Region of Waterloo

Community Services

Housing Services

To:	Community and Health Services Committee
Meeting Date:	March 4, 2025
Report Title:	Building Better Futures Update and Next Steps

1. Recommendation

That the Regional Municipality of Waterloo approve the revised Building Better Futures Framework set out in Appendix A, as the Region of Waterloo's direction for the continued creation and protection of affordable and non-market housing over the next five years (2025 to 2030), contingent upon federal and provincial funding, as outlined in report CSD-HOU-25-003, dated March 4, 2025.

2. Purpose / Issue:

To provide Council with an update on the implementation of Building Better Futures and to set new direction for this initiative over the next five years.

3. Strategic Plan:

This report supports the strategic priority, Homes for All in the Region's approved Corporate Strategic Plan 2023-2027.

- Strategic priority 1: Homes for all by moving quickly to create affordable, accessible, and equitable housing and increase equitable access to affordable homes that cost less than 30% of household income across the region.

4. Report Highlights:

- The Region's Affordable Housing Initiative, Building Better Futures (BBF), optimized strategic funding investments by the Region and leveraged federal and provincial grant programs to create 2,707 new affordable homes in under four years.
- A revised BBF Framework, including a new target and associated directions, has been created to continue the success of BBF and to meet the affordable housing demand in Waterloo Region. The new target is to create and preserve a further 3,500 affordable homes in five years by 2030 with 60% (2,100 homes) dedicated to very-low to low-income households.

- This report does not commit additional Regional funding but allows flexibility in pursuing emergent opportunities that arise and can only be fully and successfully achieved with committed and sustained federal and provincial funding and policy support.
- The new BBF Framework maintains original elements while also expanding to focus on policy and market interventions, preservation of existing affordable housing, community capacity building, and non-market housing for very-low to low-income households.
- BBF and The Plan to End Chronic Homeless (PECH) are strategically connected through the increased focus on addressing the affordable housing needs of those at risk of homelessness and the creation of non-market housing for those currently experiencing homelessness, consistent with our Housing First approach.
- Build Waterloo Region (BWR) supports BBF by leveraging Regionally owned lands for affordable housing. This includes private-public partnerships for standalone projects and incorporating housing units into Regional developments (e.g., transit, transportation and paramedic services) to create mixed-use sites. BWR is also focused on acquiring strategic land to support a robust land portfolio that facilitates mixed-use developments, cross-departmental partnerships, and fiscal responsibility.
- Despite local investments in affordable housing, very low and low-income households continue to be priced out of the private rental market and/or experience core housing need. An increase in federal and provincial funding for non-market and affordable housing is required for the Region of Waterloo to meet the affordable housing supply necessary to address core housing need and achieve the strategic priority of Homes for All.

5. Background:

The Region of Waterloo is the Provincially designated Service System Manager for Housing and Homelessness. In this role, the Region is responsible for service delivery, resource distribution, quality assurance, needs/demand analyses, and program planning for the system that supports people to maintain housing, prevent experiences of homelessness, and help people exit an experience of homelessness as quickly as possible.

On January 20, 2021, Regional Council approved an investment of $20M over 2021/2022 in response to the urgent and growing need for affordable housing. Building Better Futures (BBF), an initiative to increase the supply of affordable housing by 2,500 in five years (2021-2025) was created from this strategic investment by the Region, along with the investment into the redevelopment of Waterloo Region Housing (WRH) (CSD-HOU-19-18, CSD-HOU-22-11), and leveraging federal and provincial grant programs.

By leveraging these grant programs, approximately one-quarter of the BBF units were created through capital grants for community partners, where for every $1.00 invested by the Region, $1.30 was invested by the federal and/or provincial government.

The successful implementation of BBF resulted in 2,707 new homes created (1,021 in development, and 1,686 occupied) in under four years. BBF has been delivered through a multi-faceted approach to housing creation including:

- portable rent supplements (45% of units);
- redevelopment of existing Waterloo Region Housing (WRH) sites (25% of units);
- partnerships with community partners and non-profits (23% of units);
- strategic development of publicly owned surplus lands (6% of units); and
- affordable homeownership and secondary suites programs (1%).

Appendix B provides a breakdown of the housing created through BBF. The first iteration of BBF focused on four strategic elements to achieve the 2,500 new affordable homes target:

(1) strategically using regionally owned lands to develop affordable housing,
(2) using a procurement process to provide access to funding and land,
(3) community engagement, and
(4) a cross-departmental approach.

On March 20, 2024, Council approved policy and program incentives to support work under BBF (CSD-HOU-24-003, CSD-HOU-24-004). These included exploring the creation of a Multi-Unit Rental Acquisition Program, working with service providers to identify gaps in rental housing protections, working alongside area municipalities to explore the creation of a right-of-first-refusal policy and creating Housing Needs Assessments across the Region, implementing a Property Tax Exemption for Affordable Housing program, and advocating to the federal government to establish an acquisition program. The following are updates on these policy and program incentives:

- On April 14, 2024, the federal government announced the creation of a $1.5-billion acquisition program, called the Canada Rental Protection Fund. Further exploration of a Region of Waterloo acquisition program is paused due to the financial implications of this type of program and awaiting the implementation of the Canada Rental Protection Fund, as staff recommend supporting community housing providers with accessing this fund once available.
- Municipal right-of-first-refusal policies cannot be implemented unless the provincial government passes new legislation to authorize municipalities to enable this type of policy. Right-of-first refusal policies can assist acquisition programs by allowing municipalities to purchase for sale properties at a matching offer, resulting in a property being purchased by either an initial interested buyer or the municipality – both scenarios provide the seller with the same sale value.
- Area municipalities with Housing Accelerator Funding (HAF) are currently completing their Housing Needs Assessments, as a part of HAF requirements. Regional staff continue to share affordable housing and homelessness data with area municipalities to support them in the preparation of their Housing Needs Assessments. These area municipal assessments will help inform the Region of

Waterloo's Housing Needs Assessment which will support the continued implementation of BBF.

- Existing data on eviction notices is insufficient and difficult to access from the Landlord and Tenant Board (LTB), specifically as eviction notices are only tracked when filed with the LTB (many evictions never reach the LTB), and this data is not publicly accessible. Eviction prevention workers note that N-13 and N-12 evictions are currently the most challenging to prevent in the Waterloo Region, while N-5 and N-4 evictions are becoming increasingly common, specifically for seniors who are long-term renters (Appendix C provides an overview of the different types of eviction notices). Potential solutions to address these eviction trends include rental replacement bylaws (area municipal jurisdiction), vacancy control (provincial jurisdiction), re-designing the LTB (provincial jurisdiction), increasing rent bank support for arrears, and increasing cleaning services for clutter issues/household mismanagement.
- Council will be provided with a report on the implementation of the Property Tax Exemption for Affordable Housing program this spring. This will include information on the number of applications, area municipal location of buildings, and exemptions provided.

Building on the success and learnings of BBF, a new iteration of the initiative has been created for the next five years (2025-2030) (see Appendix A). The next iteration of BBF continues to center existing strategic elements, programs, and policies while adding new directions for the initiative to continue delivering affordable homes.

These include:

- preservation of existing affordable housing;
- leveraging administrative resources and Build Waterloo Region (BWR) to increase community capacity and further facilitate an all-of-community approach;
- policies that incentivize affordable housing and disincentivize the financialization of housing; and
- alignment with the Plan to End Chronic Homelessness (PECH), specifically through the increased focus on non-market housing to prevent and respond to experiences of homelessness.

A primary change for this initiative is being specific about who affordable housing is created for, with 60% of the new target dedicated to very low-to-low-income households. Through the first iteration, affordable housing was created for very-low-to-median-income households. While a range of affordability produced an increase in the supply of housing units below market rates, it did not produce units proportionally responsive to who is in core housing need, primarily very-low to low-income households.

Core housing need is a measure of how many households in a community are unable to afford, or live in, adequate or suitable housing. In 2020, 67.40% of very low-income and

41.38% of low-income households were in core housing need in Waterloo Region, compared to 4.26% of moderate-income households.

By setting a local target for affordable housing that is specific about who this housing is for, the Region of Waterloo and its partners can better address core housing need and prevent experiences of homelessness. Addressing core housing need aligns with the prevention focus under the PECH as the new BBF Framework aims to address housing precarity for those most likely to enter an experience of homelessness due to a lack of affordability in the private market.

Another change for BBF is expanding the initiative to include the preservation of existing affordable housing. Canadian Mortgage and Housing Corporation (CMHC) data consistently illustrates that new housing supply in the private market is more expensive than older housing. It also indicates that while older housing is more affordable than new, the cost of rent in these units is increasing year-over-year.

The BBF Framework also includes the preservation of existing community housing provided by non-profits and cooperatives, as these units are at risk of loss through End of Mortgage/Agreements (CSD-HOU-22-01).

Lastly, BBF is supported by the Build Waterloo Region (BWR) division. This division is resourced to further facilitate an all-of-community approach through outreach to Not-For-Profits, Faith-Based Organizations, Legions, and other organizations with a mandate to support the community, end poverty, and address chronic homelessness. This division will build community capacity by providing development feasibility, preliminary design work, and grant application support to help unlock the development potential of lands for affordable housing.

Social Return on Investment

Between the years of 2016 to 2018, BC Housing Research Centre commissioned three independent studies on the social return on investment (SROI) of non-market and affordable housing. These studies found that for every dollar invested in affordable rental housing between two to three dollars in social and economic value is created, whereas for every dollar invested in supportive housing approximately three to five dollars in social and economic value is created. The three studies also found the following as key SROIs:

Stakeholder	**Key Outcomes**
Non-market/affordable housing tenants	Housing stability, increased disposable income, decreased utility costs, increases in personal well-being, healthier living conditions, ability to engage in employment, reduced substance use, increased safety, and social connections

Surrounding community and neighbourhood	Employment generated during construction, increased local spending, and less homelessness
Landlords	Positive and stable tenancies, decreased loss of income, and less time spent due to rent arrears, repairs or evictions
Government (all levels)	Increased revenue from local permits and taxes and cost reallocations due to decreased use of services such as emergency health, hospitals, criminal justice, child welfare, and other social services such as homeless shelters and basic needs supports

More recent research findings (2023), commissioned by the Canadian Housing Renewal Association, indicate that higher proportions of non-market housing stock (in relationship to the overall housing stock) are related to gains in economic productivity. This research specifically notes the previous decades' reduction in the share of non-market housing is a key contributing factor to the rise in core housing need across Canada. A lack of non-market housing stock is related to five productivity-depressing phenomena:

- geographical mismatch between workers and jobs that are the best fit;
- diminished human capital accumulation due to poor living conditions;
- neighbourhood effects that impact wellbeing and opportunities;
- diversion of income towards housing costs rather than upskilling; and
- depressed business investment and captive employment.

An increase in federal and provincial funding for non-market housing is required for the Region of Waterloo to meet the non-market housing supply necessary to address core housing need and achieve the strategic priority of Homes for All.

A recent report from the Association of Municipalities of Ontario (AMO) further illustrates the necessity of increased funding from the Government of Canada and Ontario as municipalities across Ontario continue to increase their spending on affordable housing and homelessness without matched commitments from these higher orders of government.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities: Through the Intra-municipal Working Group, Regional staff alongside area municipal partners continue to coordinate on affordable housing incentives. This includes but is not limited to inclusionary zoning, property tax exemption, and area municipal incentives created through the Housing Accelerator Fund (HAF). Area municipalities provided feedback on the new BBF Framework through the Intra-Municipal Working Group and the Housing and Homelessness Leads Committee. This feedback is incorporated into the new BBF Framework.

Public: Five engagement sessions were hosted for Plan to End Chronic Homelessness (PECH) co-creators, Lived Expertise (LE) Consultants, and other community partners to provide feedback on the BBF Framework. A persistent theme throughout the engagement was the need to prioritize the creation and preservation of non-market housing. Participants noted that below-market housing is often still unaffordable for those most in need of housing, as affordability for these units is tied to market rents, not incomes. LE Consultants specifically prioritized local and higher-order government policies and programs that protect tenants and disincentivize the financialization of housing such as rent control, vacancy control, and acquisition programs that fund community housing providers to purchase private market rental apartments. Concerns were also raised about the lack of government funding towards increasing the stock of Rent-Geared-to-Income (RGI) units, and the short supply of accessible and 3+ bedroom units.

Staff continue to engage various groups throughout the completion of affordable housing development projects, including neighbours, 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) are available on both the Engage WR platform and the Region's website. The Region of Waterloo also hosted a Homes for All Summit in the summer of 2024 where policy experts, economists, developers, community housing providers, planners, and funders were invited to spend the day learning and developing innovative local ideas for addressing the housing crisis.

7. Financial Implications:

The revised Building Better Futures initiative will continue to be supported Regionally through the Strategic Investment in Affordable Housing reserve. The proposed 3,500 additional units over the next 5 years (2025 to 2030) will be contributed to with the existing capital and operating budgets but can only be fully recognized with additional and sustained federal and provincial funding contributions.

The Waterloo Region Housing Revitalization Plan (Report CSD-HOU-24-021) presented on December 3, 2024, provided an overview of the capital investment and operating impacts for the identified properties. This regional program contributes over 600 new units as part of the BBF framework. The Region's Portable Rent Assistance program also provides $2.1M annually for 200 units, which is funded through the Region's tax levy.

Several federal and provincial funding programs such as Canada-Ontario Housing Benefit (COHB), Canada-Ontario Community Housing Initiative (COCHI), Ontario Priorities Housing Initiatives (OPHI) and Rapid Housing Initiative (RHI) have been utilized to create approximately 1,700 units through various community partnerships. However, this existing funding remains inadequate for addressing the housing crisis in the Region as significant investment from both federal and provincial governments is

required to achieve the new BBF target of 3,500 new and preserved affordable and non-market homes.

8. Conclusion / Next Steps:

In Canada, a market-driven approach to housing has created the context for the financialization of housing. Home prices far exceed inflation while wages and income support remain stagnant. More than two-thirds (68%) of Canadian households are unable to buy a home based on earned income alone, a stark difference from 2005 when half of Canadians earned enough to buy a home. At the same time, market rents continue to increase, while rent control in Ontario has been abolished for homes occupied for the first time after November 15, 2018.

The next iteration of BBF positions the Region of Waterloo as responsive to the housing crisis and the strategic priority, Homes for All. While increased funding from higher orders of government is necessary for the development of affordable and non-market housing, BBF also sets out policy and administrative incentive programs to build community capacity and disincentive the financialization of housing.

With Council's approval, staff will begin implementing the BBF Framework (Appendix A). This will include reporting back to Council with business case scenarios to support directions that require funding for implementation, updates on the use of the Region's Strategic Investment for Affordable Housing, and the debt impact regarding Waterloo Region Housing (WRH) redevelopments. Staff will also continue to monitor the 1,021 affordable units currently in development until occupancy is reached. An additional report on the implementation of the Property Tax Exemption for Affordable Housing program (CSD-HOU-24-004) will be provided this spring.

9. Attachments:

Appendix A: Building Better Futures, 2025 to 2030

Appendix B: Breakdown of Units Created through Building Better Futures (2021 to 2024)

Appendix C: Types of Eviction and Eviction Process

Appendix D: Building Better Futures Presentation

Prepared By: Skylar Niehaus, Social Planning Associate, Housing Services

Alba Michelucci, Financial Analyst, Corporate Services

Reviewed By: Ryan Pettipiere, Director of Housing Services

Approved By: Peter Sweeney, Commissioner of Community Services