



June 17, 2015

Chair Shiner and members of the Planning and Growth Management Committee
City of Toronto
City Hall
100 Queen Street West
Toronto, Ontario

Dear Chair Shiner and members of the Planning and Growth Management Committee,

RE: Agenda Item PG 5.10 Ahead of the Curve: Preparing for Inclusionary Zoning for the City of Toronto

The Building Industry and Land Development Association (BILD) is in receipt of the Council referred member motion, noted as agenda item *PG 5.10 Ahead of the Curve: Preparing for Inclusionary Zoning for the City of Toronto*. We acknowledge that this motion seeks the committee's endorsement for a strategy to implement inclusionary zoning in the City of Toronto, and that this motion was referred by Council to the June 18th Planning Growth Management Committee for a decision.

It is essential to note that BILD and its members greatly support the need to find appropriate solutions to the lack of affordable housing. In this vein, BILD and the City of Toronto have worked collaboratively on mechanisms to aid in this challenge. A clear example is our joint efforts to promote six-storey wood frame construction in Ontario.

Conceptually, inclusionary zoning is a mature planning tool that has worked in some cities in the United States, primarily because of the supporting mechanisms, such as as-of-right zoning permissions, tax-credits and other incentives. Without proper as-of-right zoning in place, we will simply have another barrier to affordable market housing. Transit corridor planning in Toronto is a prime example of where as-of-right zoning is still desperately needed and would support affordable housing.

These supporting mechanisms are essential because they financially offset the burden of inclusionary zoning to make it feasible in a development project. While we are in agreement that affordable housing is a shared challenge that we must overcome, our industry does not believe that inclusionary zoning is the right tool, especially without these supporting mechanisms.

We view this motion as counter intuitive to the City's own plan to promote and incent affordable housing. Inclusionary zoning simply shifts the burden of responsibility onto those that are trying to enter into home-ownership for the first time. This creates a barrier to entry and places additional strain on the City's rental housing stock.

In conjunction with the Ontario Homes Builders' Association (our Provincial affiliate) we have had a long-standing position on inclusionary zoning; several key points from the industry's perspective are as follows:

Logistical Considerations

- In most cases, it is necessary for the government to provide incentives or compensation to developers to ensure that housing projects are financially feasible.
- Inclusionary zoning can cause the average price of new homes across the market to increase, therefore reducing housing affordability and reducing the overall supply of new housing.
- Inclusionary zoning asks homebuyers (or renters) to bear the cost of a social subsidy. The policy is inequitable, as a narrow segment of society would bear the cost of a social initiative, which should be spread across all taxpayers. Furthermore, the housing market will be skewed to favour resales that don't carry this extra cost burden.
- The cost of this subsidy will reduce the economic return on a new housing to the extent that it would be unlikely to proceed, unless the developer is able to:
 - Pass the cost along to the buyers of market units within the development which reduces affordability; or
 - Receive significant compensation from government in the form of cash grants and/or other concessions such as height or density bonuses.
- Inclusionary zoning may also be problematic from a resale perspective. How will the appreciation in value be managed at the time of resale? Will the house remain as 'affordable housing stock'? Overtime the turnover of inclusionary zoning units may only serve to benefit the owner, not the overall affordable housing supply.
- Both publicly funded or privately funded assisted housing will have impacts on land supply and costs, as well as a difficult journey through the typical planning process complexities, due to neighbourhood opposition for 'affordable housing.'

Consequences of Inclusionary Zoning

- **Housing provision** – If inclusionary zoning policies without adequate compensation are introduced they threaten the feasibility of new housing developments, then, ultimately, housing shortages will emerge.
- **Housing affordability** – When new homebuyers (or renters) have to bear the cost of a subsidy, this has negative repercussions on housing affordability for market units. This is a band-aid solution that is essentially a hidden tax on new homebuyers.
- **Density** – If the policy makes large higher-density projects less feasible, then shortages of higher density housing may emerge in the long term.

Recommended Alternatives to Inclusionary Zoning

- Strategically plan as-of-right zoning, especially along transit routes and corridors, which will aid in reducing the price of market housing.
- Remove or reduce government imposed cost and regulatory barriers which constrain housing

opportunities for lower income households;

- Create a long-term portable housing allowance program to provide immediate assistance to low income households who have housing affordability problems;
- Address homelessness by focusing on special needs housing and services for the truly needy and integrating enhanced support services within housing projects;
- Make strategic investments to repair and upgrade Toronto's existing social housing stock.

We hope that you will take these comments into consideration and should this matter progress, BILD would like to take this opportunity to request a stakeholder meeting with BILD Toronto Chapter members and city staff.

If you have any questions or comments, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Danielle Chin', with a stylized flourish at the end.

Danielle Chin, RPP MCIP
Senior Manager, Policy & Government Relations

CC: BILD Toronto Chapter members