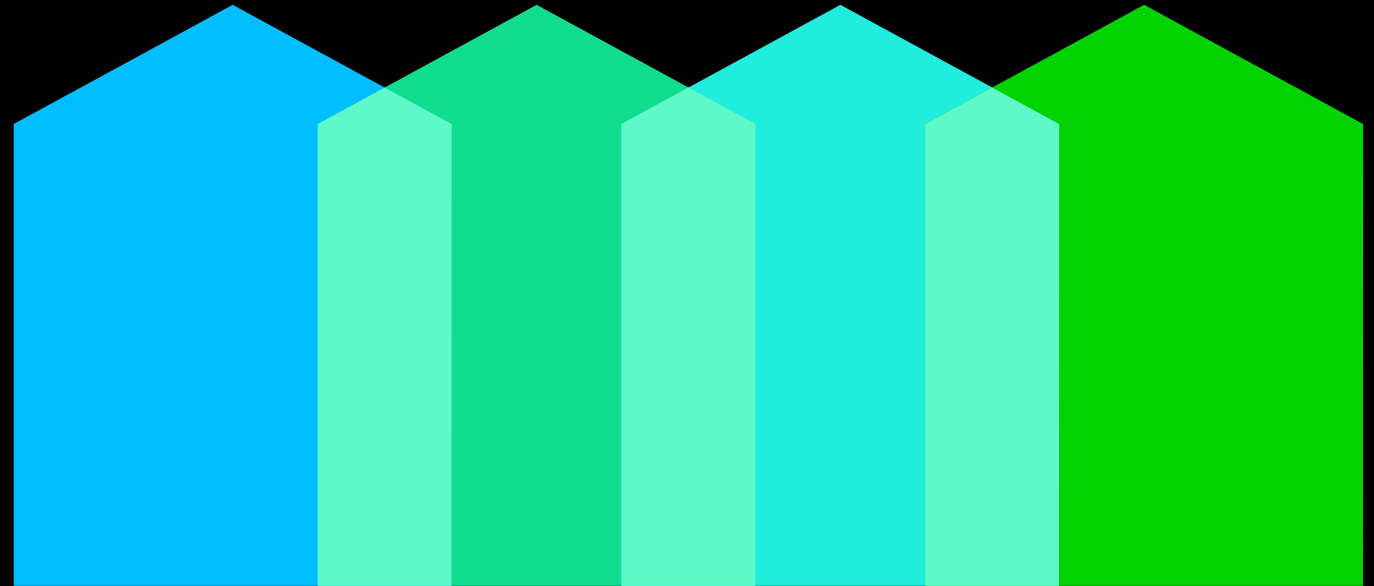
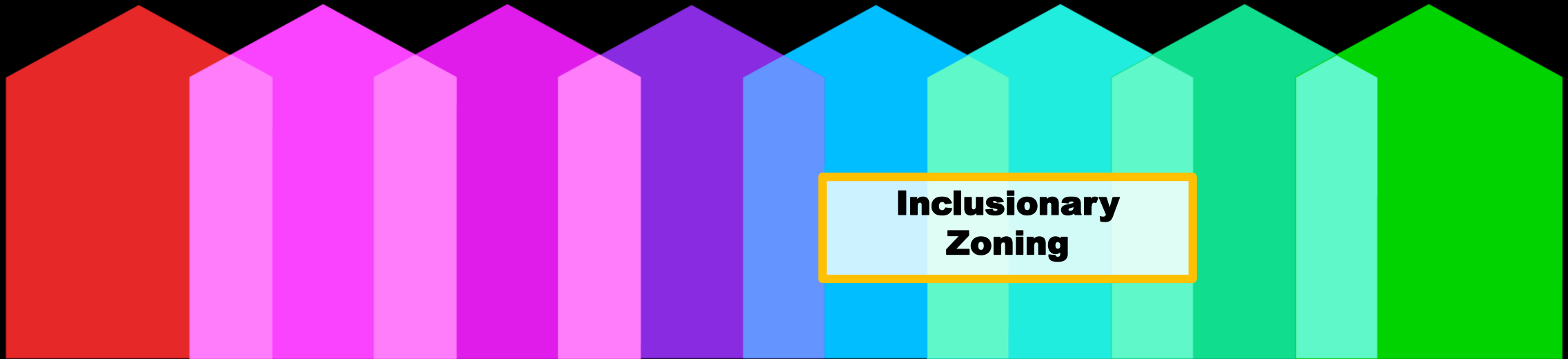


# PH28.1 Inclusionary Zoning Official Plan Amendment, Zoning By-law Amendment and Draft Implementation Guidelines

Planning and Housing  
Committee  
October 28, 2021



# Housing Spectrum



## Emergency Shelters

- City-operated shelters
- Eviction Prevention
- Housing Help

## Supportive/ Transitional Housing

- Modular Supportive Housing

## Long Term Care

- TCHC
- Rent-geared to income / Housing Connections

## Social Housing

## Affordable Rental Housing

- Housing Now
- Open Door
- Section 37 and Large Sites

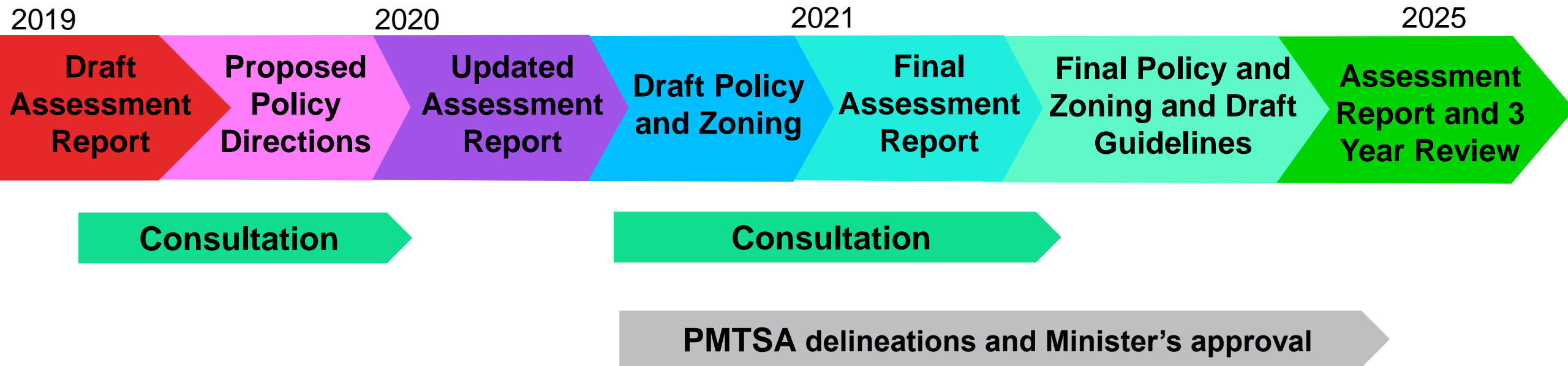
## Affordable Home Ownership

## Market Rental Housing

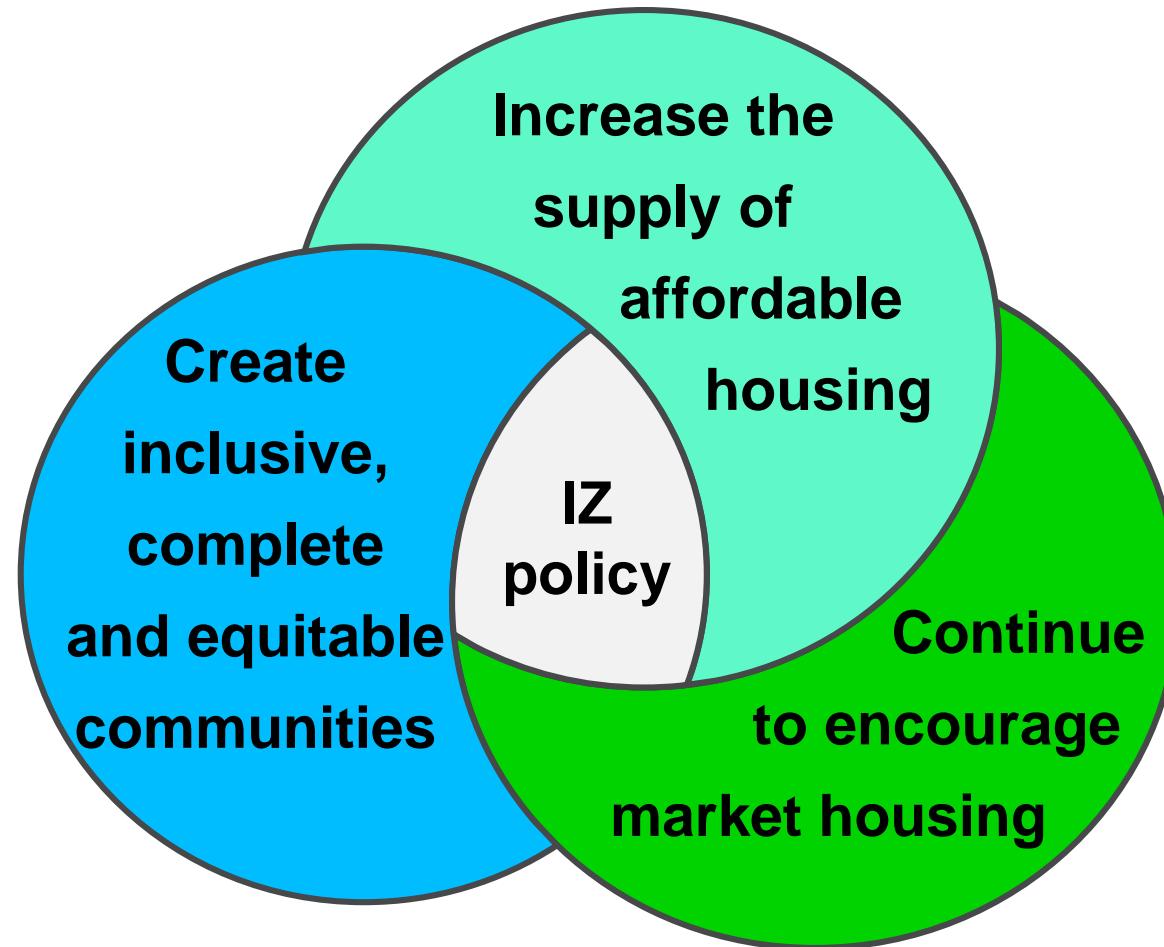
- Expanding Housing Options in Neighbourhoods
- Concept to Keys
- Growing Up Guidelines
- RentSafeTO
- Tower Renewal

## Market Home Ownership

# Toronto's IZ Roadmap

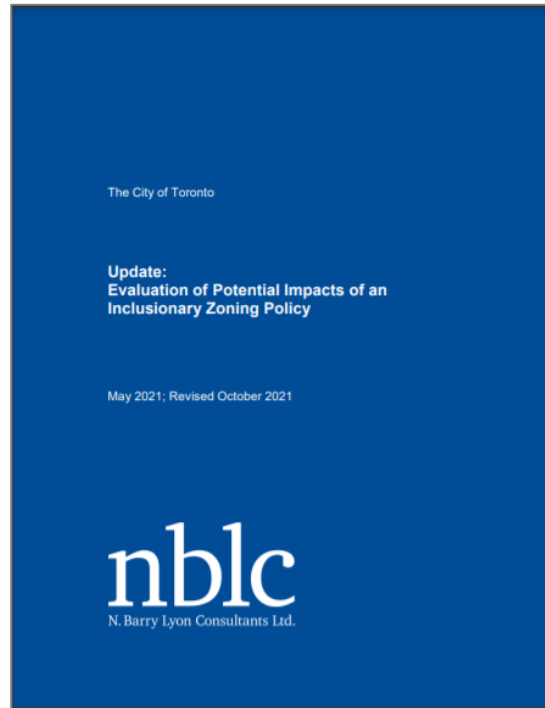


# Key Principles for Toronto's IZ policy

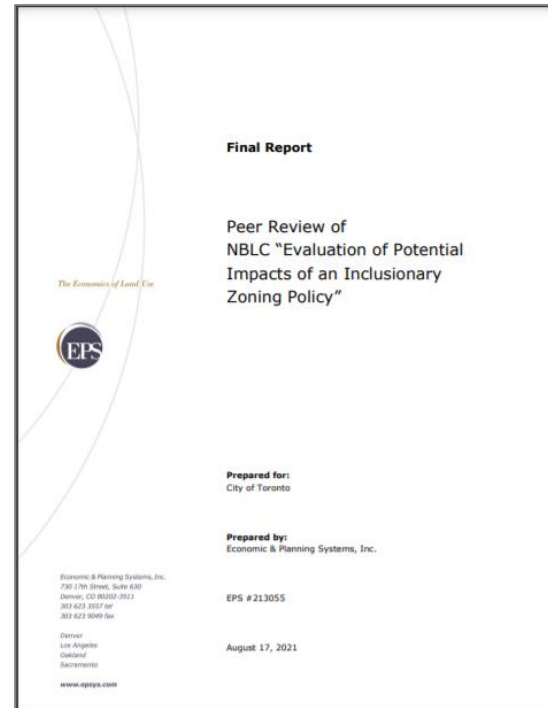


# Proposed policy informed by detailed background analysis

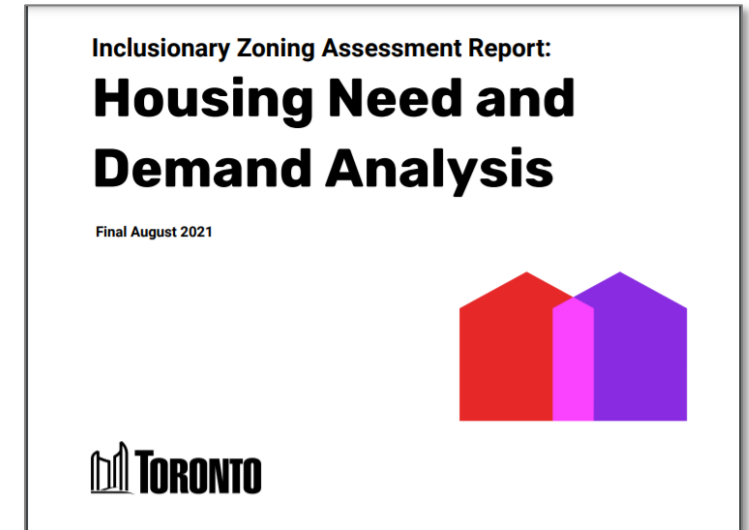
## Financial Impact Analysis, updated 2021



## Peer Review, 2021



## Housing Need and Demand Analysis, updated 2021



# Variables Considered

## Market & Built Form

- PMTSAs
- Strong market
- Weaker markets
- Mid-rise
- Tall buildings
- Large suburban sites
- Small urban sites
- Existing/ emerging/ planned transit

## Development Tenure

- Market condo & affordable ownership
- Market condo & affordable rental
- Market rental & affordable rental
- Private sector ownership
- Not-for-profit ownership

## Developer & Landowner

- Recent land acquisitions
- Historical land ownership
- Existing operating business
- Vacant sites
- Existing residential permissions
- No residential permissions

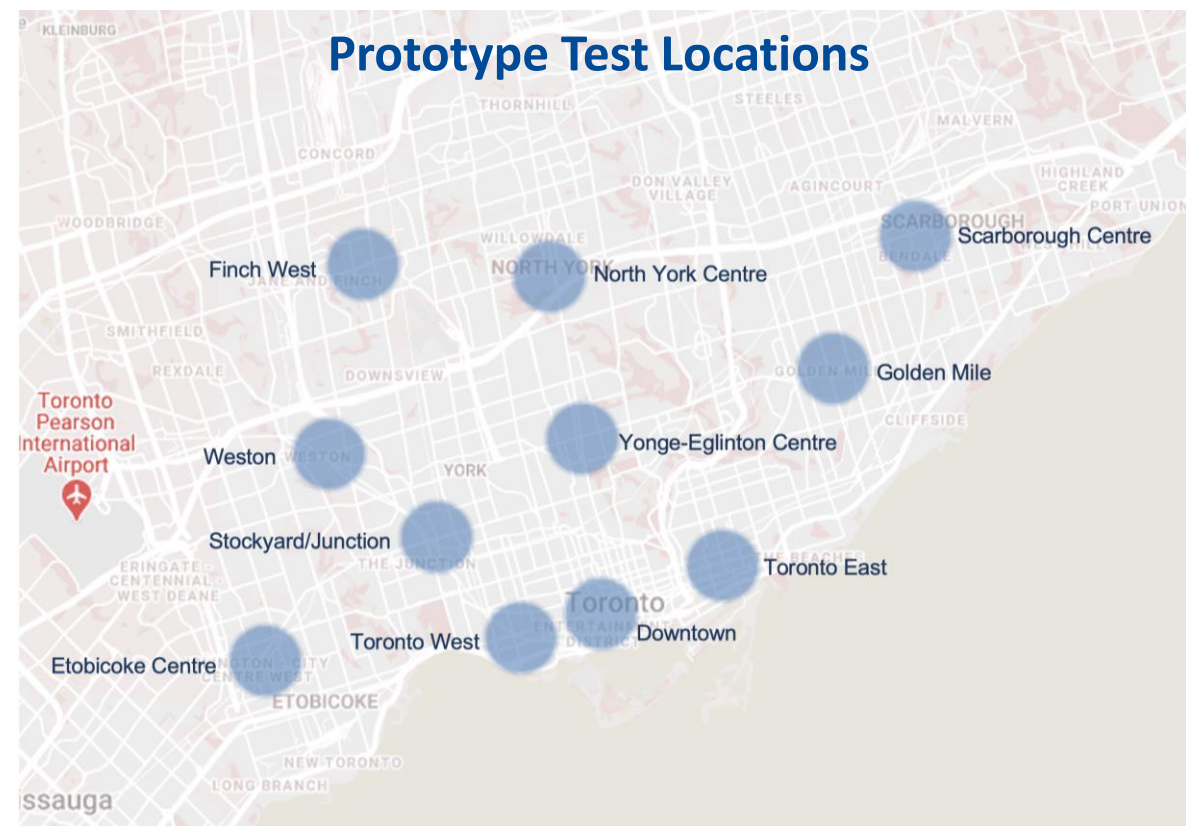
## IZ Considerations

- Depth of affordability
- Length of affordability
- Affordable Rental
- Affordable Ownership
- Set aside rates
- % of total GFA
- % new of density above As-of-Right

Testing Impacts

# Major Assumptions

- Land value as the measure of feasibility
- Developer's profit margin maintained at industry standards
- Submarket variability
  - Prototypes from City staff
  - Revenue inputs
  - Absorption & suite mix
  - Underlying land costs
- Concrete construction costs
- Current DC's & Parkland CIL
- 4% Community Benefits Charge



# Test 1





# 2021 Updates to Impact Testing

- 99 year affordability period maintained
- New definitions of affordable rent and ownership housing (income based)
- Second viability test to inform an initial policy
  - Feedback from the American peer reviewer (Economic & Planning Systems)
  - New test prudent to consider potential near term market impacts
  - Previous work had addressed near term issues qualitatively
  - Identifies instances where existing high density lands are impacted by 15% or more after IZ
  - Signal that impacts could become unsustainable to landowners or developers
  - Used to inform initial policy & transition/phasing of set aside rates

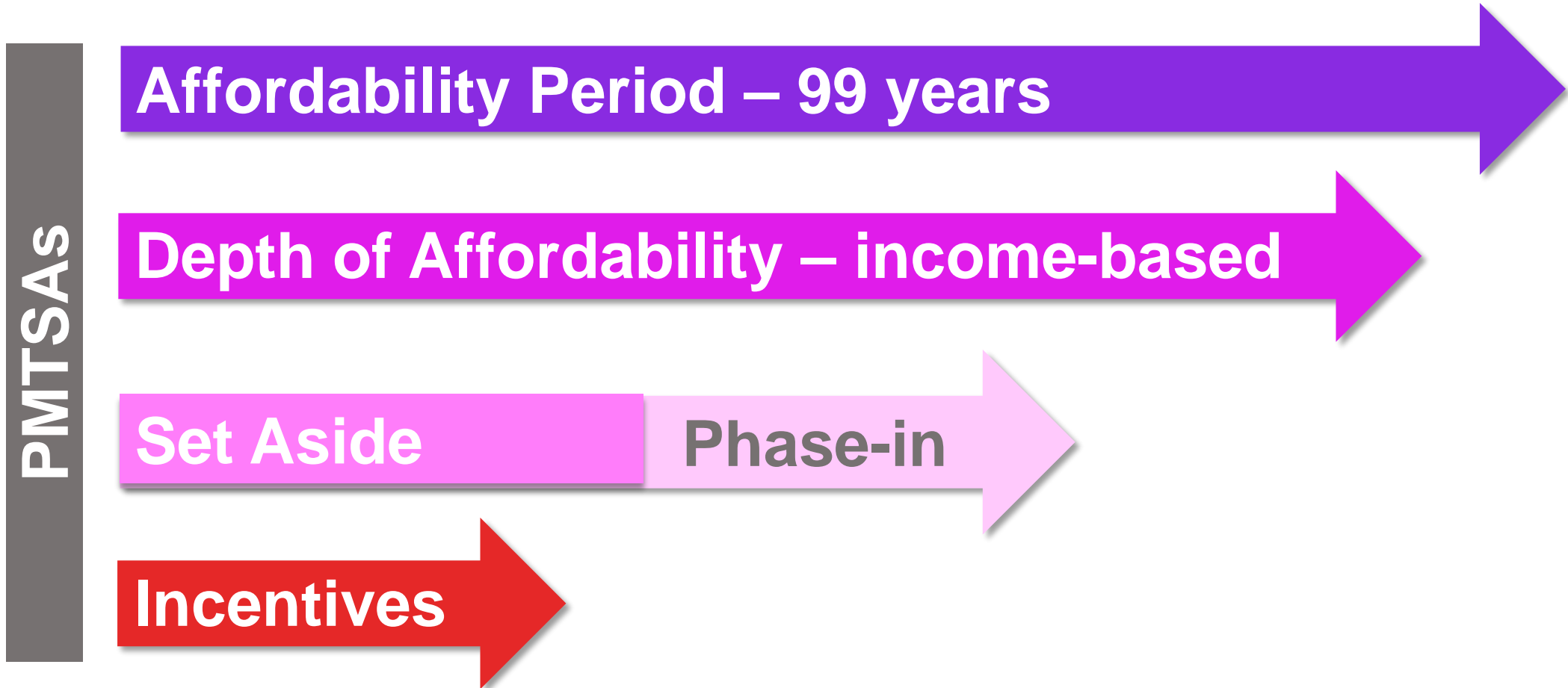
# Test 2



# Key Considerations for an Initial IZ Approach

- Significant market shocks can stall development activity
- Markets need time to adjust
- Like any other cost increase (e.g. Dev. Charges), phase in gradually
- IZ should be viewed as a forward-looking policy that will be in-force over the long term
- Higher set aside rates may be achievable over time
- Revisit policy regularly, ensure responsiveness to market conditions

# IZ requires balancing policy parameters



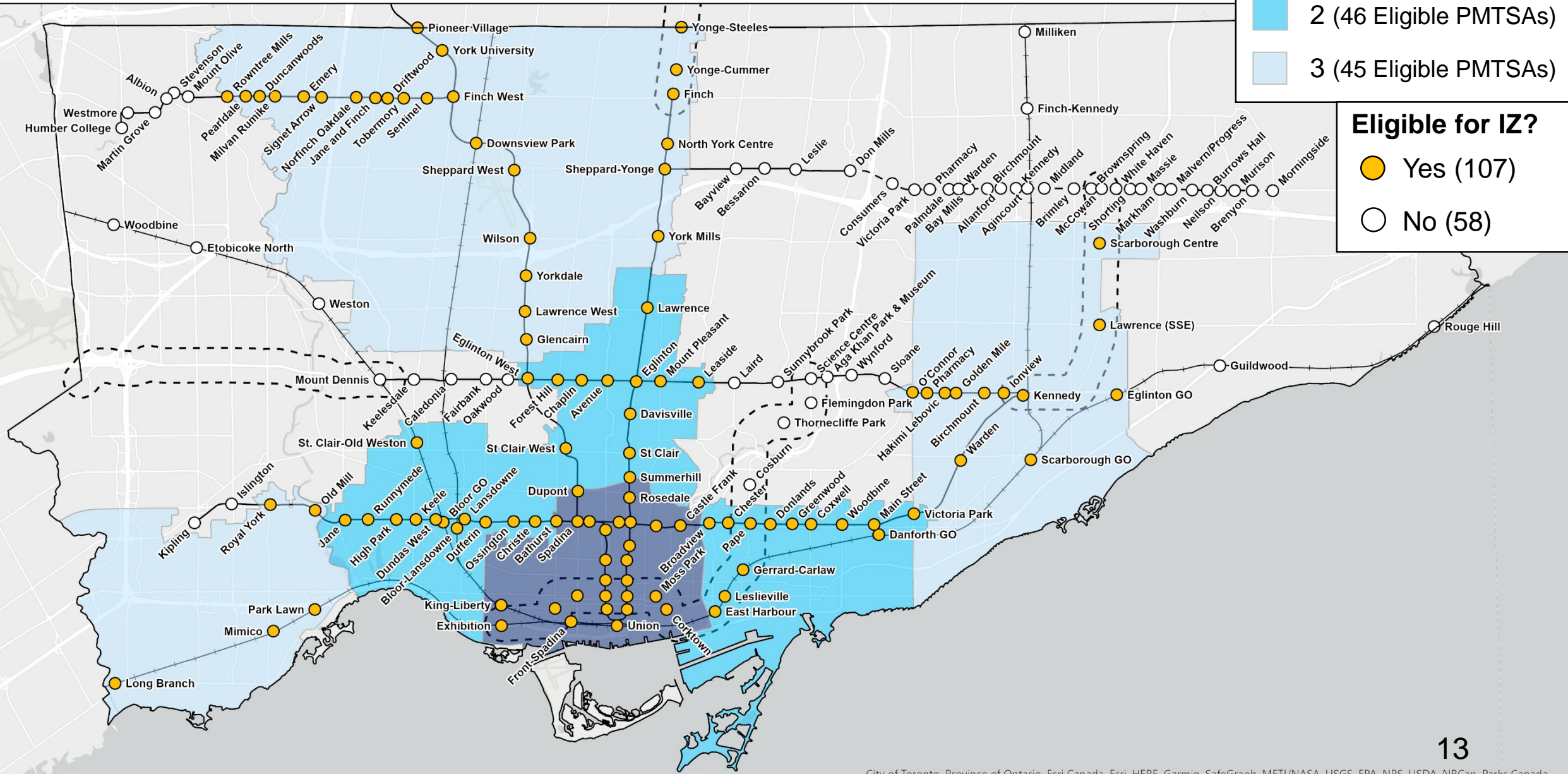
# IZ Market Areas based on analysis

**IZ Market Area**

- 1 (31 Eligible PMTSAs)
- 2 (46 Eligible PMTSAs)
- 3 (45 Eligible PMTSAs)

**Eligible for IZ?**

- Yes (107)
- No (58)



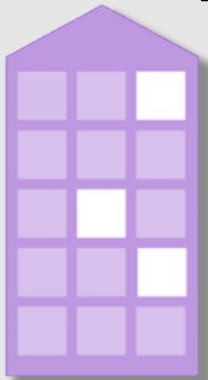
# **New units will remain affordable to low and moderate income households for the long term**

- **99 year** affordability period for affordable rental and affordable ownership units
- **Affordable rents:** increases limited to provincial Guideline for sitting tenants, initial rents for new tenants based on affordable rent definition
- **Affordable ownership:** resale restrictions will limit the maximum resale price to the initial purchase price plus CPI increases for each year of ownership
- Legal agreements will be registered on title to ensure units stay affordable

# IZ will be gradually phased-in over time

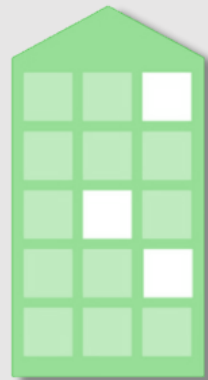
- In 2022: **5-10%** of condominium developments must be affordable
- In 2030: **8-22%** of condominium developments must be affordable
- Percentages depend on IZ Market Area and whether affordable ownership or affordable rental units are secured

## Example: Affordable housing required in a 300 unit condominium development



### 2022 Requirements:

Market Area 1: **21** rental or **30** ownership  
Market Area 2: **18** rental or **24** ownership  
Market Area 3: **15** rental or **21** ownership



### 2030 Requirements:

Market Area 1: **48** rental or **66** ownership  
Market Area 2: **36** rental or **51** ownership  
Market Area 3: **24** rental or **33** ownership

# Phase-in to 2030

	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Condo building securing affordable rental:</b>									
Market Area 1	7%	7%	7%	8.5%	10%	11.5%	13%	14.5%	16%
Market Area 2	6%	6%	6%	7%	8%	9%	10%	11%	12%
Market Area 3	5%	5%	5%	5.5%	6%	6.5%	7%	7.5%	8%
<b>Condo building securing affordable ownership:</b>									
Market Area 1	10%	10%	10%	12%	14%	16%	18%	20%	22%
Market Area 2	8%	8%	8%	10%	11%	13%	14%	15%	17%
Market Area 3	7%	7%	7%	8%	8%	9%	10%	11%	11%

Financial incentives not provided for base requirements. Opportunities to layer on incentives (e.g. Open Door) to secure more affordable units or more deeply affordable units.



# Proposed 2022 Requirements:

## Condo Developments with Affordable Rental Housing

		NBLC Results		
		4%	6%	8%
<b>Market Area 1</b>	1. Downtown	✓	✓	x
	2. Toronto West	✓	✓	x
<b>Market Area 2</b>	3. Stockyards/Junction	✓	x	x
	4. Toronto East	✓	✓	✓
	5. Yonge Eglinton Centre	✓	✓	x
<b>Market Area 3</b>	6. North York Centre	✓	✓	x
	7. Golden Mile	✓	x	x
	8. Scarborough Centre	x	x	x
	9. Finch West	✓	x	x

**Proposed set aside: 7%**

**Proposed set aside: 6%**

**Proposed set aside: 5%**

# Proposed 2022 Requirements:

## Condo Developments with Affordable Ownership Housing

		NBLC Results		
		4%	8%	12%
<b>Market Area 1</b>	1. Downtown	✓	✓	x
	2. Toronto West	✓	✓	x
<b>Market Area 2</b>	3. Stockyards/Junction	✓	x	x
	4. Toronto East	✓	✓	x
	5. Yonge Eglinton Centre	✓	✓	x
<b>Market Area 3</b>	6. North York Centre	✓	✓	x
	7. Golden Mile	✓	x	x
	8. Scarborough Centre	x	x	x
	9. Finch West	✓	x	x

**Proposed set aside: 10%**

**Proposed set aside: 8%**

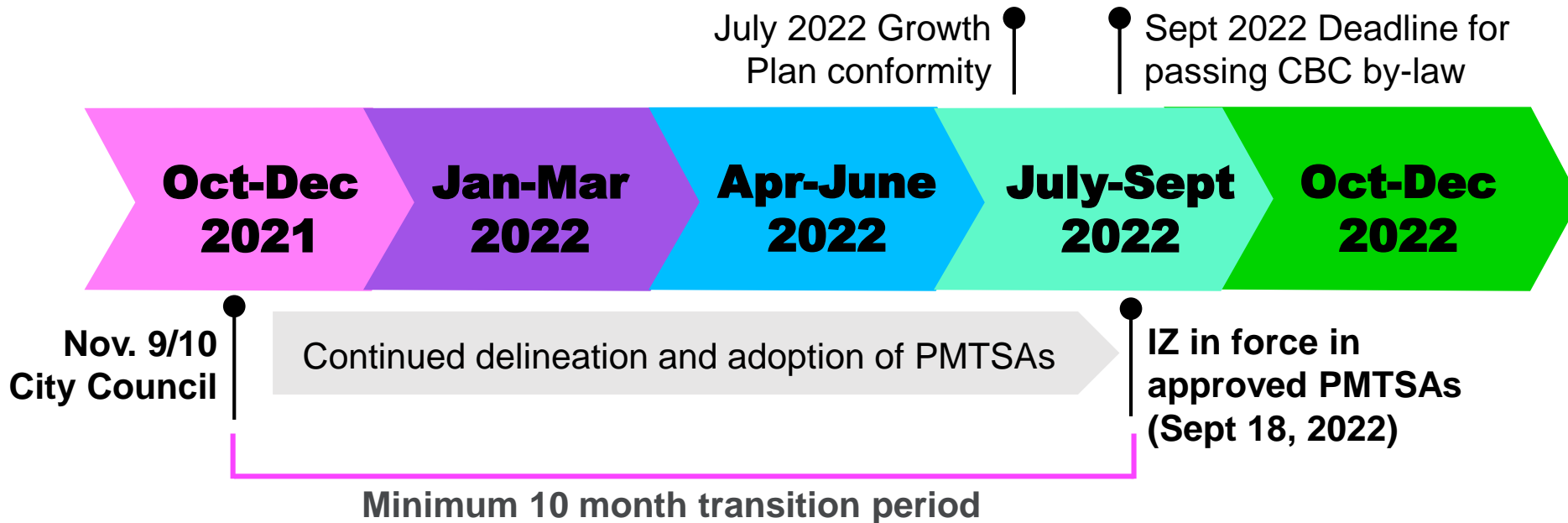
**Proposed set aside: 7%**

# Supporting mid-rise and rental projects

- Requirements for purpose-built rental developments introduced in 2026:
  - 5% in market area 1
  - 3% in market area 2
- Mid-rise developments exempt if proposing less than 100 units and less than 8,000 square metres of residential gross floor area (GFA)

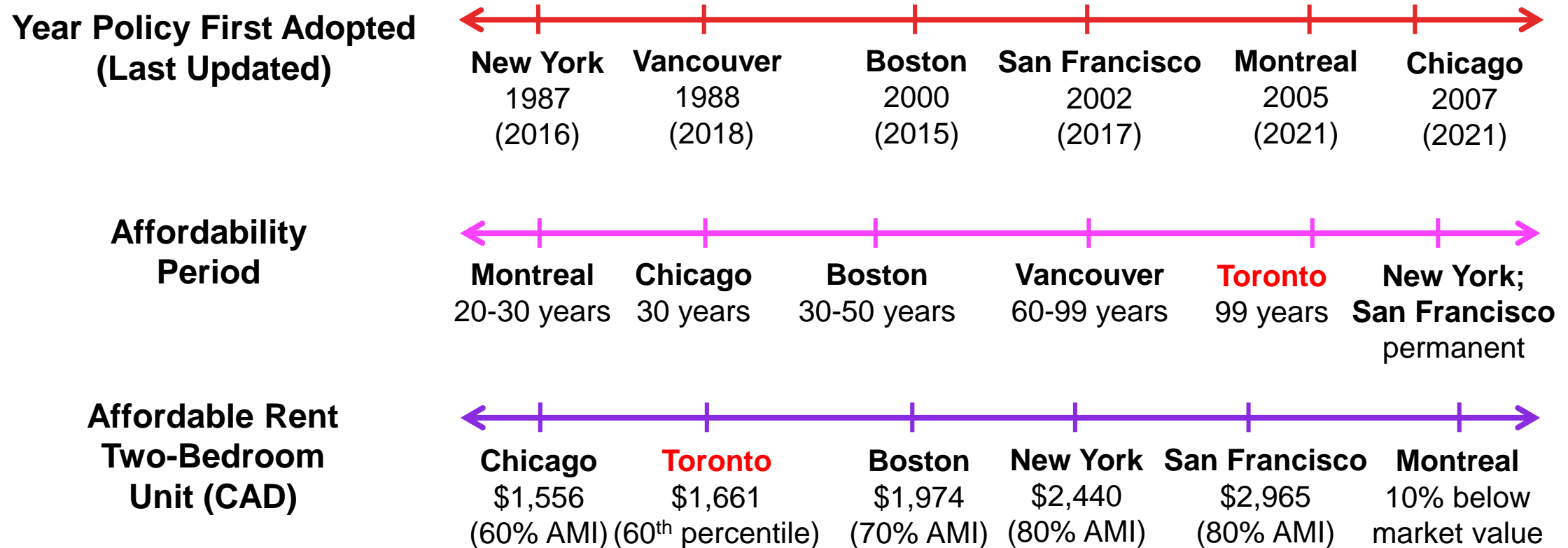
# Providing a clear transition period

- Developments exempt if complete applications for zoning and site plan submitted or zoning in-force with Section 37 agreement registered before **September 18, 2022**
- Implementation depends on Minister's approval of PMTSAs



# How Does Toronto Compare?

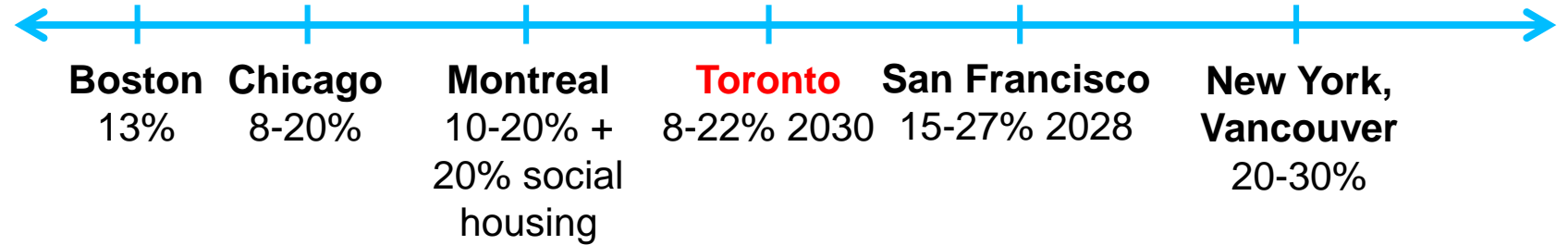
No two jurisdictions have the same IZ policy



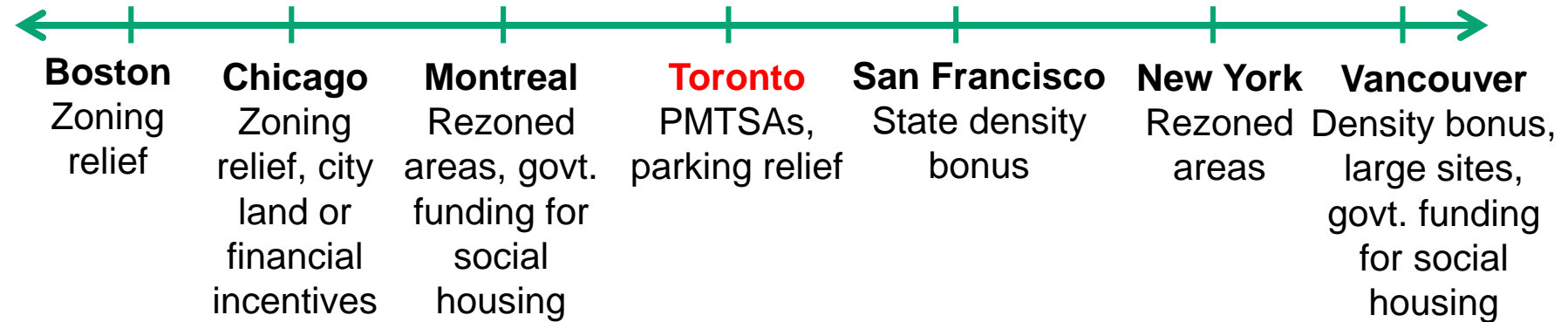
# How Does Toronto Compare?

Each policy is tailored to the municipality's local housing needs and housing market

## Required On-site Affordable Housing\*



## Application (Incentives)



# Ongoing Monitoring and Assessment of IZ

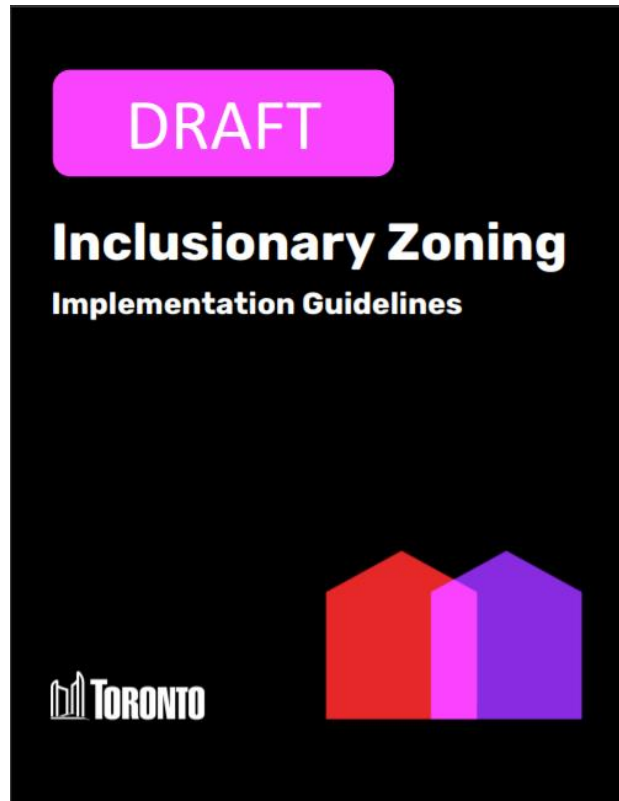
## Three Year Review in 2025 will include:

- Updated assessment report: financial impact analysis, housing need and demand analysis, market area analysis
- Review of market indicators to understand impacts, if any, on land values, development approvals, ownership prices and rents
- Re-evaluate mapping and phase-in schedule, including rate for purpose-built rental

## Monitoring Report

- Prepared every 2 years to track IZ units secured (location, tenure, unit mix, household incomes supported)

# Draft Implementation Guidelines



- Eligible Housing Types
- Building Design
- Unit Guidelines – family-sized units, accessible units
- Requirements when providing IZ units on another site
- Advertising and Access
- Affordable Ownership IZ Units
- Annual Reporting Requirements