

BY-LAW NUMBER 2025-155  
OF THE  
CORPORATION OF THE CITY OF KITCHENER

(Being a by-law to adopt a Community Improvement Project Plan in the City of Kitchener known as the Missing Middle and Affordable Housing Community Improvement Plan)

WHEREAS section 28 of the *Planning Act*, R.S.O. 1990, C.P. 13, as amended, (the "Planning Act") provides for the designation of Community Improvement Project Areas and the adoption of Community Improvement Plans;

AND WHEREAS the Council of the Corporation of the City of Kitchener has designated all of the lands within the City of Kitchener as a Community Improvement Project Area by By-law Number 2025-154, passed by Kitchener City Council on December 15, 2025;

AND WHEREAS the public notice provisions set out in subsection 28(5) have been complied with;

AND WHEREAS the within community improvement plan is exempt from Ministerial approval in accordance with Ontario Regulation 525/97, as amended;

NOW THEREFORE the Council of The Corporation of the City of Kitchener enacts as follows:

1. That the document entitled "City of Kitchener Missing Middle and Affordable Housing Community Improvement Plan", attached hereto as Schedule "A" and forming a part of this By-law, is hereby adopted as a community improvement plan for the City of Kitchener Missing Middle and Affordable Housing Project Area;
2. The Clerk is hereby authorized and directed to notify the Minister of Municipal Affairs and Housing of the passing of this By-law to establish the Missing Middle and Affordable Housing Community Improvement Plan; and,
3. This By-law shall come into force and take effect on the date of final passing thereof;

PASSED at the Council Chambers in the City of Kitchener this 15th day of December, 2025.

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Mayor

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Clerk



# Missing Middle and Affordable Housing Community Improvement Plan

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Prepared by City of Kitchener, Development Services

Date approved by Council: December 15, 2025

## 1. Introduction

In March 2025, the City was awarded an additional \$4,214,000 of funding through the federal Housing Accelerator Fund (HAF) to establish a Missing Middle and Affordable Housing Community Improvement Plan (the “CIP”) with the purpose of enabling at least 98 units by October 2026 (building permits issued) and 500 units over a 10-year period. The CIP is intended to bring a range of affordable and missing-middle housing types to the housing market by addressing some of the financial barriers that stand in the way of a project’s financial feasibility. It will build on and reinforce existing housing initiatives to address the urgent need for diverse and affordable housing options.

The CIP expands on established City programs, such as the “Enabling Four Units” zoning initiative, which allows property owners to have up to three Additional Dwelling Units (ADUs) on properties that allow a single detached, semi-detached or street-fronting townhouse dwelling unit; and the existing affordable housing fee waiver and HAF-backed grant program that support non-profit housing providers. These foundational programs offer a springboard for the CIP which, upon the conclusion of HAF funding, may be incorporated as long-term City initiatives.

The CIP is informed by the findings of the City’s Housing Needs Assessment (HNA) and aligned with Kitchener’s commitment to the federal government’s Housing Accelerator Fund (HAF) objectives: creating more housing supply and fostering inclusive, equitable, and diverse communities. It also supports the Region of Waterloo’s Building Better Futures: 3,500 homes in 5 years - supporting community collaboration to create or preserve up to 3,500 affordable homes by the end of 2029.

## 2. Purpose of the Community Improvement Plan

The purpose of the CIP is to:

- Encourage the development of affordable and attainable housing options to support equitable, inclusive and diverse communities throughout the city.
- Facilitate new affordable housing that addresses the needs of priority groups identified through the Housing Needs Assessment.
- Facilitate the creation of new units in missing middle formats from additional dwelling units up to eight-storey apartments to broaden the mix of housing types in the city.
- Facilitate the creation of new residential units in proximity to rapid transit to support affordable, healthy transportation options including active transportation and public transit to keep household costs low.

Further to the purpose of the CIP, the City’s commitment through the federal Housing Accelerator Fund (HAF) is to facilitate at least 98 units by October 2026 (building permits

issued) and 500 units over a 10-year period. Of the first 98 units, approximately 49 of this target should be affordable housing and 49 should be located within 1500 metres of rapid transit including the Kitchener GO station per Attachment A.

## 4. Basis for the CIP

Section 28 of the Planning Act allows municipalities to identify areas in need of revitalization and reinvestment by designating Community Improvement Project Areas (CIPA) and establishing Community Improvement Plans. Enabling policies in Kitchener's Official Plan, 2014, identifies that all lands within the municipal boundary of Kitchener are eligible to be designated as a CIPA, contingent upon meeting certain criteria (Official Plan Section 17.E.9.1). The policies enable the establishment of a CIP if the area satisfies one of more criteria as outlined in Section 17.E.9.2. This CIP addresses more than one of these criteria because:

- the city lacks the range of housing types and densities including insufficient affordable housing (Section 17.E.2.c) to meet the demand of current and future residents, particularly certain priority groups, as identified through the Housing Needs Assessment; and,
- there are opportunities for intensification and redevelopment of underutilized sites (Section 17.E.2.j) as identified through several analyses including the Missing Middle and Affordable Housing Study, and Enabling Four Units and Growing Together zoning changes to support a mix of housing typologies within certain zones.

The Official Plan recognizes that CIPs may be undertaken in conjunction with other orders of government. In this case, the CIP is undertaken with the initial support of the federal government through the Housing Accelerator Fund.

## 3. Community Improvement Project Area

The Missing Middle and Affordable Housing Community Improvement Plan applies to all lands situated within the City of Kitchener municipal boundary as supported by Official Plan Section 17.E.9.1. through the adoption of a by-law that identifies the Community Improvement Project Area (CIPA). The CIPA is adopted by by-law concurrent to adoption of this Plan. Amendments to its geographic boundaries to which this CIP applies will be administered through amendments to the enabling by-law establishing the CIPA.

## 4. Financial Incentive Programs

The CIP includes two incentive program streams to addressing barriers associated with two formats of missing middle housing:

1. **Additional Dwelling Units Grant**, offering full or partial grants to offset development charges for ADUs
2. **Missing Middle Affordable Housing Grant**, offering grants to cover upfront costs of developing affordable housing units in a missing middle housing form including multiple dwellings and mixed-use buildings with a minimum of five units and a maximum of eight-storey built form.

Both grant programs focus on the upfront costs of advancing missing middle housing typologies, particularly affordable housing units as detailed in the following sections.

#### 4.1 General Program Criteria

The following criteria apply to all grant programs in the CIP. Additional criteria specific to each grant will be further outlined in subsequent sections for each grant program.

**Location:** The subject property must be located within the designated CIPA which includes all lands within the municipal boundaries of the City of Kitchener.

**Property Ownership:** Eligibility is restricted to registered or assessed owners of private or public land and buildings, as well as those people or organizations who have legal authority from the property owner to construct the proposed dwelling units on the subject lands. Applicant and/or owners must not have any outstanding property tax arrears or other obligations to the City, or utility payment arrears related to the subject property at the time of application and throughout the duration of the financial incentive agreement.

**Eligible Applicants:** Eligible applicants generally include:

- Private developers or property owners;
- Non-profit housing organizations; and
- Housing co-operatives.

For equitable distribution of funds, the number of qualifying units or properties per applicant may be capped at the discretion of the General Manager of Development Services.

**Affordable Housing Units:** Affordable Housing Units approved for grant funding must meet the definition of Affordable Housing as defined by the City's Official Plan or most current Provincial Planning Statement for the minimum period of affordability defined by the applicable program stream. Affordable Housing Units must remain as rental units during the agreement period.

**New units:** Incentives may only apply to the creation of new dwelling units where building permits have been issued to create the units on or after the date of program launch. All proposed dwelling units must meet the definition of a dwelling unit per the Zoning By-law and meet applicable zoning regulations and the requirements of the Ontario Building Code. Funded dwelling units must be used as dwelling units and may not be primarily used for short-term rental purposes.

**Program priorities:** Priority will be given to projects that achieve goals associated with funding the program from other orders of government. Initial funding for the CIP was through the federal government's Housing Accelerator Fund (HAF). To achieve the City's commitments through HAF, projects that meet one or more of the following criteria will be prioritized:

- Projects located within 1500 metres of rapid transit as delineated in Appendix A
- Projects that incorporate Affordable Housing Units
- Projects that have a plan to achieve building permit issuance by October 31, 2026

The programs may limit the number of units funded that do not align with one or more of these priorities.

**Complete application:** Applications for a financial incentive(s) in this CIP must be complete for the City to proceed to review. The complete application requirements will be outlined on the application form and will include a completed application form and may include supporting materials as required by the City, such as work plans, cost estimates and contracts, a concept plan and any additional information required at the discretion of the City to evaluate the proposal.

**Compliance with bylaws:** Projects must comply with the Ontario Building Code and all other relevant planning policies, by-laws and standards. The subject properties shall not be in a position of tax arrears, litigation or other debts with the City of Kitchener.

**Legal Agreement:** An agreement between the City and the owner, non-owner applicants who have received approval from the property owner to construct the project will be executed to the satisfaction of the City, for any of the incentives offered by the CIP and may incorporate the following:

- The agreement may be registered on title to the property (at the discretion of the City Solicitor).
- The agreement will indicate the required affordability period for qualifying affordable housing units. If commitments are not met for the affordability term, full or partial repayment of any grants, together with any applicable costs and interest may be required.

- The agreement may establish a deadline for building permit issuance for each eligible unit beyond which a project is no longer eligible to receive the approved grant funding.

**Tenant Occupancy:** Proof through a lease or other documentation may be required by the applicant to the City to demonstrate that affordable dwelling units that received funding are occupied by a tenant for the term of any incentive offered by this Plan. The property owner will select the tenant household.

## 4.2. Additional Dwelling Units Grant

**What it is:** Grants to help offset **all or a portion of the cost of development charges** associated with building Additional Dwelling Units (ADUs).

**Why it matters:** This grant makes it easier and cheaper for property owners to add rental units, increasing housing supply, mix of unit types, and affordability in Kitchener's neighborhoods. Development charges were identified as a barrier to building additional dwelling units which has led to some property owners choosing not to proceed with as many ADUs (or none at all) despite enabling zoning regulations. It also supports affordability including lower energy costs and the CMHC design catalogue by incentivizing high energy performance and accessible designs.

### 4.2.1. Program Details

Additional Dwelling Unit grants help offset the total cost of development charges including applicable City, Region and education development charges per the following program details:

- Grants for the **first and second ADU** associated with a single detached dwelling, semi-detached dwelling or street fronting townhouse dwelling shall cover **100% of the cost of development charges for applicable educational DCs**.
- Grants for the **third ADU** associated with a single detached dwelling, semi-detached dwelling or street fronting townhouse dwelling:
  - **50% of City, Regional and educational DCs** as base incentive; or
  - **100% of City, Regional and educational DCs** for units that commit to providing one of the following:
    - a minimum of one Affordable Housing Unit for a prescribed affordability period (5 years); or
    - energy efficiency measures (a combination of two or more of the following that exceed the minimum requirements of the Ontario Building Code: heat pump, energy recovery ventilator (ERV), triple-

- pane windows, solar panels, and other innovative building systems that support efficiency to the satisfaction of the City); or
- o a minimum of one barrier-free unit (per specifications of the Ontario Building Code)
- Within the geographic boundaries of the CIPA, the amount of the grant may vary to cover 50% or 100% of the total development charges (per the program details above) within Suburban and Central areas as delineated in the City's Development Charges By-law, accounting for varying Development Charge rates.

#### *4.2.2. Eligibility Criteria*

In addition to Section 4.1, the following criteria also apply to the Additional Dwelling Units Grant Program:

- ADU formats include those permitted by the City's Zoning By-law including ADUs attached and detached.
- Qualifying ADUs may take the form of:
  - o Adding new floor space to create one or more ADUs (attached or detached).
  - o Converting an existing space (e.g., basement, garage, attic) to create one or more ADUs (attached or detached).
- Eligible projects may include up to three new ADUs associated with a single detached, semi-detached or street fronting townhouse dwelling unit.
- Eligible projects may include legalizing units that were previously established without required permits.
- Family members are eligible tenants.

### 4.3. Missing Middle Affordable Housing Grant

**What it is:** Grants of up to **\$25,000 per affordable unit to a maximum of \$500,000** to help offset the upfront costs associated with planning, designing and achieving approvals for affordable housing units in a missing middle format with a minimum of 5 units and a maximum of 8 storeys.

**Why it matters:** This grant makes it easier and cheaper for developers to add affordable housing units in a missing middle format, increasing mix of housing supply formats and affordability in neighborhoods. This grant focuses on priority groups that are identified to have the highest needs for affordable housing as reflected in Kitchener's housing needs assessment.

#### *4.3.1. Program Details*

Missing Middle Affordable Housing grants help offset the upfront cost of associated with planning, designing and achieving approvals for affordable housing units in a missing middle format per the following program details:

- Up to \$25,000 per Affordable Unit to a maximum of \$500,000 per project to offset the pre-construction planning, design and approvals costs for affordable housing in a missing middle format.
- Qualifying costs include the following and other similar costs:
  - Municipal and agency fees and charges (including applicable development charges),
  - Consultant service fees (such as planning, design, legal, property appraisal, environmental, engineering)

#### *4.3.2. Eligibility Criteria*

In addition to Section 4.1, the following criteria also apply to the Missing Middle Affordable Housing Grant Program:

- Projects must include a minimum of 5 dwelling units in either a multiple dwelling or a mixed-use building and have a maximum height of eight storeys, as defined by the City's zoning bylaw.
- With the exception of the Additional Dwelling Unit Grant, projects may concurrently qualify for this program and to other City incentives, however, eligible expenses may only be attributed to one City incentive program.
- Awarded projects must maintain Affordable Units for a minimum of 25 years from the date of first occupancy.
- Priority is given to special programs designed to relieve hardship or economic disadvantage by providing Affordable Units to one or more of the following key priority groups identified in the City's housing needs assessment:
  - Women and women led households
  - LGBTQ2S+
  - Seniors 65+
  - Young adults aged 18 to 29
  - Indigenous Peoples
  - Visible minorities/racialized people
  - Recent immigrants, especially refugees
  - People with physical health or mobility challenges or developmental disabilities
  - People with mental health and addictions issues
  - Veterans

- People experiencing homelessness
- Priority will be given to projects that incorporate Affordable Units that are a minimum of two bedrooms in size and include a variety of unit sizes including three- and four-bedroom units which is a recognized need for key priority groups through the City's housing needs assessment.
- Funding will be distributed at key pre-construction project milestones including but not limited to complete application submissions and approvals and building permit issuance or fundraising milestones.

## 5. Program Administration

### 5.1. Administrative Roles and Responsibilities

- This CIP will be administered by the City's Planning and Housing Policy division in collaboration with Building, Finance, Legal, and other divisions as needed.
- An application form created by the City's Planning and Housing Policy division will be completed by applicants and submitted with applicable supporting documentation as identified in the application form.
- Applications will be reviewed and approved by the Director of Planning and Housing Policy, or their designate. If an applicant is not satisfied with the Director's decision, they may submit a written request for an internal review within fourteen (14) days of receiving the decision. Once the internal review has been completed, the findings will be provided to the applicant in writing. Should the applicant remain dissatisfied, they may notify the City in writing within fourteen (14) days of receiving the internal review results that they wish the matter to be referred to Council. Staff will then prepare the matter for Council's consideration at the next available Council meeting. The determination of Council shall constitute the final decision on the application.
- The General Manager, Development Services, their designate, or their successor in title, is authorized to execute all agreements and other related documentation subject to the satisfaction of the City Solicitor which may be required to administer the CIP.
- The CIP program will be administered until all available funding has been awarded at which time it may be continued or discontinued based on available funding sources.

### 5.2. Implementation Period

The CIP is expected to be implemented over ten years, beginning in 2026 ending in December 2036. City Council may extend or shorten this period as needed, subject to an approved budget.

### 5.3. Financial Management

- The City may implement any of financial incentives outlined in this Plan during the implementation period, depending on the availability of City funds and/or other resources.
- For 2026 and 2027, HAF funding will be assigned to support the achievement of the City's HAF targets.
- Subject to assigning all allocated HAF funding, starting for the 2028 budget year, as part of the annual City budgeting exercise, a CIP budget will be identified for financial incentives that be put into effect for that year, if any, and the maximum value established for that period. Where available, funding from other orders of government may be used to supply this budget.
- In effort to ensure an equitable distribution of funding, the City may impose maximum unit caps per project or per applicant that is eligible for funding through the CIP, at the discretion of the General Manager, Development Services.
- Financial incentives may be accepted on a first-come, first-served basis until funding for that year is exhausted, strategic targets have been achieved, or at the discretion of the Director of Planning and Housing Policy. As an alternative approach, the Director of Planning and Housing Policy may set deadlines for application submissions, with all applications evaluated according to that deadline considered program priorities.
- Funding for the CIP from other orders of government may also include restrictions on timing, level and advancement of funds, which may be imposed by the discretion of the General Manager, Development Services.

### 5.4. Payment

- If an approved project has not proceeded within one year of the financial incentive being approved, or per any CIP funding eligibility criteria from another order of government, the applicant will no longer be eligible. The City may grant discretionary extensions when justified, however, undue delay beyond an agreed timeframe may result in the grant or loan allocation being revoked.
- Actual costs for which the financial incentive has been provided may be subject to audit by the City or the City's approved consultant (at the applicant's cost).
- In the event of the sale, conveyance, transfer or entering into of any agreement of purchase and sale or other transfer of the title of the subject property by the owner, the City shall have absolute discretion to request the full repayment of any financial incentive.

## 5.5. Monitoring

- The CIP is monitored to track progress relative to achieving housing targets associated with goals of this Plan, addressing the key priorities of the City's ongoing housing needs assessments, and commitments through funding by other orders of government including the program's initial funding through the federal Housing Accelerator Fund.
- The effectiveness of the CIP will be reviewed and reported annually to Council based on established monitoring indicators.
- City staff may recommend incorporating additional program streams or other amendments to the program structure identified through monitoring.

## 5.6. Adjustments and Amendments to this Plan

### 5.6.1. *Staff-level adjustments*

- Minor and technical amendments, such as the correction of typographical errors, revisions to definitions and administrative details of specific programs, may be made by City staff with the approval of the City's General Manager of Development Services or their successor in title,
- Amendments that may be required by other orders of government funding programs may also be made by City staff with the approval of the City's Manager of Development Services or their successor in title.
- The City's General Manager of Development Services, their delegate or their successor is authorized to approve all City policies, applications, further eligibility criteria, and documents required to fully implement the programs set out in this CIP.

### 5.6.2. *Amendments requiring a Council decision*

Formal amendments to this Plan or the CIPA are required in the following instances in accordance with the Planning Act which require passing of a bylaw to adopt such amendments:

- Modifications to the CIPA, as set out in the City-approved by-law;
- To introduce new financial incentives to the CIP that has not been adopted by a City-approved by-law;
- To make changes to the types of eligible projects or eligibility criteria for the program streams which have been adopted by a City-approved by-law with the exception of any additional criteria being added in accordance with section 5.6.1 above;
- To make changes to the value or calculation of grants as adopted by a City-approved by-law; and

- City Council may also discontinue any of the programs contained in this Plan without an amendment.

Attachment A. Priority Locations: Properties within 1500 metres of rapid transit including GO train service

