

INCLUSIONARY ZONING IN TORONTO

WHAT DO PEOPLE
WANT?



EXECUTIVE SUMMARY

After nearly 3 years, the City of Toronto is finalizing an Inclusionary Zoning policy that would require a percentage of all units in new developments set aside as affordable housing. Throughout the process, low-and-moderate income communities have fought to have their housing needs put before the developer's desire to profit. While the City has held virtual and in-person consultations with communities and developers, at the end of the day, the people are what make the city and their demands must be met.

City staff and outside consultants have consistently low-balled the percentage of a development that would be set aside as affordable in order to protect multi million dollar developers from 'shock'. ACORN members have been consistent in demanding 20% to 30% of all new developments as permanent, deeply affordable rental housing across the entire city - and city staff reports have slowly shifted to meet the demands of the people.

With public consultation wrapped up, it's important that an outside group consulted Torontonians and issued a report in contrast to developer-focused consultations and feasibility studies.

ACORN's 'Inclusionary Zoning People's Consultation' surveyed over 200 Torontonians and asked what they wanted from an Inclusionary Zoning policy. The majority want more than what the city is offering. It's now up to the Toronto city council to decide who they work for: people or developers?



TORONTO ACORN

Toronto ACORN (Association of Community Organizations for Reform Now) is an independent national organization of low-to-moderate income families with 46,000 members in every corner of the city. ACORN believes that social and economic justice can best be achieved with a city-wide membership who are invested in their organization and focused on building community power for change.

LACK OF AFFORDABLE HOUSING DEVELOPMENT

For the past decade, in Toronto's rental market it has become increasingly difficult to access affordable and adequate housing. Currently, there are 81,000 households on the social housing waiting list. Rents are wildly unaffordable and substandard housing conditions are common. Specifically, average market rents are extremely high and make up the single largest monthly expenditure for most tenant households. According to 2018 poverty reduction data, one in five adults live in poverty in Toronto. Due to low and stagnant wages and high costs of rent, tenant households spend a large portion of their incomes on housing costs, leaving very little for all other expenses. The City of Toronto's Inclusionary Zoning Assessment Report states that almost half of tenant households spend 30% or more of their income on shelter costs and over one in five spend 50% or more.

Since the mid 1990s, investment in affordable housing by the federal and provincial governments has dwindled. Municipalities have not picked up the slack, failing to produce, deliver or maintain affordable housing, including social and supportive housing, and has resulted in a heavy reliance on the private market and recently investment companies to deliver housing.

According to a recent study by the Centre for Urban Research and Land Development, Toronto is one of the fastest growing cities in Canada and the U.S. There are 7 major transit projects being built in Toronto that are inflating land value around them, enhancing development interest. The city estimated that 435,069 new residential units were proposed between January 1, 2015 and December 31, 2019. 92,641 new residential units were constructed between 2015 and 2019 and currently 193,631 as of 2019 were under review. The question for ACORN members is who benefits from all this



AFFORDABLE
HOUSING

INCLUSIONARY ZONING



Recognizing the growing issue of lack of affordable housing and due to persistent campaigning by groups like ACORN and several others, the City of Toronto has taken certain progressive steps in the recent past. It revised the definition of affordable housing, linking it to income and not average market rent. And in order to boost new affordable housing, it has identified initiatives such as the Open Door program, Housing Now and Inclusionary Zoning (IZ) in its Housing 2020-2030 action plan. These programs fall far short of the needs of low-and-moderate income tenants, but are better than no action at all.

IZ is a powerful planning tool that ensures a predetermined amount of affordable housing is included in new residential developments. This tool dates back more than 40 years when it was implemented in several US jurisdictions. Given the current state of the housing crisis and its worsening situation in Toronto, the importance of a policy such as IZ cannot be overstated. It's not the entire solution but a piece of it.

After persistent organizing and campaigning by Toronto ACORN and its allies, the Province began to introduce legislation in 2016 enabling municipalities to establish IZ policies. It took until 2018 for the province to pass regulations enabling municipalities to implement their policies. However, in 2019, with the election of a new Progressive Conservative government, some of the powers to implement IZ were taken back from the cities with the passage of Bill 108.

At this current juncture, within the powers that cities have to implement IZ, the city of Toronto is progressing and has identified it as an important tool to realise its goals to achieve right to housing. At the same time, the city is working to develop an IZ policy framework. **But, it is critical that it is done right!** This means that the policy framing as well as implementation is done in a way that is by and for the community.

The City's most recent draft for IZ shows a very conservative policy. In fact, there is a big risk the city will even go against its own feasibility study which had proposed much more affordable housing than what it is proposing at present. **The study demonstrates that it would be feasible to require 2-4x more affordable units than the current draft policy would require. A recent study by Maytree Foundation also found that 39% of typical condo developments could feasibly be set-aside in high price areas.**

Several specific components in a IZ policy that define the requirements developers are obliged to meet:

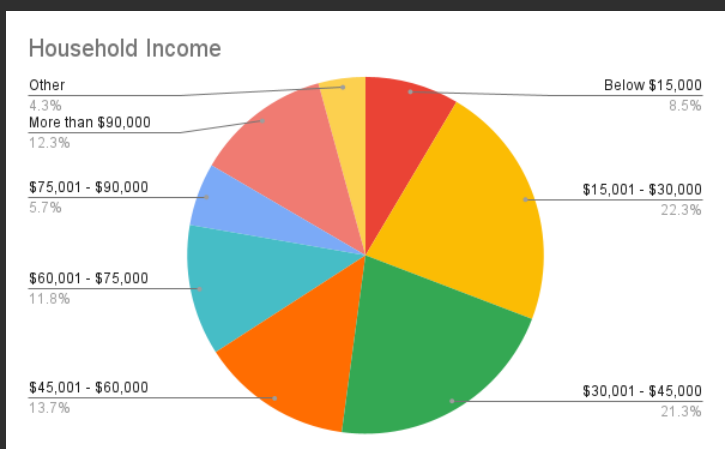
- "Set Aside Rates" determine what proportion of a new development has to be affordable.
- "Affordability Periods" determine how long the affordable units need to remain affordable.
- "Affordability Levels" determines the rents on the affordable homes for tenants.
- "Thresholds" determine the minimum size of the developments that are required to meet inclusionary zoning requirements.
- "Incentives" outline any direct or indirect compensation offered to developers to help them meet inclusionary zoning requirements while still ensuring the project is economically viable.

TORONTO ACORN IZ SURVEY

As the City of Toronto wraps up its public consultations on IZ, ACORN, along with many other housing groups and advocates do not feel that the city actually consulted the people. Rather, it was a top-down approach where the city staff explained why the city wants to move forward on a weak IZ policy. Therefore, Toronto ACORN undertook a survey to understand how people would like to see the implementation of the IZ policy. The survey was based on certain key elements of an IZ policy.

The survey was conducted online and was sent to all contacts in our database. We got a total of 257 responses.

INCOME PROFILE OF RESPONDENTS



Before we go into the findings, it is important to highlight the income profile of our respondents. Almost 44% of our respondents have household income ranging from \$15,000 to \$45,000. 14% of respondents reported their household income between \$45,000 to \$60,000. Almost equal proportion of respondents i.e. 12% reported their income range between \$60,000 to 75,000 and more than \$90,000.

IZ SURVEY



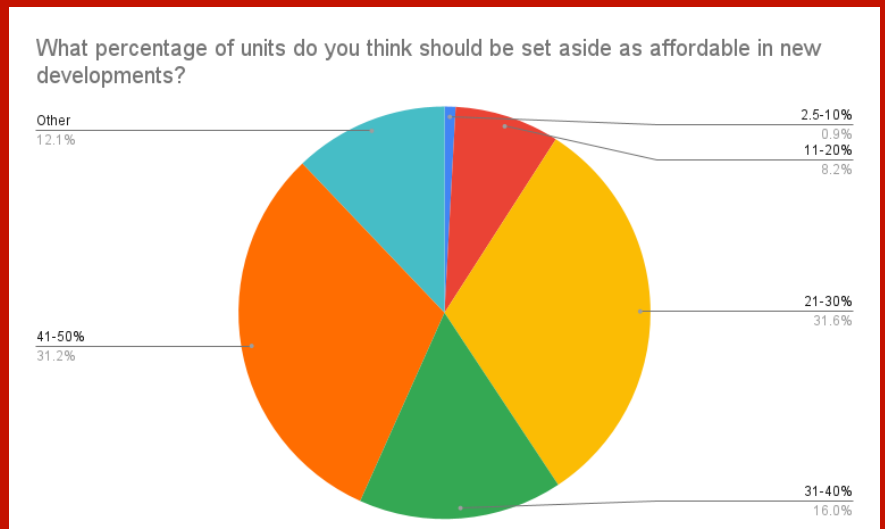
SURVEY FINDINGS

1. PERCENTAGE OF UNITS THAT SHOULD BE SET ASIDE AS AFFORDABLE

The City of Toronto currently proposes that between 5% to 10% of condo developments are set aside as affordable housing. They propose between 3% to 5% set aside in high rise rental apartment developments are set aside as affordable. This is direct contradiction of the city's own third party feasibility studies which show that up to 20% of condo developments could be set aside as permanently affordable rental housing, in three quarters of the areas of the city which were studied.

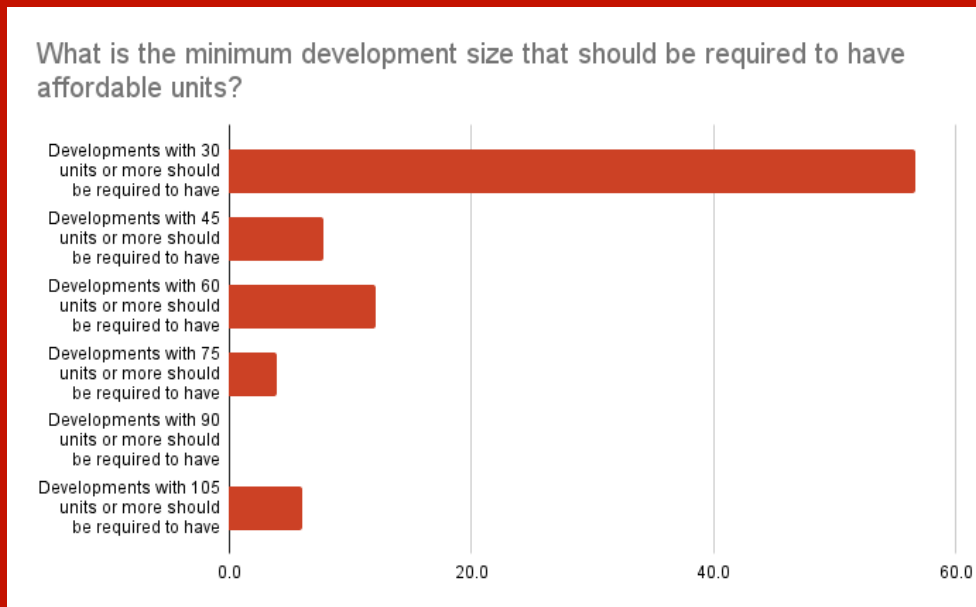
Our survey shows that people want a much bolder policy. As shown in the chart, more than 70% of people surveyed want a minimum of 20% of developments set aside as affordable. 47% of people want a minimum of 30% set aside as affordable. Due to pressure from ACORN members and other housing groups, the city is currently wrapping up another feasibility study testing a maximum set aside rate of 30%. The need for affordable housing has never been greater.

- 31% of respondents said that they would like to see 20-30% of units set aside as affordable.
- Same proportion of respondents said that 40-50% of units should be set aside as affordable.
- 16% said that 30-40% of units and another 8% of respondents said that 11-20% of units should be set aside as affordable.
- A negligible proportion went with the option of 2.5-10% units as affordable.



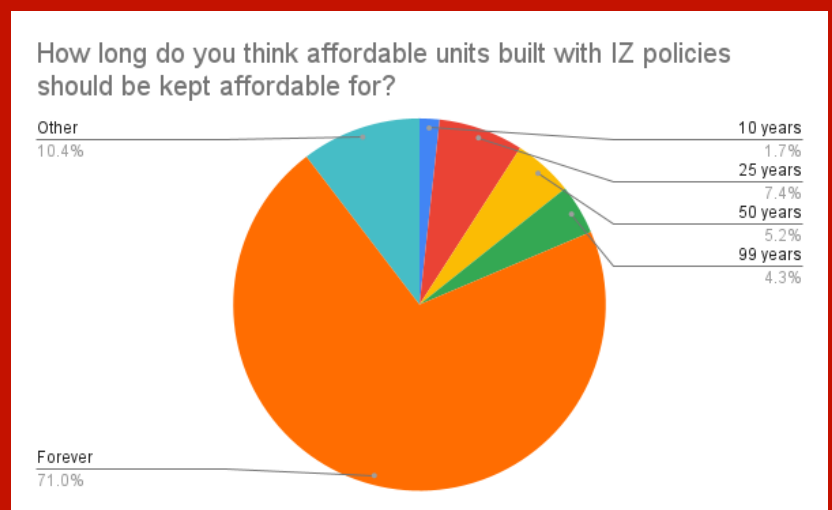
2. MINIMUM DEVELOPMENT SIZE THAT SHOULD BE REQUIRED TO HAVE AFFORDABLE UNITS

The city is currently recommending not applying IZ requirements to developments that are smaller than either 100 units or 140 units, depending on where in the city they are built. This would leave hundreds of affordable units outside of IZ requirements, basically giving up a huge amount of potential affordable units. Regular people want to see IZ rules applied much more broadly, in fact more aggressively than most housing advocacy organizations - clearly showing that there is no sympathy for developers crying poor. More than half of the respondents stated that developments with 30 units or more should be required to have affordable units. Roughly 12% of them said that developments with 60 units or more should be required to have affordable units. This is clearly one area where the city needs to be much bolder in what it is proposing. With the housing crisis as bad as it is, every opportunity for affordable housing must be seized.



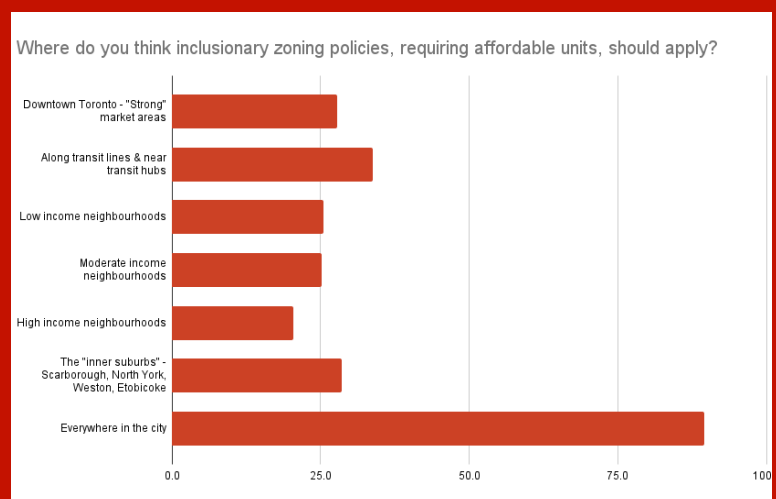
3. DURATION FOR WHICH AFFORDABLE UNITS BUILT WITH IZ POLICIES SHOULD BE KEPT AFFORDABLE FOR

We asked people how long affordable units built with IZ policies should be kept affordable. Majority of the respondents, almost 71%, said that the units should be kept affordable forever. Practically nobody chose anything else. The demand for permanent affordable housing has been a rallying cry for ACORN members, but the city resisted until November of 2020 when it finally put forward draft policies recognizing what regular people wanted. Before November of 2020, the city was pushing for a 25 year affordability period - something only developers and their lobbyists supported.



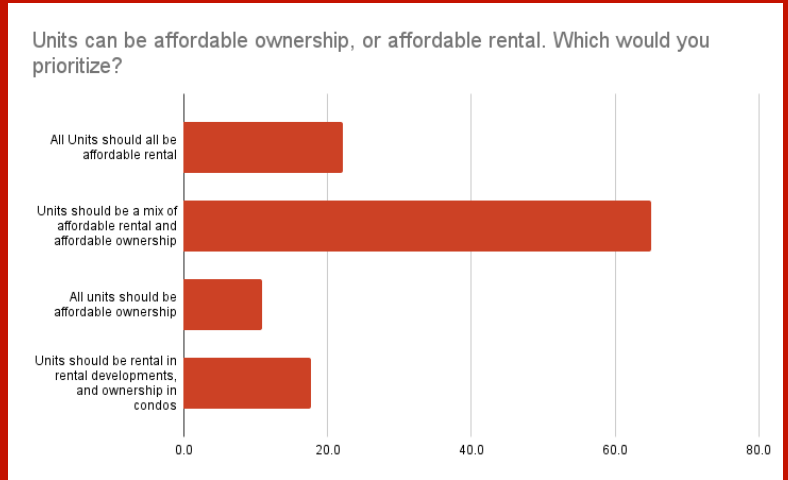
4. WHERE SHOULD INCLUSIONARY ZONING POLICIES, REQUIRING AFFORDABLE UNITS, APPLY?

We asked people where the IZ policy should apply in the city. People could choose more than one option. Almost 90% of respondents felt that the IZ policies, requiring affordable units, should apply across the entire city. Unfortunately Doug Ford's government introduced limiting legislation in 2019, designed to limit IZ requirements geographically. Currently, IZ can only be applied near transit stations. That being said, the city should work as fast as possible to designate the zones where IZ can be applied, and ensure that every possible section of the city has IZ requirements.



5. TYPE OF UNITS - AFFORDABLE OWNERSHIP, OR AFFORDABLE RENTAL?

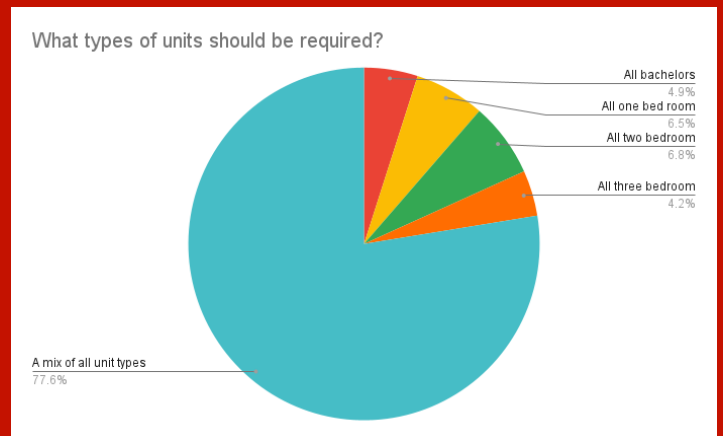
A big concern for people is lack of affordable rental housing. Many low-and-moderate income people cannot begin to dream of owning, even at affordable rates, which is why ACORN has been pushing for IZ set asides to be in the form of affordable rental. However, developers make less money on rental, and have been pushing back. Looking at the survey, 65% of people said that they would prefer a mix of affordable rental and affordable ownership units.



Very few people said that they would prefer all units to be affordable ownership. After that, people were split between units being entirely affordable rental (22% of respondents) or split by the type of building the units were in (18%).

6. TYPES OF UNITS - BACHELORS, ONE/TWO/THREE BEDROOM OR A MIX

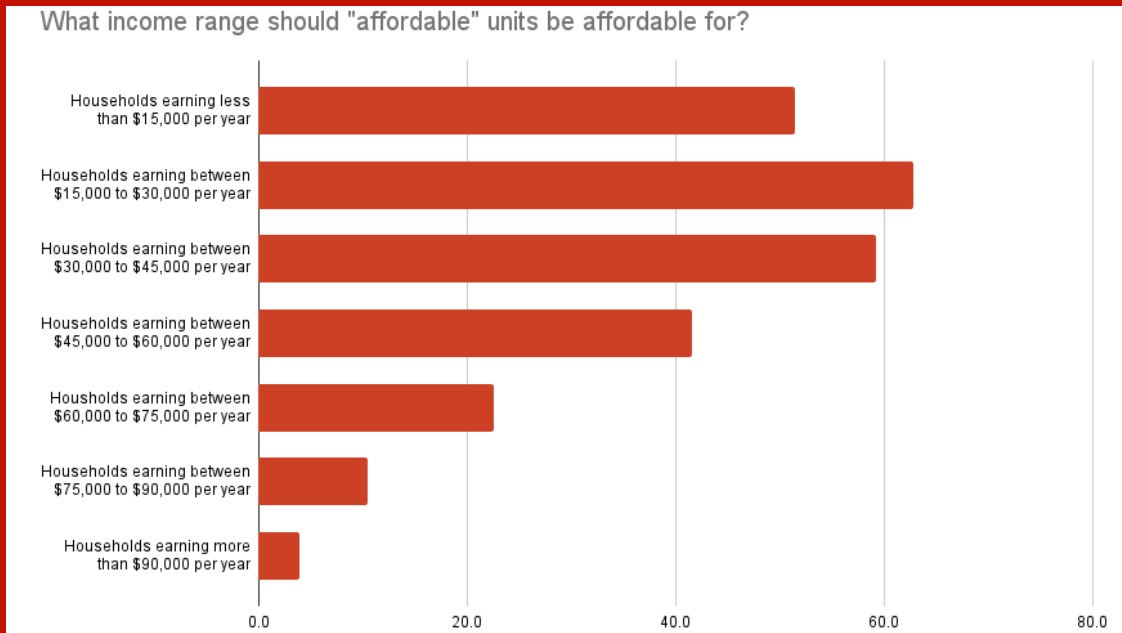
Developers have been pushing for years to focus on building one bedroom and bachelor units, which has led to a lack of units suitable for families and has also driven up the price of 2 and 3 bedroom units across the city. 78% of respondents stated that they would prefer a mix of all unit types - bachelors, one bedroom, two bedroom and three bedroom, which is not surprising. As the city finalizes it's policy proposal for IZ, it must ensure a mix of unit types, so that working families can afford a place to live.



7. WHAT INCOME RANGE SHOULD "AFFORDABLE" UNITS BE AFFORDABLE FOR?

For years the city has become more and more unaffordable for working people. Wages, pensions and social assistance rates have been stagnant while rents have skyrocketed, due to weak rent controls. IZ must deliver affordable units to the people who need it, not middle income families but the frontline and essential workers who make the city function.

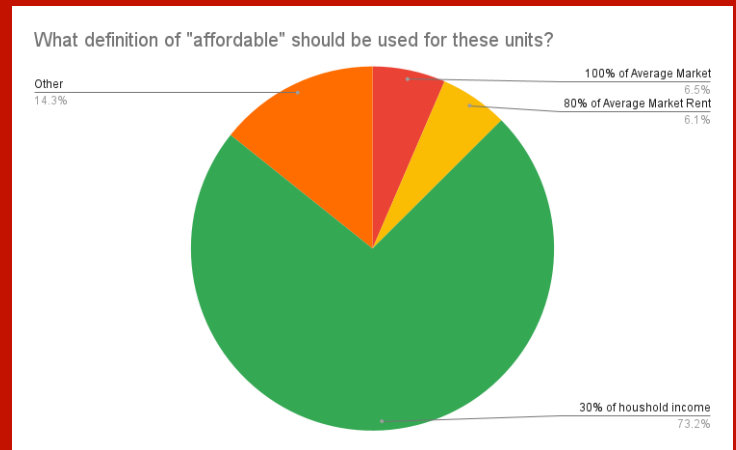
More than half of the respondents chose less than \$15,000 per year. Over 60% chose income ranging from \$15,000 to \$45,000. Around 41% also felt that it should be affordable for those earning between \$45,000 to \$60,000. Almost no one responded that the affordable units should go to people earning over \$60,000 per year.



8. DEFINITION OF “AFFORDABLE” IN THE UNITS

We asked people the income range for whom these units should be affordable. For years the city has used a terrible 'market-based' definition of affordable. Until now the city has defined affordable as anything below the 'Average Market Rate' (AMR) but due to pressure from ACORN, it will be moving to a definition of affordable based on income. For that reason, it's important that people have an opportunity to define who these 'affordable' units should be affordable for.

73% of respondents said that they would like to see “affordable” units defined as those in which the rent is not more than 30% of the household income. Very few people mentioned that the definition of affordable units be based on 80% or 100% of AMR, which is the definition the city is finally moving away from but did use for years despite calls from ACORN to change the definition.



CONCLUSION & RECOMMENDATIONS

The struggle for an affordable city won't end when the city passes its IZ policies. And it won't end with any one specific policy or tool. ACORN members recognize that the battle for an affordable city will be won when the power of the mass numbers of low-and-moderate income people get more organized than the power of moneyed developers and their lobbyists.

That being said, IZ is an important opportunity to get affordable housing built by leveraging the huge number of developments going up in Toronto. The commodification of housing and the huge profits being made off condo developments that are primarily sold as investments has driven large numbers of working people out of their communities. ACORN members and the people of Toronto want to see developer profits cut into, and affordable housing delivered.

The draft IZ policy proposals so far from City of Toronto planners have been developed largely in fear of offending or shocking private developers. This report clearly shows that the people want a bold IZ policy that requires a minimum of 20% to 30% of all new developments with 60 units or more set aside as deeply affordable rental housing. ACORN members hope that the unity and strength of demands is heard and acted upon by city staff and city councillors. At the end of the day, developers don't vote and politicians rely upon the people for their positions. If the city council is for the people, it will strengthen its IZ policies and utilize public consultations such as the 'people's consultation' when it votes on the final IZ proposal.





JOIN ACCORN TO FIGHT BACK

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