

REPORT TO: Special Council

DATE OF MEETING: June 8, 2022

SUBMITTED BY: Rosa Bustamante, Director of Planning, 519-741-2200 ext. 7319

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WARD(S) INVOLVED: All

DATE OF REPORT: June 3, 2022

REPORT NO.: DSD-2022-291

SUBJECT: Addendum Report to DSD-2022-260: Regional Official Plan Review
Draft Land Needs Assessment

RECOMMENDATION:
For Information.

REPORT HIGHLIGHTS:

- The purpose of this report is to provide additional information regarding the Region's Official Plan Review Land Needs Assessment (LNA) and a summary of City Council's comments on growth options from the August 2021, and May 30, 2022 Committee and Council meetings.
- A report to Regional council outlining a preferred growth approach for the Region is expected to be published as part of a Regional Council agenda for June 22, and was not available at the time of drafting this report. On June 8th council could choose to deal with the motions under consideration and submit them along with any other guiding principles or choose to defer the discussion to June 20th where there will be an opportunity to understand the Region's preferred growth approach. No matter which way Council chooses to proceed staff will allocate time for Kitchener Council to formulate comments on the preferred growth approach on the 20th.
- This report endeavors to synthesize City Council's August 2021 and May 2022 comments on growth options into priority themes and analyzes the three growth options outlined in the LNA against these priorities.
- This report supports the delivery of core services.

BACKGROUND:

In 2018, the Region of Waterloo commenced a review of their Official Plan (ROPR) to, among other things, conform with the Province's A Place to Grow: Growth Plan for the Greater Golden Horseshoe (AP2G), 2020. In March 2021, Council considered report DSD-2021-05 and endorsed staff comments on Employment Areas, Major Transit Station Area Boundaries, new Regional Corridors, Climate Change and Affordable Housing.

In August 2021, City Council considered reports [#DSD-2021-127](#) and [#DSD-2021-160](#) that explored growth scenarios similar to the ones outlined in the Region's draft Land Needs Assessment (LNA) dated April 2022.

On May 30, 2022, City Council considered report DSD-2022-260 that highlighted the key implications of three growth options for Kitchener and provided Council an opportunity to comment on the draft LNA that was released on April 11, 2022. Council deferred the matter to a June 8 Special Council meeting to allow time to receive additional information regarding a forthcoming Regional staff-recommended growth approach to be considered for endorsement at Regional Council on June 22. A report to Regional Council outlining a recommended growth approach for endorsement is now expected to be published on June 15, 2022 and was not available at the time of writing this report.

REPORT

Although the details of a Regional staff-recommended growth approach are not available at this time, staff understand that it will be rooted in the ROPR vision that "Waterloo Region will be an inclusive, thriving, and sustainable region of connected urban and rural communities with global reach, fostering opportunities for current and future generations".

The growth approach will respond to the ROPR themes of Equity; Thriving, Liveable Communities; and Sustainability. It will further align with the Foundational Priorities of the ROPR:

- Building equitable, thriving transit-supportive complete communities
- Intensification-first approach to growth management
- Realizing transformational climate action
- Advancing Indigenous relationships and reconciliation
- Continuing to protect water, agricultural, and natural systems

Since the Region is expected to be published as part of a Regional Council agenda on June 15, the updated preferred growth approach is not available for Kitchener Council's feedback. On June 8th council could choose to deal with the motions under consideration and submit them along with any other guiding principles or choose to defer the discussion to June 20th where there will be an opportunity to understand the Region's preferred growth approach. No matter which way Council chooses to proceed staff will allocate time for Kitchener Council to formulate comments on the Region's preferred growth approach the 20th.

At the Committee and Council meetings in August 2021, City Council highlighted the following priority themes to be considered by the Region through the growth scenarios:

- Evaluate multiple scenarios through the LNA;
- Hold the countryside line;
- Financial viability of growth;
- Climate considerations; and
- Housing Affordability.

On May 30, 2022, Council's conversations and draft motions centered on the following key themes:

- Protect farmland and the Countryside Line;
- Lands already identified for urban development should accommodate growth to 2051 (no excess lands);

- Support for a diversity of housing types especially missing middle housing and affordable housing;
- Support complete, sustainable, and walkable communities;
- Address climate change objectives;
- Ensure that there is sufficient housing supply to address the existing housing deficit in Kitchener, accommodate forecast growth and assist in addressing housing affordability challenges;
- Ensure that Kitchener receives its fair share of regional growth; and
- If DGA community area is to be added within the region, Kitchener should receive its fair share.

Considering the above, staff have endeavoured to synthesize City Council's priorities as follows:

- 1. Protect farmland and the Countryside Line** – Development should not extend beyond the Countryside Line where it has been established (this means that development in SKPA could be established through this process).
- 2. Ample and diverse housing opportunities** - Timely opportunities for low, medium and high-density housing are all critical to Kitchener's growth and to providing affordable housing options. A growth approach should plan for a balanced supply of housing options that includes more missing middle housing, including secondary suites, stacked townhouses, multiplexes, and low- and mid-rise apartments.
- 3. Emphasize intensification** - Growth in Kitchener should continue to emphasize intensification. Growth should continue to be directed towards and planned where there are opportunities for higher order and frequent transit service in order to facilitate equitable mobility, respond to climate change, and achieve complete community objectives.
- 4. Complete and walkable communities** - Growth through intensification and in designated greenfield areas must facilitate complete and walkable communities at the walkable neighbourhood scale. This should include a full range of housing options; opportunities to work, shop learn and play.
- 5. Real climate action** - Kitchener has committed to reduce its greenhouse gas emissions by 80% by 2050. Growth to 2051 must enable and support this goal.
- 6. Financial sustainability and prosperity** - Growth must be planned to continue to consider the capital, maintenance and lifecycle replacement cost of City infrastructure to maintain the City's long term financial viability and prosperity. Infrastructure, environmental and cost implications of any potential new DGA in Kitchener must be understood prior to lands being added.
- 7. Community area expansion should be directed towards cities** - If it is determined that urban boundary expansion is required through this ROPR, priority consideration should be given to locating it within the cities where it can be effectively served by transit and leverage previous investments and community services. Any allocated

growth to townships should not be predicated on the assumption that City Utilities will provide servicing capacity for the townships.

How the LNA options address City Council priorities

This report evaluates the options against City Council's priorities to help frame a Council resolution to inform the Region's decision on a preferred growth approach. Similar and more detailed analysis is included in reports [#DSD-2021-127](#) and [#DSD-2021-160](#). City Council does not need to select or decide on a preferred growth approach, as this will be a Regional Council decision. City Council, through its discussion and potential resolutions, can help inform Regional Council's decision by providing Kitchener's priorities for future growth. This will be helpful input as the Region determines a recommended growth approach and updates to the Regional Official Plan over the next few months.

- 1. Protect farmland and the Countryside Line** – Region-wide, option 1 would consume the most farmland followed by option 2 and option 3. Option 1 would require growth outside the Countryside Line. With respect to Kitchener, only option 1 identifies new DGA for Kitchener located within the Southwest Kitchener Policy Area (SKPA). The majority of lands with the SKPA are designated as Prime Agriculture.
- 2. Ample and diverse housing opportunities** - Region-wide, all scenarios plan for sufficient housing to accommodate 923,000 people in 2051. Options 2 and 3 would see Kitchener receive its "fair share of Region growth" at 46% and 48% of the region's growth respectively. Both scenarios are slightly more than the current 44% share of Regional population. Option 1 would see Kitchener receive only 32% of regional growth.

Regarding missing middle housing, staff understand this to include housing types such as secondary suites, duplexes, multiplexes, stacked townhouses, backyard homes and low-rise apartments. Missing middle housing emphasizes scale and heights that are appropriate for predominantly single-detached neighborhoods. In the LNA, the medium density category includes apartments in duplexes and townhouses. The high-density category includes stacked townhouses, multiplexes and low-rise apartments. All three options included similar shares of high-density housing (56-58%). The housing mix in Options 2 and 3 are similar and provide for similar amounts of missing middle housing. Option 1 plans for more low density and less medium density housing than the other options. The higher DGA density target in option 3 is expected to provide for the most missing middle housing in the DGA.

Secondary units are forecast as a standalone category of approximately 1,400 units in Kitchener under all three scenarios over the next 30 years which is well below the 5-year historical average for Kitchener. Should Kitchener's historical trend continue, it would result in 5,000 secondary units by 2051, without considering the additional opportunities provided by the new permissions for backyard homes.

- 3. Emphasize Intensification**- Options 2 and 3 similarly plan for 61% and 59% of residential growth through intensification in Kitchener and best address this priority.
- 4. Complete and walkable communities** - Options 2 and 3 are similar in their ability to plan for complete and walkable communities. Option 2 would see a slightly greater

share of population within the built-up area close to existing opportunities to work, shop and learn and play. It would also add more housing diversity to existing neighbourhoods. Option 3 would see denser greenfield communities that will likely be more complete in terms of housing mix and ability to support additional non-residential opportunities and services.

- 5. Real climate action** - Option 2 and 3 would best address climate change. Option 3 would see the highest density in greenfield communities. This density could better support walkability and would likely be sufficient to support frequent transit service in areas that have not already received planning approvals. However, it may be challenging to connect this type of transit service to these locations at the edge of the City. Option 2, which includes more intensification, could direct more growth to both existing and planned higher order and frequent transit (e.g. ION LRT, iXpress, and proposed Ottawa St. Regional Corridor). Innovative energy services such as district energy benefit from increased density both in the form of intensification or greenfield density.
- 6. Financial sustainability and prosperity** - The City will need to pay the capital, maintenance and lifecycle replacement cost of new or upgraded local infrastructure and services to accommodate growth in all scenarios. They will all result in potential increases to funding sources such as development charges and the tax base. Option 3 with the highest population allocation for Kitchener will likely yield infrastructure economies of scale greater than the other two. Option 1 would see the lowest future population for Kitchener and, unlike options 2 and 3, would require extending infrastructure into a new urban area. The financial implications of option 1 are the most concerning and require further study.
- 7. Community area expansion should be directed towards cities** - Growth option 1 would add SKPA lands within the Countryside Line as DGA. Option 2 includes additional Community Area in Wellesley, Woolwich, Cambridge and North Dumfries, but not Kitchener. Option 2 does not address this priority. Option 3 does not include any new DGA Community Area throughout the Region and therefore is consistent with this priority. If servicing capacity is required in the townships, then there may be a need to use city infrastructure to support growth in these community areas. It should not be assumed that growth in the townships can use existing servicing capacity as this capacity may be required to support local intensification within cities.

Clarity Regarding the Southwest Kitchener Policy Area (SKPA)

The existing ROP includes a Protected Countryside Line (which does not change) and a Countryside Line which has the potential for future adjustments through future ROP Reviews. The existing ROP did not determine the location of the Countryside Line in the SKPA. A settlement between landowners and the Region set two groundwater-related tests to be cleared in order for lands to be included within the Countryside Line through the next (now current) ROPR. Inclusion of any SKPA lands within the Countryside Line does not necessarily mean the lands will become DGA lands for future development. It would, however, allow these lands to be considered as potential candidate DGA to be evaluated for their suitability for development alongside others candidate areas inside the Countryside line should additional DGA land be deemed necessary by the LNA process.

Staff understand that some landowners (including Activa and Gambian) have received written confirmation from the Region that their lands have satisfied the two groundwater related tests. Other landowner requests are under review.

If lands that are within SKPA and within the Countryside Line are not identified as required community area (i.e. additional DGA needed) through this ROPR, those lands could be considered again through the next ROPR.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – The recommendation has no impact on the Operating Budget.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

- DSD-2021-5 Regional Official Plan Review
- DSD-2021-127 Regional Official Plan Review: Growth Scenarios
- DSD-2021-160 Supplemental Report - Regional Official Plan Review: Growth Scenarios
- DSD-2022-260 Regional Official Plan Review Draft Land Needs Assessment

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