

Inclusionary Zoning Public Meeting Summary

Second Round of Consultation - Virtual Public Meeting #2

Meeting Summary

Date/Time: Thursday November 5, 2020
12:00 – 2:00 pm

Location: Virtual Public meeting held online using WebEx

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

On Thursday, November 5, 2020 the City of Toronto (City) hosted the second 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.

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| 12:00 - 12:35 pm | Introduction and presentation on Inclusionary Zoning Updates and Affordable Housing Definitions |
| 12:35 - 12:50 pm | Q&A |
| 12:50 - 1:05 pm | Presentation on Inclusionary Zoning Draft Policies |
| 1:05 - 1:25 pm | Q&A |
| 1:25 - 1:40 pm | Presentation on the Financial Impact Analysis |
| 1:40 - 1:55 pm | Q&A |
| 1:55 - 2:00 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 148 participants attended the meeting.

Meeting Notes

Presentation

At 12:00 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:

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.

Methodology

A number of participants had questions about the methodology used to develop the draft IZ policies. Some participants advocated that the City look into other jurisdictions and what worked well there and indicated that other cities have implemented stronger policies with higher requirements. Some participants also advocated for the methodology to include changes in the market due to COVID-19. Some participants also asked if the city could require the majority of units to be rental noting that there is a higher need for rental units in the city.

Unit Set Aside

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 20% or greater in strong market areas. Another common remark was that the City should consider a variable set aside based on geography.

Implementation and Monitoring

Participants wanted to know how IZ would be implemented and monitored over time to ensure affordability was maintained in the long term. Other participants wanted to know if the IZ policies would be flexible enough to adjust to rapidly changing circumstances as needed, given the impacts that COVID-19 has already has on the market. Some individuals felt that the IZ feasibility study should be redone in light of the pandemic. Additional suggestions for leveraging partnerships with non-profit housing organizations were encouraged.

Affordability period

Participants were curious about how long IZ units would remain affordable, and what mechanisms would be in place to secure long term affordability. Some individuals were concerned with the long-term affordability of the inclusionary zoning units including an interest in around securing units and ensuring they remain 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 on IZ based on the rapidly changing environment presented by COVID-19.

Role of the province

Participants had questions about the role of the province in shaping IZ policies and other housing related initiatives such as the foreign buyer tax, and if the province might make changes to IZ in light of the changes due to COVID-19.

Design

Several individuals had questions about the design of the IZ units, expressing a desire for the IZ units to be as livable and high quality of the market rate units. Concerns over accessibility was also raised, with individuals expressing the desire for a certain percentage of units to be accessible for occupants and visitors.

Questions and Answer Period

The questions and comments during the Q&A periods 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”.

- C:** IZ policies don't address the needs of low income households.
- A:** IZ is a tool that is intended to focus on low to moderate income households, and is not typically used to target those with deep affordable housing needs without layering on other housing programs. IZ is one tool in the tool box that contributes to the broader system for affordable housing. The City is working on other initiatives as part of the [HousingTO 2020-2030 Action Plan](#) for those that need more support and more affordable rents. For example, the [Modular Housing Initiative](#) that provides housing and other social supports for those transitioning out of homelessness.
- Q:** Is the City looking into working with the Province to implement foreign buyer legislation similar to B.C.?

- A:** The City has done some work around this and has examined the issue of vacant units. This work looked at vacant units as part of the housing system to ensure that units are being used as housing. This study is not directly related to IZ policies, though the question acknowledges the effect that speculation has on the housing market, and the City has looked at bringing in a vacant home tax. This will go to Council for consideration later this year, or early next year. The speculation tax is implemented by the provincial government in BC, where ours would be a municipal tax. There has been a request to the Province to do something like this in Ontario.
- C:** If we are all aware that Toronto is in need of rentals more than ownership units, and we all know that far more condos are built than purpose-built rentals, should we not stipulate that the majority of IZ units be rental, wherever they are built?
- A:** The Provincial legislation under the Planning Act does not allow us to require a certain tenure for housing. The type of housing created would be up to the developer. We do have the tools and experience of securing affordable rental housing in condo developments through Section 37 to get a mix of tenure in one development.
- Q:** How will the City control affordability once an affordable unit is sold? Will there be any policies to restrict the owner on selling the affordable unit?
- A:** With IZ, the landowner is required to register an agreement with the City to ensure that the housing stays affordable for 99 years. This agreement runs with the land, so would apply to future landowners. We are also looking at securing partnerships with non-profits that would help us to secure affordable ownership units for the long term. IZ affordable ownership units would need to remain affordable for the full 99 years, meaning there would be restrictions on the resale price of the unit after the first owner and for every owner within the 99 years to ensure affordability is maintained and the unit is not resold at a price higher than the affordable ownership definition. 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:** How is IZ applied to existing communities and neighbourhoods?
- A:** For existing applications, if the developer submitted their application before Jan 2022, we won't be applying IZ to those projects that are already under review or under construction.
- Q:** Has this study looked at existing housing needs at a neighbourhood level?
- A:** We have a number of non-profit and organizations that run affordable housing, and as these operating agreements close, we are aware that we might lose these units. We are monitoring this to ensure that the existing supply of purpose-built rental and affordable housing is maintained, and we continue to look at this. The project team did an in-depth study on which areas have affordable housing needs. This has helped us to understand where the need for affordable housing exists. The 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:** Could the IZ policy include a requirement that developers welcome the addition of Rent Supplement in order to broaden the range of people that can be served?
- A:** We are doing this as part of our other affordable housing programs. For example, in some cases we have a requirement that approximately 20-25 % of the development is affordable housing. In addition, we have a modular housing program where 100% of the units go to those with affordable housing needs. IZ will be another tool to help people access affordable housing.
- Q:** If Provincial regulations only allow IZ in PMTSAs, what authority does the City have to require it in strong and moderate market areas? Is a strong market area the only criteria for implementing IZ?
- A:** In the [Housing Need and Demand Analysis](#), we outline the criteria we used to determine IZ strong and moderate market areas. This included:
- if the prices are higher than city-wide average; and,
 - the financial viability analysis shows that the area could continue to support development viability with IZ requirements.

We welcome comments on this aspect of the policy, please send us comments on this.

- Q:** What happens in municipalities when there are no PMTSAs?
- A:** Other municipalities in Ontario, such as Kitchener, Waterloo, Cambridge, Markham, and Ottawa are also looking at IZ. Toronto has most PMTSAs in the GTA. If a municipality doesn't have a PMTSA, they can't implement IZ unless they have Development Permit Areas that have been ordered by the Minister of Municipal Affairs and Housing. We have been continuously asking the Minister for the authority implement IZ outside of PMTSAs, but have not been successful in our requests to date.
- C:** I'm hearing a contradiction between IZ and affordable housing and the different criteria to define what affordable is. Affordable to who really? And does someone with a \$70,000 income need help from someone from the City to find affordable housing? Low income communities continue to be left behind, such as those earning less than \$15,000 to \$20,000 in Parkdale or South Mimico. These people are losing their homes because the landlords are renovating. People are living in fear. I'm glad to see that the affordable definition is changing. I hope that the definition is geared toward addressing the needs of the tenant, not the needs of the landlord. We should make sure people only pay 30% of their income. People would be able to afford housing then.
- A:** IZ is just one of the tools we can use to create more affordable housing. We recognize that everyone needs an affordable home. IZ is a longer-term solution to address affordable housing in the City. Shorter term actions are in the HousingTO Action Plan. We continue to advocate to the federal and provincial governments to provide more subsidies to help people

afford housing under the Ontario Housing Benefit. This would give people monthly financial assistance to help them pay their rent.

- Q:** I am looking for more clarification on the affordable ownership units. I'm hearing that these would be monitored by a not-for-profit organization, and when a person goes to sell these, would they be limited in how much they could sell it for?
- A:** Yes, how you described it is correct. When a person who owns an affordable unit goes to sell the unit within that 99 year affordability period, they would be required to sell it at a lower rate so it remains affordable.
- Q:** Is there an indication that the province will repeal the policy due to COVID-19?
- A:** We haven't heard anything, and it is hard to guess what the province might do. We want to bring forward a policy we know will be successful; that's why we are updating the financial impact analysis to consider the current situation.
- Q:** Of the 2000+ units that would have been affordable annually in the past 5 years, what would have been the split of owner vs renter?
- A:** It is difficult to look back and see how many units could have been secured as affordable rental units because we don't have the legal ability to require a certain tenure. We've only been able to use IZ since 2018, but the past trends give us an indication of how much could have been built.
- Q:** If a development application is approved by way of Zoning By-law Amendment prior to January 1, 2022 but then later requires a minor variance due to a desired minor change to the building and this is submitted post January 1, 2022, would the IZ policy apply?
- A:** We have proposed a draft transition policy. If an application is submitted and deemed complete before January 1, 2022, IZ wouldn't apply. If the zoning was in place before January 1, 2022 and an application is made for a minor variance later in 2022, IZ would apply if the application is located in a PMTSA and is proposing an additional 100 units and 8,000 square metres of GFA (if located within the downtown) or an additional 140 units and 10,000 square metres GFA (if located in other IZ areas).
- Q:** In regards to off-site affordable units, what protections exist to ensure the units are of similar quality, amenities and community access as the project?
- A:** We are proposing that the same requirements would apply to off-site units. We will be looking to include guidance in the implementation guidelines to ensure off-site and on-site units meet the same standards in terms of design, amenities, functional efficiency etc..
- Q:** If affordable units are provided for in condominiums, do the proposed IZ rental rates take into consideration the condo maintenance fees that will be required to be paid by the IZ rentals as well as the increases in condo maintenance fees over time?

- A:** Rental units would be carved out of the condominium, so they don't pay condo fees. Condo fees for ownership units could be factored into the affordable price. This has come up in other consultations, and we are looking at how to address this in the IZ framework.
- Q:** There wasn't any mention of accessibility for visitors or owners/renters. A quarter of the population has accessibility needs for housing. How does IZ account for this?
- A:** Affordable housing units created through IZ would need to meet the Building Code requirements, including the accessibility standards requirement. If you have comments about ensuring accessibility we would love to hear them.
- C:** The Building Code only requires that 15% of apartments be visitable, not accessible enough to live there.
- Q:** Will the program be monitored over time so the prices will adjust according to average income, even for IZ units already built?
- A:** The way that the implementation practice has worked to date is, when units turn over within the 99 year period, they are required to be re-rented or sold at affordable rents or prices. We will be reporting on the IZ units every two years to ensure they remain affordable over time. As part of our work on the implementation guidelines, we are looking at an access plan to ensure the units are offered to those in need of affordable housing.
- Q:** Regarding the transitional period, Montreal has proposed 15% affordable housing on a voluntary basis for their IZ policy. Has the city considered a more flexible approach?
- A:** We have looked at other cities like Montreal. In Ontario, we are looking at a mandatory approach, rather than a voluntary approach. We do use other tools like Section 37 to secure affordable housing in developments on a voluntary basis through site by site negotiations. The benefit of Inclusionary Zoning is getting clarity upfront about how much affordable housing we can secure in the future. We also have experience with an incentive-based approach through our Open Door program, which provides city financial incentives for building affordable rental housing.
- Q:** Does any part of this policy apply to co-ops, or do they fall under different legislation?
- A:** We will not be applying to IZ to co-ops or other forms of housing (e.g. non-profit housing) that the province has excluded.
- Q:** What prevents the developer from making units smaller and less livable than market rate units?
- A:** We have a policy that outlines that the unit mix of the affordable housing will reflect the market component of the development to achieve a balanced mix of unit types and sizes. For example, developments located in the Downtown Secondary Plan are required to provide at least 40% of the units as two- and three-bedroom units. For these developments we would like to see 40% of the affordable units also provided as two- and three-bedroom units. The implementation guidelines will provide guidance for the size, and layout to ensure the layouts are livable.

- C:** The map with PMTSAs may not reflect what the city looks like in 6 years from now. Given this length, how will the policy consider what the city will look in the future?
- A:** We are required to do an assessment report after 5 years, but we are recommending a 3 year review to make sure we are on track and to recognize that affordability and the housing market will change over time.
- Q:** Based on your study, 8 to 11 zones are viable for implementation. Why are you going for a 10% requirement rather than the full 20%?
- A:** The draft policy we put forward is intended to reflect our three goals for IZ of increasing the supply of affordable housing, creating more inclusive and equitable communities, and continuing to encourage market housing development by supporting a diverse range of housing supply. In developing the draft policy, we were considering shifts in the housing market due to COVID-19 and advice from our consultant that we should increase requirements over time to allow the land markets to adjust. We have looked at experience from other jurisdictions (such as New York), that start with an incentive-based approach and move to a mandatory requirement over time. One city we looked at in California started with high requirements early on and then lowered the requirements after a follow-up analysis demonstrated that lower requirements would result in a more successful policy.

Closing

The meeting concluded at 2:00 pm.

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