

October 25, 2021

Sent via email: phc@toronto.ca

Planning and Housing Committee
City of Toronto,
10th floor, West Tower, City Hall
100 Queen St. West
Toronto, Ontario M5H 2N2

Dear Chair and Committee members,

Re: Agenda item PH 28.1 Inclusionary Zoning Official Plan Amendment, Zoning By-law Amendment and Draft Implementation Guidelines

I am writing on behalf of the Advocacy Centre for Tenants Ontario (ACTO) with comments and recommendations with respect to the proposed inclusionary zoning bylaw. ACTO is a community legal clinic, funded by Legal Aid Ontario, with a province-wide mandate to advance human rights and social justice in housing for low-income Ontarians.

ACTO is greatly encouraged to see the City of Toronto moving forward in developing an inclusionary zoning policy. We strongly support the adoption and implementation of the proposed bylaw. However, we believe that this by-law should seek to benefit those in greatest need -- low-income and moderate-income tenant households who are financially disadvantaged in the private rental market. Almost half of tenant households in Toronto spend 30% or more of their income on shelter. The greatest need in Toronto is for more purpose-built rental housing stock that is affordable over the long-term.

We are happy to see that the proposed affordability period has been increased to 99 years. We believe this is critical to ensure that much-needed affordable housing remains affordable over the long term. Otherwise any gains made in securing affordable housing will be lost when the affordability period ends. We are also encouraged to see a definition of affordability based on income rather than one based only on average market rent. In a city where increases in housing costs have far outpaced increases in household income, an income-based definition is a much better reflection of what households can afford to pay for housing.

We do have some concerns about the limitations that the current proposed bylaw places on the effectiveness of an inclusionary zoning policy. We particularly want to highlight two areas of concern.

1. Lack of affordable rental housing

The greatest need in the City of Toronto is for affordable rental housing. Affordability requirements for purpose-built rental projects are proposed to begin at 0%. After Jan 1st, 2026, they will rise to 5% in Area 1 and 3% in Area 2 and remain static through to 2030. This means that in a development of 200 rental units, a maximum of only 10 units will be affordable. Such a low number of affordable rental units is inadequate and fails to address the seriousness of the affordable rental housing need. We understand that the City wishes to encourage the development of rental housing. However, the vast majority of new rental developments are luxury units that do not contribute to more affordable rental options that is most needed. Having no affordable rental housing requirement for the first four years of the inclusionary zoning means missing out on the opportunity to secure deeply needed affordable rental units for several more years. We ask that the committee reconsiders having no requirements for rental housing with the view to obtaining the greatest number of units possible.

2. Low set-aside rates

We recommend setting more ambitious requirements for affordable housing as part of the inclusionary zoning bylaw. A recent study published by the Maytree Foundation found that projects in high-value areas could include 25-30% set-aside rates and remain financially viable. This is several times higher than the proposed set-aside rates for affordable homeownership of 10% in Area 1, 8% in Area 2, and 7% in Area 3. Such low set-aside rates seem to be informed by a second test introduced in the NBLC feasibility analysis, which requires that land value is reduced by no more than 15% to prevent potential market shocks. This 15% requirement has not been adequately explained and seems to greatly exaggerate the risks to the housing supply based on the many reports that have studied this issue. Given the urgent nature of the affordable housing crisis in our city, we should be setting our targets to be as ambitious as possible, not below what independent analysis has found to be feasible.

Thank you for attention to our comments and recommendations.

Yours very truly,

Advocacy Centre for Tenants Ontario



Douglas Kwan
Director of Advocacy and Legal Services