

Inclusionary Zoning Public Meeting Summary

Second Round of Consultation - Virtual Public Meeting #3

Meeting Summary

- Date/Time:** Tuesday November 10, 2020
7:00 – 9:00 pm
- Location:** Virtual Public meeting held online using WebEx
- Staff:** Deanna Chorney (City of Toronto - Planning)
Christine Ono (City of Toronto - Planning)
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Meeting Overview

On Tuesday, November 10, 2020, the City of Toronto (City) hosted the final 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.

7:00 - 7:35 pm	Introduction and presentation on Inclusionary Zoning updates and Affordable Housing Definitions
7:35 - 7:50 pm	Q&A
7:50 - 8:05 pm	Presentation on Inclusionary Zoning Draft Policies
8:05 - 8:25 pm	Q&A
8:25 - 8:40 pm	Presentation on the Financial Impact Analysis
8:40 - 8:55 pm	Q&A
8:55 - 9:00 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 118 participants attended the meeting.

Meeting Notes

Presentation

At 7:00 pm, Dillon Consulting began the presentation providing opening remarks, welcoming members of the public, and reviewing the agenda and purpose of the meeting. Following that, a presentation describing the affordable housing definitions, draft inclusionary Zoning Policy and the Financial Impact Analysis was given by City of Toronto staff. At various points throughout the presentation, Dillon Consulting 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:

Unit Set Aside

Unit Set Aside was a significant topic of discussion among participants. Unit Set Aside is the proportion of square footage or units that the IZ policy requires 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 30% to 40% in strong market areas. A number of participants suggested that the city consider an incentive-based approach for securing affordable housing units, such as density bonusing to secure affordable housing units over the mandatory approach being proposed in the draft IZ policy. Some participants also noted that rental units are needed over ownership units and inquired if tenure could be mandated in the policy.

Depth of Affordability

Some participants expressed concern that those in need of deeper affordability are not eligible for IZ units and continue to be left behind by programs and policies. Participants were curious about what other programs were available in addition to IZ for those that need more support. City staff explained there are other programs at the City that target deeper affordability, such as the [Modular Housing Initiative](#), 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.

Implementation and Monitoring

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 and monitored over time to ensure affordability is maintained for the long term. Other participants

wanted to know if 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. Additional suggestions for leveraging partnerships with non-profit housing organizations were encouraged.

Design

A number of participants inquired about the design of the IZ units, expressing a desire for the affordable units to be as livable and high quality as the market rate units. A number of participants also raised concerns over accessibility, expressing the desire for a certain percentage of units to be accessible for both occupants and visitors. Additionally, some participants inquired about the design of off-site units, noting that they should also be comparable to market units and include accessible units.

Role of the Province

Some participants expressed frustration with the limits that the province has placed on where IZ can be implemented in the city to only PMTSAs, and suggested that the City advocate for changes to the provincial government to permit IZ in more locations throughout the city. Other participants asked clarification questions regarding the process for provincial oversight on policy implementation.

Question and Answer Period

The questions and comments during the Q&A period are 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 the conversations during the presentation. Questions are noted with a “Q”, comments with a “C” and answers with an “A”.

- Q:** Why doesn't the affordable definition include those that make under \$30,000?
- A:** We want to clarify that the City has other affordable housing programs for those making less than \$30,000. One example is the [Modular Housing Initiative](#) that helps people transition from homeless shelters to supportive housing. Through this program, housing costs are geared to income.
- Q:** I am wondering why IZ is only within Protected Major Transit Station Areas? Why is it only permitted in this radius?
- A:** The province has established that the City can implement IZ around transit stations and we have to follow that guideline. We assume this is because the province wants to see affordable housing around transit stations where growth is being targeted to support that infrastructure where significant public investments have been made.
- Q:** Seeing as you are proposing a wide range of definitions of affordability, how will the City ensure new affordable units are targeted towards communities with higher affordability needs? Will the City prepare a plan and targets in advance?
- A:** Through the [HousingTO 2020-2030 Action Plan](#), the City has a target of approving 40,000 affordable housing units. Approximately 18,000 of these units will be housing with support

services for those experiencing chronic homelessness. Under this, we have a further target of 6,000 supportive housing units for those not experiencing homelessness, but need support in addition to affordable housing - for example, a person with a disability, etc. The remaining approximately 22,000 affordable rental and ownership homes are targeted toward those with a wider range of affordable housing needs, such as students, essential workers, and those making up to \$70,000 per year. This range is captured through IZ.

- Q:** The definition of Affordable Housing uses both the terms “income” and “earnings” e.g. “...households earning between the x and y percentile income”. Why is that?
- A:** There is no particular reason why we use those two separate terms. The definition looks at what people earn to ensure that affordable housing can be provided for people within the \$30,000 to \$70,000 household income range.
- Q:** Will the affordable units be the same size and quality as market units?
- A:** We are proposing to develop implementation guidelines to address this. When we secure affordable rental units now through tools like Section 37, we make sure it’s functionally the same as the market units. We would do this for IZ through the implementation guidelines.
- C:** This comment is related to the affordability definition. There seems to be an assumption that what people earn and what they need in terms of unit sizes is the same. You could have a limited income household that needs a 3 bedroom unit. How do you account for this in the calculation of affordability? RGI seems the way to go because it takes into account the household income and earnings.
- A:** We recognize that there are a range of incomes and needs for affordable housing in the city. The definition is just a starting point. There are a lot of programs that can support deeper affordability. This definition would be the framework to set rents on an annual basis. We looked at three person renter households (one adult and two children) to identify the maximum and minimum rents and incomes. This doesn’t take into consideration individual circumstances. There are other tools like rent supplements or housing allowances that can bridge the gap in between rent and income, or other housing programs that can achieve deeper affordability.
- Q:** My question is about the process as it relates to addressing the province’s requirement to only allow IZ around PMTSAs. We know that we need affordable housing across the city, and I am getting the sense that the province says we can’t, so we can’t. What happens if the City decides to push back and put forward a bold IZ policy that allows for IZ in other areas outside of PMTSAs, such as neighbourhoods that are in high need?
- A:** City council has repeatedly been making requests to the province to implement IZ outside of PMTSAs. This is something that was recently imposed by the provincial government. We want to use IZ in more areas across the city. If the City were to go ahead to implement IZ across the city, there is a real risk that the policy would be challenged at the Local Planning Appeal Tribunal, and wouldn’t be able to implement affordable housing in those areas. We have taken the route to ask the province for permission to apply IZ in other areas of the city.
- Q:** I have been waiting for IZ to be implemented in Toronto for a while. I am aware that it is used in a number of other cities as a tool for affordable housing. I’m wondering what

consultation has been made with other cities where their IZ plans include 20 to 30% affordable units, which is more ambitious than what is being proposed here?

- A:** We consulted with other cities on IZ policies. We held a speakers event last year with City officials from New York and Boston to discuss and learn from their IZ policies. We have also consulted with the City of Montreal and some other IZ leaders in the United States. Generally, one of the biggest pieces of feedback that we heard from the housing commissioner in New York City was to develop an IZ framework that is based on a financial feasibility analysis and use that as a basis for setting those percentages in the policy.
- Q:** Does the Inclusionary Zoning policy also speak to built form and seek to create housing that meets care occupancy? We are promoting built forms that will not support those that are aging and in need of support.
- A:** One of the comments we heard in other consultations was about securing accessible affordable units through IZ. This is something we hope to include in our implementation guidelines, and that the IZ units would at least meet the Building Code requirements for accessible units.
- Q:** How does the off-site affordable housing option guard against "ghetto-ization", i.e. grouping all the affordable housing together and, therefore, not creating a diverse community of varied incomes?
- A:** One of the requirements for off-site development is that it has to be located in another market area where IZ is applied. If those affordable units are not included in the on-site building it will be included in other areas where IZ is required. Off-site units will be approved at the City's discretion, so this is something that we will look out for when approving the off-site units.
- Q:** The Federal National Housing Strategy targets 2,400 units for individuals with developmental disabilities. How does IZ address this mandate?
- A:** This is a good comment and good reminder for us to consider while we develop IZ guidelines. As part of the city's overall affordable housing target, people with developmental disabilities are included as a target for supportive housing, where they would be provided support services along with affordable housing to meet their needs. Along with IZ, we have other tools to address a wide range of needs.
- Q:** I saw the income range in your chart for given unit sizes. Does that mean the rent is set based on the income of a given tenant? Who selects the tenant? Is this from a city list or the landlord?
- A:** Rent is determined based on the affordable rental definition. Those rents are set and published by the City on a yearly basis and are not set by an individual's income. As part of the implementation guidelines, we are looking to develop an access plan for tenants to determine who will be eligible, what eligibility requirements will be in place, and how do we ensure these affordable housing units are going to individuals and families in need of affordable housing.

- Q:** As we know, City staff can't tell a developer what tenure of unit to build for IZ, but we also know that Toronto badly needs rentals more than ownership. What will you do to incentivize developers to build rental IZ units, or what do you plan to do to incentivize ownership units?
- A:** Correct, we do not have the legal ability to require a certain tenure from a developer. It's something we will be looking at as we refine the IZ policy and guidelines to ensure we are getting affordable rental units through IZ, because we know there is a strong need for affordable rental housing in the city, with one in four renter households currently paying more than 50% of their income towards rent, and we are looking at how we address that in the policy.
- Q:** There are a number of comments in the Q+A that the policy should consider a higher percentage such as 30 or 40%. Can there be a market feasibility analysis that considers higher requirements than what is being proposed currently, including up to 40%?
- A:** We are planning to update the financial feasibility analysis, taking into consideration what we hear in this round of consultation. We have looked to other jurisdictions that have used higher percentages, though it can be challenging to compare one IZ policy to another in an apples to apples comparison. Each IZ framework is developed to their local housing needs and market conditions. Montreal, for example, has a 30% requirement, but their policy is supported by the provincial government to make that 30% possible and they don't require affordability for 99 years. For example in other jurisdictions such as New York, they started with an incentive-based approach then moved to a mandatory IZ policy with higher requirements. For Toronto, we are considering a mandatory approach. It can be challenging to pull one piece of a policy that worked in another city and apply it here.
- Q:** In regards to incentives for building affordable housing, would there be a threshold set for how many additional units/deep affordable housing units are provided? How would incentives be regulated?
- A:** We anticipate incentives will be addressed in the IZ implementation guidelines. We do have other program incentives for affordable housing, where we offer fee waivers and/or property tax waivers. In regards to IZ we wouldn't want to layer in those incentives until after the IZ requirements have been met, but we could after that point consider layering in addition incentives to go beyond the IZ requirement.
- Q:** If we don't expect the effects to kick in for another 5 years, shouldn't we be doing more now since it's so far in the future and we need affordable housing now. Also, developers may rush to get their projects in before January 2022, and isn't this process by extending the deadline out favouring developers with the timeline and other limitations?
- A:** Regarding the first part of the question, we are proposing to review the policy and financial feasibility analysis after 3 years, so there's an opportunity to capture more areas of the city over time, and potentially increase the number of units we are requiring. We have also gotten advice from our consultants and, based on the experience we have seen in other jurisdictions, we are proposing to introduce IZ requirements incrementally over time, in order to ensure project viability is supported.

Regarding the second question on transition, whenever the City introduces a new land use policy, we recognize that there will be a rush of applications when a date is set. Our rationale

for using the January 1, 2022 date is that it is when we expect PMTSAs to be approved by the Province, and we need these areas to be approved before we can implement IZ. If we moved that transition date a bit earlier, we might still not be able to implement IZ because we likely wouldn't have the areas approved by the Minister.

Q: Can IZ include affordable community event space?

A: Our draft IZ policies do not include affordable event space; we are only focused on creating affordable housing units. This is limited through the provincial legislation which only allows the City to require affordable housing units through IZ.

Q: Regarding the new updated feasibility study in regards to how COVID has changed the market, would you consider including higher percentages to see how we could push higher affordability beyond 20%? Why not consider 30% or 40%?

A: We are looking to update that analysis with market data reflecting COVID as well as to reflect what we are hearing during consultation, so we will take this forward to the new feasibility study to see if we should test higher percentages.

Q: Rather than implementing a policy that will reduce land values for landowners, has there been thought given to creating affordable housing by incentivizing developers, by allowing them to build more units if the units are allocated to affordable housing?

A: This is an approach we have seen in other cities, where they offer density bonuses or density increases in exchange for affordable housing requirements through their IZ policy. We are not proposing any additional density bonus being offered beyond what is considered good planning, taking into account existing planning policies in the Official Plan. This also goes back to the PMTSA requirement, where IZ is only being implemented in areas around station areas, where there have been significant public investments and we have to establish a detailed planning framework in advance. We do use somewhat of an incentive based approach currently through the Section 37 policy where, in exchange for additional height density permissions, we implement community benefits such as affordable housing. Through IZ, we want to shift this framework to a mandatory approach where IZ affordable housing requirements are mandatory.

Q: I am a little lost in regard to density. Density bonusing has been working well. When did the City decide to change this and why? It is difficult without density bonusing to attract developers.

A: We are not proposing any density bonusing beyond what is proposed and permitted in the existing Official Plan policies. This is because IZ is only being included in the PTMSAs. We have to undergo a detailed planning framework before we implement IZ policies, so this work needs to be done up front before the IZ policies are implemented.

Q: I'm wondering why you are not proposing to start with the highest feasible set aside rates for each area, which we have seen are higher than 20% in many areas. The purpose of the feasibility study is to figure out what areas wouldn't shock the market and allow developers and landowners to proceed.

- A:** As part of the financial feasibility analysis, we did test the higher requirements, and our consultants advised that if we started with the higher targets, there could be potential negative impacts on the number of affordable housing units built. Our consultants have recommended an incremental approach where the rates would increase over time. We will take this comment into consideration.
- Q:** If multiple developers choose to build their affordable units separate from their building, can they work together to build affordable housing together? Do the affordable housing units have to be in buildings with market units?
- A:** Developers could pool multiple off-site affordable units together, but this would be at the discretion of the City. This could be an opportunity to work with a non-profit to leverage deeper affordable units, and target the affordable housing units to different groups. There are no requirements in the policy for the offsite affordable housing units to be mixed with market units.
- Q:** Does affordable ownership require the owner to sell their unit at the price they paid, should they want to sell their unit in the future?
- A:** With affordable ownership units, the units would have to remain affordable over the 99 year period, meaning there would be restrictions on the resale price of the unit. When an owner of an affordable ownership unit sells their home, they would benefit from any equity they accrued, as well as potentially a portion of the increase from the affordable ownership price the unit was originally sold at and the current affordable ownership price.
- Q:** What percentage of those in need of affordable housing are actually seeking ownership?
- A:** We can't speak to the percent per se, but when we talk about the housing system in the City of Toronto, we look at the housing continuum, so everything from shelter, to social and affordable housing, to affordable rental, market rental and market ownership, they all need to be present to make up a healthy housing environment for our residents. We believe there should be housing for people across the housing continuum regardless of their income. We understand that both affordable rental and ownership are important parts of the housing continuum.

Closing

The meeting concluded at 9:00 pm.

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