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Region of Waterloo's ION LRT
and new condo development.

ACADEMIC

Economic development and gentrification in the Region of Waterloo: The role of rapid transit

BY KAITLIN WEBBER AND EMMA MCDUGALL

In June 2019, the Region of Waterloo became Ontario's first mid-sized municipality with light-rail transit following the launch of their "ION" system. The ION was developed to improve transit accessibility and encourage transit-supportive development in station areas through integrated transportation and land use planning. This integrated approach to transit planning has become increasingly prevalent across North America over the last two decades for its ability to reduce auto-mobility by intensifying land use and improving transit networks.¹

Additionally, through transit-supportive development, rapid transit systems are seen as having potential to revitalize station areas,^{2,3} which is attractive for cities facing disinvestment and/or looking to improve their economic competitiveness.^{4,5} As one of the fastest growing metropolitan areas in Canada,⁶ the Region

is expected to reach almost one million residents by 2051,⁷ motivating the ION's implementation to accommodate future growth and attract new development to station areas.

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OUTCOMES

Despite including goals related to both accessibility and redevelopment,⁸ the planning and development of the ION was ultimately guided by economic interests. This prioritization is reflected in the initial selection of light rail for its ability to attract investment and increase land values,⁹ the rezoning of the transit corridor to allow for higher densities, and the financial incentives implemented to entice developers.¹⁰


These tactics have paid off. Since its approval in 2011, the ION corridor has seen more than \$2.5 billion in new construction value, materializing primarily in the form of high-rise condominium towers. This redevelopment has attracted higher-income young professionals and empty nesters¹¹ who are driving demand, attracting new capital, and reshaping the community through the process of gentrification. This gentrification has been driven by the prioritization of economic development by planners and policymakers and, as a result, existing, lower-income residents, who often rely on transit, are facing displacement.¹²

While gentrification was not an explicit outcome, the ION and subsequent redevelopment of the transit corridor have undoubtedly accelerated unaffordability in core areas. Intended or not, the consequences of promoting seemingly uncontrolled growth in the Region is an important lesson for municipalities considering rapid transit to be proactive to preserve affordability from the outset of the project.

As seen in Waterloo, re-zoning station areas to accommodate higher densities and implementing incentive programs are extremely effective in attracting new development, but this has come at the cost of affordability, placing marginalized residents in precarious positions. In order to prevent gentrification and displacement along new transit lines, municipalities considering rapid transit should:

1. implement policies such as inclusionary zoning to ensure affordable units are included in new developments;
2. increase the stock of affordable housing near new transit by supporting non-market housing or using municipally owned land for affordable housing projects; and

3. adopt a monitoring program to track neighbourhood change and affordability rates.

Lastly, and perhaps most importantly, municipalities must engage with stakeholders who represent marginalized groups to ensure the benefits of new transit are experienced by all. 

¹Dawkins, C., & Moeckel, R. (2016). Transit-induced gentrification: Who will stay, and who will go? *Housing Policy Debate*, 26(4-5), 801-818.

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³Kramer, A. (2018). The unaffordable city: Housing and transit in North American cities. *Cities*, 83, 1-10. <https://doi.org/10.1016/j.cities.2018.05.013>

⁴McLellan, A., & Collins, D. (2014). “If You’re Just a Bus Community... You’re Second Tier”: Motivations for Rapid Mass Transit (RMT) Development in Two Mid-sized Cities. *Urban Policy and Research*, 32(2), 203-217. <https://doi.org/10.1080/0811146.2014.882255>

⁵Padeiro, M., Louro, A., & da Costa, N. M. (2019). Transit-oriented development and gentrification: a systematic review. *Transport Reviews*, 39(6), 733-754.

⁶Statistics Canada. (2021, Jan. 14). Canada's population estimates: Subprovincial areas, July 1, 2020. *The Daily*. Retrieved from <https://www150.statcan.gc.ca/n1/daily-quotidien/210114/dq210114a-eng.htm>

⁷Dillon Consulting Ltd., & Watson and Associates Economists Ltd. (2020, Dec.). Region of Waterloo Regional Official Plan Review: Long-Term Population and Housing Growth Analysis.

⁸Region of Waterloo. (2016). The ION Story. Retrieved from <http://rapidtransit.regionofwaterloo.ca/en/resourcesGeneral/ION-Story-Fall-2016-access.pdf>

⁹Region of Waterloo. (2009, Sept. 24). Rapid Transit Initiative: Phase 2 Summary Report - Environmental Assessment Study. Retrieved from <http://rapidtransit.regionofwaterloo.ca/en/multimedialibrary/resources/rteaphase2summary.pdf>

¹⁰Region of Waterloo. (2021). Development Incentives. Retrieved from <https://www.regionofwaterloo.ca/en/doing-business/development-incentives.aspx>

¹¹Cook, J. (2018). Light Rail Transit in the Region of Waterloo: A qualitative examination of urban rail's effects on real estate, development and urban identities. Master's Thesis. University of Waterloo: Waterloo, ON.

¹²Doucet, B. (2019). Life Stories of Displacement. Social Development Centre Waterloo Region. Retrieved from: <http://www.waterlooregion.org/life-stories-of-displacement>



Kaitlin Webber is a Student Member of OPPI and an MA student in the School of Planning at the University of Waterloo, exploring the phenomenon of transit-induced commercial gentrification.

Emma McDougall is a PhD candidate in the School of Planning at the University of Waterloo, researching the interconnected relationship between different modes of transportation and neighbourhood change.