



STAFF REPORT
Planning

Title: Parking Reductions for Affordable Housing
Report Number: IPPW2025-005
Author: Adam Zufferli, Policy Planner
Council Date: February 24, 2025
File: Housing Accelerator Fund
Attachments: Appendix 'A' – Parking Reductions for Affordable Housing Guidelines
Ward No.: City-Wide

Recommendations:

1. That Council approve Report IPPW2025-005.
2. That Council approve the 'Parking Reductions for Affordable Housing Guidelines', attached as Appendix 'A' to report IPPW2025-005.

A. Executive Summary

Through the Housing Accelerator Fund (“HAF”) grant, the City agreed to implement eight housing-related initiatives aimed at increasing the supply of housing and/or streamlining planning processes. HAF Initiative #8 includes developing a process, evaluation, and implementation framework for parking reduction requests for affordable housing units. Staff have created an intake system and evaluation criteria for affordable housing providers, to streamline and simplify the process to reduce parking requirements for new housing developments with a substantial affordable housing component, as appropriate.

B. Financial Implications

Section 40 of the Planning Act, R.S.O. 1990, c.P.13 (the “Planning Act”) allows the council of a municipality to exempt the owner of a property from the requirement to provide parking, subject to an agreement being registered on title to the lands. Subsection 40(2) states that the agreement shall provide for the making of one or more payments of money to the municipality as consideration for the granting of the exception but does not specify a monetary amount. Subsection 40(2) is typically applied where cash-in-lieu of parking is deemed appropriate by the municipality, to off-set the expense of providing municipal parking to meet demands that cannot be accommodated on site. In this instance, cash-in-lieu of parking will not be necessary, as the parking reduction for affordable housing

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will be based on lower parking demands for such housing units. To satisfy the legislative requirement for a monetary payment, a nominal amount (such as \$2.00) will be charged, to be specified in the agreement to validate the contract.

C. Technology Implications

Not applicable.

D. Link to Strategic Plan

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Supports the strategic goal of creating a Complete Community and increasing the supply of affordable housing in the community.

E. Previous Reports on this Topic

IPPW 2025-004 'Parking Reductions for Affordable Housing: Project Update'



Parking Reductions for Affordable Housing IPPW2025-005

SECTION 1 – INTRODUCTION

Zoning By-law 2018-050 was approved by Council on September 10, 2018, and is the primary tool for regulating development in the City of Waterloo. The Zoning By-law establishes minimum parking requirements, which can be altered by the following mechanisms:

- zoning by-law amendment
- minor variance
- parking exemption under Section 40 of the Planning Act
- legislation

Proposals to alter parking requirements are evaluated on their merits, having regard to the nature and context of the use. Affordable housing initiatives often require less parking to meet the demands of the associated development and are often located in areas that are walkable and supported by transit services.

In February 2024, the City of Waterloo entered into an agreement with the Government of Canada to receive approximately \$22 million dollars in funding from the Housing Accelerator Fund (“HAF”). The HAF Agreement requires the city to implement eight housing-related initiatives aimed at increasing the supply of housing and/or streamlining planning processes. HAF Initiative #8 includes an action to develop a process, evaluation, and implementation framework for parking reduction requests for affordable housing units. In response, staff have created an intake system and evaluation criteria that is available to affordable housing providers, to streamline and simplify the process to reduce parking requirements for new developments with a substantial affordable housing component, as appropriate.

SECTION 2 – PROGRAM OVERVIEW

The Zoning By-law establishes minimum requirements for off-street parking for residential uses. Currently, the Zoning By-law does not distinguish between affordable housing and market-rate housing when applying minimum parking requirements. The parking demand for affordable housing units is often less than market-rate housing, and is influenced by the degree of affordability, site characteristics and location, walkability, transit availability, among other things. As such, staff recommend that the process to alter the parking requirement be simplified, rather than attempting to universally alter parking rates.

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In June 2023, Council passed By-law 2023-073, which delegated authority to the Director of Planning (the “Director”) to grant parking exemptions or reductions under Section 40 of the Planning Act, provided that the exemption or reduction is:

- minor in nature, as determined by the Director; or
- related to Affordable Housing, meaning developments containing one or more affordable residential units, or related to an Inclusionary Zoning By-law.

This authority streamlines the planning approval process, allowing the Director to resolve minor zoning issues related to parking in conjunction with the site plan and/or building permit process. Through this report, staff are proposing the *‘Parking Reductions for Affordable Housing Guidelines’* (the “PRAH Guidelines”), which are intended to supplement and inform the existing delegated authority to the Director. Specifically, the PRAH Guidelines outline criteria that if met, will allow the Director to advance parking exemptions through Section 40 of the Planning Act in an expedited manner for new developments with a substantial affordable housing component. The PRAH Guidelines are intended to provide clarity and more certainty to housing providers in the affordable, non-market, and third sectors regarding the process to secure parking reductions. The recommended *Parking Reductions for Affordable Housing Guidelines* are attached as Appendix ‘A’.

Evaluating which Developments Qualify for Parking Reductions

It is recommended that parking reductions or exemptions for affordable housing units be expedited where development satisfies the following criteria:

- a minimum of 25% of the dwelling units in the development shall be provided as affordable housing units;
- affordable housing units be maintained at affordable prices and rents for a minimum period of 25 years; and
- accessible and visitor parking spaces are provided in accordance with the requirements of the Zoning By-law, calculated based on the amount of parking required prior to any reduction.

Notwithstanding the preceding, the Director of Planning may reduce the thresholds identified above where circumstances warrant such a reduction, in the public interest.

The evaluation criteria above seek to simplify and expedite the planning approval process for developments providing a significant affordable housing contribution, while maintaining accessible parking spaces for individuals with accessibility needs and visitor parking to meet temporary and short-term parking demands.

More details can be found in the *Parking Reductions for Affordable Housing Guidelines*, attached as Appendix ‘A’.

Recommended Mechanism for Parking Reductions

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Section 40 of the Planning Act allows the council of a municipality to exempt the owner of a property from the requirement to provide parking, subject to an agreement being registered on title to the lands. Subsection 40(2) states that the agreement shall provide for the making of one or more payments of money to the municipality as consideration for the granting of the exception but does not specify a monetary amount. Subsection 40(2) is typically applied where cash-in-lieu of parking is deemed appropriate by the municipality, to off-set the expense of providing municipal parking to meet demands that cannot be accommodated on site. Under the PRAH Guidelines, the collection of cash-in-lieu of parking will not be needed to offset parking demand, as the parking reduction for affordable housing will be based on lower parking demands for such housing units. To satisfy the legislative requirement for a monetary payment, a nominal amount (such as \$2.00) will be charged, to be specified in the agreement to validate the contract.

Cash-in-lieu agreements with affordable housing providers will be finalized during the Site Plan approvals process. At the Site Plan application stage, Planning staff will review a development application against the Zoning By-law to determine parking compliance. If the development proposes affordable housing, and is requesting a parking reduction, staff will direct the Applicant to the *Parking Reductions for Affordable Housing Guidelines*.

Implementation of the PRAH Guidelines

To facilitate the implementation of the PRAH Guidelines, staff have prepared an application process, consisting of a fillable form which will gather the necessary information that the City requires to determine whether a parking exemption or reduction can be granted under the PRAH Guidelines. The information to be gathered includes landowner and applicant contact information; address of the property where parking exemption/reduction is requested; and a brief description of the development proposal, including the amount of affordable housing that is proposed. If approved by Council, the application form, along with the PRAH Guidelines, will be available to affordable housing providers on the City's website.

Planning and Legal Services staff have prepared a Legal Agreement Template for cash-in-lieu of parking agreements. The Agreement is the implementation tool that will grant parking exemptions/reductions to eligible affordable housing providers. The terms of the agreement will cover the amount of parking to be reduced; nominal consideration being provided to validate the contract; and conditions and terms associated with the parking exemption/reduction. The Agreement may be amended by the parties, should circumstances warrant an amendment, such as the need to modify the definition of affordability applied at the time of execution of the agreement, in the event rental rates or sale prices decline over time. The form of the Agreement shall be to the satisfaction of the City Solicitor, and the content shall be to the satisfaction of the Director of Planning.

SECTION 3 – RATIONALE

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The *Parking Reductions for Affordable Housing Guidelines* and process is intended to simplify and expedite the planning approvals process for affordable housing providers. This will allow much-needed affordable housing to proceed to the building stage faster. Further, parking exemptions/reductions support affordability, by lowering project costs and increasing design flexibility, and in some cases increasing density. Establishing criteria to expedite planning approvals for developments with a substantial affordable housing component aligns with the City's Strategic Plan and the intent of the Housing Accelerator Fund Action Plan.

Planning staff have prepared the PRAH Guidelines to support the implementation of parking exemptions/reductions. The guidelines were prepared with the following strategic priorities in mind:

- creating firm but flexible evaluation criteria;
- providing certainty and clarity to affordable housing providers by formalizing the process for parking exemptions/reductions;
- ensuring that sites approved for affordable housing parking exemptions/reductions can meet the accessible and visitor parking demands.

Planning staff are aware that non-market and 'third sector' housing providers may look to include some market housing in a development, which can help supplement grants and other funding sources. The PRAH Guidelines, as prepared, would consider a project which provides a minimum twenty five percent (25%) of the units as affordable housing as warranting expedited planning approvals related to parking exemptions/reductions. If less than twenty five percent (25%) of the units are affordable housing, a parking exemption/reduction may still be granted based on the merits of the request, at the discretion of the Director, however the evaluation and approval process is anticipated to be more complex and longer in duration.

Projects are to comply with accessible parking requirements and visitor parking requirements for the development. Exemptions/reductions for accessible and/or visitor parking regulations are generally not supported. In staff's experience, the demand for parking in relation to affordable housing units is typically less than market-rate housing, however the demand for accessible and visitor parking is unchanged. Accessible and visitor parking meet critical needs of the community and for the development and represent good planning.

SECTION 4 – ENGAGEMENT

Region of Waterloo

Planning staff met with Regional Affordable Housing staff on May 10, 2024 to discuss parking reductions for affordable housing, and to better understand the parking needs at various affordable housing properties operated by the Region of Waterloo. Regional staff support the administration and monitoring of affordable housing by finding eligible occupants, reviewing rent rolls, and securing affordability requirements. Regional staff support HAF Initiative #8.

Public Engagement

On January 14, 2025, affordable housing providers in the Region of Waterloo were notified that the City would be considering ways to facilitate parking reductions for affordable housing. Feedback was collected between January 14, 2025, and January 27, 2025.

A summary of feedback received from affordable housing providers is included below:

- supportive of additional flexibility within the Planning framework.
- parking reductions can assist with the financial aspects of affordable housing development.

SECTION 5 – CONCLUSION

To facilitate the provision of new affordable housing in our community, staff are proposing to simplify related planning approvals for developments containing a substantial affordable housing component. In accordance with HAF Initiative #8, report IPPW2025-005 describes the process, evaluation, and implementation framework for reviewing parking reduction requests for affordable housing units. This work supports the City's Affordable Housing Strategy (2023-2033), housing pledge, and Housing Accelerator Fund (HAF) Agreement.

SECTION 6 – RECOMMENDATIONS

1. That Council approve Report IPPW2025-005.
2. That Council approve the 'Parking Reductions for Affordable Housing Guidelines', attached as Appendix 'A' to report IPPW2025-005.

Appendix 'A' - Parking Reductions for Affordable Housing Guidelines

Parking Reductions for Affordable Housing: Guidelines for Housing Providers

Purpose of Guideline

To guide the process for granting parking exemptions/reductions to developments containing a substantial affordable housing component.

These guidelines are intended to assist housing providers in the affordable, non-market, and third sectors with the submission of requests for parking exemptions/reductions from Zoning By-law 2018-050 (the “**Zoning By-law**”).

The Parking Reductions for Affordable Housing Guidelines were approved by the Council of the City of Waterloo on [DATE].

Applicable Planning Act Provisions

Section 40 of the Planning Act provides that where an owner or occupant of a building is required under a Zoning By-law to provide and maintain parking facilities, the council of a municipality may, at their discretion, enter into an agreement exempting such owner or occupant from the requirement of providing or maintaining parking facilities (“**Section 40 Planning Act Agreement**”). Such agreements typically set out the terms and conditions pertaining to the nature of the exemption or reduction and payment of monies as consideration for the granting of the parking exemption or reduction. Such agreements may be registered on title to the lands to which they are applicable.

Delegated Authority to execute Section 40 Planning Act Agreements

Under Delegation By-law 2023-073, the City’s Director of Planning (the “**Director**”) has the authority to grant parking exemptions/reductions for affordable housing pursuant to Section 40 of the Planning Act, and to execute related agreements at their discretion.

Evaluation Criteria

The following criteria shall be considered and interpreted by the Director and shall be applicable to all applicants seeking parking exemptions/reductions for affordable housing (“**Applicants**”):

1. Applicants must own or have an accepted offer to purchase the subject lands, except where the subject lands are secured under a long-term lease from a public sector or not-for-profit organization for affordable housing purposes. Applicants who do not meet this criterion will generally not be considered for parking reductions under this guideline.
2. A minimum of 25% of dwelling units on the subject lands shall be affordable housing.
3. Affordable housing units shall be maintained at affordable rents and/or resale prices for a minimum period of 25 years.

Director's Discretion

The Director of Planning may reduce the criteria thresholds identified above where circumstances warrant such a reduction, in the public interest. In such instances, the Applicant shall provide the City with sufficient rationale in support of the reduction, including how the reduction represents good planning, an evaluation of the relevant site-specific considerations, and an opinion from a qualified professional on the typical and peak parking demands of the proposed development.

In evaluating the merits of the requested parking exemption or reduction, consideration shall be given to:

- the amount of affordable housing provided on the subject lands
- the proposed level of affordability
- the walkability of the subject lands, including proximity to day-to-day commercial uses
- the availability of transit services
- municipal parking facilities in proximity to the subject lands (if any)

Accessible Parking Spaces

Applicants shall provide accessible parking spaces in accordance with the requirements of the Zoning By-law. The number of accessible parking spaces required shall be calculated based on the amount of parking required prior to any reduction. Applications to reduce the number or type of accessible parking spaces will generally not be supported.

Visitor Parking Spaces

Applicants shall provide visitor parking spaces in accordance with the requirements of the Zoning By-law. The number of visitor parking spaces required shall be calculated based on the amount of parking required prior to any reduction. Applications to reduce the number of visitor parking spaces will generally not be supported.

Submission of Application for Parking Reductions

Applications for Parking Reductions for Affordable Housing should be submitted prior to or as part of a Site Plan application.

To receive consideration for Parking Reductions for Affordable Housing under this guideline, the Applicant will need to apply using the form on the City's website. On the application form, please include the following information:

- Applicant's contact information
- Landowner's contact information (if different than Applicant)
- Address of subject property or consolidation of properties
- Approximate area of subject property or consolidation of properties
- Summarized description of the proposed development and affordable housing
- Building/site statistics

Applications for Parking Reductions for Affordable Housing will be evaluated on their merits, in accordance with these guidelines.