

October 28, 2021

Deputy Mayor Ana Bailão
Chair of the Planning and Housing Committee
City of Toronto
10th floor, West Tower, City Hall
100 Queen Street West
Toronto. ON M5H 2N2

Dear Members of the Planning and Housing Committee,

Re: Planning and Housing Committee: PH28.1 - Inclusionary Zoning Official Plan Amendment, Zoning By-law Amendment and Draft Implementation Guidelines

I am writing on behalf of the Centre for Equality Rights in Accommodation (CERA), a non-profit organization working to advance the right to adequate housing. For over thirty years, we have worked tirelessly at the intersection of human rights and housing. CERA advances the right to adequate housing by providing free services to renters facing evictions and human rights violations to remain housed, by providing education and training about housing rights across Canada, and by advancing rights-based housing policy through research, policy development, advocacy, and litigation.

Over the past couple of years, we have participated in stakeholder engagements with the City, as part of its efforts to explore how an Inclusionary Zoning policy can partly address Toronto's affordable housing crisis. We appreciate the diversity of stakeholders and the quality of research and analysis conducted to inform what, by and large, appears to be a policy that holds considerable potential. It shows the City's proactive approach to creatively leveraging its limited resources and deliver against high standards.

In principle, we are supportive of the concept of Inclusionary Zoning. It is a useful tool to capture some of the value generated from booming property markets and redirect it towards the public good — creating affordable housing and mixed income communities. We are also sensitive to the fact that the tool can only go so far in addressing the housing crisis in Toronto. For a more comprehensive approach to building deeply affordable housing options, more intergovernmental coordination is needed.

For the most part, we recognize that Inclusionary Zoning benefits households living on low – to moderate- incomes. This is an important demographic to consider given the increasing barriers they face to accessing housing that they can afford.

Within these limits, to ensure that it works well, the City appears to have designed much of its proposal based on reasonably sound evidence. For example, it is heartening to see that the policy is mandatory. Evidence shows that Inclusionary Zoning regimes with voluntary arrangements are less effective in producing affordable housing units than those that have stricter requirements.

This is coupled with the fact that incentives are restricted. By and large, it appears as though more density allowance can generate more housing, and to this end, rezoned areas will allow for more density. Beyond this, the City's restrictions on additional financial support are both fiscally responsible and do not take away from the viability of new projects.

The City's definition of affordability will also support low- to moderate-income households as the proposal explicitly states that affordable units should be made available to households whose incomes fall at or below the 50% or 60% percentile range depending on the size of the unit. In current market conditions, this would mean that the rent is below the average market rent for almost all dwelling types. It is important to note, however, that this definition of affordability will not be helpful to those who need deeply affordable housing options.

The City has also appropriately calibrated alternative options for developers in lieu of constructing units within a building slated for construction. In other words, developers have an option to construct units offsite so long as they are within the same location with a condition that the units be made available in a timely fashion – requirements that ensure that these affordable homes are also adequate and do not aggravate the housing crunch. Indeed, provisions for equitable design, access and quality in the City's guidelines illustrates a concerted effort to making the program comprehensive.

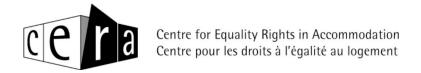
To this end, we applaud the City's extension of the period of affordability to 99 years, allowing for these housing options to remain permanently affordable. This ensures greater security of tenure, something that is desperately needed at a time when threats of evictions and being priced out of affordable homes occupies the minds of many of Toronto's residents.

We are also sensitive to the provincially imposed geographic constraints within which the City has had to contemplate its application of the policy. Ideally, an Inclusionary Zoning policy is most effective if its coverage is as wide as possible. This helps with fostering more integrated communities across a city. We do hope that in the future, opportunities will emerge for greater intergovernmental cooperation, including for the purpose of revisiting the current constraints.

We also believe the City can reconsider other elements of the policy that don't face any jurisdictional constraints:

Unit Threshold: For example, the policy only applies to planned projects with 100 units or more. Provincial regulations allow for lower thresholds. Indeed, an earlier version of the proposal set a lower cut off at 80 units. The current threshold poses a risk of reducing the housing options that can be produced through this policy.

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Set Asides and Phasing: We have also noted with some concern the relatively lower set aside rates and slower pace at which the policy is expected to be phased in. We appreciate that the City needs to balance affordability requirements with the financial viability of the project when designing an effective policy. To this end, NBLC's feasibility studies have applied a test to filter out some areas of the city that would become unviable in the event an Inclusionary Zoning policy is introduced.

However, in its most recent analysis, a second test has been used to further restrict the application of the policy to areas where the value of land has dropped to no more than 15%. The measure is meant to minimize shocks and help markets adjust at the early stages. By extension, it is supposed to minimize the risk of crippling supply that may emerge from actions such as landowners withholding their assets.

This approach has significantly slowed the phasing in of the policy and notably left no set aside requirements in place for purpose built rental units for the first five years. This is precisely the sort of housing option that Toronto needs.

We contend that the second test is unnecessary. That is, the test adds an additional guardrail around the interests of the development industry whose concerns are already accounted for. Plus, two years of consultations have signaled to the markets that with the policy in the horizon, it should start adjusting. It is important to reiterate the fact that phasing in considerations must keep in mind the needs of its population, a significant proportion of whom have been struggling with housing affordability for far too long.

We therefore urge the committee to consider increasing the set aside requirements and speed up the phasing in process based only on the first test. As the policy evolves, we also encourage the City to create more frequent opportunities for review when a more robust evidence base and a needs-based lens should be applied to help improve the quality of the initiative.

We look forward to providing more of our housing expertise and welcome further discussions with the City to ensure that Inclusionary Zoning meets its goal of building the affordable housing that Toronto desperately needs.

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