

COVID-19 and housing implications in the Region of Waterloo: amplified challenges and proactive planning

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Executive Summary

The pandemic has amplified and accelerated an already existing housing crisis within the Region of Waterloo. Existing challenges of affordability across the housing spectrum have been augmented by growing demands for more living space, especially for people now working from home as well as unemployment placing a greater strain on many households' budgets.

There will be pressure from some shift development patterns to reorient growth to greenfield sites on the periphery of the urban region as a solution to shifting demand for housing as a result of the pandemic. We argue in this report that this is neither desirable (because suburban sprawl has many negative externalities associated with it), nor necessary, particularly since the Region of Waterloo has developed intensification policies for several decades. Instead, we suggest continuing to support intensification policies, albeit with more direct intervention to stimulate the development of larger units and more affordable, non-market housing.

While there is demand for greater and better living space to deal with multiple issues arising from the pandemic, we find no clear evidence that this also translates to a growing demand for automobile-dependent living that is associated with suburban sprawl in contemporary cities.

Our report articulates multiple ways in which the housing challenges of affordability, growth management and demand for increased living space can be addressed primarily within the existing urban footprint. To do so, however, requires a variety of proactive interventions from all levels of government, including the Region of Waterloo, as well as utilizing a variety of non-market actors and housing approaches.

We are also keen to stress in this report that there remains a need for informed decision-making when formulating regional and local policy. This can be done in conjunction with researchers, but also by engaging with a variety of actors, stakeholders and residents. The recent cancellation of bike lanes in Cambridge was worrying because the decision appears not to have been based on rigorous research, in-depth or meaningful community engagement or informed policymaking, but rather acquiescing to a small number of loud and vocal complaints by those opposed to bike lanes. Such an approach to policymaking in the housing realm would inhibit the Region of Waterloo's ability to continue its growth management strategy of compact development and sustainability.

There are three key areas through which COVID-19 could shape housing market outcomes within the Region of Waterloo:

- **Migration:** The potential for greater intra-provincial migration flows into Waterloo Region, and specifically the continued out-migration from the GTA;
- **Affordable housing:** Growing demand for all types of affordable housing due to the economic consequences of COVID-19, with specific attention towards newly unemployed individuals and vulnerable populations such as the unsheltered;

- **Design:** Shifting demands for housing that include greater space within a dwelling (to accommodate working from home) and more outdoor space of high quality.

Intra-provincial migration, specifically from the GTA

Waterloo Region is the fastest growing urban area in Canada, with most of this growth coming from intra-provincial migration, largely from the GTA. Several factors could accelerate this trend, including: growing demand for more spacious living, cheaper prices in the Region of Waterloo, and prolonged or indefinite periods of working from home, the latter point reducing the need to reside in close proximity to employment. Between 2011 – 2016, 17.5% of all intraprovincial migrants to the Region of Waterloo came from the City of Toronto. 43.8% came from the GTHA (including Toronto) and 22.7% from the outer Greater Golden Horseshoe (including Guelph).

Few studies have empirically examined these migration trends away from big cities during the pandemic. Those that have been conducted do demonstrate evidence of greater desires for more living space, and for more and better outdoor space than can be found in the centres of big cities such as Toronto or New York (i.e. in small condo units downtown). In Toronto, the comparative affordability of mid-sized cities within one and a half hours is also part of their appeal. Other factors include a robust economy, high quality of life and ample greenspace. In sum, both push and pull factors play a role in making the Region of Waterloo attractive to migrants from the GTA and are likely to remain strong, or ‘pandemic resistant’.

Affordable Housing: growing demand across the spectrum

Due to higher levels of unemployment, particularly among young and low-income segments of the population, there is expected to be an increase in demand for affordable housing across the affordable housing spectrum as a result of the pandemic. Speculation, short-term rentals (e.g. Airbnb) and Real Estate Investment Trusts (REITs) have all contributed to reducing the supply of affordable housing. This was evident before the pandemic arrived and also appears to be evident during it.

Evictions, particularly so-called ‘renovictions’ – where low-income tenants are evicted so that their properties can be renovated and rented at higher rates – were a major issue before the pandemic. While the provincial government halted evictions in March 2020, reports of landlord harassment of tenants continued and by July, the Ontario Landlord and Tenant Board received more than 6,000 applications to evict tenants for not paying rent during the pandemic.

Local governments can work actively with non-profits, such as the Social Development Centre Waterloo Region or the Waterloo Region Community Legal Services, who are actively working to monitor and track displacement, as well as support tenants facing eviction.

It is becoming increasingly clear that local governments need to take a more proactive role in affordable housing in order to provide long-term solutions, particularly for unsheltered communities. Policy responses can include:

- a housing first approach to dealing with homelessness;
- utilizing publicly-owned land (such as the former Charles Street Bus Terminal) for the construction and development of permanently affordable housing; and
- supporting Community Land Trusts, or organizations such as The Working Centre in the acquisition of property and the development of housing.

Good design as a way of balancing shifting demand for housing with sustainable growth policies

There is no evidence to suggest that density in and of itself is a contributing factor to the spread of COVID-19. Rather, growing evidence suggests that overcrowding – when people live in tight quarters designed for fewer people than currently reside there – is a major factor. Overcrowding can occur at a variety of densities and disproportionately affects low-income and visible minority households, the latter in particular have also seen far higher rates of COVID-19 infection than their share of the population.

However, while density is not a contributing factor to the spread of COVID-19, there is growing demand for larger housing units and better quality indoor and outdoor space within residential units and the neighbourhoods they are situated in. This context will lead some voices to call for more sprawling, single-detached housing on the periphery of urban regions. As we have noted, this comes with its own social, economic and environment consequences. Therefore the challenge is how to meet these shifting demands for housing without defaulting to the production of more urban sprawl?

How can demand for more/better indoor and outdoor living space be accommodated within the existing urban footprint in Canada's fastest growing urban region?

- First we must unpack what these shifting demands are. There is no evidence to suggest that the growing demand for greater living space equates to a rising demand for automobile-dependent living that is central to suburban sprawl.
- Waterloo Region offers many of the extra space demands sought by those interested in leaving crowded larger cities (new condo developments in the region's core being a notable exception to this).
- Therefore, a shift may be necessary to stimulate the development of larger units within the urban core, rather than pursuing the existing, hands-off approach that has led to a large number of very small units being constructed – this can come through both planning incentives and developing publiclyowned land.
- 'Missing Middle' forms of housing (housing types between detached houses and tall towers) can provide increased density, larger units, ample public and green space that contributes to a high quality urban environment.
- Good housing policy in response to the pandemic will focus on housing that meets various aspects of community demand (larger units, affordable housing), rather than building what is most profitable for investors (small condo units that can be rented out)
- Good quality design of public spaces to accommodate increased demand for outdoor space as well as active transportation is important to satisfying demand for greater and better outdoor space, especially when this is not possible within an individual unit, such as in multi-family dwellings (apartments and condos).

While the pandemic raises many new challenges, pursuing good planning, growth management and design policies remains essential. This is particularly important due to the continued need to pursue sustainability goals to reduce green house gases.

Therefore a more proactive and interventionist approach to housing is not only required to deal with growing challenges of affordability and the inability for the private market to address all housing needs. It is also required if the Region is to remain committed to the smart growth and compact-city policies that have defined its housing policy for almost twenty years and made it a leader in sustainable urban development in North America. It is possible to continue to grow in a sustainable and equitable way that does not result in the loss of precious and much-loved greenspace and unchecked automobile-dependent development. To do this in a just and equitable way will require addressing important questions about where housing gets built, what type of housing it is, who builds it and who profits from it.

1. Introduction

The following is a discussion of possible impacts of COVID-19 on housing (both market-driven and affordable housing) in Waterloo region, and its implications for regional and local government. Although the local level of government has limitations on the change it can effect in the private housing market (e.g., market housing versus non-market housing), various supply-side interventions from a local government can help to set the tone for and direct a community's housing supply in the public interest (e.g., through zoning, land/development incentives, fast-tracking approvals, the building of community infrastructure which stimulates housing demand, or by directly investing in new housing stock). In Waterloo Region, local governments (organized in a two-tiered structure) have long maintained some influence on the supply and spatial location of housing stock in order to deliver on planning policy goals regarding urban containment, density targets, and overall sustainability.

The focus of this discussion paper is on the implications of the current COVID-19 pandemic for local housing markets in Waterloo region, to help identify a potential role of local government in responding to these challenges. Overall, the current context warrants local governments taking a more active approach to managing housing supply, both market-driven and non-market housing, in order to address COVID-related housing challenges.

We identified three key areas through which COVID-19 could shape housing market outcomes over the short-, medium-, and long-term:

- **Migration:** The potential for greater intra-provincial migration flows into Waterloo Region, and specifically the continued out-migration from the GTA;
- **Affordable housing:** Growing demand for all types of affordable housing due to the economic consequences of COVID-19, with specific attention towards newly unemployed individuals and vulnerable populations such as the unsheltered;
- **Design:** Shifting demands for housing that include greater space within a dwelling (to accommodate working from home) and more outdoor space.

We are keen to stress that many of these trends and housing challenges in Waterloo Region pre-date COVID-19. It is becoming increasingly evident that the pandemic has amplified the already existing housing needs, challenges and inequities in the region and beyond, while also introducing new ones as well¹. These housing challenges will also need to be addressed within a wider context of pursuing existing goals of sustainability, growth management and the preservation of greenspaces and farmland. Good and responsible planning is still required. To balance these existing planning objectives while addressing pandemic-related challenges will require a direct and active intervention in both market and non-market housing on the part of local governments.

Recent evidence suggests that the current trends in the housing market are exacerbating existing inequalities due to sharp increases in prices of single-detached houses and housing in desirable areas across Canada, and historically low-interest rates, which tend to favour those with access to capital, rather than low-income households. In other words, trends

¹ See Gurría, A. (2020, July 31) COVID-19 is compounding housing inequities worldwide. Here's how to fix that. *Fortune*. <https://fortune.com/2020/07/31/covid-housing-impact-affordability-sustainability/>

indicate that the benefits of how the housing market has fared during the pandemic are not being felt by individuals and households who need the most assistance².

As a result, there is a growing discussion of a 'K' shaped recovery from the pandemic: some households or segments of society will see their economic position improve as a result of the pandemic, while for others, it will get worse³. This is becoming increasingly evident in housing, employment and wealth, which are all inter-related. As with many other inequities, race, class and gender are important fault lines to understand as we move forward through this pandemic.

Information for this report has been drawn from a combination of local, national and international media sources about the impact of the pandemic on housing, scholarly articles and existing policy reports. In the remainder of the report, we will examine these three interrelated areas in more detail. To end, we provide some guidance as to where planning and policy attention should be directed to ensure that everyone has access to safe and affordable housing in Waterloo Region.

2. Migration: Intra-provincial migration, specifically from the GTA

Waterloo Region is the fastest growing urban area in all of Canada, with an annual growth rate of 2.8% in 2019⁴. Unlike larger urban areas, where immigrants from abroad represent the largest share of new inhabitants, most of Waterloo Region's growth is attributed to intra-provincial migration. In other words, people moving from elsewhere in Ontario into Waterloo Region. This trend has driven growth in regions such as Waterloo for several decades⁵.

Housing in Waterloo Region is therefore heavily influenced by its proximity to the Greater Toronto Area (GTA). The trend of moving further out along the 401 in search of more affordable housing options is not new. However, the pandemic may accelerate these patterns, as well as contribute to rising house prices in the region⁶. Several factors could influence more households to leave the GTA and relocate to Waterloo Region in the coming years.

² Pitts, D. (2020, August 10) From real estate to business, signs the pandemic is boosting wealth concentrations. *CBC News*.

<https://www.cbc.ca/news/business/covid-19-business-interest-rates-real-estate-1.5678541>

³ Dubb, S. (2020, August 18) K shaped "recovery" widens gulf between haves and have-nots. *Non-Profit Quarterly*. <https://nonprofitquarterly.org/k-shaped-recovery-widens-gulf-between-haves-and-have-nots/>;

Long, H. (2020, August 13) The recession is over for the rich, but the working class is far from recovered, *Washington Post*. <https://www.washingtonpost.com/road-to-recovery/2020/08/13/recession-is-over-rich-working-class-is-far-recovered/>

⁴ Davis, B. (2020, February 14) Waterloo Region the fastest growing urban area in Canada. *Waterloo Region Record*. <https://www.therecord.com/news/waterloo-region/2020/02/14/waterloo-region-the-fastest-growing-urban-area-in-canada.html>

⁵ Hou, F., & Bourne, L. (2006) The migration-immigration link in Canada's gateway cities: A comparative study of Toronto, Montreal, and Vancouver. *Environment and Planning A*, 38, 1505-1525; Ley, D. (2007) Countervailing immigration and domestic migration in gateway cities: Australian and Canadian variations on an American theme. *Economic Geography*, 83, 231-254.

⁶ Davis, B. (2020, September 3) Dozens of bids, offers \$100,000 over asking define an "absolutely wild" real estate market. *Waterloo Region Record*.

<https://www.therecord.com/business/real-estate/2020/09/03/no-summer-slumber-for-local-real-estate-market-as-august-sales-record-set.html>

The first is that there is likely to be a demand for more spacious housing units, especially if a prolonged period of working from home means that homebuyers are now searching for dwellings with adequate home office space, or enough room to self-isolate. Likewise, demand for private, outdoor space is likely to increase. The second factor is that proximity to employment (particularly office-based) may have less value to potential homebuyers if working from home negates the need to commute to work each day. Several prominent companies, including Shopify, have announced that they are switching to a permanent work-from-home model⁷. Even for others, the need to only occasionally visit an office means that residing further away from work in the GTA will not necessarily result in more total commuting times. Small- and mid-sized cities, particularly in the outer belt of the Greater Golden Horseshoe (Waterloo, Brantford, St. Catherines, Peterborough) meet these new housing demands because they offer more space at lower costs than housing in Toronto and its immediate suburbs.

To date, there have been few empirical studies on whether or not people are actually moving away from larger cities because of the pandemic. Globally, commentators speculated on the future of large cities and whether they will remain feasible in the COVID era⁸, with special attention given to how city dwellers are likely to seek out suburban living in large numbers if the remote-work trend persists⁹. Redfin, a real estate brokerage in the United States, conducted a survey in May 2020 of 900 of its currently-employed users and customers based mainly in four metropolitan areas: New York, Boston, San Francisco and Seattle.¹⁰ The results indicated that more than 50% of people in these four metros would move if they were to work from home permanently. The likely moves were from these main metros to surrounding mid-sized or smaller urban areas, such as Sacramento (San Francisco), Tacoma (Seattle), and New Hampshire (Boston)¹¹.

This topic has received significant media attention in Ontario and particularly in Toronto¹². While there is not yet concrete data, a recent *Toronto Star* article stated that

⁷ See: Shopify permanently moves to work-from-home model. *CBC News*. 21 May 2020. <https://www.cbc.ca/news/canada/ottawa/shopify-pandemic-staff-ottawa-1.5578614>

⁸ Michael, C. (2020, June 25) Dystopia or utopia? The future of cities could go either way. *The Guardian*. <https://www.theguardian.com/commentisfree/2020/jun/25/dystopia-or-utopia-the-future-of-cities-could-go-either-way>

⁹ Florida, R. (2020, July 2) The forces that will reshape American cities. *Bloomberg CityLab*. <https://www.bloomberg.com/news/features/2020-07-02/how-coronavirus-will-reshape-u-s-cities>; see also: Haag, M. (2020, August 30) New Yorkers are fleeing to the suburbs: “The demand is insane”. *The New York Times*. <https://www.nytimes.com/2020/08/30/nyregion/nyc-suburbs-housing-demand.html>; Sheehan, K. & Sheehy, K. (2020, August 30) Moving companies in such high demand as New Yorkers flee city. *New York Post*. <https://nypost.com/2020/08/30/moving-companies-in-such-high-demand-as-new-yorkers-flee-the-city/>

¹⁰ To derive statistics for the country, the responses were weighted by population in an attempt to stop the four main metros from skewing the data. Respondents were questioned on their remote working patterns before, during, and after the COVID-related shutdowns, and their preference to move to other areas or cities.

¹¹ Ellis, T. (2020, May 15) Post-pandemic migration from expensive cities likely as 1 in 4 newly remote employees expect work-from-home to continue. *Redfin*. <https://www.redfin.com/blog/wfh-leaving-new-york-san-francisco/>

¹² Kalinowski, T. (2020, July 21) COVID-19 has home buyers seeking greener pastures in the countryside and suburbs. *The Toronto Star*.

Torontonians were “fleeing” the city for cheaper homes and more space, although the article notes that this is a “perceived” trend. Colleen Koehler, President of the Kitchener Waterloo Association of Realtors, recently suggested that upwards of 50% of agents showing properties to clients in the Waterloo region in July, were actually GTA agents.¹³ The Ontario Real Estate Association conducted an online survey of 1,073 Ontario residents in May¹⁴ and found that demand for housing is currently shifting with buyers seeking bigger properties with more space/amenities (28%) and more outdoor space (25%).¹⁵

For a variety of reasons, house prices, particularly for single-detached dwellings, continue to rise both in the GTA¹⁶ and Waterloo Region¹⁷. Reduced inventory on the market plays a role in this; in July 2020, inventory was 28% lower in the Region of Waterloo than it was in July 2019¹⁸. In August, the median price of all properties sold in the region was \$597,955, an increase of 20.8% compared to August 2019¹⁹.

Demand for single-detached homes is very strong and prices for these houses in Waterloo Region rose 23% between July 2019 and July 2020²⁰. Demand for condominiums, which are largely market-drive, do not appear to be as robust as the single-detached home market. Similar sales figures saw price increases of 15.2% for condominiums, 12.8% for townhomes and 20.4% for semi-detached²¹. This is in line with international evidence suggesting demand for apartment living is slowing compared to the demand for living in houses²².

Both ‘push’ and ‘pull’ factors that attract people to settle in Waterloo Region from elsewhere in the Greater Golden Horseshoe (GGH) have been amplified because of the

<https://www.thestar.com/business/2020/07/21/covid-19-has-home-buyers-seeking-greener-pastures-in-the-countryside-and-suburbs.html>

¹³ *Housing prices booming in region* [video file]. CTV. 6 August 2020.

<https://kitchener.ctvnews.ca/average-detached-home-price-hit-745k-in-waterloo-region-last-month-report-1.5053483>

¹⁴ The survey targeted residents older than 18 years who were active in the real estate market. It was conducted by Nanos Research Group from 7 to 15 May. The total participants were weighted by age and gender based on StatsCan data. The sample is geographically stratified and is representative of Canada.

¹⁵ Ontario Real Estate Association (2020, June 29) COVID-19 pandemic impacts consumer perceptions when it comes to buying or selling a home. *Ontario Real Estate Association*.

<https://www.orea.com/News-and-Events/News-and-Press-Releases/Press-Releases/Jun-9-2020>

¹⁶ Kalinowski, T. (2020, July 20) The price of your home in Toronto or GTA keeps going up and up, defying COVID crisis. *The Toronto Star*.

<https://www.thestar.com/business/2020/07/20/the-price-of-your-home-in-toronto-or-gta-keeps-going-up-and-up-defying-covid-crisis.html>

¹⁷ Davis, B. (2020, August 6) House prices soar in Kitchener and Waterloo. *Waterloo Region Record*. <https://www.therecord.com/business/real-estate/2020/08/06/house-prices-soar-in-kitchener-waterloo.html>

¹⁸ Shetty, A. (2020, August 12) Rise in house prices caused by low inventory during pandemic: KWAR. *KitchenerToday.com* <https://www.kitchenertoday.com/coronavirus-covid-19-local-news/rise-in-house-prices-caused-by-low-inventory-during-pandemic-kwar-2630734>

¹⁹ Davis, B (2020, September 3) Dozens of bids, offers \$100,000 over asking define an “absolutely wild” real estate market. *Waterloo Region Record*.

²⁰ Davis, B. (2020, August 6) House prices soar in Kitchener and Waterloo. *Waterloo Region Record*.

²¹ See: <https://kwar.ca/july-2020-home-sales/>

²² (2020, September 5) Demand for apartments is flatlining in Britain. *The Economist*.

pandemic. Push factors for leaving bigger cities include expensive and small properties, lack of access to green space, noise and pollution. The potential need to self-isolate and a greater share of the population working from home (which requires both more private living space and negates the need to be physically close to the office) contribute to increasing these push factors.

The pull factors drawing households to the Region of Waterloo complement these push factors and are likely to remain strong, or ‘pandemic resistant.’ They include robust employment prospects in a variety of sectors such as tech, education/research, manufacturing and insurance which have remained strong economic sectors during the pandemic. These diverse economic sectors have also meant that demand for office space is still strong in the region.²³ Housing in Waterloo Region is also cheaper than in the GTA, and prospective buyers can obtain a larger property with more indoor and outdoor space than is possible in the Toronto market. In August 2020, the average price of a detached home in the region was \$675,000; however in the GTA detached homes averaged almost double that price, at \$1,172,880²⁴. The Region also offers good access to green space and nature, as well as a less crowded and congested lifestyle, all aspects that are becoming more desirable among many households during the pandemic.

Therefore, the pandemic may provide the right impetus for households who have been contemplating relocating to actually make the move. A recent *Toronto Star* article quoted the Royal LePage CEO Phil Soper stating that the pandemic has “supercharged” this pattern that was already present and aided by the use of technology: “It was already a trend and now that trend is accelerating²⁵.” There is even a new website – 90 Minutes from Toronto – that provides information about communities an hour and a half from Toronto, for those who might be interested, or are forced to leave the city²⁶.

The likelihood that this trend will accelerate as a result of the pandemic is also rooted in longer-term demographic shifts. Most of the population increases in large cities, such as Toronto, stem from international migration. However, Toronto, York Region and Peel Region all lose more intra-provincial migrants than they gain. In other words, big cities gain population because of international migration, mid-sized cities grow because people leave those big urban areas and relocate to them²⁷.

²³ Thompson, T. (2020, June 9) Pandemic will change offices, but demand for office space still strong in region. *Waterloo Region Record*.
<https://www.therecord.com/news/waterloo-region/2020/06/09/pandemic-will-change-offices-but-demand-for-office-space-still-strong-in-region.html>

²⁴ Davis, B. (2020, September 3) Dozens of bids, offers \$100,000 over asking define an “absolutely wild” real estate market. *Waterloo Region Record*.

²⁵ Kalinowski, T. (2020, July 18) Torontonians are fleeing the city for cheaper homes, more green space and a balanced life. *The Toronto Star*.
<https://www.thestar.com/business/2020/07/18/house-hunters-escape-from-the-gta-picks-up-speed-due-to-covid-19.html>

²⁶ www.ninetyminutesfrom.com

²⁷ Hou, F., & Bourne, L. (2006) The migration-immigration link in Canada's gateway cities: A comparative study of Toronto, Montreal, and Vancouver. *Environment and Planning A*, 38, 1505-1525; Ley, D. (2007) Countervailing immigration and domestic migration in gateway cities: Australian and Canadian variations on an American theme. *Economic Geography*, 83, 231-254.

We will need to wait until migration data from the 2021 Census is published in order to truly get a sense of the scale of this migration and to what extent it has changed from the already-existing trends. We have analyzed a custom data set from the 2016 and 2006 Census to get a sense of the migration patterns already in place before the pandemic. According to the latest Census data, between 2011 and 2016, 5,650 people moved to Waterloo from other provinces in Canada (and remained to be counted in the 2016 Census) and 19,585 moved from outside of Canada. However, 38,870 people moved into the region from elsewhere in Ontario,²⁸. The vast majority of these migrants come from the Greater Toronto Area (GTA) (See Table 1).

This intra-provincial migration, specifically outflows from the GTA should therefore be closely monitored. These migration shifts are some of the key determinants of housing price, demand and accessibility. As the pandemic is placing greater emphasis on more living space, it is worth remembering that a condo owner in downtown Toronto can purchase an entire house for roughly the same price in the Region of Waterloo. While migration to Waterloo Region rests outside of local government control, there are many different measures and policies the Region can adopt in order to actively shape the local housing context, as we will discuss in the next sections.

Table 1: Intra-provincial Migration to Waterloo Region: 2006-2016 ²⁹						
	Kitchener-Waterloo-Cambridge CMA					
	2006		2016		2006-16	
Origin Point	Number of migrants to KWC 2001 - 2006	Percentage of Intra-provincial migration 2011-2016	Number of migrants to KWC 2011 - 2016	Percentage of Intra-provincial migration 2011-2016	Change in migrants 2006 and 2016 census	Percentage change in migrants 2006 and 2016 census
Total residents from different census subdivision	38,870	-	39,435	-	565	1.5
GTA	15,125	38.9	15,735	39.9	610	4.0
GTHA	17,015	43.8	17,895	45.4	880	5.2
Toronto	6,810	17.5	5,520	14.0	-1,290	-18.9
Hamilton	1,890	4.9	2,160	5.5	270	14.3
The '905' Regions	8,315	21.4	10,215	25.9	1,900	22.9
Peel	4,265	11.0	4,795	12.2	530	12.4

²⁸ In the 2016 Census, there were 61,770 intra-provincial migrants in the Kitchener, Waterloo, Cambridge CMA. The figure of 38,870 comes from subtracting the number of people who moved from one municipality to another within the Waterloo CMA (i.e. from Cambridge to Kitchener) Source: Custom data tabulation 19 - residential mobility 5 year data intra-provincial migration by CSD; Census Profile, 2016 Census of Canada, Kitchener, Waterloo Cambridge CMA. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=541&Geo2=PR&Code2=35&Data=Count&SearchText=kitchener&SearchType=Begins&SearchPR=01&B1=All&TABID=1>

²⁹ Census of Canada Custom Tabulation 19 – Catalogue Number 97C00001

Mississauga	2,585	6.7	2,830	7.2	245	9.5
Brampton	1,575	4.1	1,850	4.7	275	17.5
York	1,250	3.2	1,375	3.5	125	10.0
Halton	1,830	4.7	3,125	7.9	1,295	70.8
Oakville	570	1.5	630	1.6	60	10.5
Milton	430	1.1	1,210	3.1	780	181.4
Durham	970	2.5	920	2.3	-50	-5.2
Outer Ring Regions	8,805	22.7	9,885	25.1	1,080	12.3
Niagara	1,220	3.1	1,090	2.8	-130	-10.7
Waterloo	-	-	-	-	-	-
Wellington	4,595	11.8	5,175	13.1	580	12.6
Dufferin	300	0.8	300	0.8	0	0.0
Haldimand	80	0.2	95	0.2	15	18.8
Brant	1,235	3.2	1,500	3.8	265	21.5
Simcoe	850	2.2	1,090	2.8	240	28.2
Northumberland	135	0.3	140	0.4	5	3.7
Peterborough	275	0.7	330	0.8	55	20.0
Kawartha	115	0.3	165	0.4	50	43.5
Outside of the GGH	13,050	33.6	11,655	29.6	-1,395	-10.7

3. Affordable Housing: growing demand across the spectrum

The challenges facing Waterloo Region will not just be in the provision of market-rate housing to meet middle-class demand. Due to higher levels of unemployment, particularly among young and low-income segments of the population, there is expected to be an increase in demand for affordable housing across the affordable housing spectrum. This includes everything from sheltered accommodation to affordable home ownership. Active interventions in planning and policy will be necessary in order to address these challenges. As we will discuss later in this report, there are opportunities for local governments to address these challenges by developing and enhancing partnerships with non-profits, as well as utilizing publicly-owned land for the creation of new non-market housing units. Care will be needed to ensure a range of affordable housing options meets the growing and changing needs of the community. Consequently, housing stock should be conceived of as a continuous continuum catering to the full scope of a community's needs.

The forces driving housing markets are hard to control, have multiple stakeholders with diverging interests, and are not always tailored to actual demand for shelter and

accommodation. Waterloo Region has witnessed a boom in condominium development in recent years, particularly along the ION LRT route. The market for these properties appears to be moving forward, though not as robustly as the market for single-detached housing or larger units (the vast majority of new condo units are small, one-bedroom properties). These units have been particularly popular with investors, who purchase them and subsequently rent them out on the open market. As we discuss in the next section, many of these units, as they are currently designed, are less suitable to new housing demands as a result of the pandemic, such as adequate space to self-isolate or work/school from home.

In addition, the role of the short-term rental market (e.g. Airbnb) should not be underestimated. Studies have found that it has a profound impact on affordability and accessibility of the local housing market, particularly in core urban areas³⁰. In Waterloo Region, we have no accurate data on the number of condominium units that are either rented out as investment properties, or permanently placed on the short-term rental market. More information on this will help both plan a pandemic recovery, as well as wider strategic planning in housing and development.

In the private rental market, Real Estate Investment Trusts (REITs), have been active in purchasing multi-family apartment buildings in Waterloo Region; research has demonstrated that they can contribute to rising rental prices and displacement³¹. An ongoing research partnership between the University of Waterloo and the Social Development Centre Waterloo Region (SDC) has demonstrated that significant displacement pressure has been put on low-income tenants due to many different practices. This includes 'renovictions' - a process where landlords evict lower-income tenants, renovate their properties and subsequently rent them at higher rates to more affluent households³². This was highly problematic before the arrival of COVID-19, however the pandemic has worked to amplify these problems, particularly because there are very few affordable housing units available, particularly for someone on ODSP or OW. In downtown Kitchener, 44 and 48 Weber Street West are two examples of renovictions and the loss of deeply affordable housing that have been documented by local media³³.

³⁰ Wachsmuth, D., & Weisler, A. (2018). Airbnb and the rent gap: Gentrification through the sharing economy. *Environment and Planning A: Economy and Space*, 50(6), 1147-1170; Wachsmuth, D., Kerrigan, D., Chaney, D., and Shillolo, A. (2017) *Short-term Cities: Airbnb's Impact on Canadian Housing Markets*. <http://upgo.lab.mcgill.ca/airbnb/>

³¹ August, M. (2020). The financialization of Canadian multi-family rental housing: From trailer to tower. *Journal of Urban Affairs*, 1-23; August, M., & Walks, A. (2018). Gentrification, suburban decline, and the financialization of multi-family rental housing: The case of Toronto. *Geoforum*, 89, 124-136.

³² For more on life stories of displacement in Waterloo Region, see <http://www.waterlooregion.org/life-stories-of-displacement>

³³ (2015, July 28) 48 Weber Street West sold for \$2.4M to Toronto real estate developer. *CBC News*. <https://www.cbc.ca/news/canada/kitchener-waterloo/48-weber-street-west-sold-for-2-4m-to-toronto-real-estate-developer-1.3170974>; (2015, July 17) Urbanfund Corp. announces closing of sale of 48 Weber Street, 61 Roy and 65 Roy in Kitchener, Ontario. *Global Newswire*. <https://www.globenewswire.com/news-release/2018/07/17/1538409/0/en/Urbanfund-Corp-Announces-Closing-of-Sale-of-48-Weber-Street-61-Roy-and-65-Roy-in-Kitchener-Ontario.html>; Thompson, C. (2019, April 16) Caught up in the rapid changes transforming Kitchener's core; Evicted tenants struggling to find new homes as low-cost apartments undergo renovations. *Waterloo Region Record*, p. 3; Mercer, G. (2015, July 14) Tenants cleared out of troubled Kitchener building. *Waterloo Region Record*. <https://www.therecord.com/news/waterloo-region/2015/07/13/tenants-cleared-out-of-troubled-kitchener-building.html>

During the pandemic, our research is finding that these housing challenges persist, while at the same time, the closure of public spaces such as government buildings and libraries had a profound impact on very low-income individuals in obtaining information about the pandemic, respite from the cold/heat and the ability to use facilities such as washrooms while shelters or other sites were closed.

While the provincial government halted evictions in March 2020, there were many reports of landlords harassing tenants by threatening them with evictions³⁴. By July, the Ontario Landlord and Tenant Board received more than 6,000 applications to evict tenants for not paying their rent during the pandemic³⁵. Many tenants who lost their jobs because of the impact COVID-19 had on the economy were unable to pay some or all of their rent, even while receiving CERB payments from the federal government. Questions remain whether more landlords will pursue eviction notices for failure to pay rent during the pandemic as well as how many households will afford food, shelter and clothing when the CERB payments end.

In Toronto, housing advocates have created an eviction tracker, a simple online form that tenants can fill out to keep track of evictions and use this information to fight against them.³⁶ While no such organization has been actively tracking evictions during the pandemic in Waterloo Region, ongoing work by the Social Development Centre has been documenting and mapping displacement, as well as assisting with helping tenants facing evictions. The Waterloo Region Community Legal Services also works with low-income residents to provide legal representation in a variety of areas, including evictions. Partnering with these, and other nonprofits would be a helpful approach for local governments committed to ensuring everyone has a right to shelter during the pandemic.

It is clear that governments need to take a more active role in affordable housing. This is particularly true at the bottom of the housing market, specifically for marginalized and unsheltered communities. While the House of Friendship has temporarily moved into the Radisson Hotel, providing a safer and more dignified experience for its residents³⁷ and the temporary 'A Better Tent City' has been established at Lot42 on Ardel Street in Kitchener³⁸, it should be stressed that these are not long-term housing solutions. Both of these initiatives have been seen to be successful in providing emergency shelter during the pandemic.

The challenge will be to translate these successful temporary initiatives to alleviate the most pressuring housing issues during the pandemic into long-term, structural solutions to

³⁴ (2020, April 16) Some landlords found a loophole in Doug Ford's 'Evictions ban.' They're still threatening renters with eviction. *Press Progress*. <https://pressprogress.ca/some-landlords-found-a-loophole-in-doug-fords-eviction-ban-theyre-still-threatening-renters-with-eviction/>

³⁵ Gibson, V. (2020, July 25) More than 6,000 Ontario tenants could face eviction for nonpayment of rent during COVID-19, new figures show. *The Toronto Star*. <https://www.thestar.com/news/gta/2020/07/25/more-than-6000-ontario-tenants-could-face-eviction-for-nonpayment-of-rent-during-covid-19-new-figures-show.html>

³⁶ See: <http://torontocovidevictions.com/>

³⁷ Thompson, C. (2020, August 6) Kitchener hotel part of a better shelter system for the homeless. *Waterloo Region Record*. <https://www.therecord.com/news/waterloo-region/2020/08/05/kitchener-hotel-part-of-a-better-shelter-system-for-the-homeless.html>; Osman, L. (2020, April 21) Hotels for homeless people could tackle two crises at once: Advocates. *CTV News*. <https://www.ctvnews.ca/canada/hotels-for-homeless-people-could-tackle-two-crises-at-once-advocates-1.4905848>

³⁸ Latif, A. (2020, July 16) Tiny homes for the homeless. *Waterloo Region Record*, p. 3.

address the root causes of homelessness and the housing crisis. This will require more active interventions by all levels of government, including the Region. This involves building new, non-market affordable housing. This is particularly true for providing safe, stable and secure shelter for the estimated 250 - 750 unsheltered individuals in Waterloo Region, many of whom sleep under bridges, in parks or encampments which have not disappeared during the pandemic, despite the abovementioned interventions³⁹.

Many experts have been calling for a complete overhaul of the shelter system⁴⁰ with the pandemic amplifying and exposing (for those previously unaware) 'cracks' in our society and social safety net, specifically for those who were already in precarious living situations. For example, when the closure of all non-essential businesses and workplaces was announced in March 2020, many unsheltered people had few options for washrooms, food or respite from the elements,⁴¹ a common theme in research done in partnership with the SDC has also found.

There have been reports that support a 'housing first' approach to dealing with homelessness. For example, a letter from someone who had been given shelter in the Radisson, stated that, "I feel like for the first time in a long time I'm ready to tackle my addiction...I've been able to see a health care provider for the first time in over five years. I'm sleeping, really sleeping. I'm starting to feel like me...I realize I can live a life worth living, and that I can do this"⁴².

While waiting lists for subsidized housing were already very long within the Region of Waterloo (with waits of seven years or more common), this situation is likely to become worse because of the pandemic. Therefore more concerted efforts to address both the pre-existing shortcomings of the affordable housing system, as well as the new challenges brought about by COVID-19 are required. We are keen to stress that for this segment of the housing system, the public sector and nonprofit organizations must play a leading role.

The good news is that both regional and local governments possess large pieces of publicly-owned land that could be turned into future sites of affordable housing. For the Region, the most high-profile of these sites is the former bus terminal on Charles Street. There remains a considerable debate about what should be done with this site and advocates have called for it to be turned into affordable housing⁴³. This would be particularly advantageous to low-income

³⁹ Ibid.

⁴⁰ Thompson, C. (2020, June 18) Pandemic forced a transformation of Waterloo Region shelter system, housing experts say. *Waterloo Region Record*.

<https://www.therecord.com/news/waterloo-region/2020/06/18/pandemic-forced-a-transformation-of-waterloo-region-shelter-system-housing-experts-say.html>

⁴¹ Monteiro, L. (2020, March 16) Meals for the homeless continue at St. John's Kitchen, Ray of Hope. *Waterloo Region Record*. <https://www.therecord.com/news/waterloo-region/2020/03/16/meals-for-the-homeless-continue-at-st-john-s-kitchen-ray-of-hope.html>;

Seto, C. (2020, March 22) Self-isolation without a home: Waterloo Region's plan to support the homeless. *Waterloo Region Record*.

<https://www.therecord.com/news/waterloo-region/2020/03/22/self-isolation-without-a-home-waterloo-region-s-plan-to-support-the-homeless.html>

⁴² Thompson, C. (2020, June 18) Pandemic forced a transformation of Waterloo Region shelter system, housing experts say. *Waterloo Region Record*. <https://www.therecord.com/news/waterloo-region/2020/06/18/pandemic-forced-a-transformation-of-waterloo-region-shelter-system-housing-experts-say.html>

⁴³ Thompson, C. (2019, November 14) Former Kitchener bus terminal won't be redeveloped for at least two years. *Waterloo Region Record*.

households because many of the social services they rely on are already located in the downtown core. These include The Working Centre, St. John's Kitchener, Lutherwood, the Kitchener Public Library, Social Development Centre and many other essential services.

However, there are other important sites throughout the region that are already in public ownership that could serve as future sites of affordable, nonprofit housing to deal with these growing challenges. Surface parking lots offer the potential to be redeveloped into housing, particularly as the ION LRT and working from home has led to many parking spaces becoming surplus to daily requirements.

An example that the Region could follow comes from Toronto, where in July 2020, city council approved turning a municipally-owned parking lot in Kensington market into a new affordable housing development. The city will launch a competitive call for proposals to identify a nonprofit developer and operator to build new housing on this site⁴⁴.

Working to enable and support Community Land Trusts (CLT) is another approach that local governments can take to increase the supply of affordable, non-market housing⁴⁵. The Parkdale Community Land Trust in Toronto has been successful in acquiring an existing rooming house, thereby ensuring that this existing supply of affordable housing will remain so in perpetuity, despite sitting in a rapidly gentrifying neighbourhood. In Kitchener, the Working Centre's new supportive housing project on Water Street North follows similar principles.

Another Canadian example that has been successful in providing a range of affordable housing options is the Whistler Housing Association (WHA), that builds owner-occupied homes on publicly-owned land with stipulations in place to discourage speculation (owners must reside in the properties and must be employed in the region). This means these properties are decoupled from the speculative housing market, resulting in a single-detached home costing \$750,000, compared to more than \$2,000,000 on the open market. They also have a range of smaller units at lower prices. This scheme has proven extremely popular; in 2018, the waiting list was more than 650 people and only 28 properties were resold⁴⁶. While these homes do not address the bottom end of the housing spectrum, they provide affordable home ownership opportunities that will remain so in perpetuity. They are therefore part of creating *permanently affordable housing*, rather than affordable units that only remain so for a fixed period of time, often negotiated with developers as part of profit-driven projects⁴⁷.

While planning regulations can encourage private developers to build larger units and inclusionary zoning policies can assist with providing some affordable housing, the most

<https://www.therecord.com/news/waterloo-region/2019/11/13/former-kitchener-bus-terminal-won-t-be-redeveloped-for-at-least-two-years.html#:~:text=KITCHENER%20%2D%20The%20Region%20of%20Waterloo,stopped%20feeding%20into%20the%20terminal.>

⁴⁴ See: <https://mikelayton.to/2020/07/23/new-affordable-housing-in-kensington-market/>

⁴⁵ Roseland, M. & Boone, C. (2020, September 10) Community land trusts could help heal segregated cities. *The Conversation*.

<https://theconversation.com/community-land-trusts-could-help-heal-segregated-cities-144708>

⁴⁶ McElroy, J. (2019, January 24) Whistler's affordable housing model is below-market and free of speculation. Why isn't it used elsewhere? *CBC News*.

<https://www.cbc.ca/news/canada/british-columbia/metro-matters-whistler-1.4989556>

⁴⁷ (2019, March) Permanently affordable homeownership: a feasibility study. *Small Housing BC*. http://www.smallhousingbc.org/wp-content/uploads/2019/03/PAH-report_final.pdf

transformational change will take place on publicly-owned land. Therefore a recent push by cities to work with the federal government to purchase properties left vacant because of the pandemic is a promising and hopeful sign that more sites could come into public ownership that could quickly be turned into affordable housing. If this program develops, federal money could help cities to purchase properties set to be sold soon, rather than having to wait months or years for the construction of new affordable housing⁴⁸. Initiatives such as this, should they develop, would be an important part of turning successful temporary solutions to respond to the pandemic (such as using hotels as homeless shelters) into long-term transformative measures to dramatically reduce, or even eliminate homelessness.

4. Good design as a way of balancing shifting demand for housing space with sustainable growth policies

The examples in the previous section demonstrate that there are varied needs when it comes to affordable housing, as well as a plethora of solutions that already exist and are being implemented across the country. One important area to understand is exactly how demand and needs differ according to different segments of the population and, importantly, how these translate to different types of housing.

The Region of Waterloo is regarded as one of the leaders in North America when it comes to pursuing policies of smart and compact growth. These principles have a long history in planning and policy, with the Countryside Line and the development of the LRT being the two primary measures that have successfully worked to direct a majority of new development into the existing urban footprint, rather than as sprawl on former greenfield and agricultural sites.

We strongly believe that this sustainable approach to managing growth must continue and be modified to meet the new challenges brought about by the pandemic, rather than abandoning this model to return to a sprawl-centred growth policy. Continued and unchecked automobile-oriented sprawl is both detrimental to sustainability and environmental goals and targets, as well as to individual health and well-being.

There is no evidence to suggest that higher density is in and of itself a contributing factor to higher rates of COVID-19 infection⁴⁹. On the contrary, cities are good for public health in many ways. Their residents tend to walk and cycle more frequently as well as live in closer proximity to amenities such as grocery stores and medical facilities⁵⁰. Evidence from Toronto

⁴⁸ Press, J (2020, September 12) Mayors push Liberals on plan to buy distressed properties for affordable housing, *CTV News*. <https://www.ctvnews.ca/politics/mayors-push-liberals-on-plan-to-buy-distressed-properties-for-affordable-housing-1.5102244>

⁴⁹ Fang, A., & Wahba, S. (2020, April 20) Urban density is not an enemy of the coronavirus fight: evidence from China. *World Bank Blogs*. <https://blogs.worldbank.org/sustainablecities/urban-density-not-enemy-coronavirus-fight-evidence-china>; Coryne, H. (2020, April 30) In Chicago, urban density may not be to blame for the spread of the Coronavirus. *ProPublica Illinois*. <https://www.propublica.org/article/in-chicago-urban-density-may-not-be-to-blame-for-the-spread-of-the-coronavirus#:~:text=Series%3A%20Coronavirus-.In%20Chicago%2C%20Urban%20Density%20May%20Not%20Be%20to%20Blame%20for.live%20in%20the%20same%20household.>

⁵⁰ Wiener, S., & Iton, A. (2020, May 17) A backlash against cities would be dangerous. *The Atlantic*. <https://www.theatlantic.com/ideas/archive/2020/05/urban-density-not-problem/611752/>

indicates that the city's densest neighbourhoods have both some of the highest and lowest rates of COVID-19 infection⁵¹.

It is not density, but rather overcrowding, that researchers are increasingly emphasizing as being important to the spread of COVID-19. Density is the number of people that live within a geographic area, such as a square kilometre. Crowding, on the other hand, exists when people live in tight quarters that are designed for fewer inhabitants than the number currently residing there. Data collected this summer in Toronto shows that in areas with the highest rates of household overcrowding, infection rates were 568 per 100,000 people, compared with 144 per 100,000 in areas with the lowest rates of crowding⁵². Overcrowded housing disproportionately affects low-income and visible minority residents in cities across Canada and in other countries as well⁵³. Consequently, visible minorities comprise a far greater share of COVID-19 infections than their percentage of the population⁵⁴.

There are other reasons to reject the idea of promoting more sprawl as a solution to deal with COVID-19. Studies have shown that increased exposure to air pollution, caused primarily by automobile use, have exacerbated the negative health outcomes of COVID-19⁵⁵. Suburban sprawl also promotes a more automobile-dependent lifestyle, which also comes with its own health risks associated with a more sedentary lifestyle, including type II diabetes. Sprawl is also far more expensive for local governments to provide services and facilities to a more thinly-spread population.

However, while density is not a contributing factor to the spread of COVID-19, there is growing demand for larger housing units and better quality indoor and outdoor space within

⁵¹ Pitter, J. (2020, April 17) Urban Density: Confronting the Distance Between Desire and Disparity. *Azure Magazine*. <https://www.azuremagazine.com/article/urban-density-confronting-the-distance-between-desire-and-disparity/>; for Toronto data, see: <https://www.toronto.ca/home/covid-19/covid-19-latest-city-of-toronto-news/covid-19-status-of-cases-in-toronto/>

⁵² Grant, K. (2020, July 2) Data shows poverty, overcrowded housing connected to COVID-19 rates among racial minorities in Toronto. *The Globe and Mail*. <https://www.theglobeandmail.com/canada/toronto/article-data-show-poverty-overcrowded-housing-connected-to-covid-19-rates/>

⁵³ Carrington, D. (2020, July 19) Covid-19 impact on ethnic minorities linked to housing and air pollution. *The Guardian*. <https://www.theguardian.com/world/2020/jul/19/covid-19-impact-on-ethnic-minorities-linked-to-housing-and-air-pollution>; Pitter, J. (2020, April 17) Urban density: Confronting the distance between desire and disparity. *Azure Magazine*. <https://www.azuremagazine.com/article/urban-density-confronting-the-distance-between-desire-and-disparity/>; see also: Agyemen, J. (2020, May 27) Poor and black 'invisible cyclists' need to be part of post-pandemic transport planning too. *The Conversation*. <https://theconversation.com/poor-and-black-invisible-cyclists-need-to-be-part-of-post-pandemic-transport-planning-too-139145>

⁵⁴ Cheung, J. (2020, July 30) Black people and other people of colour make up 83% of reported COVID-19 cases in Toronto. *CBC News*. <https://www.cbc.ca/news/canada/toronto/toronto-covid-19-data-1.5669091>

⁵⁵ Carrington, D. (2020, April 20) Air pollution may be 'key contributor' to COVID-19 deaths - study. *The Guardian*. <https://www.theguardian.com/environment/2020/apr/20/air-pollution-may-be-key-contributor-to-covid-19-deaths-study#:~:text=%E2%80%9CThe%20results%20indicate%20that%20long,Germany%2C%20who%20conducted%20the%20research.>; Carrington, D. (2020, July 13) 'Compelling' evidence air pollution worsens coronavirus - study. *The Guardian*. <https://www.theguardian.com/world/2020/jul/13/compelling-evidence-air-pollution-worsens-coronavirus-study#:~:text=There%20is%20%E2%80%9Ccompelling%E2%80%9D%20evidence%20that,and%20comprehensive%20analysis%20to%20date.>

residential units and the neighbourhoods they are situated in. This context will lead some voices to call for more sprawling, single-detached housing on the periphery of urban regions. As we have noted, this comes with its own social, economic and environment consequences. Therefore the challenge is how to meet these shifting demands for housing without defaulting to the production of more urban sprawl?

Again, this is where a more proactive approach by local governments is necessary in order to achieve the need for better living spaces without further encroaching on greenfield sites in automobile-dependent communities. While this is an issue faced by all types of cities, Waterloo Region's rapidly growing population produces both an extra challenge and a greater urgency. Can the demand for larger housing units, more greenspace and housing suitable for families be accommodated within the existing urban footprint? We believe that the answer is yes.

There have been many reports and surveys that indicate that some urbanites want to leave big cities and that households now place greater emphasis on expanded living space, where working/studying from home facilities can be accommodated. When examining these studies, it is important not to make the immediate conclusion that this equates to growing demand for sprawling, automobile-dependent living on the edges of urban areas. A critical approach is necessary in order to unpack these studies and the perspectives they highlight. We are keen to stress that through our examination of these studies and new stories, we have found no evidence that this translates to a growing demand for a more automobile-dependent life that is part and parcel of suburban sprawl. Therefore planners, policymakers and politicians need to be careful not to associate with these changing demands for housing in ways that promote low-density, automobile dependent developments.

A recent newspaper article about Torontonians leaving the city for more space noted that raising families in small, downtown dwellings has become challenging during the pandemic. The article interviews a realtor who has worked with clients looking to leave Toronto. She is quoted as stating: "They don't necessarily want a bigger home but they realize how important the outdoor space is - just having the freedom to let their kids run around outside and not have to worry about a lot of things has made that more a priority⁵⁶."

Intensification and Design

It should be noted that many of the desired housing characteristics described in media reports such as this can be found with many parts of Waterloo Region, a major exception being new condo developments. Therefore a shift may be necessary to stimulate the development of larger units within the urban core, rather than pursuing the existing, hands-off approach that has led to a large number of very small units being constructed.

Greater density within the existing urban footprint has been a policy objective for the Region of Waterloo for several decades. To date, this has manifested itself in the construction of a large number of smaller condominium units (predominantly one-bedroom units) along the region's LRT corridor. It is possible that demand for these small units will be weaker during and

⁵⁶ Kalinowski, T. (2020, July 18) Torontonians are fleeing the city for cheaper homes, more green space and a balanced life. *The Toronto Star*.
<https://www.thestar.com/business/2020/07/18/house-hunters-escape-from-the-gta-picks-up-speed-due-to-covid-19.html>

after the pandemic, as households seek larger housing units⁵⁷. However, the intensification and densification policies are important for creating a sustainable region. Therefore, it may be necessary to take a more active role in encouraging the development of larger units that are both suitable for larger households, and that provide their occupants with sufficient space to work from home.

A consequence of the pandemic is that the design of housing will increase in importance and will be an area that local governments will need to play a more active role in managing. There are several elements to this. The first relates to how individual units are designed. Is there sufficient space to both avoid overcrowding and to ensure adequate facilities to work from home or self-isolate? The second is how a development links to its surroundings within the city. Does it provide sufficient outdoor space of high quality? It is easily accessible on foot or bicycle so that its occupants can have a variety of transportation options? Do active transportation routes seamlessly and safely connect communities?

The design of housing units and the need for more space

These design aspects are essential if local growth management strategies are to continue to emphasise the intensification of the urban core, rather than permitting the majority of new development to take place in the form of suburban sprawl. The Region of Waterloo has successfully shifted the majority of its new development from greenfield sites to the existing urban footprint within the past twenty years. However, much of the new development that has taken place, particularly along the LRT corridor, does not necessary conform to these new challenges brought on by COVID-19. In downtown Kitchener, for example, of the 2,980 housing units constructed or planned, only eight consisted of three or more bedrooms! Recent research on the impact of small housing units during the pandemic has also highlighted many challenges and shortcomings of promoting and encouraging small units to be developed⁵⁸. In order to maintain the Region's policy of encouraging new development to take place within the existing urban footprint, a much more proactive approach will be necessary to ensure that larger units are constructed. Much of this urban condo market is driven by investors and speculators and not the needs of local households.

While data on ownership of new condominium developments is hard to find, it is generally perceived that a large percentage of new condo units are bought by investors as properties to be rented out, rather than lived in by their owners. While this meets demand for investment, the types of units (size, affordability) do not necessarily meet the needs of local residents who are looking for housing, particularly close to jobs or good transit, such as the LRT. Research along the ION LRT corridor conducted prior to its opening found that a lack of supply of larger units, combined with rising rents, prohibited many would-be renters from living

⁵⁷ (2020, September 5) Demand for apartments is flatlining in Britain. *The Economist*.

⁵⁸ Hubbard, P., Reades, J., & Walter, H. (2020) Viewpoint: shrinking homes, Covid-19 and the challenge of homeworking. *Town Planning Review*. <https://doi.org/10.3828/tpr.2020.46>

in the urban core⁵⁹. Continuing to promote the development of small units will exclude many larger households or low-income families from living within the urban core.

Good policy in response to the pandemic will therefore emphasize the housing needs of local communities, rather than investors. This will require a more proactive approach to planning and regulating land in private hands, as well as creative and innovative ways of utilizing and leveraging publicly-owned land. Households will be asking not only if a dwelling has adequate space to live and work from home. They will also be examining whether it has sufficient outdoor space *of good quality*? Traditionally this has meant back gardens/yards, but should also include balconies and terraces in multi-family units, as well as any communal greenspace within these developments. Therefore attention must be given to ensuring that outdoor spaces meet these shifting needs. So-called 'Juliet balconies' do not provide much actual outdoor space, for example. Less important is a box-ticking of whether an apartment or a condo has any outdoor space, but rather a qualitative assessment of its suitability and usability.

In terms of urban form, mid-density projects of good design, consisting of larger units and high quality public and outdoor spaces could be an approach that will enable growth to take place without the need for sprawl, in a way that addresses the shifting demands for housing within different segments of the community. There is a growing emphasis being placed on this so-called 'missing middle' housing within Canadian cities. The Missing Middle was a term coined by architect Daniel Parolek in 2010; it refers to medium density housing that is in between the scales of single-detached homes and mid- to high-rise apartments⁶⁰.

In Waterloo Region, there are several recent examples of Missing Middle, including Union Crossing, at Union Street and Moore Avenue in Waterloo and Victoria Common, at Louisa Street and St. Leger Street in Kitchener. These larger units are cheaper than nearby detached or semi-detached houses and are also situated near parks and active transportation trails that can aid the growing need for more greenspace. Promoting these types of housing forms can create a range of new housing options within the existing urban footprint beyond tiny condos and expensive detached houses. This is particularly important for families on modest, or middle-incomes who require more space than a small condo allows and cannot afford the growing costs of detached housing across the region. For many, the only option has been housing far away from the core, where they are dependent on their automobiles and far from good transit and amenities⁶¹. Missing middle housing will provide more options that deal with pre-existing and new housing challenges.

The design of public spaces

⁵⁹ Pi, X. (2017) Exploring Rental Housing Market in Kitchener-Waterloo, Ontario, [Master's Thesis in the School of Planning, University of Waterloo]; Tran, J. (2016) Understanding Developer's Decision Making in the Region of Waterloo, [Senior Honours Essay, University of Waterloo, School of Planning].

⁶⁰ Weber, K. (2019) In-between issues: exploring the 'missing middle' in Ontario. *Pragma Discussion Paper*. Spring.
https://uwaterloo.ca/planning/sites/ca.planning/files/uploads/files/missingmiddle_pragma2019backgroundreport.pdf

⁶¹ Filion, P. (2018) Enduring features of the North American suburb: built form, automobile orientation, suburban culture and political mobilization. *Urban Planning*, 3(4), 4-14.

This leads to the second area where good design is required and that has to do with how housing developments are connected to each other, and to the rest of the city. As we have stressed, access to outdoor recreation spaces (either public or private) has taken on a greater emphasis because of the pandemic. This can be both in communal areas of new developments and in existing or new public parks.

There is both growing and latent demand for safer active transportation routes that has been accelerated because of the pandemic. Many cities around the world have been rapidly implementing new bicycle lanes. This includes 30km of new routes on major streets operated by the Region of Waterloo. Proximity to recreational paths and other public spaces is likely to gain importance for households, particularly as people are looking for alternatives to taking transit.

An equally proactive approach will be required to ensure that adequate outdoor space is provided so that residents can be outside in a safe and enjoyable way. This is particularly important for those living in multi-family housing, both in the urban core and in the suburbs. The new bicycle lanes on Westmount Road are therefore hugely significant because they bring good quality cycling infrastructure and a range of mobility choices to communities that have long been neglected when it comes to good planning⁶². As the quality of the urban environment takes on greater importance, better connectivity is required between spaces. Bicycle lanes need to not only be connected and seamless, but also need to connect to housing, recreation facilities, employment, shopping, religious institutions, schools and so on.

While we strongly believe in maintaining the philosophy of promoting a more compact city and curbing automobile-dependent sprawl, we would also encourage rethinking the current development logic that predominantly builds either large single family homes or tall towers with a high number of very small units. The latter in particular are less suited to the shifting housing needs in an age of pandemic. We echo recent calls for the development of more missing middle housing forms that offer a range of housing options to a broad segment of the population⁶³. We also encourage this to be done with non-market actors, utilize publicly-owned land or the creation of community land trusts in order to ensure that a range of affordable options are present to meet current and future housing challenges and demand.

If the Region wishes to retain its policy of managing growth, preserving the much-loved countryside and its sustainability ambitions, it must resist pressure to open up greenfield sites to a new wave of unchecked and uncontrolled urban sprawl. This can be done by focusing on good urban design and the development of connected active transportation infrastructure.

⁶² Doucet, B. (2020, August 12) Westmount Road bike lanes a path to a more equitable community. *Waterloo Region Record*.

<https://www.therecord.com/opinion/2020/08/12/westmount-road-bike-lanes-a-path-to-a-more-equitable-community.html>

⁶³ Lorinc, J., Bozikovic, A., Case, C., and Vaughan, A. (Eds.) (2019) *House Divided: how the missing middle will solve Toronto's affordability crisis*. Toronto: Coach House Books.

5. Conclusion:

We are keen to stress that good planning remains essential for not only responding to the challenges of the pandemic, but also to ensure that the Region of Waterloo is a healthy, vibrant and sustainable place to live. Continuing to pursue more compact growth strategies, for example, are essential if the Region is to achieve its goal of reducing Greenhouse Gas Emissions in the coming years and decades.

The pandemic has heightened the need for well-informed planning and decision-making. Informed research and active engagement with a range of stakeholders and community members (including voices from marginalized communities that do not often feature prominently in planning and policy debates) are important parts of this.

To date, however, planning and policy responses to the pandemic have not always followed these principles. The decision to remove bike lanes along Coronation Boulevard in Cambridge in response to a small number of vocal complaints is concerning.⁶⁴ These bike lanes were part of a network of 30km of temporary bike lanes implemented by the Region of Waterloo as part of its response to the pandemic.

The Region's own website states the benefits of these lanes in this regard: "These temporary cycling lanes have created increased space for cyclists, additional connectivity to the cycling network, and has encouraged new riders, including those who may not feel comfortable taking GRT during the pandemic"⁶⁵. Research from around the world was clearly demonstrated a variety of reasons why bike lanes were important to dealing with the pandemic, such as providing alternatives to transit, encouraging physical activity and helping to reduce congestion and air pollution.

However in August 2020, Regional Councillors voted unanimously to remove the bike lanes in Cambridge. This decision was not based around informed research that showed they were ineffective or any evidence that they slowed down traffic or impeded with emergency vehicles. Instead, this decision appears to have been made in response to loud and vocal opposition by a relatively small number of residents who exerted pressure on local councillors and the Region to scrap these bike lanes.

This is worrying because there are also many 'loud voices' in the realm of housing and other issues which require informed research to guide policy. In the realm of housing, there are voices calling for the opening up of new greenfield sites for more urban sprawl in response to demands for better living space. While we, the authors of this, report are not decision-makers, we are eager to stress that responding in this way would not help produce a sustainable region in the long term, and may also not address the complexities of shifting demand for housing. We reiterate that we have found little evidence that current shifts in housing demand have led to growing demand for automobile-dependent living which is part and parcel of suburban sprawl.

We need to be careful to not conflate demand for better and more ample living space with a growing demand for suburban living, and have provided several examples of how

⁶⁴ Bueckert, K. (2020, August 11) Cambridge's temporary bike lanes that cost \$120k to be removed. *CBC News*. <https://www.cbc.ca/news/canada/kitchener-waterloo/cambridge-temporary-bike-lanes-gone-1.5681952>

⁶⁵ <https://www.regionofwaterloo.ca/en/living-here/covid-19-bike-lanes.aspx>

shifting demands for housing can be accommodated, while also keeping larger policies of intensification in place (albeit with greater emphasis on quality and design). We therefore emphasise the need for continued engagement with all segments of society and to the utilization of informed research in the decision-making process.

The pandemic has amplified and accelerated the already existing housing crisis within the Region of Waterloo. Even before the arrival of COVID-19, proactive responses by all levels of government, including the Region, were required. This has taken on a greater importance and urgency in recent months. Despite the economic recession as a result of the pandemic and higher levels of unemployment, housing costs, particularly for single-detached homes, have not fallen, and in fact, rose dramatically over the summer of 2020. On top of that, there is, and will continue to be, growing demand for affordable housing, as well as complex challenges related to evictions, displacement and homelessness. There is also greater importance placed on the home as a centre of a range of activities (living, working, education, recreation) that have shifted or altered housing needs across a variety of social and income groups. Therefore governments will need to be more proactive to ensure that design meets these changing requirements and expectations and that adequate and high quality outdoor and public space is available to all residents, particularly those living in multi-family accommodation that lack private yards and gardens.

We would encourage regional policymakers, planners and politicians to be aware of the following, when developing a new and more proactive housing policy:

- Continue to monitor intra-provincial migration flows, particularly from the GTA, as these represent the biggest factors accounting for the region's population growth
- Ensuring the provision of affordable housing across the housing spectrum, with special attention given to the needs of low-income and vulnerable populations. To do this, a more proactive approach that encourages both larger units and works closely with nonprofits to deliver non-marketized housing (subsidized housing, co-ops, CLTs, etc.) will be required.
- A proactive emphasis on good design of individual housing units (houses, apartments, condos) as well urban design more broadly will help address the needs for greater living space and outdoor space for recreation, all of which are important to overall health and well-being. More proactive policies to encourage larger units in multi-family dwellings as well as the promotion of 'missing-middle' forms of housing (townhouses, small apartments, stacked townhouses, etc.) will be required if the demand for greater living space is to be met within the existing urban footprint.
- Placing informed research and meaningful community engagement with a range of stakeholders and residents (including those with lived experiences of poverty) at the centre of policy development in response to the pandemic

A more proactive and interventionist approach to housing is not only required to deal with growing challenges of affordability and the inability for the private market to address all housing needs. It is also required if the Region is to remain committed to the smart growth and compact-city policies that have defined its housing policy for almost twenty years and made it a leader in sustainable urban development in North America. These are good planning principles

that address a range of economic, social and environmental challenges that need to adapt to the age of a pandemic, rather than be replaced with automobile-dependent suburban sprawl.

It is possible to continue to grow in a sustainable and equitable way that does not result in the loss of precious and much-loved greenspace and unchecked automobile-dependent development. To do this in a just and equitable way will require addressing important questions about where housing gets built, what type of housing it is, who builds it, and who profits from it.