

Region of Waterloo
Community Services
Housing Services

To: Community and Health Services Committee
Meeting Date: April 7, 2026
Report Title: Waterloo Region Housing Revitalization Plan – Mooregate
Redevelopment

1. Recommendation

That the Regional Municipality of Waterloo:

Continue the postponement of the Waterloo Region Housing redevelopment project at 15-105 Mooregate Crescent, Kitchener;

Direct staff to develop an Expression of Interest (EOI) framework for non-profits and/or co-operatives for the remaining Waterloo Region Revitalization projects; and

Direct staff to pursue external funding for the advancement of the Waterloo Region Housing Revitalization Plan, as outlined in report CSD-HOU-26-002, dated April 7, 2026.

2. Purpose / Issue:

To report back to Council about possible options to advance the construction of the Mooregate Redevelopment project in 2026, as part of the Waterloo Region Housing Revitalization Plan (WRH RP) and Building Better Futures (BBF) initiative.

3. Strategic Plan:

The redevelopment/intensification projects undertaken through the Waterloo Region Housing Revitalization Plan (WRH RP) directly support three of the four strategic priorities in the Region’s approved Corporate Strategic Plan, 2023-2027: Homes for all, Equitable services and opportunities, and Climate-aligned growth.

4. Report Highlights:

- The first five years (2020-2025) of the WRH RP focused on redevelopment and/or intensification of six WRH sites, to create at least 600 net new affordable units. Three of the six projects are being rented up or under construction, creating 203 net-new affordable units. Due to financial constraints related to capital costs and

debt servicing, the remaining three WRH RP redevelopment projects were reprofiled on December 16, 2025 (CSD-HOU-25-011). This includes a one-year postponement of the redevelopment at 15-105 Mooregate Crescent, Kitchener, pausing the next phase of work, construction.

- N. Barry Lyon Consultants Ltd. (NBLC), specializing in real estate feasibility, policy development and strategy, was engaged to review the Mooregate redevelopment project and evaluate the business case for a high-density, mixed-use, mixed-income community. The analysis is intended to help the Region understand the financial realities, delivery opportunities, and capital requirements associated with advancing the project (see Appendix A).
- NBLC concludes that current economics indicate a significant capital contribution would be required to advance any partnership model for the Mooregate redevelopment in the near term, and that there is not evidence that a private sector partnership would be viable at present due to compressed land value opportunity and insufficient rates of return under the existing cost and revenue environment.
- A new federal initiative, Build Canada Homes (BCH), aims to accelerate the creation of non-market and supportive housing. An application to BCH should be pursued, but reliance on this funding source cannot be expected until more information is available. Continuing the postponement of the Mooregate redevelopment and pursuing external funding through BCH and other sources maintains the existing project's long-term viability of use for Homes for All, while recognizing current market conditions and the Region of Waterloo's long-term financial sustainability.
- Pending Council direction, next steps include a portfolio application to BCH that includes the existing Mooregate redevelopment as a shovel-ready project; review and direction setting for the other planned WRH RP redevelopments (1050-1064 Courtland Avenue and 440-470 Shelley Drive, and 140 Weber Street); review of the WRH RP for other potential projects that can be more readily pursued in the current market and funding conditions; and consideration of other methods for advancing the WRH RP, such as, but not limited to, a Housing Corporation model, different land ownership models, and exploration of an Expression of Interest (EOI) process.

5. Background:

The Waterloo Region Housing Revitalization Plan (WRH RP) is a plan to address rising capital repair costs of operating older buildings, an outdated community make-up of 100% Rent-Geared-to-Income units and dwindling Federal and Provincial subsidies and capital reserves. The WRH RP is a central part of the Building Better Futures initiative

(BBF), which increased its affordable housing goal from 2,500 to an additional 3,500 new or preserved affordable homes, while further targeting unit affordability for households with very low to low incomes (CSD-HOU-25-03). This new goal was established in response to capital funding programs, community capacity, the Plan to End Chronic Homelessness, and known core housing need. While this goal aligns with the Region of Waterloo community context, its success depends on external capital funding.

The first five years (2020-2025) of the WRH RP focused on the redevelopment and/or intensification of six WRH sites to create at least 600 net new units. Currently, three of the six projects are being rented up or under construction, creating 203 net-new affordable units. Due to the Region of Waterloo's broader capital and financial program constraints, the remaining WRH RP redevelopment projects were reprofiled on December 16, 2025 (see CSD-HOU-25-011 and COR-CFN-25-027). This includes a one-year delay of the active redevelopment project at 15-105 Mooregate Crescent, Kitchener (Mooregate), which is currently paused at the construction stage.

The Mooregate redevelopment project is planned to deliver 323 net new units (378 total), which have been counted through Building Better Futures (BBF), under projects in development (see CSD-HOU-23-019 for BBF count definitions). In addition to rental units and tenant amenity spaces, the building design includes an 88-space childcare centre, space for Community Partners to run programs, and a retail space. Climate change mitigation is also embedded within the building design, aligning with the Region's net-zero standards for new buildings and retrofits.

On November 4, 2025, Council directed staff to:

1. Identify and bring forward all viable funding and financing opportunities, including but not limited to re-prioritizing other regional projects to achieve long-term debt sustainability principles, to advance construction of Mooregate within one year, as identified in CSD-HOU-25-011; and
2. Provide an update to report CSD-HOU-24-021, dated December 3, 2024, where Council directed staff to explore affordable housing development partnership opportunities with the non-profit and private sectors that create enhanced or additional long-term affordable housing units, are beneficial for existing tenants, or produce cost-sharing outcomes, as well as to present a plan to advance site and development readiness in the interim prior to construction.

N. Barry Lyon Consultants Ltd. (NBLC) was engaged to conduct a Business Case Analysis for the Mooregate redevelopment project (see Appendix A). Five alternative redevelopment options were compared to identify the types of partnership opportunities that could advance the construction of Mooregate in 2026. These scenarios were

identified by changing different parts of the existing Mooregate redevelopment plan, which included:

- Who the landlord is at Mooregate (land ownership)
- Whether buildings are built at the same time, or one after another, through phased construction
- Whether there are different building operators, as opposed to all buildings having the same operator
- Mix of rent levels in the buildings
- Building use (excluding or including the planned mixed uses of the building)
- What building and site amenities are offered, as well as the amount of parking
- Number of new units created (buildings remain apartment-style living in all scenarios)

Changes to different parts of the existing plan also affect the achievement of project objectives. Currently, the Mooregate redevelopment plan achieves the following:

- Housing priorities:
 - Long-term maintenance of the existing number and bedroom mix of Rent-Geared-to-Income (RGI) units (legislated requirement)
 - Creation of new affordable units (responsive to community housing demand)
 - Creation of different depths of affordability (responsive to core housing need)
 - Centring existing tenants, and mitigating known adverse impacts of redevelopment (commitment as landlord)
 - Creation of accessible units and units with a greater number of bedrooms (responsive to community housing demand and system gap)
 - Creation of housing that is affordable in perpetuity, or effectively forever (long-term system impact)
- Community benefit priorities:
 - Net zero redevelopment (climate change resilience)
 - Creation of 88-space childcare (inclusive and complete communities)
 - Inclusion of community partner and retail space (complete communities and economic development)
 - Mixed income (inclusive communities)

Business Case Findings

Findings from NBLC demonstrate that it is not currently feasible for the Mooregate redevelopment project to advance through a partnership opportunity. A key driving factor for this lack of opportunity is current market conditions. This also aligns with the understanding that the Region is currently one of the few entities with both the interest and capacity to undertake a community benefit project at this scale. Further, current market conditions have significantly influenced how large infill sites are being developed. Large, single-phase projects that require substantial initial investment, complex financing, and long absorption periods are proving more difficult to advance in the current environment (PDL-BWR-26-001).

In recent years:

- Construction costs have rapidly surged;
- Interest rates increased (over the course of 2022 and 2023), causing a slowdown in the resale and sale of homes, impacting construction borrowing costs and increasing carrying costs;
- Unsold condominium inventory doubled in 2025 from 2023, pointing to weak absorption and a buildup of supply; and
- The pace of residential land transaction activity has slowed considerably, leading to compressed land values.

Land values, specifically, highlight current market uncertainty as developers, lenders, and investors wait for more predictable market conditions to return. However, as the market cycles, demand is expected to shift, and there is likely to be a significant housing shortage once the market works through existing supply, given the lack of new projects launched in recent years. This will strengthen new market housing demand and partnership potential.

As the market goes through existing supply and the gap between new sale and resale housing options narrows, the market is also likely to recalibrate to reflect more of an end-user positioning. With fewer investors in the market, there is an expectation that projects with modest building scales and amenity-rich communities will capture a greater share of market attention. The recalibration of market conditions aligns with delaying the Mooregate redevelopment project, which is strategically positioned to deliver product in the early stages of recovery, ahead of the broader market cycle.

Delaying the Mooregate project also allows for time to explore funding potential through Build Canada Homes (BCH). BCH is a new federal initiative that aims to accelerate the creation of Transitional, Supportive, Community, and Affordable housing through additional capital and financing tools, a portfolio approach, and an emphasis on faster construction methods. BCH is focused on “shovel-ready” projects (beginning within 12 months) and entities with a multi-year pipeline of projects (portfolio approach). BCH aims to scale up the non-market housing sector by focusing on collaborative projects involving partnerships between public, private, and not-for-profit entities. These factors make BCH an appealing funding source, yet much remains unknown.

BCH is still evolving (including changes to governance, program rules, and definitions of “affordability” and “non-market” housing), which creates uncertainty about eligibility and the timing of approvals. BCH funding under current federal plans is also time-limited (2025–26 to 2029–30) and will be highly competitive. Further, the Parliamentary Budget Officer has reported that total federal planned spending on housing programs is expected to decline significantly in the next few years as existing program funding expires, increasing the risk that overall federal capacity to support new projects will

diminish over time. Ultimately, an application to BCH should be pursued, but reliance on this funding source cannot be expected until more information is received.

Pending updates to the City of Kitchener's Official Plan will also be considered, as the update may result in reduced residential density permissions for the Mooregate property, dependent on the length of project postponement and the City's Official Plan update process.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities: Area municipalities are kept up to date on the WRH RP through the Housing and Homelessness Municipal Leads Committee, which meets monthly to bimonthly.

Public: Each WRH revitalization project aims to centre existing WRH tenants and to mitigate any known adverse impacts related to redevelopment, including tenant relocation. Broader community engagement with the surrounding neighbourhood is also a key part of these projects.

Tenants are the main interest holders and most impacted by Mooregate's delay. Mooregate tenants are currently housed in other units within the community housing system and are provided with the first right of return. This means they have the option to relocate back to Mooregate once the redevelopment is ready for occupancy.

Tenants were engaged through two information meetings and a survey to express their household's concerns and priorities about the possible changes considered in the Business Case Analysis. Feedback received from tenants included the following:

- There is uncertainty about whether tenants would like to move back to Mooregate based on possible changes.
- There is a preference for WRH to remain the landlord at Mooregate.
- There are concerns about another entity assuming landlord responsibility, with some concerns related to service levels going down.
- Some are concerned about their current location, which they expected to temporarily relocate to during the initially expected timeline for Mooregate's redevelopment.
- There was discussion about the negative impact that moving and relocation have on children and concerns about more relocations.
- For those who want to relocate back, there is a desire to relocate back to Mooregate as soon as possible.
- There is a desire for there to be as many RGI (subsidized) and affordable (below market) units on-site as possible and for affordability to be prioritized.

During relocation, tenants choose where to relocate based on the then-anticipated redevelopment schedule, site design, and ownership model. With ongoing postponement and potentially large changes to the redevelopment plan, commitment to tenants will need to be reassessed to mitigate known adverse impacts.

7. Financial Implications:

	Current Year	Future Year(s)
Budget Impact?	N/A	To be confirmed
Capital Plan Impact?	No impact to 2026	To be confirmed

The WRH revitalization strategy proposes the redevelopment of six properties, resulting in a potential increase of 883 new affordable units (669 incremental units) within the WRH portfolio. The 2026 approved estimated life-to-date capital cost is projected to be \$616.4M.

Potential capital financing could include grants from BCH and other grant funding opportunities for new construction funding. These programs and the grant amounts would be contingent on program requirements being achieved.

The Mooregate project in the capital plan is estimated to cost \$298.7M, and currently does not have secured funding. The only available source of potential funding is currently regional debentures which would represent nearly 26% of our 10-year debenture limit and would require bumping several other projects from debt financing. The Mooregate estimated annual debt servicing cost would be \$17M, which is nearly 13% of the 2026 Housing Programs Operating Budget funded by levy.

8. Conclusion / Next Steps:

Dependent on Council direction, staff will continue to explore and bring to Council other potential opportunities that advance the creation of new affordable housing units during the delay of the Mooregate redevelopment. This includes:

- Exploring funding opportunities through BCH, which will involve submission of a portfolio, utilizing the existing Mooregate redevelopment plan as a shovel-ready project, along with the remaining WRH redevelopments and pipeline of shovel-ready projects advanced through the Building Better Futures initiative.
- Review of the WRH RP for identification of other types of projects that may be more readily pursued in the current market and funding conditions (also for inclusion in BCH submission).
- Development of an Expression of Interest (EOI) process to determine partnership opportunities outside of the conclusions drawn in this report for both application

to BCH and the advancement of the WRH RP. Includes further exploration of multi-phased and multi-partnership construction approaches.

- Consideration of other methods for advancing the WRH RP, including review of different Housing Corporation and ownership models, with a lens on models that work best for financing (re)development projects.

Staff will communicate with Mooregate tenants on the updated direction of Mooregate once determined by Council. Dependent on direction, this will include revisiting relocation plans with tenants to determine the best housing strategy for them and to mitigate and respond to known adverse impacts.

Next steps also include setting direction for 1050-1064 Courtland Avenue and 440-470 Shelley Drive, Kitchener (Courtland-Shelley) and 140 Weber Street East, Kitchener (Weber), under current market and funding conditions. At present, tenants are partially moved out of Courtland-Shelley, and work with an architectural design consultant has been paused. Next steps will need to consider these aspects to proceed in both the short and long term. Weber remains occupied, and pre-development work has not begun. No capital repair planning has been budgeted or work done at Courtland-Shelley or Weber since the WRH RP was passed in 2019, which will also be considered in future site planning.

9. Attachments:

Appendix A: Business Case Analysis, 15-105 Mooregate Crescent, Kitchener, Ontario, Executive Summary

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