

Affordable Housing Incentive Survey Responses Summary



Region of Waterloo
COMMUNITY SERVICES

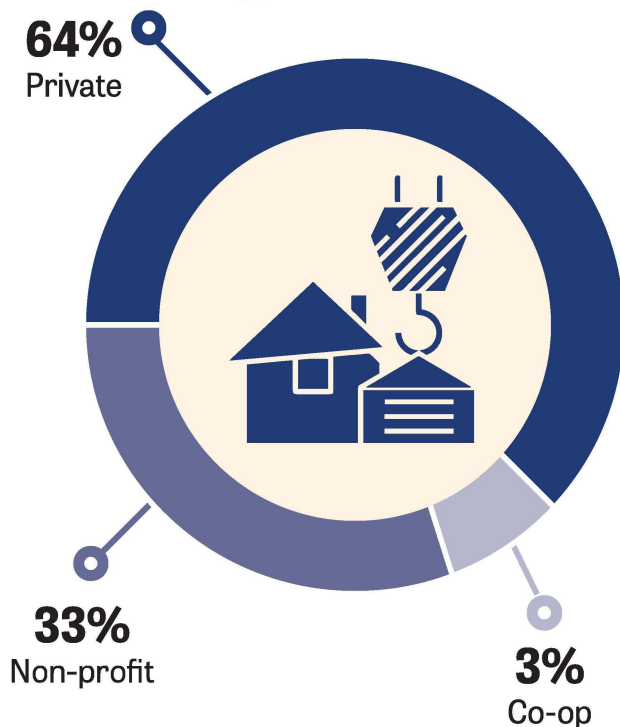
Overview

In the fall of 2022, the Region of Waterloo distributed three surveys to learn about the types of incentives that would be necessary to support the creation of more affordable housing.

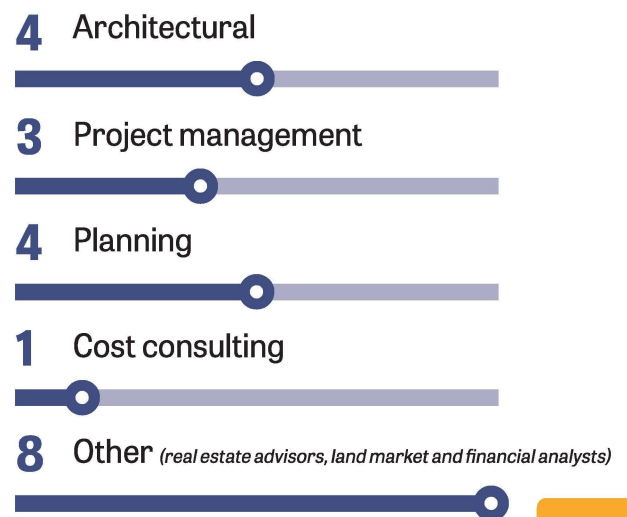
The survey was sent to local housing builders (both private and not for profit), consultants who support builders, and all seven area municipalities within Waterloo Region.

All **seven** area municipalities, **30** builders, and **20** consultants responded.

Survey respondents by type of builder

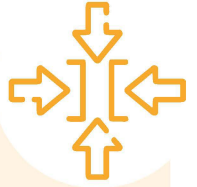


Survey respondents by type of consulting services provided



What we learned

What do you consider the biggest constraints and the lesser constraints to affordable housing development?



Biggest constraints

- Development feasibility
 - Cost of land, construction, development fees
 - Cost inflation – for all parts of the process (land, soft costs, municipal fees, and construction costs)
 - Cost of labour, supply of skilled labour
 - Increasing interest rates
 - Ability to make a return on investment
 - Long-term equity required by lenders (10% of costs) is not enough to cover the cash required to float a project
- Government Funding
 - Lack of government funding
 - Accessing the available funding is difficult and time consuming
 - Lack of certainty about what funding is available and related criteria
 - Challenging reporting and time frame requirements of the funding
- Canada Mortgage and Housing Corporation's (CMHC's) calculation of Average Market Rent (AMR) is not reflective of market rents today
- Municipal requirements and restrictions
 - Development charges and parkland fees
 - Zoning by-laws that limit density
 - Incentives entangled in bureaucracy
 - Approval complexity is increasing and taking more time
 - Approval processes are not predictable
- Others
 - Lack of land
 - Lack of development experience for non-profits
 - Gap between what tenants can afford to pay and the cost of development
 - Long term maintenance and management costs
 - Lack of municipal tools to guarantee affordable housing stays affordable

Lesser constraints

- Stigma against future tenants
- Supply chain issues
- Minimum parking requirements for affordable housing are too high
- Only having some programs open to non-profits
- No funding for on-going supports
- Lack of an integrated approach to incentives (e.g. cash contributions for affordable housing are not coordinated)
- Reluctance on the part of municipalities to innovate with new technology (e.g. modular)
- Timing of when the municipal fees are due causes cash flow problems
- Public sector programming is not flexible to respond to rapidly changing markets



We asked builders and their consultants if they wanted to see a high, medium, or low level of coordination across the region in a future incentive package for affordable housing.



Builders (**60%**) and Consultants (**80%**) want to see a high level of coordination* in a future incentive package.

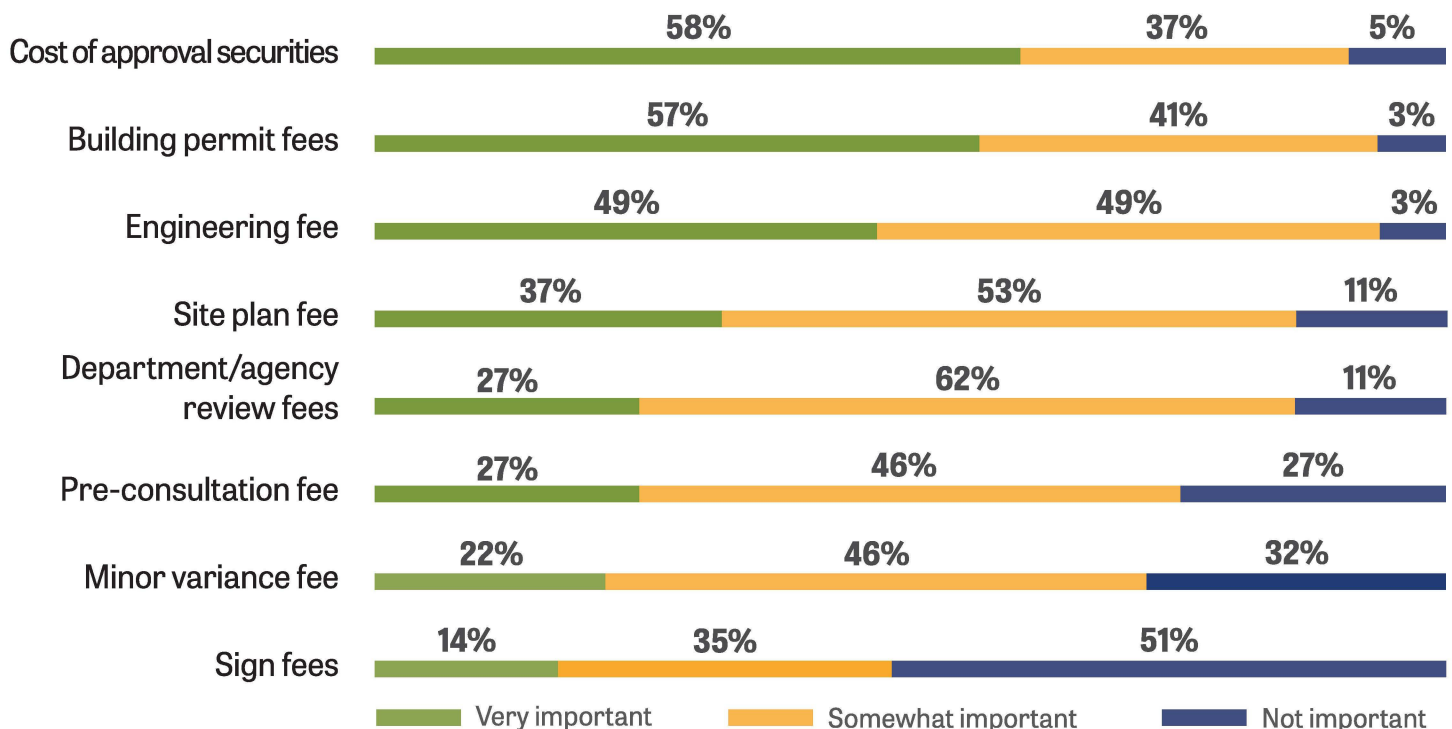
*High level of coordination means that every municipality has the same toolbox of incentives accessed through a common application process.

Incentives required for various rent levels according to 75% of the builders surveyed

	Capital grant	Development charge grant	Parkland fee waiver	Parking ratio reduction	Application fee waivers	Tax reduction	Prioritized application review
\$497/month	✓	✓	✓	✓	✓	✓	✓
\$907/month	✓	✓	✓	✓			
\$1,134/month	✓	✓	✓				

Respondents were asked to be more specific about which application fees were the most important to waive.

The larger the fee - the more important that it be waived.



Reduced parking is an incentive

Do you see a reduced parking ratio for affordable housing units as an incentive?



Of the 6 respondents who said no to this question, 4 indicated that they didn't see it as an incentive because they felt **builders should have the ability to decide how much parking the market demands.**

Current programs used to create affordable housing

When asked about current programs used to create affordable housing, it was clear that both private and non-profit builders use CMHC financing and funding.

Private builders (18 respondents)



Non-profit builders (9 respondents)



Suggestions for planning process improvements

Development review



- Have concurrent approval processes where possible – site plan, building permit, demolition permit, zoning by-law amendments, plans of condominium
- Implement strict review and comment timelines for clear expectations
- Site plan comments from different municipal departments should not be conflicting
- Find the balance between acquiring the necessary information and approvals and not encumbering the process
- Do not add new requirements once the review has started
- Prioritize affordable housing projects by having dedicated staff for projects with a minimum number of affordable units
- Increase planning and technical staff but involve as few as possible on each application
- Focus comments on Planning Act requirements only
- Eliminate non-legislated community meetings
- Make the application process online

Zoning



- Make sure a project can be feasible with the zoning that is currently in place
- Reduce process by pre-zoning land to higher densities
- No height and density limits on transit corridors and nodes
- Remove parking minimums and let the market decide how much parking to provide

What are some other ideas for ways to deliver affordable housing?



Build partnerships with non-profit housing providers to obtain a property tax exemption through Municipal Property Assessment Corporation (MPAC)

Help those with no development experience get started with development

Look into innovative, fast design construction methods and support their use in the planning and building permit process

Consider adding affordable housing as infrastructure for which development charges can be collected – a more regular and stable source of funding (*note: Recent changes through Bill 23, More Homes Built Faster Act, 2022 has eliminated this as a possibility*)

Specific questions asked to the area municipalities

Incentives for ownership versus rental

Area municipal staff were divided about whether or not incentives should be provided for both ownership and rental tenure. Those who chose only rental indicated that rental should be the focus and incentives extended to ownership once rental stock has increased.



What are some incentives area municipalities currently have to support affordable housing?

- Securing donations to an affordable housing reserve fund as a condition of draft approval of plans of subdivision
- Case by case council approved fee exemptions
- Fee waiver program for non-profits (development charges and building permit fee waived, and development charge deferrals to occupancy)
- Development charge rebate program for non-profits (2022)*
- Parkland (cash or land) exemption for affordable housing projects*

** Recent changes through Bill 23 make Development Charge and Parkland (Fee or Land) exemptions mandatory for non-profit builders. These exemptions may also become mandatory for units which meet a specified definition of affordable constructed by the private sector when other parts of Bill 23 come into effect.*



**Thank you to all who participated.
Your feedback is helping to shape the Affordable Housing Incentive Toolkit.**