

For Toronto’s inclusionary zoning policy to have real impact, thresholds need to be higher and phase-in rates must be faster

Deputation to the City of Toronto’s Planning and Housing Committee on Proposed Inclusionary Zoning By-law Amendments.

October 28, 2021

I appreciate the opportunity to address the Committee on the proposed inclusionary zoning policy. Maytree has worked on affordable housing, and has been involved with the City on both the stakeholder and “expert” advisory groups, which we appreciate, and we’ve been able to observe and review the development of the policy.

My basic observation is that the policy is “too low and too slow.” That is, the initial thresholds are too low and the phase-in is too slow.

For example, the proposed phase-in schedule for purpose-built rentals will mean that no projects will be required to build affordable units until 2026. And by 2030, in Market Area 1, the recommended five per cent set-aside rates for purpose-built rentals is 15 percentage points lower than what the City’s commissioned NBLC analysis first said was possible. This, in the face of ever-escalating rents in the city?

NBLC produced a set of thresholds and phase-in targets which were not an advocacy “shot in the dark,” but an informed analysis of what is possible.

Developer push-back is to be expected, particularly because they’ve had a fairly free run so far, and they take their profit margins for granted.

Our developers and construction companies are first rate at what they do and have created significant wealth. All of that is good and important for society.

But over-reliance on the real estate market, while mostly successful, has failed at affordability, particularly for the 47 per cent of Torontonians who are renters. We’re continuing to centralize the market and key market players. We’re suggesting that inclusionary zoning is only viable with minor land value adjustments and holding developer profits constant. We are guaranteeing certainty for developers, while exacerbating housing uncertainty for renters.

Markets are supposed to work for people. If our housing market can’t bear some regulation that ensures that affordable rental units are developed while also offering moderate profits, we don’t have a strong housing market. To date, we’ve centralized market feasibility without prioritizing what is feasible for people. This must be addressed.

In good part, this is a failure of government. The federal and provincial governments have failed to exercise their fiscal capacity sufficiently.

Municipal governments, with far weaker fiscal capacity, have failed to use their regulatory tools sufficiently.

This has produced a housing crisis that has made a home unaffordable for people with low incomes and inflated house prices to create financial stress for home buyers. Too many Torontonians don't have access to safe, secure, and affordable housing, particularly renters.

Almost 47 percent of Toronto households rent their homes, and about half of the city's rental stock is from purpose-built rental units. From 2016 to 2020, the proportion of units with moderately affordable rents decreased by 33 per cent. The median income for renters is half that of owners. In 2016, the estimated median income for renter households was about \$50,000, whereas the median household incomes for households that own their homes was over \$100,000. These figures are from the City's own *Inclusionary Zoning Assessment Report: Housing Need and Demand Analysis*.

The City is clearly well aware of the crisis that renters face, and yet the recommendations before Committee don't maximize the potential of inclusionary zoning.

The City has few tools available. Inclusionary zoning and licensed rooming houses are two. Failure to leverage these effectively is a failure of government.

I appreciate the work City staff and a number of councillors have done to bring inclusionary zoning forward, and I'll mention Ana Bailão, Gregg Lintern, and Abi Bond. I realize this is contested ground. I'm of the view that having an inclusionary zoning policy that aims to produce affordability is important as a starting point.

We can do better. While the proposed inclusionary zoning by-laws are far from perfect, they are a start. As the Committee reviews the proposals ahead of them, the City should first aim to enhance the set-aside rates proposed for purpose-built rentals.

Further, the City should aim to undertake a regular review of its inclusionary zoning by-laws so that they can be evaluated and, hopefully, enhanced over time. I'd suggest every 18 months. This periodic review should be grounded in the human rights-based framework originally recognized in the *HousingTO 2020-30 Action Plan* and referenced in this inclusionary zoning report's equity impact statement.

So, *too low*, but I accept the notion that it is important simply to start somewhere.

And, *too slow*, but this can be addressed by more frequent reviews.

We have a housing crisis of affordability. The City has tools to address it. It needs to use them. This is directly in the hands of Council.

It is hard to expect other levels of government to act fiscally when the City won't use its regulatory tools. I'm aware that those other levels are watching and expecting best efforts.

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