to the land market. Negative financial implications on a typical development pro forma could discourage development, and as such the IZ program was carefully considered and crafted. Potential impacts are proposed to be mitigated through moderate rents, modest initial set aside rates with a gradual increase, exemption of Development Charges for IZ units, and potential exemption from Community Benefits Charges and Parkland Dedication that meet the affordability criteria as set out in the [Provincial Bulletin](#), along with exemptions from parking requirements for IZ units. Staff have also tabled possible amendments to the Official Plan through IPPW2024-005 for consultation and consideration in the Fall 2024 that would, if approved, increase heights in MTSAs and create a more flexible density planning framework.

Staff consulted with the development industry, non-profits, potential tenants of affordable units and the community at large in the development of this program. In response to this feedback, the program provides for flexible and innovative solutions to deliver affordable units, including the ability to deliver units offsite and/or partnering with non-profits.

B. Financial Implications

Capital Budget - Under the Development Charges Act, IZ affordable units (prorated portion) have a statutory exemption from City and Regional Development Charges. Exemptions from Community Benefits Charges and Parkland Dedication Charges for affordable units (prorated portion) that meet the affordability criteria as set out in the Provincial Bulletin recently came into force on June 1, 2024. The incremental impact of IZ affordable unit exemptions on these revenue sources is anticipated to be modest (~\$370,000/year in reduced fees and charges by 2031) but will be monitored and considered through future budgeting and updates to relevant by-laws. Consulting services may be required to assist with biennial IZ policy review and 5-year assessment report reviews.

Operational Budget - The recommended approach to implementation would see new tenancies and monitoring primarily undertaken by the Region of Waterloo. As the number of affordable units grows, operating needs will emerge for dedicated resources that will have Regional budget implications. The program intends to secure IZ units through the development approvals process with existing resources.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

An Inclusionary Zoning (IZ) policy and program will provide the City with the authority to require private developers to construct a certain percentage of affordable housing units in developments near rapid transit stops. It aligns with the strategic priorities of Reconciliation, Equity, Accessibility, Diversity and Inclusion, and Complete Communities. By creating affordable units in close proximity to ION station stops, the initiative helps to advance Objective #3 under the Complete Communities strategic priority to develop Complete Neighbourhoods. The cross-municipal IZ initiative leverages Region of Waterloo expertise and administrative capacity as well as investment by the development community to support, under Objective #3, “collaboration with the Region of Waterloo and area municipalities and community partners on housing initiatives in our community”. It also implements a direction in the Affordable Housing Strategy, which supports Objective #3 by “implementing the Affordable Housing Strategy to increase the supply and mix of affordable housing”.

E. Previous Reports on this Topic

IPPW2023-028 “Inclusionary Zoning - Recommended Policy and Implementation Directions”

IPPW2023-002 “Affordable Housing Strategy, 2023-2033”

IPPW2020-071 “Inclusionary Zoning and Other Approaches to Address Affordable Housing”

IPPW2018-008 “City of Waterloo Comments: Proposed Regulation under the Planning Act Related to Inclusionary Zoning”

IPPW2016-071 “City of Waterloo Comments: Promoting Affordable Housing Act, 2016 (Planning Act Component)”

IPPW2015-059 “City Response to Provincial Long Term Affordable Housing Strategy Update”

**Inclusionary Zoning Official Plan Amendment 50 and Zoning By-law Amendment****Z-23-15****IPPW2024-008****Background**

Housing affordability has become a significant challenge for many residents in Waterloo Region and across Ontario. Inclusionary Zoning (IZ) is a planning tool that may help address local affordability challenges by enabling municipalities to require a certain percentage of affordable housing units within new private developments containing 10 or more dwelling units in Protected Major Transit Station Areas (MTSAs). The Cities of Waterloo, Kitchener and Cambridge, and the Region of Waterloo ("WKC+R") have collaborated on the development of a common IZ framework to increase the amount of affordable housing near ION rapid transit stops.

IZ has been used successfully in municipalities across North America to create a continuous supply of affordable housing. It is different from other approaches in that it doesn't require significant government subsidy. Instead, IZ works by capturing a share of the increased land value achieved through development approvals, investment in the ION transit system, and increasing demand for centrally located housing, and directs this toward the creation of affordable housing. The program also signals future IZ requirements to the market so that developers and homebuilders can incorporate the regulations and potential impacts on pro formas and into land purchase decisions. Since IZ can operate without significant subsidy, it works alongside other local and regional housing programs rather than competing with those programs for limited resources.

While IZ must be implemented at the area municipal level, WKC+R recognize the importance of adopting a consistent, region-wide approach. A region-wide approach provides consistent and clear policy requirements to the development industry; creates efficiencies in implementation across area municipalities through shared guidelines and agreement templates; maintains a relatively consistent regulatory playing field and associated attractiveness for investment in residential development across the cities' MTSAs; and, enables centralized administration and monitoring to support a consistent and adequately funded approach to implementation and program tracking. Although a region-wide approach is recommended, the program is designed to reflect differences in market areas across the region. Kitchener council approved the IZ program in March 2024 and the City of Cambridge will be providing their council with updates on the program later in 2024, with a plan to bring a proposed IZ program to council shortly thereafter.

WKC+R have been working to advance a coordinated IZ program since 2019. Proposed policy and program directions were outlined in IPPW2023-028, and the majority of these directions are carried forward in the recommended approach. Additional consultation with the development industry was undertaken in February and March of 2024, in response to direction from Kitchener council at their January 29, 2024 council meeting. This report summarizes the proposed IZ program and recommends that Council approve the planning instruments through an amendment to the Official Plan (Appendix A) and an amendment to the Zoning By-law (Appendix B).

IZ Program Summary

The proposed IZ program seeks to balance the dual objectives of increasing the supply of affordable housing and ensuring market feasibility and continued viability of residential development. The program also reflects proposed amendments to Ontario Regulation 232/18 that set limits on the number of affordable units, minimum rents and prices and length of time that affordability can be required. The program is built around the following principles:

- 1. Moderate affordability** - Secure housing that is affordable to households whose incomes do not exceed the 60th percentile of the regional income range. Supporting the creation of moderately affordable housing that is affordable to low and moderate income households is important since many of these households have incomes that are generally too high to be eligible for subsidized housing but are too low for market housing. The program should compliment programs that create more deeply affordable housing through government subsidy.
- 2. Partner with development community** - To achieve housing targets the program must enable developers to continue to build both new market units and affordable units. Residential development projects under an IZ program must continue to be viable.
- 3. Minimize land market disruption** - Provide early signals of IZ requirements and transition time to allow the land market to adjust.
- 4. Minimize fiscal impact** – The IZ program policy should be viable without subsidies or significant financial incentives.
- 5. Capture value in new density** - direct some of the increased land value achieved through development approvals and investment in the ION transit system toward affordable housing.

In alignment with the above principles, Table 1 outlines key policy parameters of the proposed IZ program.

Table 1. Proposed IZ Policy Parameters

Policy Parameter	Recommendation	Rationale
1. Location Provincial Requirement: An IZ policy can only be adopted within a MTSAs or an area subject to a Community Planning Permit System as directed by the Minister	IZ should apply to all eight MTSAs in Waterloo, with different requirements for MTSAs within Emerging, Established and Prime market areas.	Provide consistent and clear policy requirements for the development industry, implementation and monitoring efficiencies across area municipalities while reflecting station areas' differing capacity to absorb the financial impact of IZ. Creates a level playing field for investment and development across the region.
2. Size of Development Provincial Requirement: Limited to buildings with 10 or more units	Buildings with 50 or more residential units	Focus program on larger developments to avoid potential negative impacts on the financial feasibility of missing middle and medium density housing types, recognizing that these built forms already face significant financial obstacles in MTSAs.
3. Affordable Unit Tenure	Affordable units should be provided as rental units, either within a condominium building or within a purpose-built rental building.	Proposed amendments to O.Reg 232/18 would require an ownership unit to be a minimum of 80% Average Market Resale Price (AMRP), which is affordable to only those households in the top 20% of the income range. These are high income households whose housing needs can already be met through the market. Focusing solely on rental tenure would ensure that the program addresses the needs of low and moderate rather than high income households.
4. Set Aside Rate Provincial Requirement: Proposed maximum 5% of total units or Gross Floor Area	Set aside rates should be measured as a percentage of Gross Leasable Residential Area (GLA). GLA dedicated to affordable units should start low and transition slowly upward to a maximum of 5%, in accordance with the local market conditions.	Proposed amendments to O.Reg 232/18 limit the set aside rate to 5%. A low initial set aside rate and gradual transition to the maximum rate will help avoid market disruption and signal to the market future policy intentions. Financial feasibility modeling suggests that stronger (Prime) markets can better absorb the costs associated with an IZ policy compared with

	<ul style="list-style-type: none"> • MTSAs within Prime Market Areas should start at 2% and increase to 5% by 2029. • MTSAs within Established Market Areas should start at 1% and increase to 5% by 2031. • MTSAs within Emerging Market Areas should start at 0% and increase to 5% by 2031. • Review of market conditions and update of set aside rates should occur prior to program launch in 2025 and prior to each set aside rate increase thereafter. 	<p>weaker (Emerging) markets. Set aside rates that align with market strength and that gradually increase will help ensure development viability in MTSAs, that is crucial to meeting the City's housing pledge.</p>
<p>5. Level of Affordability</p> <p>Provincial Requirement: Proposed IZ policy can't require affordable unit rents to be less than 80% Average Market Rent or affordable unit prices to be less than 80% Average Market Resale Price.</p>	<p>Affordable rental units in condo buildings should not exceed the lesser of 100% Average Market Rent for the regional market area according to the number of bedrooms or 30% of the 60th percentile household income for renter households for the regional market area. In 2023 this would be \$1,164- \$2,039 depending on unit size.</p> <p>Affordable rental units in purpose-built rental buildings should not exceed 30% of the median renter household income in the regional market area as defined by CMHC, or Average Market Rent, whichever is greater. In 2023, this would be \$1,425 - \$2,027 depending on unit size.</p>	<p>The proposed affordable rents balance objectives to maximize affordability vs. financial feasibility for housing providers. 100% AMR is typically in the range of \$700 per month lower than what a renter would expect to pay in market rent for a vacant unit, because the AMR calculation includes older, rent-controlled units. As a result, 100% AMR is well below the rents available in the market. The proposed rents would provide units that are affordable to low income households (if considering the incomes of all households), and moderate income households (if considering only renter household incomes) consistent with most other jurisdictions using IZ. Moderate income renter households' affordability needs are generally not well served by the market or government funded housing programs. The higher proposed affordable rent for purpose-built rental buildings aligns with CMHC's Mortgage Loan Insurance Select program for</p>

		rental developments. The alignment would streamline approvals processes, limits financial impact on desirable purpose built rentals (which can be more financially challenging to develop than condominium developments) and would ensure that units that are affordable to low income households (when considering all households) or moderate income households (when considering only rental households) are provided in purpose built rental buildings.
6. Eligible Households	Low or moderate income households, having a gross annual income at or below the 60th percentile of regional renter household income range (under \$81,400 in 2023); and with a maximum income at time of occupancy of 3.5 times the affordable unit rent.	Eligibility requirements would ensure that affordable units are only available to low and moderate income households.
7. Duration Proposed Provincial Requirement: Maximum 25 years	Affordable units should be maintained as affordable for 25 years.	A 25 year duration maximizes positive impact of the program on the affordable housing supply within the limits of the proposed regulations. The implementation program could support options for affordability beyond 25 years where affordable units are owned by a third sector* provider (see #10 in this Table).
8. Incentives	Affordable IZ units are exempt from Development Charges. Community Benefits Charges and parkland dedication exemptions are exempt as of June 1, 2024 if they meet the affordable criteria as set out in the Provincial Bulletin. Affordable units delivered through the IZ program should be exempt from minimum parking requirements to further	The high cost of providing structured parking has a significant impact on the financial feasibility of a development and uses space that can limit the potential yield of affordable and market units in areas well served by transit. Reduction in overall residential parking rates, combined with the removal of parking minimums for affordable units would help to offset the cost of providing affordable units and is appropriate given the proximity of the

	<p>incentivize the development of more kinds of housing including affordable units created through the IZ program.</p> <p>Additional heights and densities for developments in MTSAs should be considered through a comprehensive amendment to the Official Plan and Zoning By-law, where appropriate.</p>	<p>developments to rapid transit and alignment with other City objectives (e.g., greenhouse gas reduction and active transportation targets and commitments).</p> <p>Increases in permitted heights and densities in MTSAs concurrent with the introduction of an IZ program can help offset the financial impact of the program.</p>
9. Offsite Units	<p>Required affordable units for a new development application may be provided in a development located on an alternative site, provided that the alternative site is in an MTSAs within the same municipality.</p>	<p>Enabling offsite units provides opportunities for creativity, partnerships and cost-sharing to create efficiencies and minimize pro forma impacts of the affordable units, while still achieving the intent of the IZ program to create high quality affordable units. Opportunities include:</p> <ul style="list-style-type: none"> • developers partnering with third sector* to accommodate offsite units within third sector* builds • locating affordable units within buildings having lower construction costs, on lower cost sites and with more favorable financing. <p>Third sector* ownership could help leverage more affordable units, more deeply affordable units, longer affordability periods and opportunities for on-site supports, if needed, when compared to onsite units alone.</p>
10. Administration and Implementation	<p>The Region of Waterloo has indicated a willingness to take a leading role in monitoring, and waitlist management. Affordable units will be secured through the development review process by City staff, in accordance with the IZ zoning by-law (Appendix B) and draft Implementation Guidelines (Appendix C). The proposed program</p>	<p>Centralized administration by government or a single mission-aligned, arm's length organization with sufficient operational funds is required to ensure consistent monitoring and administration of the program. Enabling third sector* ownership and operation of affordable rental units within condo developments will address condominium developers' concerns about capacity to operate affordable units and will</p>

	includes pathways for a third sector* to own affordable units created either offsite or in a condominium building.	ensure affordability beyond 25 years.
11. Monitoring Provincial Requirement: Report every two years (biennially) and update Assessment Report every 5 years	Report to council on successes and challenges of IZ in accordance with Provincial reporting requirements, and adjust policy requirements as needed.	The financial impact model that supports the proposed policy direction is based on current market conditions and proposed Provincial regulations. Updates to the policy may be warranted to enable securing more or fewer affordable units, different affordability levels etc. in response to market and regulatory changes.

*Third sector refers to non-profit, co-operative and other mission-aligned housing providers.

Rents and Incomes of Eligible Households

Maximum rents for affordable units are proposed to be calculated using a combined market and income based approach (#5 in Table 1). The combined approach helps to balance financial feasibility of development with the assurance that the units will be affordable to low and moderate income households irrespective of significant fluctuations in the housing market year over year.

Using the proposed calculation, the maximum rents for affordable units in both a condominium building and a purpose built rental building would be affordable to low income households that fall in the 16th through 37th percentiles of the regional household income distribution (Tables 2 & 3). Although households below the 16th income percentile would be eligible for IZ units, the units would exceed 30% of their income and therefore would not be affordable for those households.

Table 2. Maximum Rents for Affordable Units in a Condominium Building (2023)**

Unit type	Rent	Household income for which the rent is affordable	Household income percentile for which the rent is affordable	Max eligible household income (3.5x rent)
Bachelor	\$1,164	\$47,000	16th (low income)	\$49,000
1-bedroom	\$1,346	\$54,000	20th (low income)	\$57,000
2-bedroom	\$1,658	\$66,000	27th (low income)	\$70,000
3-bedroom +	\$2,039	\$82,000	39th (moderate income)	\$85,000

** Affordable Rents are based on PPS tables that are released by the Province each year. Because they rely on household income data, they are one year behind the current year.

Table 3. Maximum Rents for Affordable Unit in a Purpose Built Rental Building (2023)

Unit type	Rent	Household income for which the rent is affordable	Household income percentile for which the rent is affordable	Max eligible household income (3.5x)
Bachelor	\$1,425	\$57,000	22nd (low income)	\$60,000
1-bedroom	\$1,425	\$57,000	22nd (low income)	\$60,000
2-bedroom	\$1,658	\$66,000	27th (low income)	\$70,000
3-bedroom +	\$2,027	\$81,000	37th (moderate income)	\$85,000

** Affordable Rents are based on PPS tables that are released by the Province each year. Because they rely on household income data, they are one year behind the current year.

The proposed method of calculating affordable rents is recommended because it:

- Aligns with the market/income based definition of affordability in the Regional and City Official Plans, the Provincial Policy Statement (2020), and can be easily modified, if required, to align with proposed changes to the PPS;
- Aligns with IZ best practice in other jurisdictions;
- Helps meet the needs of many households that earn too much to be eligible for community housing, but cannot afford market rents, and therefore helps address a gap in the housing continuum;
- Delivers on affordable housing objectives while having a manageable impact on financial viability of development that could otherwise curtail new housing supply;
- Helps to support mixed-income complete communities and overall community health and prosperity; and
- Creates movement along the housing continuum, freeing up units that are more deeply affordable for very low income (e.g. 10th percentile) households who cannot afford units secured through the IZ program.

While various market metrics were considered for the purpose of determining maximum affordable rents, staff recommends using 100% Average Market Rent (AMR) rather than the maximum of 80% AMR (under consideration by the Province in its proposed regulations). The recommended rents have significantly less financial impact on development pro formas (ergo less likelihood to negatively impact the pace of new housing construction) than would an 80% AMR program. Furthermore, an 80% AMR program would have significant overlap with rents provided through Region of Waterloo's community housing and housing programs; the recommended rents for IZ units are intended to serve a different affordability segment of the housing continuum.

Lastly, 100% AMR results in affordable rents that support low income households in the 16th-27th percentile of the regional household income distribution (Tables 2 and 3). This is because, despite its name, AMR is significantly lower than the typical rent for a unit that is available in the market today. CMHC calculates AMR as the average of the rents for both older, rent-controlled units and newer units. When rent-controlled units are vacated and become available to new renters, a landlord may increase the rents to what

the market can bear and so the rent-controlled rents do not reflect what a renter may actually secure in the market. In undersupplied rental markets, the rents faced by new tenants are typically many hundreds of dollars more per month than AMR.

Staff also recommends setting higher maximum rents for affordable units in purpose built rental buildings than affordable units in condominiums. The higher rents for purpose built rental buildings align with CMHC's MLI select program's affordability criteria, and are intended to help mitigate the potential financial impact on desirable purpose built rental projects that typically have lower financial returns than condominium developments. While the financial challenges for purpose built rental buildings have improved in recent months relative to condominium developments, market fundamentals continue to favour condominiums. Proposed rents in purpose built rental would be affordable to the 22nd-37th household income percentile (Table 3).

Set Aside Rates

Staff recommends that the proportion of GLA (Gross Leasable Residential Area) dedicated to affordable units start low in 2025 and transition slowly upward to a maximum of 5%, to reflect local market conditions.

- MTSAs within Prime Market Areas should start at 2% and increase to 5% by 2031.
- MTSAs within Established Market Areas should start at 1% and increase to 5% by 2031.
- MTSAs within Emerging Market Areas should start at 0% and increase to 5% by 2031.

Proposed amendments to O.Reg 232/18 limit the set aside rate to 5%. A low initial set aside rate and gradual transition to the maximum rate will help avoid market disruption and signal to the market future policy intentions. Financial feasibility modeling indicates that stronger (Prime) markets can better absorb the costs associated with an IZ policy compared with weaker (Emerging) markets.

Staff recommends low initial set aside rates in the first two years of the program to create an appropriate transition period and to reflect current challenges in the housing market. Recognizing the current and forecasted housing market challenges that may continue to reduce development viability even without an IZ program, staff further recommends that WKC+R re-evaluate the market conditions in the Fall of 2024 to confirm the appropriateness of the set aside rates before they come into effect in 2025 and to return to Council before 2025 with a recommendation of whether to proceed or make adjustments to the rates. Additional monitoring of local housing market conditions in consultation with the community and the development industry, is proposed at the end of 2026, 2028 and 2030 in advance of the planned set aside increases set out in Table 4. Following these reviews, staff would report back to Council with recommendations on whether IZ requirements should continue to be advanced in the

proposed timeframe. Additional monitoring and review was supported by members of the development industry that were consulted on this project, and will help to ensure development viability in MTSAs as the City works towards meeting its housing pledge of 16,000 new units by 2031.

Notwithstanding the general principle of applying higher set aside rates in stronger markets, staff recognize the potential for significant land value uplift if employment lands are converted to permit residential uses. Employment lands in Emerging and Established market areas that are converted to residential uses are therefore proposed to have set aside rates consistent with the Prime Market Areas. Set aside rates based on market strength combined with tailored rates for employment lands will capitalize on site-specific opportunities to increase the supply of local affordable housing.

In addition to the increased set aside rates for employment lands that transition to mixed-use / residential uses, and a more frequent review and adjustment of set aside rates, the following program parameters have been revised from the June policy directions and are supported by a memo submitted by N Barry Lyons Consultants (NBLC) attached as Appendix E:

- 5% set-aside for all market areas by 2031
- Promotion of the Northfield Station Area to the Established market area category from Emerging
- Promotion of the Waterloo Public Square, Willis Way and Allen Station Areas to the Prime market area category from Established
- A quicker transition that aligns with the mandatory 2-year program review

Table 4. Set Aside Rates

Market Area	Protected Major Transit Station Area	Minimum Percentage of Gross Leasable Residential Area (GLA) Set Aside for Affordable Units by Date of Building Permit Issuance			
		2025-2026	2027-2028	2029-2030	2031+
Prime	<ul style="list-style-type: none"> • University of Waterloo • Laurier - Waterloo Park • Waterloo Public Square • Willis Way • Allen 	2%	2-3%	2-4%	5%
Established	<ul style="list-style-type: none"> • Conestoga • Research & Technology Park • Northfield 	1%	1-2%	1-3%	5%

Emerging*		0%	0-1%	0-2%	5%
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*No Waterloo MTSAs are identified at this time as having market conditions that place them into the Emerging market area.

Duration of Affordability

Staff recommends an IZ program that requires the longest term of affordability permitted under the proposed Provincial IZ regulations, to provide maximum benefit to households needing affordable housing. The longest duration of affordability that can be required under the proposed IZ regulations is 25 years.

The proposed IZ program provides an opportunity for the duration of affordability to be extended beyond the maximum of 25 years. By enabling affordable units to be provided offsite and providing flexibility for developers to work with third sector housing providers (non-profits, co-operatives and other mission-aligned providers), the program encourages the transfer or sale of affordable units to the third sector. Third sector ownership of affordable units is more likely to result in a voluntary extension of the duration of affordability, with the possibility of affordability being maintained in perpetuity.

Offsite Units

The Planning Act enables affordable units required under an IZ program to either be provided within the development giving rise to the IZ requirement or within a development on an offsite location within an MTSAs where IZ applies. Staff are recommending that offsite units be permitted provided they:

- are located within any Waterloo MTSAs where IZ applies;
- are occupied at the same time as market units; and
- are a similar size and bedroom composition as the market units.

The proposed IZ program enables innovative solutions to delivering affordable units. This could include developers building small purpose-built rental buildings, partnering with non-profits to increase the number of units in their builds, working with other developers to jointly meet IZ requirements in a single project, or banking their IZ requirements for multiple projects in a single building.

In staff's assessment, enabling offsite units is crucial to providing needed flexibility to the development industry 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 have heard concerns from some that enabling offsite units could encourage the creation of lower quality or poorly managed affordable housing developments, rather than mixed-income buildings. While enabling offsite units may result in the creation of more developments that contain only affordable units, staff note that there are many successful examples of rental developments geared toward lower income residents and such developments continue to be created throughout the region without generating problems for the tenants or the surrounding community. Any development, whether it be for tenants with a mix of incomes or for low-moderate income tenants specifically, would be subject to the same design standards, amenity and greenspace zoning regulations, rental licensing (as applicable), and property standards requirements. Some of these standards and requirements can be secured through the Site Plan approval process, informed by the draft Implementation Guidelines (Appendix C). Although offsite units might reduce the number of widely mixed-income apartment buildings, it does help deliver mixed-income neighbourhoods and complete communities in MTSAs.

Others have expressed the concern that enabling developers to locate offsite units within any MTSAs in the city could result in the concentration of affordable units created in MTSAs with weaker markets, and a reduced number of affordable units created in MTSAs with stronger markets (e.g. the Uptown MTSAs). While providing sufficient flexibility in the program to allow for the creation of offsite units in any MTSAs is intended to facilitate the primary objective of ensuring the creation of affordable units, staff recognize that this same flexibility could create an uneven distribution of affordable units across the city's MTSAs. In considering whether or not to recommend restrictions on the location of offsite units, staff noted other factors that are likely to reduce the potential for affordable units to be concentrated in MTSAs outside of Uptown, including:

- Relatively high availability of infill opportunities that could support offsite units in Uptown MTSAs enabled through existing or proposed policies and regulations (e.g. Existing nodes and corridors framework, a tabled OPA that proposes additional height and low and midrise infill opportunities in Uptown, and a ZBA to evaluate four storeys and four units in residential areas, as appropriate);
- Potential partnerships with non-profits, churches and other faith-based groups whose recipient sites that could support offsite units are concentrated in the Uptown MTSAs; and
- Offsite units are expected to comprise only a proportion of the total number of affordable units created through the program.

Staff are of the opinion that the potential benefits of an IZ program that provides maximum flexibility for offsite units outweighs the potential drawbacks, particularly in the first few years of the program. Given the requirement to monitor, review and update (if necessary) the IZ program every 2 years, the City, with support from the Region, will track the number and location of offsite units and will have the opportunity to modify the program, if needed, to ensure an appropriate distribution of affordable units across all MTSAs.

Compatibility with other Housing Programs

Because IZ is not reliant on government funding, it does not compete with other housing programs, such as emergency and transitional housing, deeply subsidized affordable housing, and supportive housing. The focus of the proposed IZ program is on levels of affordability that are more expensive than deeply subsidized units, but still well below market rents, providing additional housing options that aren't currently available in the market, such as housing for those who are ready to leave rent/geared-to-income housing, households with two minimum wage earners, single parents with moderate incomes, and older adult households on modest, fixed incomes. By creating housing that is not commonly provided by the market, IZ would support households who require a moderately affordable unit and improve a households' ability to move within the housing system as their needs change. A demographic profile of the households that could directly benefit from the IZ program is presented in Appendix D.

Forecasted number of IZ units

IZ is one of many affordable housing tools. In order to address the housing crisis, all orders of government and the third sector must invest significantly in affordable housing as outlined in the City's Affordable Housing Strategy and the Region of Waterloo's 10 Year Housing and Homelessness Plan, Building Better Futures, and other strategic initiatives.

While there is significant uncertainty in the number of housing units that can be delivered by the market in the short term, the City remains committed to achieving its housing pledge, Affordable Housing Strategy targets and Housing Accelerator Fund targets. With a 10-year target of 16,000 new units, and just under 60% of the City's land area designated to accommodate these units located within MTSAs, approximately 930 new units are expected to be constructed in MTSAs over the next 10 years. Based this growth forecast, the set-aside rates in Table 4, and the estimated share of buildings of 50 or more units, the IZ program is expected to produce at least 37 affordable units per year in Waterloo by 2031. Region-wide the number of affordable units is forecasted to increase to 144 affordable units per year by 2031. This represents a modest but meaningful number of new affordable units in addition to affordable units delivered through Federal, Provincial, Regional, City and non-profit programs and initiatives.

Financial Viability and Transition

The Planning Act and Ontario Regulation 232/18 regulate the process by which an IZ policy can be adopted, and the contents of IZ policy and zoning by-law provisions. Waterloo has completed all the necessary studies and assessments required under the legislation. The recommended framework is supported by a financial impact model and peer review shared through IPPW2020-071, model updates described in report IPPW2023-028 and a memo included in Appendix E of this report.

Concurrent with this report, staff have tabled some potential amendments to the Official Plan through IPPW2024-005 that proposes, among other things, increases in heights in station areas and a more flexible density framework. In addition, council's direction to amend the Zoning By-law to enable four storeys and four units per property in residential areas, where appropriate, could create opportunities for recipient sites for offsite units. These complementary changes will help offset the potential negative financial impacts of IZ on site development economics that could otherwise slow housing construction.

WKC+R heard from our consultants and the development community that transition provisions are essential to ensuring that financial impacts of IZ can be incorporated into early decision making and land acquisitions. The Planning Act exempts developments that were the subject of a site plan or subdivision application prior to the passing of an IZ by-law. Staff have carried out or are recommending transition provisions beyond the statutory requirements including:

- Communicating broadly with the development industry to expect IZ requirements (since early 2020);
- Exempting projects that apply for building permits in 2024; and
- Gradually increasing set-aside rates to 5%, with the pace varying according to the strength of each market area.

As compared to the approach outlined in June 2023, the recommended set aside rate applies at the time of building permit issuance rather than the time of occupancy (less onerous) and the IZ requirements begin in 2025 (rather than 2024 as proposed in June). A market review and council consideration of revised set aside rates, if necessary, has also been proposed to occur in the Fall of 2024 before the program launch.

Staff do not recommend exempting developments that are currently the subject of Official Plan or Zoning By-law amendment applications from IZ requirements. In staff's opinion, the statutory and other recommended transition provisions appropriately mitigate the financial impact of IZ. Exempting units that are the subject of OPA and ZBA applications would mean foregoing a significant number of affordable units in Waterloo's MTSAs.

Planning Analysis

The legal framework for IZ is established in sections 16, 34 and 35.2 of the Planning Act and Ontario Regulation 232/18. The list of requirements, and how each of these are addressed are detailed in Appendix 2 to the IZ Policy and Program Directions and in the June 26 2023 staff report and Discussion Paper ([IPPW2023-028](#)). Two key prerequisites are highlighted here.

1. IZ can only be applied within approved Protected Major Transit Station Areas (MTSAs) within upper tier or single tier Official Plans; or within community planning permit areas that are mandated by the Province.

Regional Official Plan Amendment 6 established station area boundaries, minimum number of residents and jobs per hectare for each station area, and policies requiring the City to establish authorized uses of lands and minimum density targets with respect to buildings and lands. Accordingly Waterloo's eight station areas meet the criteria for MTSA in section 16(16) of the Planning Act and IZ is therefore enabled.

2. IZ policies must be informed by an assessment report that includes specified content and analysis. It must be updated every 5 years.

Waterloo's assessment report requirements are met through the 2020 Housing Needs Assessment (Appendix A in IPPW2020-071), NBLC's 2020 Evaluation of Potential Impacts of an Affordable Housing Inclusionary Zoning Policy (Appendix B in IPPW2020-071), and the Supplementary Discussion Paper Memo included as Appendix E to this report. The 5-year review of the assessment report is planned through the City's Housing Accelerator Funding work program.

A fulsome planning analysis was included in report [IPPW2023-028](#) and the June 26 2023 Discussion Paper. It provides planning analysis outlining how the Provincial Policy Statement (2020); Growth Plan for the Greater Golden Horseshoe (2019); Regional Official Plan (ROP) and Waterloo Official Plan all emphasize the importance of planning for a full range and mix of housing, including affordable housing, to meet community needs. While many planning tools encourage the provision of affordable housing, Inclusionary Zoning is the only one that can require its provision and its implementation is strongly supported in the ROP. The recommended approach to IZ contributes to mixed income communities in MTSAs and a complete and vibrant community. The proposed amendments have regard for matters of Provincial interest, are consistent with the Provincial Policy Statement (2020), conform to the Growth Plan for the Greater Golden Horseshoe (2019), and the ROP, further implement the objectives and policies of the Waterloo Official Plan, and represent good planning.

Engagement

As reported in June 2023, staff consulted with representatives from the development industry, housing advocacy groups, non-profit housing providers, moderate income individuals likely to benefit from an IZ program and the public at large. There was general support for establishing an IZ program. Community and affordable housing organizations encouraged WKC+R to maximize affordability outcomes. The development industry urged a measured and flexible approach to mitigate impacts on financial viability and housing supply.

The discussion paper was circulated to a broad range of stakeholders and people that had previously engaged in the project. Since June, staff met with the Waterloo Region Homebuilders Association, Kitchener's Development Liaison Committee, Build Urban, Grand River Accessibility Advisory Committee, several local high-rise developers, non-profits and academics. The engagement included additional meetings, at the direction of Kitchener City Council, with the representatives of the development industry following the Kitchener City council meeting in January 2024. Written and verbal comments since June along with staff responses are included in Appendix F.

Approximately 1,100 individuals have been engaged in the project. Key themes from the engagement activities are highlighted in Appendix C of IPPW2023-028.

The formal public meeting was advertised in the Waterloo Record, EngageWR and an email notice of the meeting was sent to all parties who had previously expressed an interest in the project.

Next Steps

Pending council's decision on the recommended IZ framework:

- The Official Plan amendment will be forwarded to the Region for their approval;
- Staff will finalize the draft Implementation Guidelines;
- Staff will develop a memorandum of understanding with the Region that outlines the work that the Region will undertake on the Cities' behalf regarding tenant selection and monitoring of agreements;
- The Region will develop a waitlist infrastructure and begin inviting potential tenants (the IZ affordable unit waitlist will be a new list and will not be integrated into the existing community housing waitlist given the different levels of need and eligibility requirements);
- City staff will identify IZ requirements to provide affordable units through the development application approvals processes;
- Affordable units will be required for developments that have building permits issued in 2025 and beyond;
- Affordable units will be leased to eligible tenants likely starting in 2026;

- WKC+R will monitor the program and report back to their respective councils biennially or more frequently if need be.

In the near term, staff intend 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.

Report Co-authors:

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- Matthew Blevins, Senior Planner - Reurbanization, City of Cambridge
- Judy Maan Miedema, Principal Planner, Region of Waterloo

AMENDMENT NO. 50 TO THE OFFICIAL PLAN
OF THE CITY OF WATERLOO

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AMENDMENT NO. 50 TO THE OFFICIAL PLAN OF THE CITY OF WATERLOO

SECTION 1 – TITLE AND COMPONENTS

This amendment shall be referred to as Amendment No. 50 to the Official Plan of the City of Waterloo. 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 within protected Major Transit Station Areas, subject to the policies herein.

The amendment:

- Introduces goals and objectives for Inclusionary Zoning 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 residential units or more;
- Specifies that the policy applies to all Major Transit Station Areas;
- Specifies that affordable units are to be leased by low and moderate income renter households;

- Authorizes all housing types and sizes to be provided as Inclusionary Zoning 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 requirement in each Major Transit Station Area that up to 5% of the Gross Leasable Residential Floor Area be dedicated to Inclusionary Zoning units, to be phased in over multiple years;
- Establishes a specific set aside rate for lands that are designated in the Official Plan for employment uses at the time of the amendment and that are converted to permit residential uses;
- Establishes a minimum period of affordability of 25 years;
- Outlines the measures and incentives to support these policies;
- Outlines that the maximum rents for Inclusionary Zoning 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 MTSA in the city, and are occupied in a timely fashion; and
- Sets out the approach to monitoring to ensure required affordable units remain affordable for 25 years.

SECTION 3 – BASIS OF THE AMENDMENT

Section 16(4)-16(13) of the Planning Act states that municipal official plans may contain policies authorizing Inclusionary Zoning thereby 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 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 as amended.

SECTION 4 – THE AMENDMENT

The City of Waterloo Official Plan is hereby amended according to ITEMS 1-6 by:

ITEM 1 Deleting Section 3.8(1) and replacing with

(1) Major Transit Station Areas in this Plan and delineated in Schedule J are recognized as Protected Major Transit Station Areas in accordance with the Planning Act.

(2) Major Transit Station Areas will be planned to:

(a) Achieve, by 2041 or earlier, a minimum gross density target of 160 residents and jobs combined per hectare, which will be achieved by:

(i) Establishing minimum residential and non-residential densities in the Zoning By-law;

(ii) Requiring development applications, excluding applications for site plan approval, for lands located within Area A and Area B on Schedules 'J1' to 'J5' which propose densities lower than the minimum density established in the Zoning By-law, to provide an appropriate and accepted rationale through a Planning Justification Report demonstrating how future phases of development will achieve the minimum density target.

(b) Accommodate a mix of transit supportive land uses that create both origins and destinations for transit users.

(c) Be focal points for active transportation networks, with connections to other destinations.

(d) Support the unique character of each of the station area and create attractive places for working, learning, living and recreation.

(e) Stimulate new investment and promote economic development by encouraging job growth and commercial vitality.

(f) Support place-making through public and private realm improvements, public art, new open spaces and enhanced amenity.

(g) Support connectivity, integration and transfers between mobility systems.

(h) Support the creation of new *affordable* housing units through Inclusionary Zoning.

ITEM 2 Adding the following to Section 3.8:

3.8.1 Inclusionary Zoning within Major Transit Station Areas

Inclusionary Zoning is a tool that allows the City to require affordable housing units to be provided in new developments within 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 in locations close to Major Transit Station Area stops.

(1) Inclusionary Zoning will be implemented in conjunction with other planning tools to increase the supply of *affordable* housing within 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.

- (2) Inclusionary Zoning policies will be informed by ongoing monitoring and periodic financial impact assessments in accordance with Provincial requirements, or more frequently as the City of Waterloo deems necessary, to facilitate the creation and increased supply of *affordable* housing while mitigating impacts on new market housing supply.
- (3) The City will work collaboratively with the Region, private and non-profit developers and housing providers to leverage expertise to achieve the desired housing objectives contemplated through Inclusionary Zoning.
- (4) Inclusionary Zoning will be implemented through the Zoning By-law and guided by Inclusionary Zoning Implementation Guidelines.

ITEM 3 Adding policies to Section 10.1.2 as follows:

Inclusionary Zoning

- 10.1.2(15) The City will enact zoning by-laws for Inclusionary Zoning, pursuant to the Planning Act and in accordance with the policies of this Plan, to require *affordable* housing units to be included in *development* containing dwelling units located within Major Transit Station Areas as identified on Schedule J.
- 10.1.2(16) Notwithstanding policy 10.1.2(15), Inclusionary Zoning will not apply to:
 - (a) *development* containing fewer than 50 residential units.
 - (b) the portions of a *development* containing a *long term care facility, assisted living facility, lodging house, special needs housing* or a student residence owned and/or operated by a post-secondary educational institution.
 - (c) *development* proposed by a non-profit housing provider or 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 units are intended as *affordable* housing, excluding any offsite units that would be located in the *development*;

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

10.1.2(17) *Development* subject to the Inclusionary Zoning requirements will set aside a minimum percentage of new *Gross Leasable Residential Area* as *affordable* units in accordance with Table 10-1.

Table 10-1. Inclusionary Zoning Set-Aside Requirements

Market Area	Major Transit Station Area	Minimum Percentage of Gross Leasable Residential Area Set Aside for Affordable Units by Date of Building Permit Issuance			
		2025-2026	2027-2028	2029-2030	2031+
Prime	<ul style="list-style-type: none">• University of Waterloo• Laurier - Waterloo Park• Waterloo Public Square• Willis Way• Allen	2%	2-3%	2-4%	5%
Established	<ul style="list-style-type: none">• Conestoga• Research & Technology Park• Northfield	1%	1-2%	1-3%	5%
Emerging		0%	0-1%	0-2%	5%

10.1.2(18) Notwithstanding Policy 10.1.2(17), any lands located within a Major Transit Station Area that are designated Employment in the City Official Plan as of the date of the passing of Official Plan Amendment 50 and that require a land conversion to permit residential uses will be required to meet the set aside rates and timing associated with the Prime Market Area in Table 10-1, in the event that residential uses are permitted.

10.1.2(19) *Affordable* units required under 10.1.2(15) will be provided as rental units.

10.1.2(20) The City, in consultation with the Region and the Cities of Kitchener and Cambridge will establish maximum rents for the required *affordable* units on an annual basis as described in the definition of *affordable* in Chapter 13 Glossary.

10.1.2(21) *Affordable* units required under 10.1.2(15) will be:

- (a) occupied by low or moderate income renter households as described in the definition of *affordable* in Chapter 13 Glossary with a maximum income at the time of their initial tenancy of 3.5 times the *affordable* 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 portion of the *development* giving rise to the *affordable* dwelling units in terms of unit mix and size, as appropriate, to achieve a balanced mix of *affordable* dwelling unit types and sizes and support the creation of *affordable* dwelling units suitable for a range of household sizes; and
- (d) first occupied prior to or coincident with and proportional to the first occupancy of the market dwelling units in the *development* giving rise to the *affordable* dwelling units.

10.1.2(22) The City, together with the Region, will support *developments* in meeting their Inclusionary Zoning requirements by exempting *developments* that contain the required *affordable* units, on a prorated basis, from parkland dedication requirements, development charges, and community benefit charges, in accordance with Provincial Legislation.

10.1.2(23) The City will support *developments* in meeting their Inclusionary Zoning requirements by not requiring off-street parking to be provided for the required *affordable* dwelling units.

10.1.2(24) *Affordable* dwelling units will be provided within the building giving rise to the Inclusionary Zoning requirements, or offsite in a building located within a Major Transit Station Area identified on Schedule J, and on lands subject to the Inclusionary Zoning by-law.

10.1.2(25) Further to policy 10.1.2(24), and consistent with the intent of policy 10.1.2(21)(d), the timing of first occupancy of offsite *affordable* dwelling units will be prior to or coincident with and proportional to the occupancy of market units on the site giving rise to the requirement for the *affordable* dwelling units.

10.1.2(26) The City with support from the Region, will verify 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 12.2.3.

- 10.1.2(27) The City shall prepare an assessment report every five years or more frequently as necessary, in accordance with the Provincial requirements, for the purpose of determining whether any Inclusionary Zoning policies in this Plan should be amended.
- 10.1.2(28) 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 relating to:
 - (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.
 - (f) The proceeds (if any) that were received by the municipality from the sale of *affordable* dwelling units.

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

- 10.1.2(29) The City will prepare a report to Council before the last day of 2024, 2026, 2028 and 2030, on local market conditions and feedback from 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 Major Transit Station Areas should be reclassified as a different Market Area in Table 10-1. This report will analyze factors such as market rents, condominium sale prices, presales and market unit absorption, financing costs, construction costs, building permits, construction starts and lands sales.

ITEM 4 Adding the following to Section 12.2:

12.2.3 Inclusionary Zoning Agreements

(1) 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, the Region and offsite unit owner, to be registered on title, securing:

- (a) the requirements of Section 10.1.2.;
- (b) requirements for the timely delivery of the *affordable* dwelling units including any phasing if applicable;
- (c) The approach for 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 the *affordable* dwelling units have the same access to the building and amenities 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* units over the affordability period;
- (h) conditions for offsite *affordable* dwelling unit delivery if applicable; and
- (i) other standards or arrangements as appropriate.

12.2.14 Complete Applications

(4)(rr) Inclusionary Zoning Implementation Brief.

ITEM 5 Adding the following to Section 13 Glossary under the existing definition of *Affordable*:

Notwithstanding the preceding definition, for the purposes of policies relating to Inclusionary Zoning including in Section 10.1.2 of this Plan, *affordable* means:

- c) for dwelling units within buildings that are not within purpose-built rental housing, a unit for which rent is calculated in accordance with subsection b); and
- d) for dwelling units within purpose-built rental housing, a unit for which rent is

calculated as 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 the Canada Mortgage and Housing Corporation.

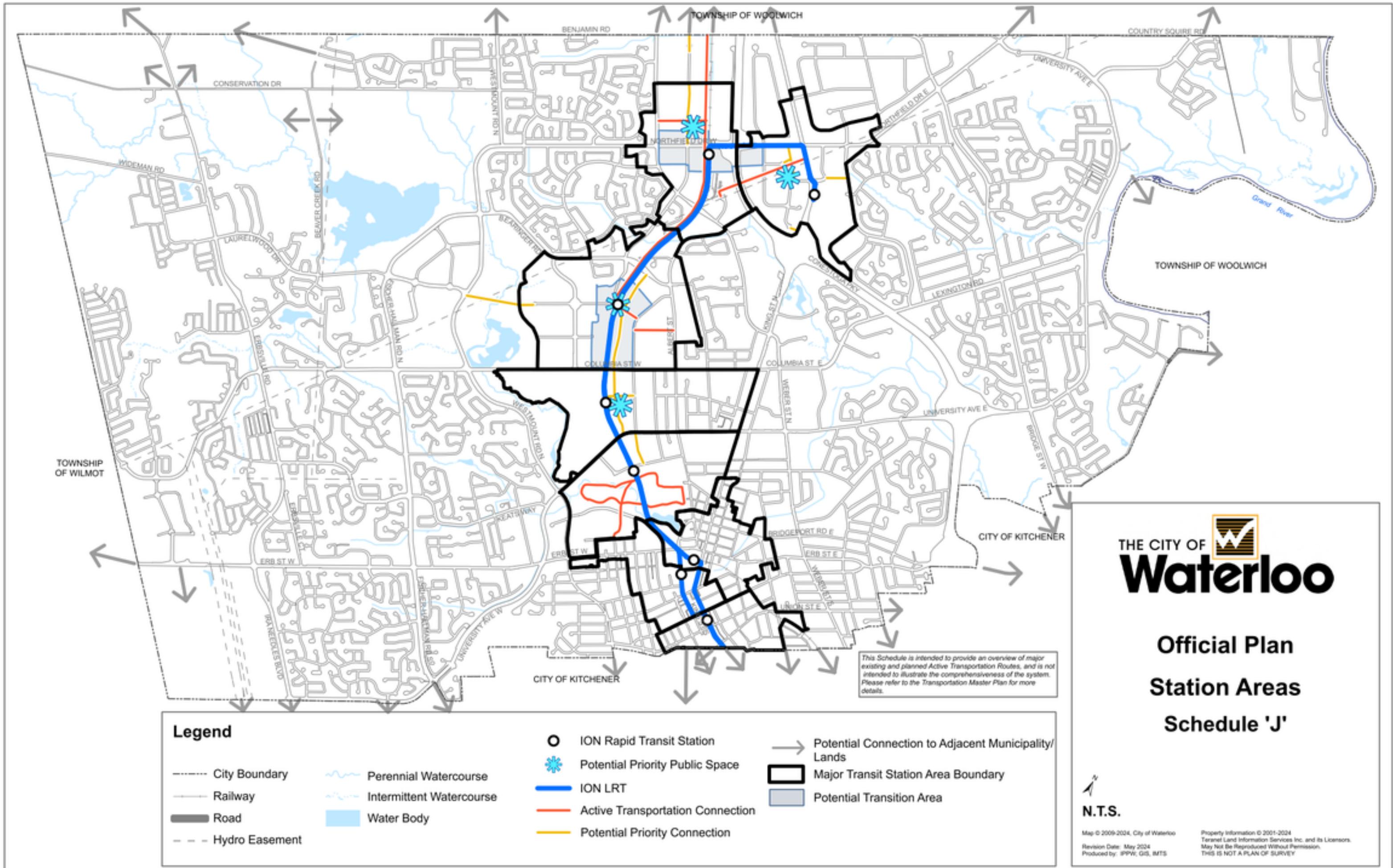
ITEM 6 Adding a new definition to Section 13 Glossary to be inserted in alphabetical order:

Gross Leasable Residential Floor Area – means the total floor area of dwelling units in a building measured from the centre line of joint partitions and the exterior faces of the exterior walls of all storeys of a building. *Gross Leasable Residential Floor Area* does not include non-dwelling unit floor space including common areas, parking areas, and storage lockers.

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.

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



EXPLANATORY NOTE

By-law No. 2024 - _____

Inclusionary Zoning

Zoning By-law Amendment Z-23-15

The Corporation of the City of Waterloo

Council Meeting: June 24, 2024

IPPW2024-008

By-law 2018-050 is a Zoning By-law controlling land use development within the City of Waterloo. By-law 2024 - _____ amends By-law 2018-050 by establishing provisions for Inclusionary Zoning in designated Major Transit Station Areas.

If you require further information or have any questions please contact the City of Waterloo's Planning Division at 519-747-8752.

Prepared By:

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Integrated Planning & Public Works
City of Waterloo
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THE CORPORATION OF THE CITY OF WATERLOO

BY-LAW NO. 2024 –

BY-LAW TO AMEND BY-LAW NO. 2018-050 BEING A ZONING BY-LAW CONTROLLING LAND USE DEVELOPMENT WITHIN THE CITY OF WATERLOO

INCLUSIONARY ZONING

WHEREAS:

1. By-law 2018-050 was passed by the Council of The Corporation of the City of Waterloo on September 10, 2018 and is in full force and effect.
2. The Council of The Corporation of the City of Waterloo deems it desirable to amend By-law 2018-050 in accordance with the provisions of this by-law.

THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE CITY OF WATERLOO ENACTS AS FOLLOWS:

1. Section 1.8 of By-law Number 2018-050 is amended by replacing the existing text with the following:

1.8 SCHEDULE 'A2'

Schedule A2 hereto is comprised of a map that indicates the geographic boundaries of MAJOR TRANSIT STATION AREAS and the location of Active Frontages in MAJOR TRANSIT STATION AREAS .

2. Section 2 is amended by adding the following to the existing definition for AFFORDABLE DWELLING UNIT:

c) for the purpose of Section 3.1.2 Inclusionary Zoning, a DWELLING UNIT where maximum rents are in accordance with Section 3.1.2 e) and are occupied by ELIGIBLE TENANTS in accordance with Section 3.1.2 f) of this BY-LAW.

3. Section 2 is amended by adding the following definitions thereto, to be added to the existing text in alphabetical order:

COMPLETE APPLICATION - means an application that contains sufficient particulars and information to allow it to be processed and comprehensively evaluated on its merits, as determined by the CITY. An application that is incomplete becomes a COMPLETE APPLICATION on the date that the required particulars and information are provided to the CITY, as determined by the CITY.

DEVELOPMENT – means, for the purposes of Section 3.I.2 Inclusionary Zoning, the construction, erection or placing of one or more BUILDINGS or STRUCTURES on a LOT or the making of an addition or alteration to a BUILDING or STRUCTURE that has the effect of substantially increasing the size or usability thereof.

ELIGIBLE TENANT(S) - means a tenant is eligible to occupy AFFORDABLE DWELLING UNITS in accordance with Section 3.I.2 f).

GROSS LEASABLE RESIDENTIAL FLOOR AREA – means the combined total floor area of all DWELLING UNITS in a BUILDING measured from the centre line of joint partitions and the exterior faces of the exterior walls of all STOREYS of a BUILDING. GROSS LEASABLE RESIDENTIAL FLOOR AREA excludes non-DWELLING UNIT floor area including common areas, parking areas, and storage lockers.

MAJOR TRANSIT STATION AREA – means an area surrounding and including an existing or planned higher order transit station or stop as shown on Schedule 'A2'. For the purposes of this BY-LAW, a MAJOR TRANSIT STATION AREA is a Protected Major Transit Station Area under the PLANNING ACT.

NON-PROFIT HOUSING PROVIDER - means

- (1) 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;
- (2) 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;
- (3) a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act; or

(4) 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.

PURPOSE-BUILT RENTAL HOUSING - means all or part of a MULTI-UNIT RESIDENTIAL BUILDING or MIXED USE BUILDING where DWELLING UNITS are not a registered condominium unit pursuant to the CONDOMINIUM ACT and which are intended for use as rented residential premises.

REGIONAL MARKET AREA - means the real estate market within the geographical boundary of the Region of Waterloo.

4. Section 3 is amended by adding the following provisions:

3.I.2 INCLUSIONARY ZONING

- a) The Inclusionary Zoning regulations in section 3.I.2 shall apply to DEVELOPMENT containing residential uses in the following MAJOR TRANSIT STATION AREAS identified on Schedule 'A2' of this BY-LAW:
 - Conestoga
 - Northfield
 - Research & Technology Park
 - University of Waterloo
 - Laurier - Waterloo Park
 - Waterloo Public Square
 - Willis Way
 - Allen
- b) Notwithstanding anything to the contrary, the Inclusionary Zoning regulations 3.I.2 a) and 3.I.2 c) to i) inclusive shall not apply to:
 - i) EXISTING BUILDINGS except where any addition, extension, alteration or change in use results in fifty (50) or more new DWELLING UNITS, net of any rental replacement DWELLING UNIT required under an applicable Rental Replacement By-law;
 - ii) DEVELOPMENT that would add fewer than fifty (50) new DWELLING UNITS to a LOT, net of any rental replacement DWELLING UNIT required under an applicable Rental Replacement By-law;
 - iii) DEVELOPMENT where a NON-PROFIT HOUSING PROVIDER has an interest that is greater than 51 per cent;

iv) DEVELOPMENT that, on or before the day the by-law establishing Section 3.I.2 in this BY-LAW was passed, had made a COMPLETE APPLICATION for:

- a plan of subdivision under Section 51 of the PLANNING ACT;
- a description or an amendment to a description under Section 9 of the CONDOMINIUM ACT;
- a building permit; and/or
- a site plan under Section 41 of the PLANNING ACT;

v) DEVELOPMENT that is exempt in accordance with the PLANNING ACT and associated regulations;

vi) ASSISTED LIVING FACILITY

vii) GROUP HOME;

viii) HOSPICE; and,

ix) LONG TERM CARE FACILITY;

x) LODGING HOUSE;

xi) A student residence owned and/or operated by a UNIVERSITY / COLLEGE.

c) Commencing on March 31, 2025, on a LOT that is located within a MAJOR TRANSIT STATION AREA as identified on Schedule 'A2' of this BY-LAW, a percentage of GROSS LEASABLE RESIDENTIAL FLOOR AREA shall be set aside for AFFORDABLE DWELLING UNITS in accordance with Table 3C-2, net of any rental replacement DWELLING UNIT required under an applicable Rental Replacement By-law.

Table 3C-2: Inclusionary Zoning Set Aside Requirements

Market Area	MAJOR TRANSIT STATION AREA	Minimum Percentage of GROSS LEASABLE RESIDENTIAL FLOOR AREA to be provided for AFFORDABLE DWELLING UNITS
Prime	<ul style="list-style-type: none"> • University of Waterloo • Laurier - Waterloo Park • Waterloo Public Square • Willis Way • Allen 	2%
Established	<ul style="list-style-type: none"> • Conestoga • Research & Technology Park • Northfield 	1%

Market Area	MAJOR TRANSIT STATION AREA	Minimum Percentage of GROSS LEASABLE RESIDENTIAL FLOOR AREA to be provided for AFFORDABLE DWELLING UNITS
Emerging		0%

d) Notwithstanding Policy 3.I.2 c), any lands located within a MAJOR TRANSIT STATION AREA that are zoned:

- E1 – Business Employment One (E1) Zone
- E2 – Business Employment Two (E2) Zone
- E3 – Flexible Industrial (E3) Zone
- E2A – Station Area Business Employment Two (E2A) Zone
- E2B – Station Area Business Employment Two (E2B) Zone

as of the date of the passing of the by-law establishing Section 3.I.2 in this BY-LAW (date), shall be subject to the Inclusionary Zoning set aside rate within the Prime Market Area in Table 3C-2 as amended if residential uses are permitted on such lands by amendment to this BY-LAW.

e) The maximum rent that shall be charged for Inclusionary Zoning AFFORDABLE DWELLING UNITS will be determined annually by the CITY by by-law, in consultation with the REGION, and according to the following procedure:

- i) within BUILDINGS that are not PURPOSE-BUILT RENTAL HOUSING, the lesser of the average market rent for the REGIONAL MARKET AREA according to the number of bedrooms, or 30% of the 60th percentile household income for renter households for the REGIONAL MARKET AREA;
- ii) within PURPOSE-BUILT RENTAL HOUSING, the greater of the figure calculated in accordance with Section 3.I.2e) i) above, or 30% of median renter household income for the REGIONAL MARKET AREA, as published from time to time by the Canada Mortgage and Housing Corporation.

f) ELIGIBLE TENANT(s) of Inclusionary Zoning AFFORDABLE DWELLING UNITS shall be individuals pre-approved by the CITY or its designate, and who have a total maximum household income from all sources of all persons who reside / will reside in said unit of 3.5 times the unit's rent at the time the ELIGIBLE TENANT(s) occupies the Inclusionary Zoning AFFORDABLE DWELLING UNIT.

g) Inclusionary Zoning AFFORDABLE DWELLING UNITS shall be similar to market units in the DEVELOPMENT in terms of mix, type and size.

NOTE: Section 3.I.2(g) will be secured by one or more legal agreements with the CITY, pursuant to the OFFICIAL PLAN and the PLANNING ACT, and/or the REGION, and/or an owner of offsite Inclusionary Zoning AFFORDABLE DWELLING UNITS. The form and content of such legal agreements shall be to the satisfaction of the City Solicitor, and such agreements will be registered on title to the applicable lands.

h) Inclusionary Zoning AFFORDABLE DWELLING UNITS shall be provided for a minimum of 25 continuous years, commencing on the date that the Inclusionary Zoning AFFORDABLE DWELLING UNIT is first occupied by an ELIGIBLE TENANT.

i) Inclusionary Zoning AFFORDABLE DWELLING UNITS shall be provided in the DEVELOPMENT or offsite in a separate newly constructed BUILDING within a MAJOR TRANSIT STATION AREA in the CITY.

5. Section 6.1.3 is amended by adding the following provision into Table 6A: Parking-Specific Uses:

AFFORDABLE DWELLING UNITS as defined in relation to Section 3.I.2 (Inclusionary Zoning)	Zero (0) PARKING SPACES shall be required for an Inclusionary Zoning AFFORDABLE DWELLING UNIT. <i>NOTE: Parking requirements for market DWELLING UNITS and non-residential uses shall continue to apply, as applicable.</i>
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6. Schedule 'A2' to this BY-LAW is hereby replaced with the amended Schedule 'A2' attached hereto as Attachment 1.

7. This by-law shall come into force and effect on the date of its final passing thereof and the final passing of Amendment No. 50 (Inclusionary Zoning) to the Official Plan of the City of Waterloo Planning Area by the Regional Municipality of Waterloo, and in accordance with the Planning Act, R.S.O 1990 c.P.23 and amendments thereto.

Enacted this _____ day of _____, 2024.

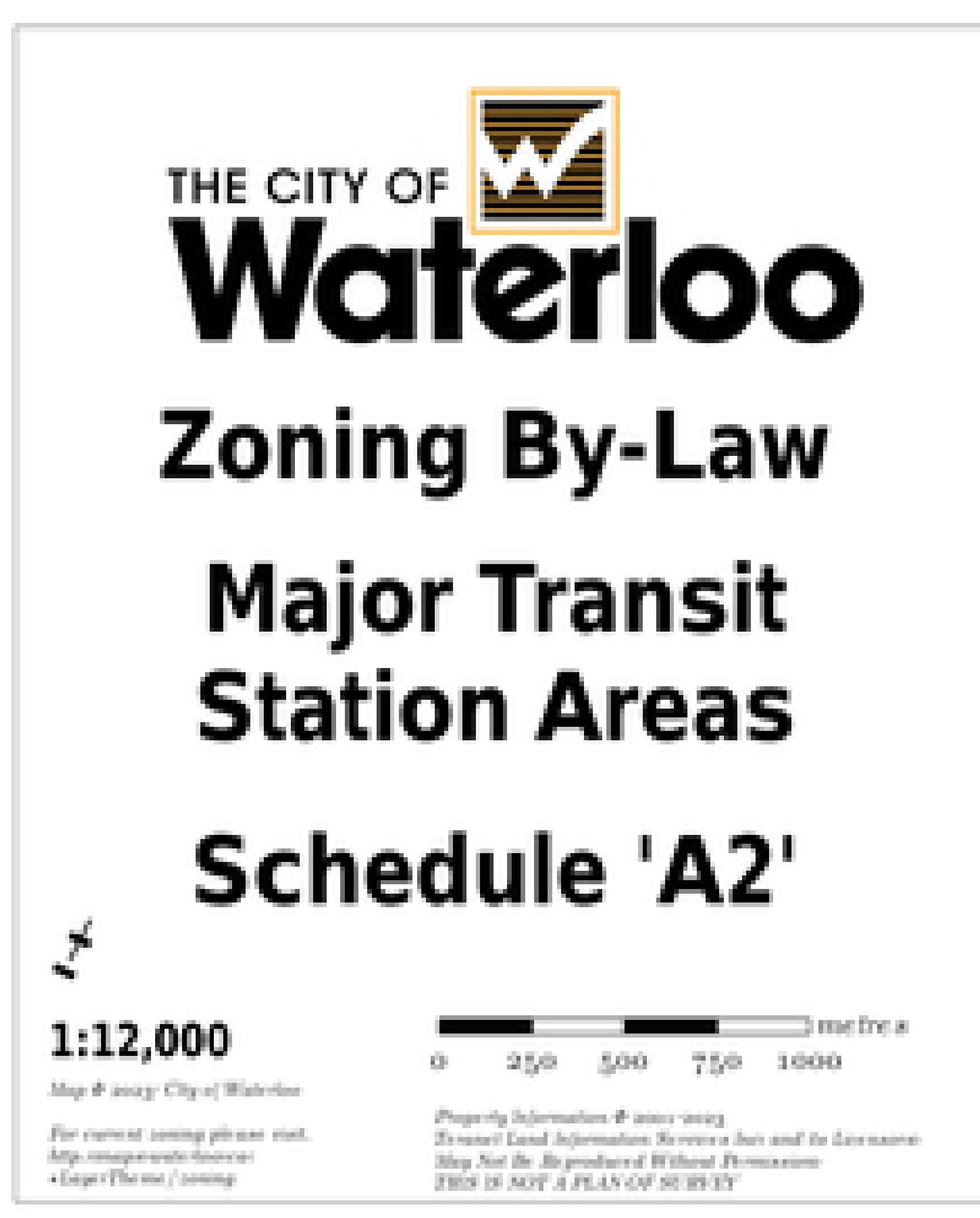
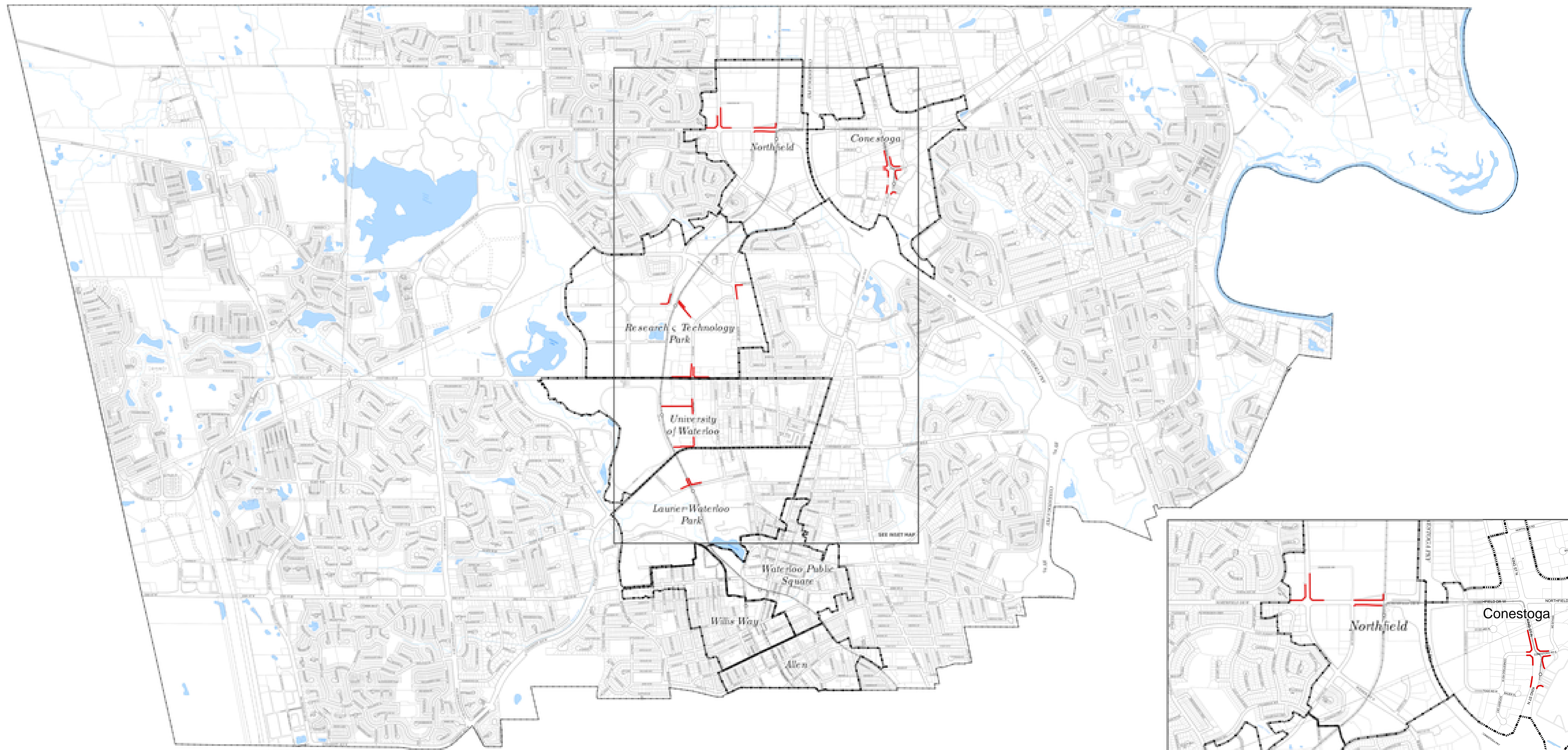
D. McCabe, Mayor

J. Finley-Swaren, City Clerk

Attachment 1

This is Attachment '1' to By-law No. 2024 - ____ passed this ____ day of ____ , 2024.

Zoning By-law Schedule 'A2'
Major Transit Station Areas



Map Notes

"COUNCIL APPROVED ON 10 September 2018"

Projection: NTF Zone 17
 Datum: North American Datum 1983
 Map Created By: GIS, MTS, Planning Approvals, IPPM
 Map Created On: 10 September 2018

