

Region of Waterloo
Community Services
Housing Services

To: Community Services Committee

Meeting Date: May 10, 2022

Report Title: Waterloo Region Housing Master Plan Update and Amendments

1. Recommendation:

That the Regional Municipality of Waterloo take the following actions to amend the 2019 Waterloo Region Housing Master Plan 2020-2040 (WRHMP) as originally approved in CSD-HOU-19-18 as set out in report CSD-HOU-22-11 dated May 10, 2022:

- a) Reduce the 15-105 Mooregate Crescent (Mooregate) affordable housing target from 476 units to at least 378 units to start construction in 2025;
- b) Introduce two new Waterloo Region Housing (WRH) properties for redevelopment, namely 1050-1064 Courtland Avenue and 440-470 Shelley Drive (Courtland-Shelley), to add at least 192 units to start construction in 2026;
- c) Introduce a new Partnership and Innovation Policy to Section 6 of the WRHMP; and,
- d) Establish the Waterloo Region Affordable Housing Guidelines and Standards (AHGS) in Section 7 of the WRHMP as a primary document to guide all WRH projects, and to provide direction for associated Regional housing initiatives.

2. Purpose / Issue:

This report provides Regional Council with an update on the implementation of the WRHMP. This report also seeks Council approval to move forward on a series of strategic amendments to the WRHMP to help guide the next steps and implementation.

3. Strategic Plan:

The development of new and maintenance of existing affordable housing addresses the Region's Corporate Strategic Plan 2019-2023:

- Focus Area 3 Environment and Climate Change. The report addresses Strategic

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Objectives 3.1 to reduce greenhouse gas emissions, and Objective 3.5 to promote the efficient use of urban land.

- Focus Area 4: Healthy, Safe, and Inclusive Communities. The report addresses Strategic Objectives 4.2, to make affordable housing more available to individuals and families, and Objective 4.3 to promote and enhance equity in policies, planning, services and decision making in order to positively impact wellbeing.
- Focus Area 5: Responsive and Engaging Public Service. The report addresses Strategic Objectives 5.1 to enhance opportunities for public engagement, input and involvement in Region of Waterloo Initiatives, and Objective 5.4 to ensure the Region provides value for money and long term financial sustainability.

4. Key Considerations:

- a) Density. Due to concerns regarding the proposed density and height of the Mooregate site, staff is recommending a reduction from a proposed 476 to 378 units. This reduction in units can be offset by adding a new intensification project at Courtland-Shelley to maintain the development of at least 600 new affordable homes through the WRHMP. If the Courtland-Shelley proposal is not approved, the Region will be able to provide 540 new affordable housing units.
- b) Innovation. Staff are recommending that a new Partnership and Innovation Policy be added to the WRHMP to provide an opportunity to leverage greater affordable housing options as supported by the Building Better Futures plan.
- c) World Class Affordable Housing with Community Benefit. As large redevelopment projects, the Mooregate and Courtland-Shelley sites present an opportunity for enhanced amenity and community benefit spaces. Staff request additional investment in these projects to enhance the lives of the residents and the broader community. This investment will be incorporated into the preferred design recommendations, public engagement processes, and capital budget process for approval.
- d) Rising Costs. Since 2019, the costs of land, construction, housing, and inflation continue to escalate, resulting in an estimated 20-30% increase in project costs. This includes project delays from global supply chain disruptions. The cost of developing new affordable housing is anticipated to continue to increase as supply and labour constraints persist and sustainable building methodologies are incorporated. These increased capital pressures place greater emphasis on prioritizing net zero ready buildings, which will offer operational offsets and enhanced climate change action.
- e) WRHMP Capital Program. The current estimates for the WRHMP projects are estimated at \$510M over 10 years. This represents a total increase of \$174M

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over the approved 2022-2031 capital program. Driving this increase is the inclusion of the Courtland/Shelley site (\$124M), design modifications for Mooregate (\$24M) and general inflation/project cost escalations (\$26M). The updated capital costs will be further reviewed and reflected in the preliminary 2023-2032 Housing Services Capital Program.

5. Background:

Three of the approved projects under the WRHMP are currently underway with 257 planned units (201 net new) across the three properties:

- 416 Kingscourt Drive, Waterloo (73 Family Units) has been in the design phase since August 2020, and is expected to be advertised for tender in May 2022, with construction scheduled to start in the summer of 2022.
- 82 Wilson Avenue, Kitchener (48 Adult/Senior Units) has been in the design phase since September 2020. A Zoning By-Law amendment application has been made, and site plan drawings continue to be developed for submission.
- 581–595 Langs Drive, Cambridge (136 Family Units) has completed a pre-consultation review with the City of Cambridge, and a submission is being prepared for an Official Plan Amendment and Zoning By-Law Amendment. An enhanced engagement process will apply with construction estimated for summer 2023.

These projects are focused on reducing energy consumption, utilizing a lower carbon footprint, and aiming for Net Zero Carbon design as part of the Transform WR Action Strategy. Recent comparisons have been made with similar developments in Waterloo Region, and it has been noted that based on construction cost estimates, the WRHMP projects underway are in-line on cost per square metre basis.

As part of the original WRHMP approval, the Mooregate proposal included a redevelopment concept with 476 units (based on a 3.5 Floor Space Ratio density with three high-rise buildings). Due to concerns regarding the proposed density and height of the site, the Master Plan approval included direction to Region staff to further review the Mooregate Crescent redevelopment with focus on location and financing, and to report to Council accordingly. Staff have met with the City of Kitchener to refine the conceptual design, and recommend reducing the density to 378 units with an enhanced site design to address the City's Tall Building Guidelines and an improved transition in height to surrounding neighbourhoods with greater open space. The proposed conceptual re-design would result in 98 fewer units at Mooregate.

The proposed Mooregate unit reduction can be offset by adding a new intensification project at Courtland-Shelley to maintain the development of at least 600 new affordable

homes through the WRHMP. If approved, Courtland-Shelley would provide at least 192 units, with the opportunity for a divestment strategy to enhance financial and housing opportunities. Staff will update the project budgets and will initiate an engagement process to facilitate this amendment with opportunity for Community Benefit on both sites. Staff are currently advancing design options for the Mooregate and Courtland-Shelley projects along with a Partnership and Innovation opportunity for the WRH site at 140 Weber Street East in Kitchener. The proposed WRHMP amendments will help advance this property for future decisions and leverage greater affordable housing opportunities.

Since the approval of the WRHMP, three new initiatives have been initiated which influence the WRHMP, including:

- a) Building Better Futures (BBF). BBF is an ambitious plan to accelerate the development of affordable housing in the region. BBF supports the creation and administration of world-class affordable housing based on four key objectives. The BBF framework seeks to deliver 2,500 new affordable housing units over a 5-year period to 2026. The successful implementation of this framework requires a multi-faceted approach to housing delivery through revitalization of existing WRH sites, strategic development of publicly-owned surplus lands, and innovation and partnership in design and delivery. The BBF focus on partnership opportunities seeks to encourage new private sector and non-profit relationships to increase the supply of affordable housing units, provide a greater range of building typologies, and secure deeper levels of housing affordability. As such and as identified in recommendation c of this report, adding a new Partnership and Innovation Policy to the WRHMP will align this strategic focus with the WRHMP, enabling staff to explore enhanced affordable housing development opportunities with the private sector. The goal of the Policy is to support actions that maximize the development of new affordable housing.
- b) Waterloo Region Affordable Housing Guidelines and Standards (AHGS). The AHGS provides requirements and recommendations to guide staff, consultants and contractors throughout the design and construction process of developing affordable housing for WRH. The AHGS were prepared with the WRHMP, and staff request that Council formally endorse these guidelines to apply to all WRH projects, and to help provide guidance to any associated WRH initiatives.
- c) Transform Waterloo Region (Transform WR) Climate Action Strategy and Implementation. As a building strategy, Transform WR provides direction to design new buildings as net-zero carbon, or to enable the transition to net-zero-carbon. New WRH buildings will be designed and built to this standard, and

Transform WR encourages other new affordable housing projects to be developed to this standard.

On November 5, 2019, Regional Council approved the Waterloo Region Housing (WRH) Master Plan (2020-2040), a framework for the operations and management of the WRH housing stock. The plan maps out a 20-year timeline to 1) revitalize by creating at least 600 new WRH units over approximately the next 10 years; 2) maintain and operate the current stock of WRH units in a state of good repair; and 3) explore potential divestment options and partnerships as opportunities become available to the Region (see CSD-HOU-19-18). The Master Plan also establishes that the Region will expand density on five properties, and establishes unit potential on the approved development sites which supports the financial model for capital budgeting.

6. Area Municipality Communication and Public/Stakeholder Engagement:

WRH staff will continue to engage various groups throughout the completion of the Master Plan, including tenants and neighbours of the sites that make up the revitalization strategy, the broader community, and area municipalities. Community forums are a key engagement tool for providing updates on construction activities and timelines, and the opportunity to receive meaningful feedback and to answer questions. Details of these forums and other informational resources (e.g., Frequently Asked Questions) will be available on both the Engage WR platform and the Region's website closer to the beginning of construction at the first site (Kingscourt). Additionally and subject to Regional Council approval, as the proposed redevelopment of the Courtland-Shelley site moves forward, Region staff will prioritize engagement with WRH tenants living at the Courtland and Shelley sites, along with City of Kitchener staff.

In addition to existing engagement efforts, Regional staff is exploring new pathways to building complete communities within our portfolio. The first is in an enhanced data and mapping scan to assess key attributes that make up a community, and identify geographic gaps in services and amenities. In collaboration with Planning and GIS colleagues, staff will use this data to develop Community Profiles that will inform development options and community benefit opportunities. The second is in expanding consultation efforts through the development of a youth-focused engagement program in partnership with the Office of Economic Development and Smart Waterloo Region Innovation Lab. The youth experience is a priority in the long-term liveability of every WRH community, and the youth voice is often underrepresented in conversations. While this collaboration focuses on investigating and recommending enhanced youth programming and other Community Benefits at the WRH Langs site, the learnings can be applied to other WRH initiatives.

Staff from Facilities, Finance and Economic Development are involved in this program and their comments have been incorporated into this report.

7. Financial Implications:

The addition of Courtland/Shelley will replace the units lost at Mooregate due to density changes based on an alternative design. Overall, these site adjustments will result in 669 net new units through the revised WRH Master Plan as compared to 638 net new units from the WRH master plan approved in 2019.

The current capital plan estimates for these changes will result in an overall cost of \$510M, an increase of \$174M over the 2022-2031 capital program. Driving this increase is the inclusion of the Courtland-Shelley site (\$124M), design modifications for Mooregate (\$24M), and general inflation/project cost escalations (\$26M). It is anticipated that a portion of capital costs will be eligible for grant funding from senior levels of government, in particular the Canada Mortgage and Housing Corporation. Staff will seek additional funding from the FCM Green Municipal fund and other sources.

It is currently estimated that approximately \$402.5M in property tax supported debt will be required to support the revised WRH master plan based on current estimates, representing an increase of \$130.7M. Staff will bring back financial details of these changes as capital estimates along with project timelines are reviewed during the 2023 budget process development.

The following tables reflect the proposed unit changes and capital program cost increases as outlined in this report.

Waterloo Region Housing Master Plan (Current Estimate)							
Unit Information	Kingscourt Waterloo	82 Wilson Kitchener	Langs Dr. Cambridge	Weber Kitchener	Mooregate Kitchener	Courtland Shelley Kitchener	Total
Approved 2019 Units	70	48	134	54	476	-	782
<u>Proposed Unit Changes:</u>							
Project design	3		2	2			7
Add Courtland/Shelley						192	192
Revised Mooregate					(98)		(98)
Total Proposed Units	73	48	136	56	378	192	883
Less Existing Units	-	16	38	35	55	70	214
2022 Net Incremental Units	73	32	98	21	323	122	669

Waterloo Region Housing Master Plan (Current Estimate)								
Capital Program Costs \$ In Millions	Kingscourt Waterloo	82 Wilson Kitchener	Langs Dr. Cambridge	Weber Kitchener	Mooregate Kitchener	Courtland Shelley Kitchener		TOTAL
Approved 2022 Capital Plan	\$ 35.6	\$ 20.7	\$ 63.6	\$ 18.8	\$ 197.2	\$ -		\$336.0
<u>Proposed Changes:</u>								
Inflationary increases	1.9	11.0	8.5	4.1				25.5
Add Courtland Shelley						124.3		124.3
Revised Mooregate includes inflation					23.9			23.9
Total Proposed Capital	\$ 37.5	\$ 31.7	\$ 72.1	\$ 23.0	\$ 221.1	\$ 124.3		\$509.8
Net Increase in Capital Costs	\$ 1.9	\$ 11.0	\$ 8.5	\$ 4.1	\$ 23.9	\$ 124.3		\$173.8

Staff note that Housing is an eligible service category under the Development Charges Act and intend to assess the feasibility of introducing a Regional Development Charge for Housing through the next Development Charge Background Study anticipated to commence in Q3 of 2022.

8. Conclusion / Next Steps:

In 2019, the Region of Waterloo approved a bold housing plan to add at least 600 new affordable homes through Waterloo Region Housing. This represents about 25% of 2,500 new affordable homes to be developed through Building Better Futures by 2026. The amendments in this Report, and as further outlined in Appendix A, continue to support that direction by enhancing liveability options for the Mooregate redevelopment, adding the Courtland-Shelley revitalization, reflecting current construction pricing for the projects, formalizing the AHGS (Design Guidelines and Standards) WRH and promoting greater Partnership and Innovation opportunities to leverage greater affordable housing opportunities. Taken together, these amendments will enable the development of at least 600 new affordable homes through the WRHMP, furthering efforts to ensure a place to call home for everyone in Waterloo Region.

9. Attachments / Links:

Attachments

Appendix A: Proposed WRHMP Amendments

Appendix B: Development Concept Updates

Links

- Waterloo Region Housing Master Plan: <https://www.regionofwaterloo.ca/en/living-here/waterloo-region-housing-master-plan.aspx>
- Waterloo Region Housing Master Plan Report: <https://www.engagewr.ca/20428/widgets/81737/documents/71508>
- Waterloo Region Housing Affordable Housing Design Guidelines: <https://www.regionofwaterloo.ca/en/living-here/resources/Housing-Services/WRH-Affordable-Housing-Design-Guidelines.pdf>
- Building Better Futures Framework: <https://www.regionofwaterloo.ca/en/living-here/affordable-housing-plan.aspx>

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Appendix A: Proposed WRHMP Amendments

The following outlines in greater detail the proposed amendments to the original WRHMP as written and approved through CSD-HOU-19-18:

1. To amend Table 5: WRH Revitalization Strategy Projects with the following information (Page 43):

Address	Total Number of Proposed Units	Current Units per Site	Increase in Units
416 Kingscourt	73	0	73
82 Wilson	48	16	32
Mooregate	378	55	323
140 Weber	56	35	21
Langs	136	38	98
Courtland-Shelley	192	70	122
Total 2022	883	214	669
Total 2019 (for comparison)	782	144	638

2. To update Appendix D: Summary of Six Scenarios based on the proposed amendments (Pages 75-76) with a provision to add a Seventh Scenario to include the Courtland-Shelley Site along with the approved sites as recommended in Scenario 4).
3. To update Appendix F: Financial Information on Kitchener Shortlisted Sites based on the proposed amendments (Pages 86-94).
4. Within the WRHMP, to update all Building and Unit Information based on the proposed amendments and capital cost information, Kitchener:
 - To revise and update the Mooregate Property information based on the BTY cost estimates.

- To replace the Courtland-Shelley site proposed development information and tax levy information based on the BTY cost estimates (based on The BTY capital estimate) and to add into the capital work program in 2026.
5. To revise and update Appendix H: Estimated Construction Schedule 1 to include Courtland Shelley with a 2026 construction start (Page 104).
 6. To revise and update Appendix I: The Six Development Scenarios to reflect the Mooregate proposed development amendments, and, to include the Courtland-Shelley project as the seventh Development Scenario (Pages 105-110).
 7. To amend Section 6 to include new policy 6.5 (pages 40-48):

Partnership and Innovation Policy

To support the 2021 Building Better Futures frameworks, the Revitalization Strategy Team will have an ability to engage with adjacent properties owners to explore partnership (and innovation) opportunities that create enhanced or additional affordable housing solutions. Any proposal will be evaluated by the Revitalization Strategy Team and presented to the Housing and Homelessness Steering Committee, the Community Services Committee to the satisfaction of the Region's Solicitor, senior leadership team and subject to budget approval.

8. To amend Section 7.4 (Page 49) to include:

The Affordable Housing Design Guidelines and Standards (AHGS) shall be a primary document to guide all Waterloo Region Housing projects. The AHGS shall also be used to guide other Waterloo Region Housing Initiatives. The AHGS in their entirety can be found [here](#).

Appendix B: Development Concept Updates

The 2019 WRHMP introduces Mooregate as an intensification site with 478 new units in three high-density towers with a 3.5 Floor Space Ratio density. An alternative design for Mooregate is recommended to reduce density on the site (based on the City's Tall Building Guidelines), provide for an improved transition in building height to the surrounding properties, and to enhance outdoor open space and site amenities. Pending further design refinement, Mooregate (and with Community Engagement), the site could be redeveloped with a high-rise apartment building (21-25 stories) with podium parking, a missing middle apartment building (5-6 stories) and a stacked townhouse building with an integrated walkway, open space features and community amenities. One level of underground parking is proposed for proposed for the project.

The proposed design changes would result in 98 fewer units. This density offset could be accommodated by adding Courtland-Shelley as a redevelopment (intensification) site in 2026. As an intensification candidate, this site could be redeveloped with a 15-16 storey new apartment building facing Shelley Drive with three blocks of townhouses/stacked townhouses enhanced with an outdoor amenity space with a proposed community building. The Courtland-Shelley site could be redeveloped with at least 192 units, a shared driveway with a central amenity space, and a divestment opportunity. The proposed design addresses the City's tall building guidelines and would ensure at least 600 Waterloo Region Housing affordable units are maintained based on the proposed Mooregate redesign. Both sites will be subject to further design refinements and engagement processes. Further design information will be addressed through updates to the Housing and Homelessness Steering Committee.