

Attachment 1: Proposed Inclusionary Zoning Official Plan Amendment

City of Toronto By-law No. ~-20~

1. Section 3.2.1 Housing is amended by adding the following as a new Policy 13:

"13. New development containing residential units and subject to an inclusionary zoning by-law, outlined in Section 5.1.8 of this Plan, will not be approved unless:

- a) for development that is located in IZ Market Area 1 identified on Map 37:
 - i. if a condominium development is proposed, a minimum of 10% of the total new residential gross floor area shall be secured as affordable ownership housing or a minimum of 7% of the total new residential gross floor area shall be secured as affordable rental housing; or
 - ii. if a purpose-built rental development is proposed, there is no minimum requirement for affordable rental housing;
- b) for development that is located in IZ Market Area 2 identified on Map 37:
 - i. if a condominium development is proposed, a minimum of 8% of the total new residential gross floor area shall be secured as affordable ownership housing or a minimum of 6% of the total new residential gross floor area shall be secured as affordable rental housing; or
 - ii. if a purpose-built rental development is proposed, there is no minimum requirement for affordable rental housing;
- c) for development that is located in IZ Market Area 3 identified on Map 37:
 - i. if a condominium development is proposed, a minimum of 7% of the total new residential gross floor area shall be secured as affordable ownership housing or a minimum of 5% of the total new residential gross floor area shall be secured as affordable rental housing; or
 - ii. if a purpose-built rental development is proposed, there is no minimum requirement for affordable rental housing;
- d) the affordable housing shall be secured at affordable rents or affordable ownership prices for a period of at least 99 years from the date of first residential occupancy of the unit;
- e) the unit mix of the affordable housing reflects the market component of the development, as appropriate, to achieve a balanced mix of unit types and sizes and support the creation of affordable housing suitable for families.

14. The requirements for affordable housing outlined in Policy 3.2.1.13 will not be applied by the City until the later of September 18, 2022 or approval of a Protected Major Transit Station Area by the Minister pursuant to the *Planning Act*.

15. The affordable rental housing required in Policy 3.2.1.13 a) i. will increase by 1.5%, b) i. will increase by 1%, and c) i. will increase by 0.5% per year beginning January 1, 2025 and until January 1, 2030. Affordable ownership housing requirements will be set at one point four times the affordable rental housing requirements.

16. Beginning January 1, 2026, the minimum affordable rental housing required in Policy 3.2.1.13 a) ii. and b) ii. will be set at 5% for development located in IZ Market Area 1 and 3% for development located in IZ Market Area 2."

Sidebar Explanatory text:

IZ market areas are determined based on the following indicators: resale prices and escalation, new condominium prices and escalation, new rental prices, residential development activity and financial impact viability. These areas will be reviewed at least every 5 years as part of the update to the Inclusionary Zoning Assessment Report.

2. Section 3.2.1 Housing is amended by adding the following definitions:

"Inclusionary Zoning Definitions

For the purposes of Section 3.2.1.13, 3.2.1.14, 3.2.1.15 and 3.2.1.16, the following definitions will apply:

Affordable rental housing and affordable rents means housing where the total monthly shelter cost (gross monthly rent, inclusive of utilities for heat, hydro, hot water and water) is at or below the lesser of one times the average City of Toronto rent, by dwelling unit type, as reported annually by the Canada Mortgage and Housing Corporation, or 30% of the before-tax monthly income of renter households in the City of Toronto as follows:

- (A) studio units: one-person households at or below the 50th percentile income;
- (B) one-bedroom units: one-person households at or below the 60th percentile income;
- (C) two-bedroom units: two-person households at or below the 60th percentile income;
- (D) three-bedroom units: three-person households at or below the 60th percentile income.

Affordable ownership housing and affordable ownership prices means housing where the purchase price (which for new units is inclusive of Harmonized Sales Tax payable by the purchaser) is at or below an amount where the total monthly shelter cost (mortgage principal and interest – based on a 25-year amortization, 10 per cent down payment and the mortgage rate for a conventional 5-year mortgage as reported by the Bank of Canada in January of the applicable year, and a mortgage insurance premium – plus property taxes calculated on a monthly basis based on the purchase price, and standard condominium fees) is affordable, based on paying no more than 30% of before-tax monthly income, to all households in the City of Toronto as follows:

- (A) studio units: households at or below the 30th percentile income;
- (B) one-bedroom units: households at or below the 40th percentile income;
- (C) two-bedroom units: households at or below the 50th percentile income;
- (D) three-bedroom units: households at or below the 60th percentile income."

3. Section 5.1 Managing Growth and Change: The Planning Tool Box is amended by adding the following policy as a new Policy 8:

"Inclusionary Zoning

Inclusionary zoning is a tool that allows the City to require affordable housing units to be provided in new developments. Policies for inclusionary zoning are required to ensure the provision of affordable housing keeps pace with the growth of new market housing, supporting neighbourhoods across the City to provide housing options for a full range of incomes and households.

1. Inclusionary zoning will be used to increase the supply of affordable housing for low to moderate income households, continue to support a diverse range of housing supply and support the development of more inclusive and equitable communities. To ensure the affordable units secured through inclusionary zoning remain affordable during the affordability period, owners will be required to enter into agreements registered on title which will include requirements for ongoing administration, reporting, and monitoring of the affordable units. In accordance with the Planning Act, Council will adopt a procedure for administration and monitoring outlined in implementation guidelines that will address elements including: administration during the affordability period of affordable rental units and affordable ownership units (including access plan requirements, household eligibility, income eligibility, marketing, screening and selection process, rent increases, resale process and price increases) and regular reporting requirements.

2. Zoning by-laws for inclusionary zoning, pursuant to the *Planning Act* and in accordance with the policies of this Plan, may be enacted to require affordable housing to be included in development or redevelopment located within an IZ Market Area as shown on Map 37 and an approved Protected Major Transit Station Area.

3. Despite Policy 2, Zoning by-laws for Inclusionary Zoning will not apply to:

- a) development or redevelopment containing less than 100 new residential units and less than 8,000 square metres of new residential gross floor area; or
- b) the portions of a development or redevelopment containing residential care homes, retirement homes, nursing homes or student residences.

4. At the discretion of the City, some or all of the affordable housing requirement may be provided on an alternate site subject to the following:

- a) the offsite affordable housing units provide for an improved housing outcome;

- b) the offsite affordable housing units shall be ready and available for occupancy on a timely basis commensurate with completion of the residential units in the proposed development or redevelopment; and
- c) the offsite affordable housing units shall be located in proximity to the proposed development or redevelopment. The requirements for proximity will be met if the offsite development is located within the same market area category identified on Map 37.

5. Any replacement affordable or mid-range rental units or dwelling rooms required under Policy 3.2.1.6 or Policy 3.2.1.11 of this Plan shall not contribute to the affordable housing requirements required in Policy 3.2.1.13 of this Plan.

6. Financial incentives will not be provided by the City to meet the requirements set out in Policy 3.2.1.13 of this Plan. Incentives may be considered where a development or redevelopment proposes to exceed the requirements set out in Policy 3.2.1.13 of this Plan.

7. If the provisions of Policy 3.2.1.13 apply to a development or redevelopment, the development or redevelopment will not be subject to the requirements of Policy 3.2.1.9.

8. If a purpose-built rental development is proposed and an application for approval of a Description in accordance with the Condominium Act is made at a later date, the application will not be approved unless the requirements of Policy 3.2.1.13 of the Plan are met.

9. For development or redevelopment subject to an Inclusionary Zoning By-law, one or more agreements that are registered on title to the lands shall be entered into with the City securing:

- a) the requirements of Policy 3.2.1.13 of this Plan and this Section;
- b) requirements for timely delivery of the affordable units, and if applicable, any phasing of such affordable units, in the development or redevelopment;
- c) requirements for adjustments to the required amount of affordable housing to meet Policy 3.2.1.13 a), b) or c), should a proposed purpose-built rental development convert to condominium or a proposed condominium change to purpose-built rental, or should proposed affordable rental housing be secured as affordable ownership housing;
- d) requirements for ensuring affordable units are provided to eligible households;
- e) requirements for ongoing administration, reporting and monitoring of the affordable housing units over the 99 year affordability period;
- f) an approach for determining the maximum resale price of an affordable ownership unit within the 99 year affordability period based on Consumer Price Index increases plus applicable administration fees;

- g) that the City would receive no more than 20% of the net proceeds of the sale of an affordable ownership unit sold during the 99 year affordability period, equivalent to no more than 2% of the sale price, for administration fees, with net proceeds determined based on the difference between the purchase price and the resale price of the affordable ownership unit; and
- h) where an affordable ownership unit is sold at market price the City would receive 50% of the net proceeds of the sale, to be reinvested in affordable housing, with net proceeds determined based on the difference between the purchase price and the resale price of the affordable ownership unit, less any legal, administration or real estate commission fees."

4. Map 37, Inclusionary Zoning Market Areas, is added as shown in attached Schedule A.

5. Section 5.6, Policy 2 of the Official Plan is deleted and replaced with the following which includes reference to Map 37:

"Maps 2, 3, 4, 5, 6, 7A, 7B, 8(C), Maps 13-23 inclusive and Map 37 are part of the Official Plan. Maps contained in Chapters Six and Seven are part of this Plan with the exception of Maps 24 to 35 inclusive. All other mapping is provided for information and is not part of this Plan."

Schedule A - Map 37 Inclusionary Zoning Market Areas

