

Attachment 2: Proposed Inclusionary Zoning By-law

CITY OF TORONTO BY-LAW #####-2021

To amend Zoning By-law 569-2013, as amended, with respect to Inclusionary Zoning.

Whereas Council of the City of Toronto has the authority pursuant to Section 34 and Section 35.2 of the Planning Act, R.S.O. 1990, c. P.13, as amended, to pass this By-law;

Whereas the Official Plan of the City of Toronto contains policies that authorize inclusionary zoning pursuant to subsection 16(5) of the Planning Act; and

Whereas Council of the City of Toronto has provided adequate information to the public and has held at least one public meeting in accordance with the Planning Act;

The Council of the City of Toronto enacts:

1. The words highlighted in bold type in this By-law have the meaning provided in Zoning By-law 569-2013, Chapter 800 Definitions, unless otherwise specified.
2. Zoning By-law 569-2013, as amended, is further amended by inserting Section 600.30 so that it reads:

600.30 Inclusionary Zoning

(1) Affordable Rental Housing Unit Definition

For the purposes of Section 600.30, **affordable rental housing unit** means a **dwelling unit** where the **total monthly shelter cost** is at or below the lesser of one times the average City of Toronto rent, by **dwelling unit** type, as reported annually by the Canada Mortgage and Housing Corporation, or 30% of the before-tax monthly income of renter households in the City of Toronto as follows:

- (A) studio units: one-person households at or below the 50th percentile income;
- (B) one-bedroom units: one-person households at or below the 60th percentile income;
- (C) two-bedroom units: two-person households at or below the 60th percentile income;
- (D) three-bedroom units: three-person households at or below the 60th percentile income.

(2) Affordable Ownership Housing Unit Definition

For the purposes of Section 600.30, **affordable ownership housing unit** means a **dwelling unit** where the purchase price (which for new units is inclusive of Harmonized Sales Tax payable by the purchaser) is at or below an amount where the **total monthly shelter cost** is affordable, based on paying no more than 30% of before-tax monthly income, to all households in the City of Toronto as follows:

- (A) studio units: households earning at or below the 30th percentile income;
- (B) one-bedroom units: households earning at or below the 40th percentile income;
- (C) two-bedroom units: households earning at or below the 50th percentile income;
- (D) three-bedroom units: households earning at or below the 60th percentile income.

(3) Total Monthly Shelter Cost

For the purposes of Section 600.30, total monthly shelter cost:

- (A) for an **affordable rental housing unit**, means the gross monthly rent inclusive of utilities for heat, hydro, hot water and water; and
- (B) for an **affordable ownership housing unit**, means:
 - (i) the mortgage principal and interest based on a 25-year amortization, 10 per cent down payment and the mortgage rate for a conventional 5-year mortgage as reported by the Bank of Canada in January of the applicable year, and a mortgage insurance premium;
 - (ii) property taxes calculated on a monthly basis based on the purchase price; and
 - (iii) standard condominium fees.

(4) Affordable Housing Unit Definition

For the purposes of Section 600.30, **affordable housing unit** means a **dwelling unit** which is either an **affordable rental housing unit** or an **affordable ownership housing unit**.

(5) Purpose-Built Rental Housing Definition

For the purposes of Section 600.30, **purpose-built rental housing** means a **building** or part of a **building**:

- (A) containing **dwelling units** which:
 - (i) are not individually owned;
 - (ii) are available for rent;
 - (iii) are not in a condominium registered under section 2 of the Condominium Act, 1998 or a predecessor of that section;
- (B) which was originally constructed for rental; and
- (C) which is not organized as a life lease project and the right to occupy the **dwelling units** is based on a life lease interest.

(6) Ownership Housing

For the purposes of Section 600.30, **ownership housing** means a **building** or part of a **building** containing **dwelling units** which are individually owned as part of freehold ownership, a condominium registered under section 2 of the Condominium Act, 1998 or a predecessor of that section.

(7) Non-profit Housing Provider

For the purposes of Section 600.30, a **non-profit housing provider** means:

- (A) a corporation without share capital to which the *Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing;
- (B) a corporation without share capital to which the *Canada Business Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing;
- (C) a non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act*, or
- (D) an organization that is a registered charity within the meaning of the *Income Tax Act* (Canada) or a non-profit organization exempt from tax under paragraph 149 (1) (l) of that Act, and whose land is owned by the organization, all or part of which is to be used as affordable housing.

(8) Rental Replacement Unit

For the purposes of Section 600.30, **rental replacement unit** means a **dwelling unit** which is required to be replaced pursuant to Section 3.2.1.6 of the City of Toronto Official Plan.

600.30.10 Inclusionary Zoning Overlay

(1) Affordable Housing Units in Inclusionary Zoning Overlay Area IZ1

On a **lot** which is located entirely within an area identified as Inclusionary Zoning Area IZ1 on the Inclusionary Zoning Overlay Map:

- (A) for a **purpose-built rental housing building** there is no minimum requirement for **affordable rental housing units**;
- (B) for an **ownership housing building**:
 - (i) a minimum of 7% of the total **gross floor area** for residential uses must be provided as **affordable rental housing units**; or
 - (ii) a minimum of 10% of the total **gross floor area** for residential uses must be provided as **affordable ownership housing units**; and
- (C) where a **purpose-built rental housing building** is converted to an **ownership housing building**, the requirements of (B) will apply.

(2) Affordable Housing Units in Inclusionary Zoning Overlay Area IZ2

On a **lot** which is located entirely within an area identified as Inclusionary Zoning Area IZ2 on the Inclusionary Zoning Overlay Map:

- (A) for a **purpose-built rental housing building** there is no minimum requirement for **affordable rental housing units**;
- (B) for an **ownership housing building**:
 - (i) a minimum of 6% of the total **gross floor area** for residential uses must be provided as **affordable rental housing units**; or

- (ii) a minimum of 8% of the total **gross floor area** for residential uses must be provided as **affordable ownership housing units**; and
- (C) where a **purpose-built rental housing building** is converted to an **ownership housing building**, the requirements of (B) will apply.

(3) Affordable Housing Units in Inclusionary Zoning Overlay Area IZ3

On a **lot** which is located entirely within an area identified as Inclusionary Zoning Area IZ3 on the Inclusionary Zoning Overlay Map:

- (A) for a **purpose-built rental housing building** there is no minimum requirement for **affordable rental housing units**;
- (B) for an **ownership housing building**:
 - (i) a minimum of 5% of the total **gross floor area** for residential uses must be provided as **affordable rental housing units**; or
 - (ii) a minimum of 7% of the total **gross floor area** for residential uses must be provided as **affordable ownership housing units**; and
- (C) where a **purpose-built rental housing building** is converted to an **ownership housing building**, the requirements of (B) will apply.

(4) Affordability

On a **lot** which is located entirely within an area identified as Inclusionary Zoning Area IZ1, Area IZ2 or Area IZ3 on the Inclusionary Zoning Overlay Map:

- (A) the **affordable rental housing units** and **affordable ownership housing units** required by regulations 600.30.10(1), 600.30.10(2) and 600.30.10(3) must be provided as **affordable rental housing units** or **affordable ownership housing units** for a minimum of 99 years from the date of the first residential occupancy of each **affordable housing unit**.

(5) Net Proceeds from Sale of Affordable Housing Unit

On a **lot** which is located entirely within an area identified as Inclusionary Zoning Area IZ1, Area IZ2 or Area IZ3 on the Inclusionary Zoning Overlay Map:

- (A) the City will receive no more than 20% of the net proceeds of the sale of an **affordable ownership housing unit**, which would be equivalent to no more than 2% of the sale price, for the purposes of administration fees during the 99 year period referred to in 600.30.10(4); and
- (B) the City will receive 50% of the net proceeds of sale for the first sale of an **affordable ownership housing unit** at market price after the 99 year period referred to in 600.30.10(4).

(6) Register Agreement on Title

The requirements of regulations 600.30.10(1), 600.30.10(2), 600.30.10(3), 600.30.10(4), and 600.30.10(5) must be secured by one or more agreements pursuant to Section 35.2(2) of the Planning Act that are in a form and registered on title to the lands to the satisfaction of the City Solicitor.

(7) Exemptions

Regulations 600.30.10(1), 600.30.10(2), 600.30.10(3), 600.30.10(4), 600.30.10(5) and 600.30.10(6) do not apply to:

- (A) a **development** which:
 - (i) contains fewer than 100 **dwelling units** and 8,000 square metres of **gross floor area** for residential uses;
 - (ii) will be owned and operated by a **non-profit housing provider** where the **non-profit housing provider** has 100 percent ownership interest; or
 - (iii) will be owned and operated by a **non-profit housing provider** in a partnership in which:
 - a) the **non-profit housing provider** has an ownership interest that is greater than 51 per cent; and
 - b) a minimum of 51 per cent of the **dwelling units** will be **affordable housing units**.
- (B) a **student residence, retirement home, nursing home or residential care home**, including where the use is on the same **lot** or in the same **building** as **purpose-built rental housing or ownership housing**.

(8) Lawfully Existing Buildings

Regulations 600.30.10(1), 600.30.10(2), 600.30.10(3), 600.30.10(4), 600.30.10(5) and 600.30.10(6) do not apply to a **lawfully existing building** except where any addition or extension to, or change of use within, a **lawfully existing building** results in:

- (A) 100 or more new **dwelling units** or 8,000 square metres or more of **gross floor area** for residential uses.

(9) Rental Replacement Units Exclusion from Gross Floor Area

For the purpose of applying regulations 600.30.10(1), 600.30.10(2) and 600.30.10(3):

- (A) the total **gross floor area** for residential uses excludes the **gross floor area** of any **rental replacement units**; and
- (B) existing **affordable rental housing units** secured as **rental replacement units** are not included in the total **gross floor area** provided as **affordable housing units**.

(10) Rental Replacement Units Exclusion from Unit Count

For the purpose of applying regulations 600.30.10(7) and 600.30.10(8), **dwelling units** that are secured as **rental replacement units** are not included in the total number of **dwelling units** or new **dwelling units**.

(11) Phasing of Requirements

Beginning January 1, 2025 and until January 1, 2030, the requirements for **affordable rental housing units** will increase by 1.5% per year for regulation 600.30.10(1)(B)(i), 1% per year for regulation 600.30.10(2)(B)(i) and 0.5% per year for regulation 600.30.10(3)(B)(i) and the requirements for **affordable ownership housing units** will

increase at a rate of one point four times the requirements for **affordable rental housing units**. Beginning January 1, 2026, the requirements for **affordable rental housing units** will be 5% for regulation 600.30.10(1)(A) and 3% for regulation 600.30.10(2)(A), as shown on Schedule A attached to Zoning By-law #####-2021.

(12) Parking

Despite clause 200.5.10.1, no **parking spaces** are required for **affordable housing units**.

(13) Definition of Development

For the purpose of applying Regulation 600.30.10(7), a **development** is the construction, erection or placing of one or more **buildings** or **structures** on lands or the making of an addition, alteration or change of use to a **building** or **structure**.

600.30.15 Transition

600.30.15.1 Transition: Zoning By-law Amendment and Site Plan Applications

(1) Zoning By-law Amendment and Site Plan Applications

Nothing in Section 600.30 will prevent the erection or use of a **building** or **structure**, for which:

- (A) Complete applications for a zoning by-law amendment and site plan approval were filed on or prior to September 18, 2022;
- (B) A zoning by-law amendment came into force prior to the passing of a Community Benefits Charge by-law and an agreement was executed in accordance with Section 37 of the *Planning Act* on or prior to the later of September 18, 2022 or notice of approval of a "Protected Major Transit Station Area" by the Minister pursuant to the *Planning Act*; or
- (C) A complete application for site plan approval was filed on or prior to September 18, 2022.

(2) Zoning By-law Amendment Applications

For the purposes of regulation 600.30.15.2(1), a "complete application for a zoning by-law amendment" means an application which satisfies the requirements set out in the City of Toronto Official Plan Policy 5.5.2.

(3) Site Plan Approval Applications

For the purposes of regulation 600.30.15.2(1), a "complete application for site plan approval" means an application which satisfies the requirements set out in the City of Toronto Official Plan Policy 5.5.2.

600.30.15.2 Transition: Minor Variance Applications

(1) Minor Variance Applications

Nothing in in Section 600.30 will prevent the erection or use of a **building** or **structure**, for which:

- (A) A complete application for a minor variance under Section 45 of the Planning Act was filed on or prior to September 18, 2022; or
- (B) A complete application for a minor variance under Section 45 of the Planning Act was filed after September 18, 2022 in respect of a building permit referred to in regulation 600.30.15.3(1).

(2) Minor Variance Applications

For the purposes of regulation 600.30.15.2(1), a "complete application for a minor variance" means an application which satisfies the requirements of Section 2 of Ontario Regulation 200/96 (Minor Variance Applications) under the Planning Act.

600.30.15.3 Transition: Building Permit Applications

(1) Building Permit Applications

Nothing in Section 600.30 will prevent the erection or use of a **building** or **structure** for which:

- (A) an application for a building permit was filed on or prior to September 18, 2022; or
- (B) an application for a building permit was filed after September 18, 2022, in respect of a zoning by-law amendment or site plan referred to in regulation 600.30.15.1(1) or a minor variance referred to in regulation 600.30.15.2(1).

(2) Building Permit Applications

For the purposes of regulation 600.30.15.3(1), an "application for a building permit" means an application for a building permit that satisfies the requirements set out in Article I, Building Permits of Chapter 363, Building Construction and Demolition of the City of Toronto Municipal Code.

SCHEDULE A TO ZONING BY-LAW #####-2021 INCLUSIONARY ZONING RATES

EFFECTIVE SEPTEMBER 18, 2022 TO DECEMBER 31, 2024

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	0%	7%	10%
Inclusionary Zoning Area IZ2	0%	6%	8%
Inclusionary Zoning Area IZ3	0%	5%	7%

EFFECTIVE JANUARY 1, 2025

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	0%	8.5%	12%
Inclusionary Zoning Area IZ2	0%	7%	10%
Inclusionary Zoning Area IZ3	0%	5.5%	8%

EFFECTIVE JANUARY 1, 2026

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	5%	10%	14%
Inclusionary Zoning Area IZ2	3%	8%	11%
Inclusionary Zoning Area IZ3	0%	6%	8%

EFFECTIVE JANUARY 1, 2027

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	5%	11.5%	16%
Inclusionary Zoning Area IZ2	3%	9%	13%
Inclusionary Zoning Area IZ3	0%	6.5%	9%

EFFECTIVE JANUARY 1, 2028

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	5%	13%	18%
Inclusionary Zoning Area IZ2	3%	10%	14%
Inclusionary Zoning Area IZ3	0%	7%	10%

EFFECTIVE JANUARY 1, 2029

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	5%	14.5%	20%
Inclusionary Zoning Area IZ2	3%	11%	15%
Inclusionary Zoning Area IZ3	0%	7.5%	11%

EFFECTIVE JANUARY 1, 2030

	Purpose-built rental housing building	Ownership housing building	
	GFA requirement for affordable rental housing units	GFA requirement for affordable rental housing units	GFA requirement for affordable ownership housing units
Inclusionary Zoning Area IZ1	5%	16%	22%
Inclusionary Zoning Area IZ2	3%	12%	17%
Inclusionary Zoning Area IZ3	0%	8%	11%