

Inclusionary Zoning Submission of Social Planning Toronto

**Planning and Growth Management Committee
June 18, 2015**

Pg5.10 Ahead of the Curve: Preparing for Inclusionary Zoning for the City of Toronto

Because Toronto cannot implement a mandatory Inclusionary Zoning program, the City is missing an important opportunity to add to the supply of affordable housing in our neighbourhoods.

The province should provide these powers soon. The Ministry of Municipal Affairs and Housing expects municipalities to create affordable housing plans, but continues to delay in providing one of the tools that would go a long way towards creating effective plans.

As Toronto's Chief Planner, Jennifer Keesmaat, noted recently at a forum on Inclusionary Zoning organized by Social Planning Toronto, if the City had IZ powers they would be implementing these programs as soon as they could and it would be transformative.

Depending on how the program might be structured we could be creating a minimum of 1000 to 1500 units per year of affordable home ownership and affordable rental housing. This would be a steady, on-going supply as long there is development growth in the City. And it wouldn't require any taxpayer dollars from any level of government.

This does not mean that senior levels of government should stop investing directly in solutions to housing affordability. IZ is only one tool that solves a portion of the affordable housing supply issues. But it needs to be noted that even a modest Inclusionary Zoning program would produce considerably more affordable units than have been generated by recent Federal-Provincial affordable housing initiatives.

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What is Inclusionary Zoning

Inclusionary zoning programs are municipal programs that use the development regulations and approval process to require private developers to provide a portion of affordable housing within their new market projects.

The policies represent a fundamentally different way to providing affordable housing than the conventional social housing programs used almost exclusively to date in Canada. Those programs essentially rely on financial subsidies provided by the provincial and/or federal governments. In contrast, inclusionary programs rely solely on the concessions coming out of the regulatory process.

Inclusionary zoning is associated with the US, where it was first introduced in the early 1970s, and is now used in at least 300 communities in a dozen or more states.

Inclusionary zoning merits special attention because it has a proven track record in providing affordable housing. It operates under a commonly used set of rules and procedures that have been well-honed after years of experience. These practices in the main could be readily adopted in this country. Even if not fully replicated, that experience offers many lessons that should be heeded here.

Why Inclusionary Zoning Should be part of Ontario's Long Term Affordable Housing Strategy and Smart Growth for our Municipalities

We all benefit when the people who staff our hospitals, banks, hotels, schools, retail stores and other workplaces can afford to live in the communities where they work. Over 300 American municipalities have found that one of the fastest and fairest ways to create stable, equitably accessible, affordable housing is to ensure that it is built into any new development.

The results:

- Affordable rental and home ownership opportunities for all integrated into every neighbourhood.
- No more NIMBY (Not In My Backyard) – affordable housing is a normal part of development.
- Developers are engaged in creating affordable housing and their return on investment is respected.

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- Everyone does what they do best: developers develop; governments provide subsidies where equitable accessibility and deep affordability is needed; non-profit groups can purchase units, rent them to their clients, and provide programs and support where necessary.
- People can live near their workplace, and our children can afford to live in the cities and neighbourhoods where they grew up.

Over 400 municipalities in the US (including major cities like Chicago, San Francisco, Washington and Denver) have created thousands of affordable homes – over 11,000 in one city in the United States — at almost no cost to the taxpayer, simply by setting aside 10 to 20 per cent of every new development for affordable housing.

Municipalities in Ontario could easily learn from the successful American experience and adapt the tool used there to our planning processes.

Authoritative studies have shown that there is no significant impact on either market house prices or the level of development by adding an Inclusionary Zoning capacity to the planning process.¹ Concerns that new homebuyers in the market are subsidizing affordable housing are unfounded.

American municipalities have developed a number of different kinds of tools that are used to establish eligibility requirements, as well as methods of equitably distributing the affordable units to individual households and into the rental market. They have created effective mechanisms to ensure the ongoing affordability of the units being created.

These are not a subsidy program. They are regulatory programs that do not need any direct investment by government to make them work.

These successes show us that it is possible. It's time for Ontario to harness the power of Inclusionary Zoning.

¹ Independent studies by both the National Center for Smart Growth Research and Education and the Furman Center for Real Estate & Urban Policy available at <http://inclusionaryhousing.ca/category/impact-on-prices/>

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The Goals

A set of programs and policies that:

- Require that a portion of all new developments be affordable to individuals and families with moderate incomes.
- Preserve the benefits of affordability and inclusive neighbourhoods in the long term.

The Tools

Inclusionary Zoning policies are set by local governments. But it's up to the Ontario Government to give local governments the authority to create the tools to make Inclusionary Zoning work. These tools include:

- Planning and approval tools that define the developer's role in providing housing that is affordable at set income levels.
- Finance, mortgage, and rental tools that allow individuals, families and non-profit housing providers to acquire housing under Inclusionary Zoning programs at affordable costs, and that preserve affordable housing for future residents.
- Open, transparent and equitable systems to select who will own or rent affordable units created through Inclusionary Zoning.

Inclusionary Zoning, Smart Growth and a Long Term Affordable Housing Strategy for Ontario

Many municipalities are excited by the potential for Inclusionary Zoning to create affordable housing wherever new housing is developed.

To move forward, they need the Ontario Government to enact legislation that would:

- Provide municipalities with the explicit legal authority to adopt mandatory Inclusionary Zoning policies that would define the rights and responsibilities of developers and builders in contributing to the creation of affordable housing.
- Provide municipalities with the explicit legal authority to adopt policies and to enter into agreements with the owners of the affordable housing that will protect their affordability for the long term, if not permanently."

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It is recognized that not all municipalities may be able to take advantage of mandatory Inclusionary Zoning Policies, and those that do will adapt their policies to local conditions.

A successful affordable housing strategy will require the participation of all stakeholders. The development of Inclusionary Zoning policies will ensure that private housing developers are engaged, along with provincial and municipal governments, and non-profit housing organizations in providing the full range of housing options needed to make sure that every person in the province can equitably access stable, affordable housing.

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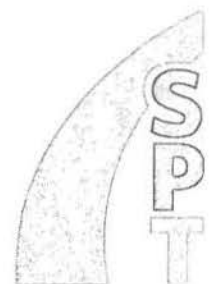
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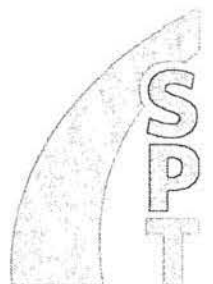
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