

Inclusionary Zoning Public Meeting Summary

Second Round of Consultation - Virtual Public Meeting #1

Meeting Summary

Date/Time: Thursday October 29, 2020 from 6:00 pm to 8:00 pm

Location: Virtual Public meeting held online using WebEx

Staff: Deanna Chorney (City of Toronto - Planning)
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Meeting Overview

On Thursday, October 29, 2020 the City of Toronto (City) hosted the first of three virtual public meetings for the second round of the Inclusionary Zoning (IZ) Engagement and Consultation program. The meeting was held online using Webex.

6:00 – 6:35 pm	Introduction and presentation on Inclusionary Zoning updates and Affordable Housing Definitions
6:35 – 6:45 pm	Q&A
6:45 – 7:05 pm	Presentation on Inclusionary Zoning Draft Policies
7:05 – 7:20 pm	Q&A
7:20 – 7:35 pm	Presentation on the Financial Impact Analysis
7:35 – 7:55 pm	Q&A
7:55 – 8:00 pm	Wrap up and next steps

The primary objective of this meeting was to provide an update on the draft Inclusionary Zoning Policies and Affordable Rental Housing Definition. The event was widely promoted through social media, the project website and the City's public consultation website. About fifty (50) stakeholders received email invitations for the meetings and were asked to distribute the invitation within their networks. Email invitations were also sent to over 1,000 subscribers on the City of Toronto's Inclusionary Zoning and Housing Plan E-Update lists and shared with City Councillors who distributed meeting notices to their residents. Approximately 107 participants attended the meeting.

Meeting Notes

Presentation

At 6:00 pm, Dillon Consulting Limited (Dillon) began the presentation providing opening remarks, welcoming members of the public, and reviewing the agenda and purpose of the meeting. Following that, the City delivered a presentation describing the affordable housing definitions, draft inclusionary Zoning Policy and the Financial Impact Analysis. At various points throughout the presentation, Dillon facilitated question and answer periods.

Key Themes from Meeting Discussions

Several questions and comments were submitted throughout the presentation through the Q&A and hand raising functions available on Webex. A wide variety of questions were posed to the panel and are detailed in the following section. Questions that could not be answered during the meeting due to time constraints were recorded and will be consolidated with other sessions in an FAQ on the project website.

The key themes that emerged during the Q&A include:

Implementation and Monitoring

Given the impacts that COVID-19 has already had on the market, participants wanted to know if IZ policies would be flexible enough to adjust to rapidly changing circumstances as needed. While some individuals felt that the IZ feasibility study should be redone in light of the pandemic, others were more interested in moving forward as long as potential impacts to land values are understood and monitored. Additional implementation questions were raised and opportunities to leverage non-profit housing partnerships were encouraged.

Unit Set Aside

Unit Set Aside is the proportion of square footage or units that the IZ policy requires to be set aside for affordable housing within new developments. While the policy proposes a set aside rate of 5-10% on new condominiums, many participants advocated for a higher level expressing that they would prefer to see 20% or greater in strong market areas. Another common remark was that the City should consider a variable set aside based on geography.

Affordability Period

Participants were chiefly concerned with the long-term affordability of the inclusionary zoning units including a general curiosity around the process of securing units and ensuring they stay affordable over time. Some individuals expressed a desire for a permanent affordability period (not 99 years as presented) while others advocated for delaying a decision based on the rapidly changing environment presented by COVID-19. Consistent with what we heard during Round 1 of consultation in summer 2019, the public remains interested in understanding details around how affordable ownership units remain affordable after they are sold.

Depth of Affordability

Several individuals expressed the need for deeper affordability in the City and that the affordable rental housing definition should better address the needs of lower income households. City staff

explained there are other programs at the City that target deeper affordability and the intention of IZ policies is to help with mid-level affordability. Inclusionary zoning as a policy tool typically addresses the needs of those in the \$30,000 to \$70,000 income range. It is challenging to provide deeper affordability without program funding.

Questions and Answer Period

The questions and comments raised during the Q&A periods is summarized below. Feedback about the project has been documented by the team and will be considered. The Q&A discussion documented here is specific to those raised during the presentation through submitted questions and over the phone. Questions are noted with a “Q”, comments with a “C” and answers with an “A”.

- Q:** How can affordable housing be protected from going quickly to market prices?
- A:** We ensure there is ongoing affordability for both rental units and ownership units. The City, through various programs, can ensure long term affordability such as Housing Now, which ensures 99 year affordability. For example with this program, when there is turnover of a rental unit, that unit would be rented at affordable rent.
- Q:** Is there a map of the current affordable housing situation in Toronto?
- A:** As part of our research, we looked at housing demands and affordability. We looked at which areas have higher affordability challenges, and which areas have constrained rental supply. This Housing Need and Demand Analysis is available here:
<https://www.toronto.ca/wp-content/uploads/2020/09/9730-CityPlanning-IZ-Assessment-Report-Need-and-Demand-2020-update.pdf>
- Q:** To clarify, will updating this definition through the IZ consultations require other City housing policies and programs to update their policies and programs (i.e. s. 37, Open Door, HousingNow, the OP, etc.) should it be approved by Council?
- A:** The definition of affordable housing is in the City’s Official Plan. There needs to be consideration for how this definition is implemented in other policies and programs, so yes, there needs to be consideration for how these programs are considering the affordable housing definition.
- Q:** Regarding the meaning of affordable, you said it was around \$1,500 per month. This is high for affordable housing. How did you come to this number, when that is similar to the current market rental numbers?
- A:** With the current definition that the City relies on, affordable rent is around \$1591 for a two bedroom unit. The proposed definition will set affordable rents based on the lower of average market rent or no more than 30% of what a household in the 60th income percentile is earning. For a two-bedroom unit, the lower of those two is average market rent, which is \$1,591 per month. We know some people won't fit into this program and would benefit from other housing policies that address deeper affordability needs, such as housing allowances.
- C:** I wanted to point out that rental housing prices started to go up with the implementation of the Tenant Protection Act. When this policy was implemented, unaffordable rates started to

go up. I wanted to remind everyone that policies can have negative effects; for example, in New York and San Francisco where affordable housing policies failed. This will hurt low income people, and low income people of colour. Toronto has other racist housing policies, such as no boarding rooms in Scarborough. These policies need to go away alongside IZ, so we can go for more affordable housing policies.

A: The HousingTO Action Plan includes an action for improving zoning permissions for rooming houses, we look forward to more completing of this work in the future. As part of our work on IZ, we are doing the background analysis to ensure the policies are set in a way that doesn't negatively impact overall housing production or market rate prices.

Q: During the pandemic we see that internet access is vital. Has internet been considered as a cost to be included in the range of affordability within the program, to make sure internet is affordable and to enable internet access to be provided as a basic service?

A: The definition of affordable is inclusive of utilities, such as hydro, gas and water, but not optional charges, such as parking and internet. These are not included as these are optional. The inclusion of additional costs is something to look at in the future.

Q: Will you ensure that the buildings with off-site affordable units have to maintain those units for 99 years, even if the building is redeveloped?

A: Yes. The land owner would be required to enter into an agreement with the City to ensure the housing is affordable for the 99 year period.

Q: Can the province veto a City decision re affordable housing?

A: This depends on what the decision is. When it comes to IZ, we don't have to get the policy approved by the province, but they can appeal it, and we would have to go through the appeal process.

Q: How many PMTSA's are in Phase 1, and how long will each individual PMTSA planning and approval take? When would all of the Phase 1 PMTSA processes be completed and approved by the Province?

A: There is a work program for the City's Municipal Comprehensive Review, which outlines our work plan for the MTSA's and PMTSA's. We don't know how many transit stations are to be included in Phase 1 and will share the report on the City's website. The intention is that the MTSA's will be brought forward between now and 2022. Timing depends on the province and how long it takes for them to approve the PMTSA's. Note: the work program can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.4>

Q: Will different zoning requirements apply to affordable housing...for example, less/no need for parking allowances.

A: This is not yet set out in the policy. Right now the city-wide zoning bylaw has a different parking rate for affordable housing to secure lower rates for affordable housing projects. We still need to finalize and confirm this aspect. We expect that the affordable housing units will look and feel like the market rate housing.

- Q:** Steve Pomeroy and Maytree conducted an IZ study for Toronto recently. This group found that Toronto could implement much stronger IZ policies. What do you say to their findings?
- A:** We are aware of the Maytree report and have read it. Some of the high-level recommendations in the Maytree report have been incorporated in our draft policy. For example, securing a 99 year affordability period, setting IZ at variable rates depending on the geography, and phasing in the IZ policy over time. Both the Maytree report and the City's analysis undertaken to date has not looked at the short and long-term effects of the pandemic on housing in the city and what the long term impacts may be. This is something we would like to incorporate in our updated analysis.
- Q:** Why are low income (ODSP recipients) excluded for inclusionary zoning access?
- A:** IZ is used as a tool to address low and moderate income households. People with lower income need more assistance to address their housing needs. The City has been implementing programs that provide housing support for those with deep affordability needs and there could be opportunities to layer on other programs like rent supplements with IZ units to achieve more deeply affordable rents.
- Q:** How does the City plan on overseeing the development and delivery of the affordable units?
- A:** We are developing IZ implementing guidelines that will include an implementation and monitoring plan. We will be consulting on these as we continue to refine the policies.
- Q:** Regarding the threshold of units, what about using non-profits to see if they would want to manage small scattered units?
- A:** The experience from other jurisdictions have found this challenging; but yes, absolutely we have been consulting with not-for-profit sectors on the IZ policy. We have gotten different opinions, where some want to manage larger blocks of units and others have the capacity to manage a small number of units in each building.
- Q:** From the viability study, the core is good for 20% IZ, so why not have variable IZ requirements depending on the market?
- A:** This is something we have proposed in the draft policy, where we've established strong and moderate market areas, with a higher requirement applying to strong areas. However, as we talked about in the presentation another option we are considering is creating a third category for "very strong markets" for the strongest market areas where even higher requirements could apply.
- Q:** Montreal is moving from 30% IZ to 40% IZ as of 2021. Why is Toronto so timid by proposing a maximum of only 10 percent? Vancouver is 20 percent.
- A:** We have looked to past experiences from other cities that have IZ or some form of IZ. It can be hard to compare cities with an apples to apples comparison as each city has unique requirements, such as involvement from the province, financial and market conditions. For example Montreal, has greater provincial support.
- Q:** Seeing as the feasibility study showed that typical condo developments in 8/11 of the market areas could feasibly support AT LEAST 20% affordable set-asides, why did you not ask how much higher set-aside rates each area would be able to support?

- A:** This is something we can consider as we update the analysis into the future, one of the considerations raised by the consultant is that we can get there eventually, but if we come out too strong with this, it could impact the land values, and we need time for the land values to adjust over time.
- Q:** How do you ensure the developer does not just recover the lost profits from affordable units from other regular units, which will drive the market price up?
- A:** Developers currently charge housing prices based on what the market can support. They can't increase the price outside of this, otherwise we would see housing prices increasing more rapidly. Because of this, leading studies of IZ policies in other jurisdictions found that affordable housing does not increase the prices of market rate units.
- Q:** Why did we decide to be shy of impacting land prices negatively? Surely the land values in Toronto are out of sync with incomes, so any reasonable policies that deteriorate land value are good policies.
- A:** One of the considerations that the consultants have cautioned is that, if land value is impacted too negatively, developers may choose to build other types of developments such as offices or in other areas of the city, or land owners choose to not sell their land for redevelopment, and we don't get new housing built at all.
- Q:** Why 99 years and not permanent? Nobody alive and developing today will benefit from the return-to-market rates after 99 years. Seems like taking from future generations for no benefit today.
- A:** This is a technical legal answer. The Land Titles Act allows restrictions to be put on titles, but requires an end date. The titles can't be in perpetuity.
- Q:** How will the policy address COVID and the impact on housing prices? One of the effects that was stated about negative impacts to land value, for example the landowner would decide to build an office, or build outside of the IZ areas, aren't bad outcomes, as offices create jobs and development in the outer areas are positive and are needed. I don't understand how why it's a bad thing to push land values down, we want land values to go down in Toronto, they are too high.
- A:** We will monitor housing trends and address the housing and financial analysis and the research that is available on the market analysis from this year. It is also important to note that we consult extensively with the development industry. We are listening to them and their key concerns on the market. We also look at the number of development applications received, and we see these are increasing. We will continue to monitor the policies to course correct and reflect the current environment.
- C:** One of the effects that was stated about negative impacts to land value, for example the landowner would decide to build an office, or build outside of the IZ areas, aren't bad outcomes, as offices create jobs and development in the outer areas are positive and are needed. I don't understand how why it's a bad thing to push land values down, we want land values to go down in Toronto, they are too high.
- A:** This goes back to 3 primary goals for IZ:
1. Increase supply of Affordable Housing

2. Encourage equitable and complete communities
3. Continue to support market housing by increasing housing supply

Q: What proportion of households in the targeted income brackets will be helped by this and other housing policies? And how can we get to 100% housing affordability?

A: IZ is typically a tool to address the housing needs of low-to-moderate income households. We know that IZ on its own will not address all of Toronto's housing needs. It is one tool among a range of actions identified in the HousingTO 2020-2030 Action Plan. The Housing Plan's target over the next 10 years is to create / approve 40,000 units through IZ and other policies. The IZ policy is being developed alongside other City housing initiatives, such as Housing Now, modular housing and Open Door to build more affordable housing for everyone. We know IZ will be an important tool to help with affordable housing. The full HousingTO Action Plan can be found here: toronto.ca/housingplan

Q: Has it been decided if the IZ policy is mandatory or incentive based?

A: It would be mandatory for development in the areas that we spoke about. We will consider providing incentives where a development is proposing to exceed the minimum number of housing units to encourage more affordable housing units.

Q: What are the criteria to determine "viability"?

A: This is outlined in the consultant report. They looked whether the land value for a development with IZ would be at least 10% greater than existing land value for it to be valuable enough for the owner to sell their land for redevelopment.

Q: It was discussed that the goals for IZ include that you want to continue market-based solutions to housing, but a lot of people would agree that the market has failed as basically any household making \$70,000 can't afford to live in Toronto. Why are we pursuing market solutions when the market has failed? Why are we trusting the market when the market has failed?

A: We have been examining other tools to help develop more affordable housing units already. For example, we try to use City-owned land, capital funding, development charge exemption, and other financial tools that the City has to build affordable housing City-owned and private owned land. With the increasing need of affordable housing, we know this isn't enough. Through HousingTO, the City has a more aggressive plan to build affordable housing. IZ will be a new tool to the toolbox to build affordable housing as well.

Q: If we don't expect to be able to make affordable units available until 5-6 years from now (if we start looking at the moderate development areas until 3 years out) does that mean, by the time the City looks at it, change will not happen for up to 9 years?

A: As development applications come forward, it takes time to move from policy to approvals to units being built, however it would be a more immediate change once IZ is implemented.

Closing

The meeting concluded at 8:00 pm.

Please contact Christine Ono regarding any errors or omissions at Christine.Ono@toronto.ca.