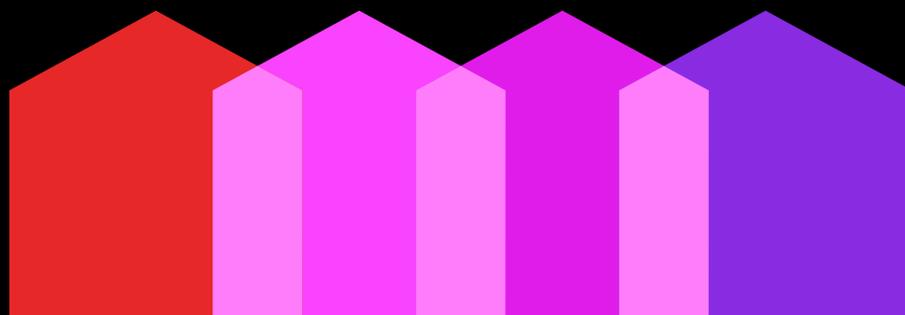


City of Toronto Inclusionary Zoning and Affordable Housing Definition

Phase 2 City-wide Consultation and Communication Summary



**Spring
2021**

The City of Toronto is advancing a draft Inclusionary Zoning policy and zoning by-law amendment. As part of this work, in-depth and extensive consultation has been prioritized to gain feedback on how to implement a policy that addresses the City's unique housing needs and local area markets.

In December 2019, the City of Toronto adopted the [HousingTO 2020 -2030 Action Plan](#), which provides a blueprint for action across the full housing spectrum. One of the actions identified in the plan is for the City to implement inclusionary zoning (IZ) to ensure new housing opportunities are targeted to low and moderate-income households and affordability is provided long-term. The City is exploring an IZ framework with the goals of:

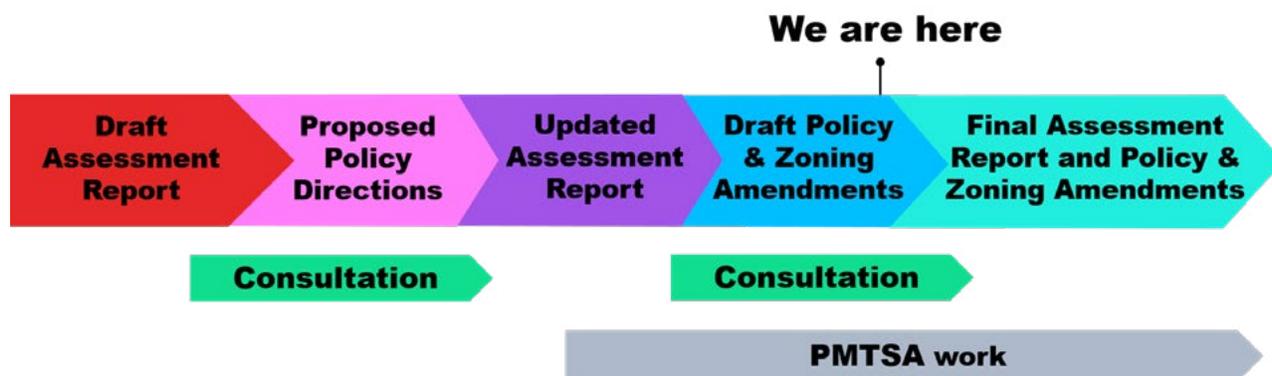
- Increasing the supply of affordable housing;
- Continuing to encourage market housing development by supporting a diverse range of housing supply; and
- Creating more inclusive, complete and equitable communities.

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IZ would allow the City to require a certain percentage of affordable housing in new residential developments, creating mixed-income housing. IZ is one policy solution to help address the housing needs of Toronto's low- and moderate-income households (earning roughly between \$32,000 and \$90,000 a year depending household size). The City has developed and consulted on draft Official Plan and Zoning By-law amendments for IZ based on findings from an in-depth analysis of housing needs and demands over the past 10 years, an analysis of the potential impacts of IZ on the financial viability of market developments and a first phase of consultation with key stakeholder groups and the public.

Consultation played a key role in understanding stakeholder and public interests and priorities related to IZ and the draft policies and zoning. The project team, which consisted of staff from the City and Dillon Consulting Limited, held public and stakeholder meetings that emphasized sharing information and receiving feedback through the form of live polling and open discussion. These activities were carried out to educate the public on IZ, share updates on the work completed since Phase One consultations, and get feedback on the draft policies and zoning. The feedback gathered through these activities is being used to inform further analysis and the development of final recommended inclusionary zoning official plan policies and zoning by-law amendments.



Phase One Consultation Program Recap

Phase One engagement activities were completed between March and August 2019 and consisted of meetings with stakeholders from the development industry and housing advocacy groups to understand their unique perspectives that need to be considered. We also hosted four public meetings and promoted an online survey, offered a DIY Kit and Train-the-Trainer session (for anyone wanting to host their own conversations on inclusionary zoning). The proposed policy directions outlined how IZ would apply in the city, including:

1. The percentage of affordable housing required, including different requirements for condominium ownership and purpose-built rental projects;
2. Where IZ would apply and the minimum size of development projects that IZ would be applied to; and
3. How long the units must remain affordable for.

Overall, there was general support for Inclusionary Zoning, with many stakeholders and members of the public recommending that the Official Plan policies provide a clear framework for implementation and maximize opportunities for creating new units in market developments that remain affordable over the long term. Many suggested the City move to an income-based definition of “affordable” to better reflect rent levels that are affordable to low-income households.

The [Consultation and Communication Summary](#) and November 2019 staff [report to Planning and Housing Committee](#) provide more detailed information on the feedback received through the Phase One engagement.

Phase Two Consultation Program Overview

The objectives of the Phase Two consultation program were to increase public awareness of IZ, collect feedback on the draft policies and continue to promote an understanding of how IZ fits into the City's affordable housing tool box. Key elements of the draft policies include:

- Extending the affordability period to 99 years;
- Affordability is determined based on proposed new definitions of affordable, with a portion of units to be secured at deeper levels of affordability;
- Unit set aside is 5-10% of the total residential gross floor area of a condominium development and 3-5% for a purpose-built rental development; and
- Policies apply to protected major transit station areas (PMTSAs) located within a strong or moderate market area.

In fall 2020/winter 2021, Phase Two activities took place in the form of ten stakeholder meetings and three virtual WebEx public meetings. The engagement opportunities were promoted through various channels, including emails to the City's subscriber lists, asking the 50+ stakeholders to distribute the invitation with their networks, sharing meeting notices with City Councillors who distributed them to their residents, and sharing posts on @CityPlanTO social media accounts. These efforts were done to reach as many people as possible despite the COVID-19 pandemic. Public input to date has been valuable in helping the project team better understand the priorities of Torontonians and what the IZ policies should strive to achieve.

How We Engaged

The objective of Phase Two has been to update stakeholders and the public on the City's draft IZ policies and get feedback from a range of perspectives. Here's how a variety of techniques were used to reach a diversity of Toronto residents.

Roughly 
375 Attendees

 **Three Virtual Public meetings**

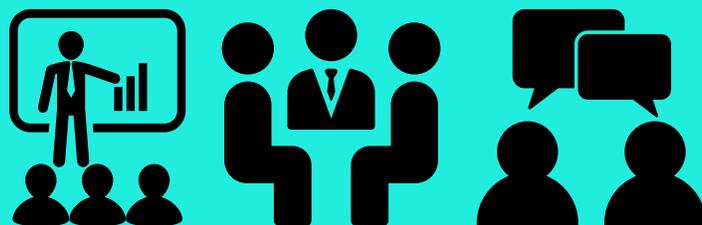

Received over **300** verbal and written comments from the public in response to the public meetings.

#InclusionaryZoningTO
Social Media was used to build awareness

 **5**  **2**
Tweets Instagram posts

287 Written and Oral submissions, including **250** emails in support of ACORN's recommendations for IZ. 

10 stakeholder meetings with over **150** participants.



 
Participation in two IZ events with over 200 participants

which included the Urban Land Institute's Webinar on Inclusionary Zoning's Debut and the Institute on Municipal Finance and Governance's event showcasing Best Practices and Lessons Learned for Toronto

Three email updates sent to over 1,300 recipients 

which included project and Housing Plan e-update subscribers, stakeholders, and public meeting attendees

What We Heard

Throughout Phase Two of the IZ consultation program, the project team heard a range of concerns and preferences for the IZ policies. We received hundreds of written comments from stakeholders and members of the public and grouped their feedback into thematic policy areas. The following offers a high-level summary of what we heard. For more detailed records about what we heard in public and stakeholder meetings, refer to Appendix A for Stakeholder Meeting summaries, Appendix B for Public Meeting Summaries and Appendix C for the Expert Advisory meeting summary.

Feedback on the Policy Directions:

Period of Affordability - how long units should remain affordable:

What we proposed: Units would remain affordable for 99 years

What we heard:

- Many strongly supported a 99 year affordability period.
- Some suggested securing the units in perpetuity (i.e. with no end date).
- Many raised questions about monitoring and enforcement to ensure the units stay affordable for the full 99 years.
- Some feel the 99-year affordability period is too long and should instead be tied to the lifecycle of a building.

Unit Set Aside - the proportion of square footage or units required to be affordable:

What we proposed: the requirement for affordable housing is based on a percentage of the total residential gross floor area in a development. The percentages would vary depending on the location of the development and whether a condominium or rental development is proposed:

Development Type	Strong Market Areas	Moderate Market Areas
Condominium Development	10%	5%
Rental Development	5%	3%

We also consulted on options to achieve higher percentages, including:

- Requiring a higher percentage in very strong markets
- Requiring a higher percentage in very large developments
- Directing that a higher percentage will apply in 3-5 years

What we heard:

- The majority of the feedback advocated for higher requirements, expressing that they would prefer to see 20%-30% (and up to 40%) in strong/hot market areas. Many suggested that the IZ policy should achieve the maximum feasible set asides in each area.

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- In general, there was support for considering higher set asides in larger developments (e.g. developments with 500+ units) and in the strongest market areas.
- Many supported an IZ policy that evolves with higher requirements over time. Some suggested signaling future increases in set-aside rates now (e.g. set aside would increase in 3 to 5 years) to provide greater certainty and allow time for markets to adjust.
- Many supported lower requirements for rental developments, given the different financial realities of building rental housing.
- Most supported applying the affordability requirement to a percent of the total square footage in a development (as opposed to applying it to a percent of the density uplift).

Affordable Rental Housing Definition - how affordable rents are determined:

What we proposed: revisions to the existing Official Plan definition of affordable rental housing to incorporate an income-based approach. The proposed definition would set rents on an annual basis where the total monthly shelter cost is the least expensive of:

- 100 percent of Average Market Rent (AMR) by unit type (as published annually by Canada Mortgage and Housing Corporation), or
- Rent affordable to set income percentiles for different household sizes paying no more than 30 percent of income towards shelter costs (inclusive of utilities).

What we heard:

- Many strongly supported incorporating an income-based approach that supports deeper levels of affordability, and in particular supports households receiving Ontario Works (OW) or Ontario Disability Support Program (ODSP) assistance.
- Housing advocates appreciated that the proposed definition reflects a rights-based approach.

Across the three virtual public meetings, participants' preferred option for achieving a higher percentage of affordable units was to apply a higher percentage in very strong market areas.

What is your preferred option for achieving a higher percentage of affordable units (top pick):

Preferred Option	Participant Reponse
Require higher % in "very strong" market areas	41%
Require higher % in very large developments	23%
Direct that higher % will apply in 3-5 years	16%
Lower affordability period to less than 99 years	11%
None of the above	9%

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- Some expressed concerns with the assumptions used in the definition that tie unit types to different renter household sizes and suggested that the City should look at the actual composition of different sized units (e.g. the proportion of 1- and 2-person households that occupy 1-bedroom units) and take a blended approach of 1- and 2-person household incomes. Others suggested that the definition should look at only census family data (rather than all renter households, which include roommates and non-census families) in order to better address the needs to single parents or households with children.
- Some thought that the assumptions in the definition was misaligned with how the units will actually be occupied. For example, some suggested that one-bedroom units could be occupied by two-person renter households, who may more easily be able to afford rents for 1-bedroom units, while single-parent households may not be able to afford the rent for a three-bedroom unit.
- A few suggested lower income percentiles should be used for bachelor and one-bedroom units, given the housing challenges of single-person households, especially those earning minimum wage.
- Many were concerned that the definitions don't include those with the deepest affordability needs who require social assistance. To address this, some suggested breaking down the affordable definition into categories – affordable, deeply affordable, very deeply affordable – which could be used to apply different eligibility requirements to different housing policies and programs.
- Developers were generally interested in understanding how the affordable rental housing definition will interact with other policies, housing programs and provincial regulations.

Depth of Affordability - who would be eligible for the IZ units (e.g. low to moderate income households):

What we proposed: units would be secured based on the proposed new affordable definitions, with at least 10% of the affordable rental gross floor area secured at deeper levels of affordability (i.e. rents based on 80% of the definition)

What we heard:

- Many expressed the need for more deeply affordable housing in the city and that IZ should create opportunities for lower income households who are disproportionately impacted by housing insecurity and discrimination.

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- Several individuals expressed concerns that lower income households continue to be left behind by programs and policies and were curious about what other programs were available in addition to IZ for those that need more support.
- Some suggested that the policy should include clear targets for deeply affordable units or direction to layer on rent supplements for IZ units in order to broaden the range of people that can be served.
- Some recommended that a proportion of the affordable units be directed towards women and women-led households with a focus on racialized women and women fleeing violence. It was identified that this would align IZ with the HousingTO Action Plan commitment to dedicate at least 25% of its new affordable rental and supportive homes to women and girls, including female led-households.
- Some recommended that affordable housing created through IZ be developed and made available to Indigenous Peoples, particularly for Indigenous families who are below the poverty line.

Geographic Application - where IZ would apply across the city:

What we proposed: IZ would apply to development in Protected Major Transit Station Areas (PMTSAs) located within a Strong or Moderate Market Area.

What we heard:

- Most stakeholders and individuals feel IZ should be implemented across the City and not limited to areas around transit stations. Many recommended that the City continue to request the provincial government to remove the PMTSA restriction and allow IZ to be implemented city-wide.
- Many expressed that ideally IZ would apply to all geographic areas across the city, especially in areas that need more affordable housing.
- Some suggested that IZ should be implemented in lower market areas now but with very modest requirements and/or incentives. They suggested this would be a proactive policy approach to maintain affordability in these areas and protect low-income residents from displacement.

On June 6, 2019, the Province of Ontario passed Bill 108, the More Homes, More Choice Act. This Bill limits the City's use of inclusionary zoning to Protected Major Transit Station Areas (generally areas within 500 to 800m of subway, light rail or bus stations on dedicated right-of-ways) or areas where a community planning permit system has been required by the Minister of Municipal Affairs and Housing.

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Incentives - City financial and/or regulatory incentives that could support the IZ units:

What we proposed: incentives would only be provided where a development proposes to exceed the IZ requirements (i.e. provide more units or deeper levels of affordability).

What we heard:

- Some expressed concern with a lack of incentives to build and deliver IZ units and suggested the IZ framework should be supported by financial incentives and offsets, such as density bonuses equal to the set aside rate and reduced community benefit charges.
- Others supported the use of City incentives only where additional units or deeper affordability are achieved. Some felt these incentives should be offered directly through the IZ development process as opposed to layering on incentives from other housing programs.

Offsite - the option to build affordable housing on another development site:

What we proposed: Offsite affordable units may be permitted at the discretion of the City, provided the units meet proximity and delivery requirements. A Zoning By-law Amendment application would need to be approved by City Council if affordable units are proposed offsite.

What we heard:

- Some suggested that the set aside rate should be the same for offsite development, while others recommended that offsite should only be permitted where additional affordable housing units or deeper levels of affordability are being provided.

- Many suggested the IZ framework should ensure offsite developments don't result in concentrated poverty and poor quality housing. Some recommended continued monitoring of how offsite units are being applied to ensure the objectives of creating mixed-income communities are being met.
- Many want to ensure offsite units have similar amenities, community access, and be built to a similar quality as on-site market units.

Exemptions - developments that would be exempt from IZ requirements:

What we proposed: the following development would be exempt:

- development with less than 100 units and 8,000 square metres of residential gross floor area located in the City's downtown and central waterfront areas
- development with less than 140 units and 10,000 square metres of residential gross floor area in other IZ areas
- residential care homes, institutional student residences and non-profit development

What we heard:

- Many suggested using a lower building size threshold (e.g. developments with 60 or more units) to achieve affordable housing in midrise buildings. Some suggested exempting only development with fewer than 10 units (10 units is the minimum threshold in the provincial Inclusionary Zoning Regulation).
- Several supported the proposed exemptions for mid-rise and low-rise development.
- Some suggested IZ only apply when a change in use or increase in density is proposed.

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Photo Credit: Tuhina Chatterjee

- Some suggested exempting specific uses, like retirement homes and University housing from IZ requirements.
- Some suggested that IZ requirements should be reduced or waived, subject to Council approval, in exceptional circumstances where it can be demonstrated that the requirements are too onerous.

Transition - when IZ requirements will take effect:

What we proposed: IZ would apply to complete development applications submitted after January 1, 2022, provided it is located in a PMTSA.

What we heard:

- Some suggested establishing a longer transition period for implementing IZ (e.g. January 1, 2023), especially for rental projects.
- Many asked for clarity around how approval of PMTSAs would impact implementation of IZ.

- Some requested that the City clearly exempt properties subject to in-force zoning by-law amendments and/or minor variances prior to the transition date, even if a site plan or building permit application is submitted after the transition date.
- Some suggested phasing in IZ requirements over a certain period with equal percentage increases each year.

Administration and Monitoring:

What we proposed: the final recommended IZ policy will be supported by IZ Implementation Guidelines, which would provide more clarity around administration matters

What we heard:

- A number of participants wanted to know how the City would ensure affordable units would be targeted towards families and individuals in need, and how IZ would be implemented, monitored and enforced over time to ensure affordability is maintained for the long term.

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Photo Credit: Tuhina Chatterjee



- Most stakeholders and individuals want to see a robust administration, compliance and enforcement system in place.
- Some suggested that tenant access and eligibility should be centralized, either through the City or through a non-profit organization that the City contracts.
 - » A few want to see tenant income eligibility provide special consideration for precarious workers whose incomes may change from month to month.
 - » Many asked about how the City will test income eligibility and ensure people continue to qualify if their income changes over time.
 - » Some suggested leveraging IZ with other housing policies and programs to develop an access route into IZ units for women fleeing violence.

- Some recommended that the City develop a 'one-stop' shop listings portal for eligible individuals and families to view and apply for units, as well as for developers to list affordable units.
- Many asked about the role of non-profits in administering affordable units and suggested the City look for opportunities to support non-profit housing providers to buy affordable units.
- Some requested that consideration be given for ongoing funding to assist with condominium maintenance fees and other repairs of affordable ownership units.
- Many were concerned about how affordable ownership units would remain affordable beyond the first purchaser.

Other Common Feedback:

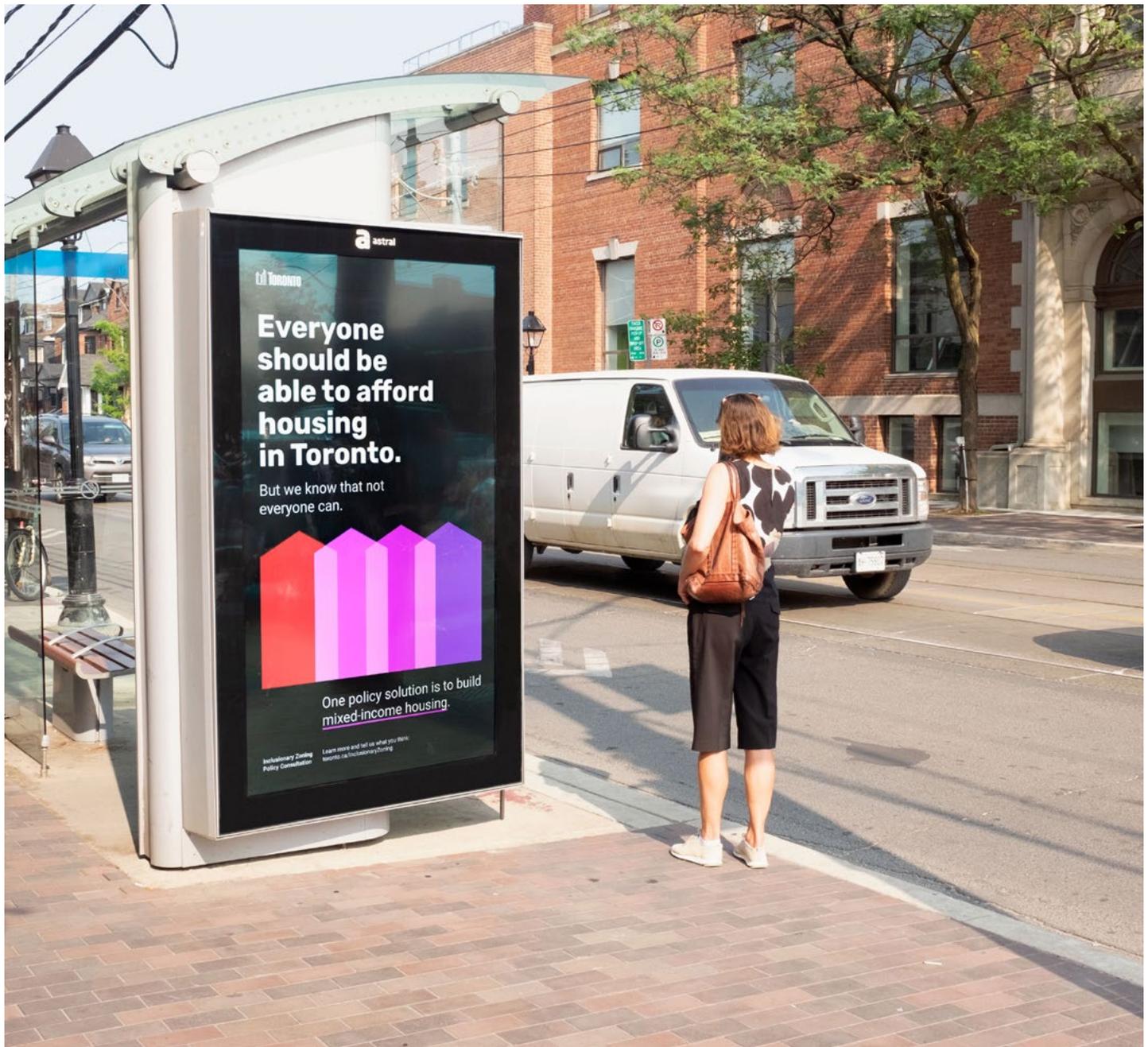
- Many felt the draft policy is too timid and the City should instead be implementing a stronger and bolder policy. Others indicated the draft policy is overly ambitious for a first-time implementation.

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- Many requested the City explore how IZ could increase the supply of accessible, universally designed units and the supply of lower-cost family-sized units for sole-support parents. Some suggested a requirement that every IZ be universally designed, so residents can age in place and anyone of any age or ability can live there.
- Many noted that rental units are needed over ownership units and expressed concern that only affordable ownership units will be created through IZ. Many suggested that the City consider how to encourage, stimulate and prioritize affordable rental units through the IZ policy. Some suggested requiring affordable ownership units to be sold to non-profit housing providers, who could then rent out those units.
- Many supported an IZ approach that puts the right to housing first.
- Many expressed concerns around the quality of the affordable units and want to ensure they are similar in quality to the market units.
- Some suggested the City look to other jurisdictions like Vancouver and Montreal to incorporate their best practices, particularly unit set aside rates.
- Some suggested leveraging non-profit partnerships to encourage and increase mixed-income development.
- Some want to ensure the IZ policies would be flexible enough to adjust to rapidly changing circumstances as needed, given the impacts that COVID-19 has already had on the market. Many felt that the IZ feasibility study should be updated in light of the pandemic.



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Next Steps:

Design by RallyRally

The City of Toronto City Planning Division will consider the feedback presented in this consultation summary report to inform the final recommended policies and zoning and IZ implementation guidelines. The final recommended IZ Official Plan and Zoning By-law amendments are expected to be brought to the Planning and Housing Committee, and subsequently City Council, in the first half of 2021.