

August 17, 2022

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Re: **Region of Waterloo Municipal Comprehensive Review
Proposed Regional Official Plan Amendment**

Fundamental to success in business is continued innovation. If your clients' needs change, you must adjust the products you provide. If the cost of doing business becomes prohibitive, you need to find new ways of doing things. If technology becomes outdated, you need to update it. Simply put, if something no longer works, businesses need to change how they are doing things or risk falling behind.

Municipalities are no different.

They need to be innovative to address challenges as they arise. Continuing to do things the same way when it no longer serves the overall best interests of the residents, businesses and institutions within its jurisdiction is no longer an option.

The Region of Waterloo has been at the forefront of municipal innovation since its inception. The landfill is running out of space, the Region initiates the first blue box recycling programs that help extend the life of the landfill by decades. Running out of water, the Region develops water conservation measures that eliminate the need for a pipeline. Major intersections in the road network are failing due to traffic congestion, the Region introduces roundabouts to free up traffic flow.

The Region has also been a leader in planning for urban growth. The cumulative impacts of growth threaten our natural systems, the Region introduces watershed planning. Key environmental lands are threatened, the Region establishes Environmentally Sensitive Policy Areas (ESPAs) and Environmentally Sensitive Landscapes (ESLs) to protect them. Municipal groundwater supplies are at risk because of industrial contamination, the Region develops water resource protection policies. Contaminated sites are becoming a blight on the urban

landscape, the Region develops the brownfield financial incentive program to help unlock their potential. Agricultural land is threatened, the Region introduces the Countryside Line and helps reshape the urban form through development of a light rail transit system.

Besides successfully addressing the problems they were meant to address, what do all these innovative and ground-breaking programs have in common? When first introduced they were initially panned as misguided, unnecessary, draconian, too expensive and/or too restrictive.

Today the Region faces a new set of challenges, with the need to address housing affordability, the housing needs of an aging baby boom generation, homelessness and climate change being at the top of the list. None of these will be successfully addressed by doing more of the same, or more of the same only faster.

Over the past several years the Region has worked cooperatively with a wide group of stakeholders, the public and the local municipalities to develop a comprehensive plan to address these challenges. The primary results of this process are contained in the Regional Official Plan (ROP) amendment going to Regional Council for approval on August 18th. This ROP amendment - with its primary focus on intensification first, construction of 15-minute neighbourhoods, protection of farmland and environmental and fiscal sustainability - represents a policy framework embodying the broader public interest in the forward-looking innovative traditions of the Region of Waterloo.

As with past innovative measures when they were first introduced, there is some concern being expressed as to the direction proposed. Of particular note, are the objections being raised by the local Chambers of Commerce. In an August 11, 2022 letter to Regional Council, Greater Kitchener Waterloo Chamber of Commerce President & CEO Ian McLean (also speaking on behalf of the Cambridge Chamber of Commerce) stated:

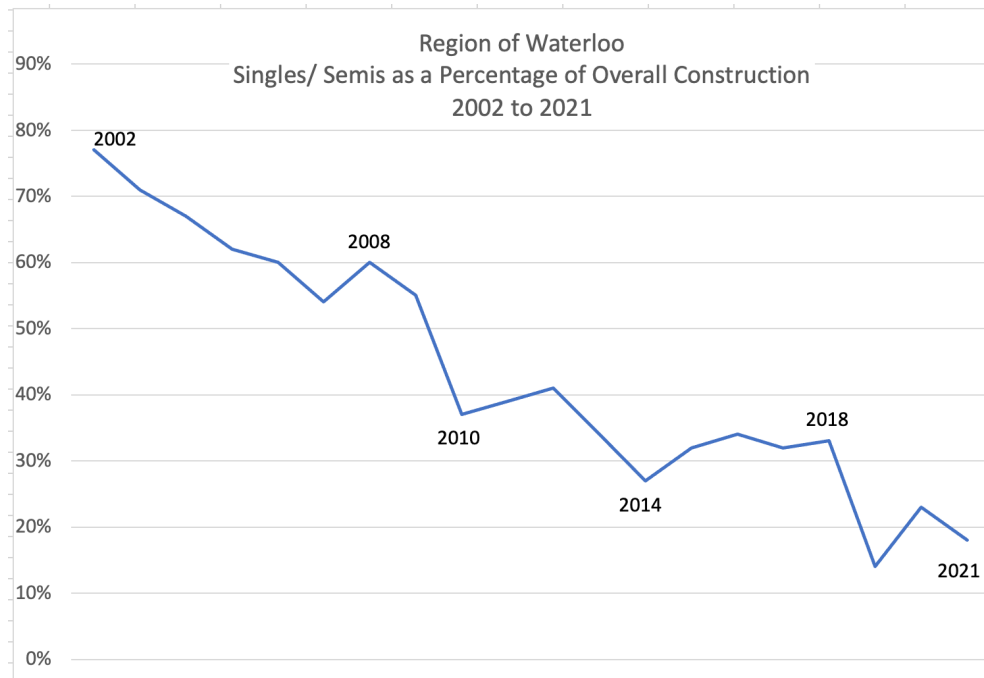
At this juncture our shared Chamber position is that we need provincial assistance to ensure that a balanced and achievable plan for accommodating 300,000 new residents in Waterloo Region over the course of the next 30 years is put in place.

As we understand it, it is the position of the Greater Kitchener Waterloo and Cambridge Chambers of Commerce that to appropriately address the issue of housing affordability, an expansion to the urban area of approximately 950 ha of community area (800 ha more than proposed by the Region) is required. This expansion is intended to provide additional land for more low-density dwellings, and in particular single-detached units, between now and 2051.

THE FACTS

Recent Trends in Construction of Single- and Semi-Detached Dwellings

The number of single- and semi-detached dwellings built annually in the Region of Waterloo has been declining steadily since 2002 (see below).



Many have speculated that the change in purchasing behaviour relating to single-detached dwellings demonstrated above is the result of shortages in the availability of approved lots for such units to be constructed on. This is not the case.

As shown on Figure 7 from *Growth Plan Target-Based Versus Market-Demand Land Needs Assessments - A Review of the Competing Land Needs Assessments Presented at the 2012 Region of Waterloo Official Plan Ontario Municipal Board Phase 1 Hearing* (2020) by V. Martin and K. Eby, there was no shortage of approved vacant lots intended to accommodate single-detached units in the Region of Waterloo during this time period.

Figure 7 – Year-End Inventory of Vacant Single-Detached Lots in Registered and Draft Approved Plans of Subdivision (2006 to 2019)

Year	Vacant Single-Detached Lots in Registered Plans of Subdivision	Single-Detached Lots in Draft Approved Plans of Subdivision	Total in Vacant Registered and Draft Approved Plans of Subdivision
2006	3,810	5,243	9,053
2007	3,691	7,485	11,176
2008	3,440	5,993	9,433
2009	2,960	5,773	8,733
2010	3,161	6,426	9,587
2011	2,762	5,825	8,587
2012	3,204	5,634	8,838
2013	2,908	4,829	7,737
2014	2,905	5,391	8,296
2015	2,471	6,228	8,699
2016	1,465	7,091	8,556
2017	1,539	6,074	7,613
2018	1,606	6,551	8,157
2019	1,907	5,947	7,854
Average	2,393	5,999	8,392

Source: Region of Waterloo Annual Inventory of Dwelling Units in Plans of Subdivision

Determining Future Housing Types

One of the key inputs into determination of the types of housing required in the future is the propensity for people of certain ages to occupy specific types of dwellings. The Provincial LNA Methodology does not direct how future propensities are to be determined. Traditionally, land economists have simply extrapolated past housing choices forward onto the age profile of future populations to determine the number of each housing type required. This has proven to be remarkably unreliable in times of rapid change like what we are experiencing today and can be expected to experience for decades to come.

Two examples of past forecasts applicable to the Region of Waterloo using this method are noted below:

2012 Market Forecast (2006 to 2031) by Altus Group Economic Consulting for the landowners participating in the 2012 Ontario Municipal Board Hearing:

- Market Forecast percentage of single- and semi-detached units: 64%
- Actual percentage of single- and semi-detached units built to date (2006 to 2021): 31%

To year-end 2021, 15 ½ years into the 25-year forecast, building permits have been issued for 129% of the apartment units (28,724) that the 2012 landowners' market demand forecast predicted would be required from 2006 to 2031 (22,260). Correspondingly, building permits have been issued for only 31% of the landowners' market demand forecast of single- and semi-detached units (19,741 of 63,800).

2013 Greater Golden Horseshoe Growth Forecasts to 2041 – (Region of Waterloo 2011 to 2021 time period) - by Hemson Consulting Ltd. for the Province:

- Forecast percentage of single-detached units: 47%
- Actual percentage of single-detached units built: 25%

These forecasts were completed by some of the “independent experts” the Chambers of Commerce appear to be relying on in their opposition to the ROP amendment.

Historical propensities such as those used in the forecasts above are reflective of decisions made in some cases decades ago and fail to consider many of the changing factors that affect future housing choices. The result is a forecast that mirrors the past, rather than reflecting the future.

As noted above, the Provincial LNA Methodology does not define how propensities are to be determined. This permits the Region to move away from the use of historical propensities and instead forecast propensities that include consideration of evolving conditions, conditions which have only recently arisen, and predictable conditions that may not yet exist. To its credit, this is what the Region has done.

Can Municipal Decisions Influence the Type of Housing People Chose?

Decisions by municipalities directly influence future housing choices within their communities. As with construction of the LRT, elimination of exclusionary zoning in whole or in part throughout the Region would have a significant impact on future housing construction. Likewise, financial incentive programs - like the very successful brownfield program - aimed at construction of two- and three-bedroom apartments could have a similar impact. Both initiatives would potentially increase the range, mix and affordability of housing throughout the Region.

The historical propensity-based methodology apparently supported by the Chambers of Commerce simply ignores such innovative possibilities. There is nothing wrong with a land needs assessment based on such aspirational objectives. The Provincial LNA Methodology allows it. If in the end the assumptions used don't pan out, there are multiple opportunities to make future course corrections before the housing market is negatively impacted. This is precisely what the mandated five-year reviews of Official Plans are for.

The Province's Growth Plan for the Greater Golden Horseshoe (Growth Plan) was established to create/facilitate change in urban form as a means of addressing the negative outcomes associated with decades of construction that resulted in low density single-detached dominated suburbs. By projecting a future that mirrors the past, historical propensity-based forecasts represent a significant threat to achievement of the goals and objectives of the Growth Plan.

The Region of Waterloo is unquestionably the furthest along of any municipality in implementing the Growth Plan. This has resulted in rapid increases in intensification rates (from an estimated 15% in 2002 to 73% in 2019 - the last year before the pandemic) and a corresponding decline in the percentage of single-detached units constructed annually (from 73% in 2002 to 13% in 2019). This decline did not occur because of a shortage of single-detached lots (there has not been one). It has occurred because a facilitated change in the marketplace has provided residents with an evolving range of housing, transportation and lifestyle options. Given the proposed new ROP policy framework focussed on intensification first and development of 15-minute communities, there is no reason that it won't continue.

Housing Affordability

No credible study we have reviewed, or are aware of, has demonstrated that it has been a shortage of land that caused - or was even a significant factor in - the current affordability crisis.

The approximately 800 additional hectares the Chambers of Commerce are seeking to add to the urban area as Community Area would at the earliest not likely be required (if at all) until beyond 2040, or even 2045. The argument that adding land which won't come onto the market for another 20 to 25 years will somehow help solve short- or even medium-term affordability issues is at best baffling and at worst disingenuous nonsense.

Developers sell new housing based on what the market will bear. This is expected in a free enterprise system, but that does not entirely free them up from bearing some responsibility for where we find ourselves.

There have been numerous lots for construction of additional single-detached homes available in the Region throughout the past decade that weren't built. Presumably construction of at least some additional units would have occurred if the homebuilders had adjusted their prices and brought additional lots under their control onto the marketplace. They didn't.

It is unclear how converting more agricultural land to urban area at this time solves anything. At least a partial solution to the affordability issues has been in the hands of the development industry for years and their response appears to have been that low volume / high price is a more desirable business model today than low price / high volume. Why would anyone expect they would deal with the additional greenfield lands the Chambers of Commerce are proposing be added any differently than they have the existing ones?

Through the policies proposed in the ROP, the Region is creating the opportunity for new forms of housing within the already built-up area, housing with at least the potential to be affordable, particularly when added to the associated cost of transportation. There is no indication this can similarly be achieved through construction of more low-density dwellings in greenfield areas.

Are Increased Numbers of Single-Detached Units Needed?

The inventory of single-detached homes available for purchase comes from two sources, new construction and recycling of existing units. The Region is proposing construction of approximately 21,000 new single-detached units to 2051.

Of all the single-detached units that existed in the Region of Waterloo in 2016 (the last year for which data is available) 68% (77,535) were owned by people who will be over 80 years of age or will be dead in 2051. It is not unreasonable to assume the majority of these single-detached units will recycle by 2051 as seniors pass on or seek places of residence more conducive to a senior's lifestyle.

An additional 22,430 single-detached units were owned in 2016 by people who will be between 70 and 80 years of age or will be dead in 2051, many of whom, if still living, are projected to require the equity in their existing homes to help fund their retirements.

Altogether there is the potential for upwards of 90,000 single-detached units to become available through a combination of recycling and new construction from 2016 to 2051. For context, this is the equivalent of approximately 40% of all private homes or 75% of all single-detached units that existed in the Region in 2021.

There does not appear to be a glaring (if any) need for more single-detached units than the Region currently forecasts, particularly if the Region is successful in achieving construction of

the forms of housing attractive to aging seniors. This is precisely the type of issue that will be the subject of on-going monitoring. If a pending shortfall in single-detached units is discovered through this process, it can be addressed through the future mandated five-year reviews of the ROP.

CONCLUSION

The housing availability and affordability issues we face today were not caused by a lack of land available for urban development and will not be solved by continuing to do more of the same. If this was the solution, we would not have found ourselves in this situation in the first place.

As it has with respect to a wide range of issues in the past, the Region has proposed innovative solutions to the range of challenges we face over the next 30 years. It has done so through extensive consultation and the final product represents a well-balanced plan that reflects the collective public interest.

For the Chambers of Commerce to threaten to circumvent the duly elected Regional Council through an appeal directly to the Minister of Municipal Affairs and Housing leaves one questioning whether they really have the best interests of the community in mind. We urge the Chambers of Commerce to rethink this ill-conceived plan. It is time to join with the Region, local municipalities, and the thousands of citizens supportive of this visionary ROP to cooperatively build what has and will continue to be a prosperous leading-edge community for decades to come.

Thank you for your consideration of this matter.

Kevin Eby, RPP, PLE
Kevin Thomason, Grand River Environmental Network
Mark Reusser, Waterloo Federation of Agriculture

cc: Chair Karen Redman and Members of Region of Waterloo Council
B. Lauckner, CAO – Region of Waterloo
R. Reiger - Commissioner - Planning, Development and Legislative Services – Region of Waterloo
A. Sinclair - VP of Public Policy and Advocacy - Greater KW Chamber of Commerce