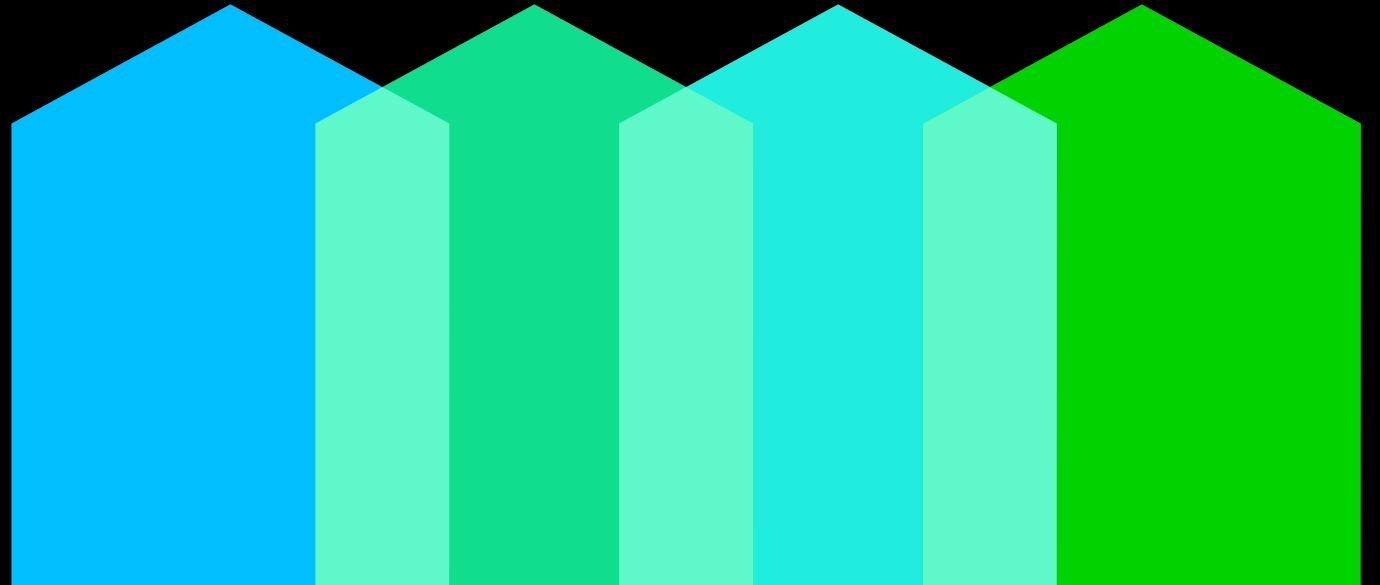


# Inclusionary Zoning & Affordable Definitions

Virtual Open House  
October 21, 2021



# Introductions

**Karla Kolli**

**Ying Ye**

**Daniel Hoang**

Dillon Consulting

**Deanna Chorney**

**Christine Ono**

**Graham Haines**

SIPA, City Planning, City of Toronto

**Abi Bond**

**Mercedeh Madani**

Housing Secretariat, City of Toronto

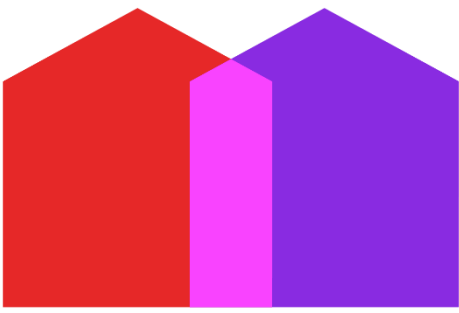


## **This meeting is being recorded**

Please be aware that this meeting is being recorded and personal information, such as your opinions, statements and voice will become part of a public record. Under section 27 of the Municipal Freedom of Information and Protection of Privacy Act, records created for the general public do not restrict access and may be made available on the City Planning website. Your registration information will not be disclosed as part of the public record.

# Land Acknowledgement

We acknowledge the land we are meeting on is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit.



# Agenda

1. Welcome Remarks and Introductions
2. Presentation: Affordable Definitions
3. Questions and Answers
4. Presentation: Inclusionary Zoning
5. Questions and Answers
6. Wrap-up and Next Steps

# Participation Guidelines

- One voice at a time. Be direct and frame questions to specific speakers.
- Be brief and limit yourself to one question or comment at the time, there will be other opportunities to engage.
- Be a good listener and keep an open mind.
- Raise hand to ask questions.
- Be respectful. City of Toronto is an inclusive public organization. Racist or other forms of discriminatory, prejudicial, or hateful comments and questions will not be tolerated.
- Engage with high energy, be personable as you would in person!
- For more instructions [City of Toronto Public Consultation Webpage](#).



# HousingTO 2020-2030 Action Plan



- Aims to create a range housing opportunities across the full housing spectrum
- Centered on a human rights-based approach to housing
- Identifies 13 key strategic directions and 76 actions
- City commitment of \$8.5 billion over 10 years (including operating, capital investment and other financial tools)
- Sets a target of approving 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030



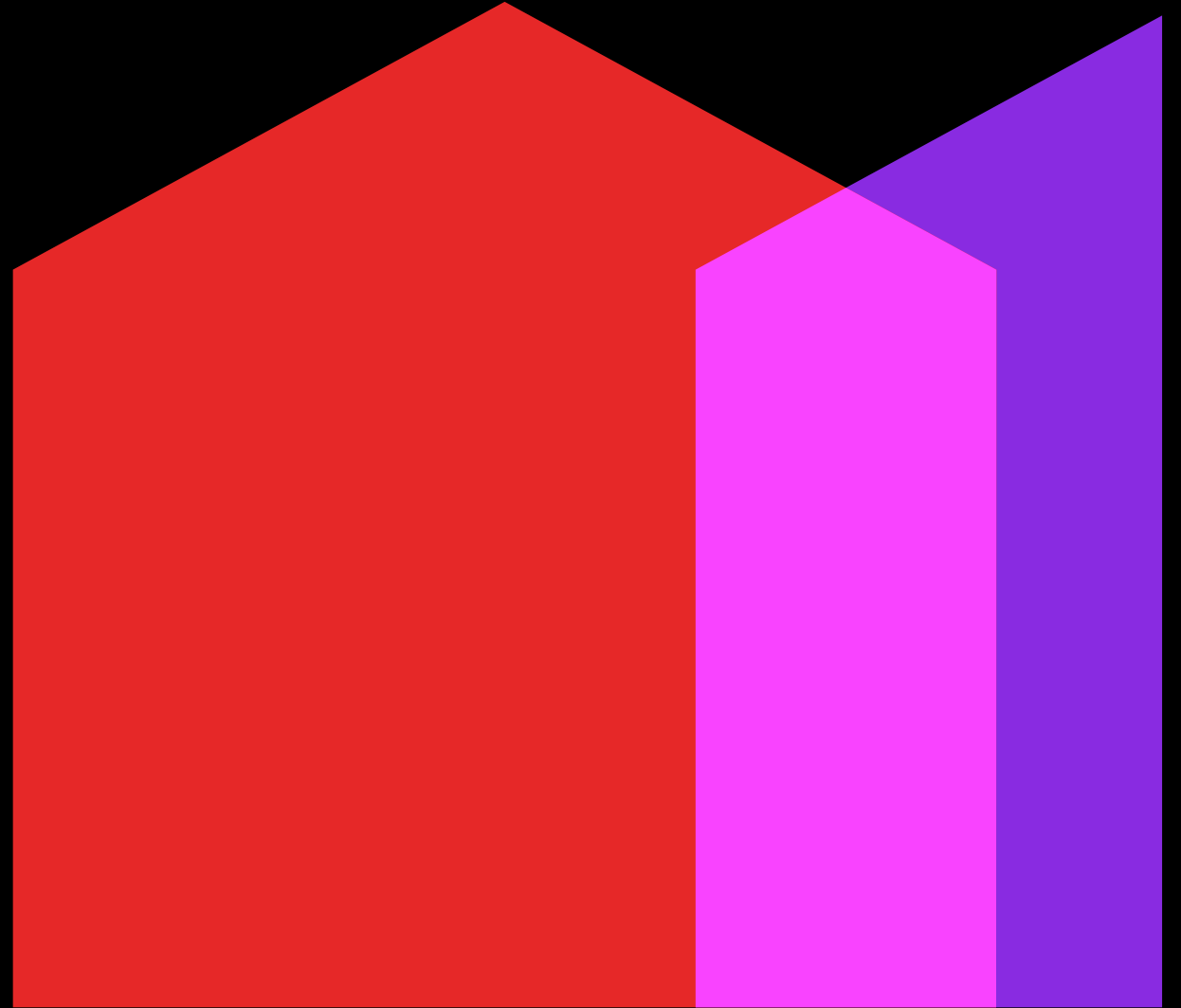
# Housing Spectrum



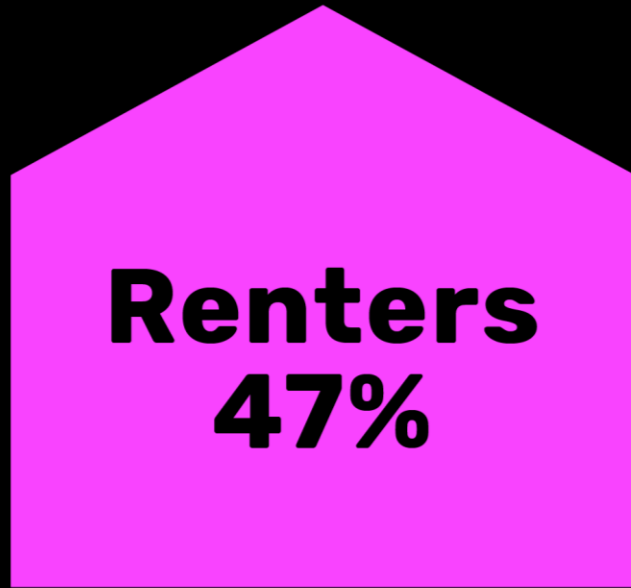
Emergency Shelters	Supportive/ Transitional Housing	Long Term Care	Social Housing	Affordable Rental Housing	Affordable Home Ownership	Market Rental Housing	Market Home Ownership
--------------------	----------------------------------	----------------	----------------	---------------------------	---------------------------	-----------------------	-----------------------

- |   |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|
| <ul style="list-style-type: none"><li>• City-operated shelters</li><li>• Eviction Prevention</li><li>• Housing Help</li></ul> | <ul style="list-style-type: none"><li>• Modular Supportive Housing</li></ul> | <ul style="list-style-type: none"><li>• TCHC</li><li>• Rent-geared to income / Housing Connections</li></ul> |  | <ul style="list-style-type: none"><li>• Housing Now</li><li>• Open Door</li><li>• Section 37 and Large Sites</li></ul> |  | <ul style="list-style-type: none"><li>• Expanding Housing Options in Neighbourhoods</li><li>• Concept to Keys</li><li>• Growing Up Guidelines</li><li>• RentSafeTO</li><li>• Tower Renewal</li></ul> |  |
|---|--|--|--|--|--|--|--|

# Policy Updates: Affordable Definitions



# Toronto's Housing Trends



of the city's households

**1 in 2** spending **>30%** of  
their income on housing

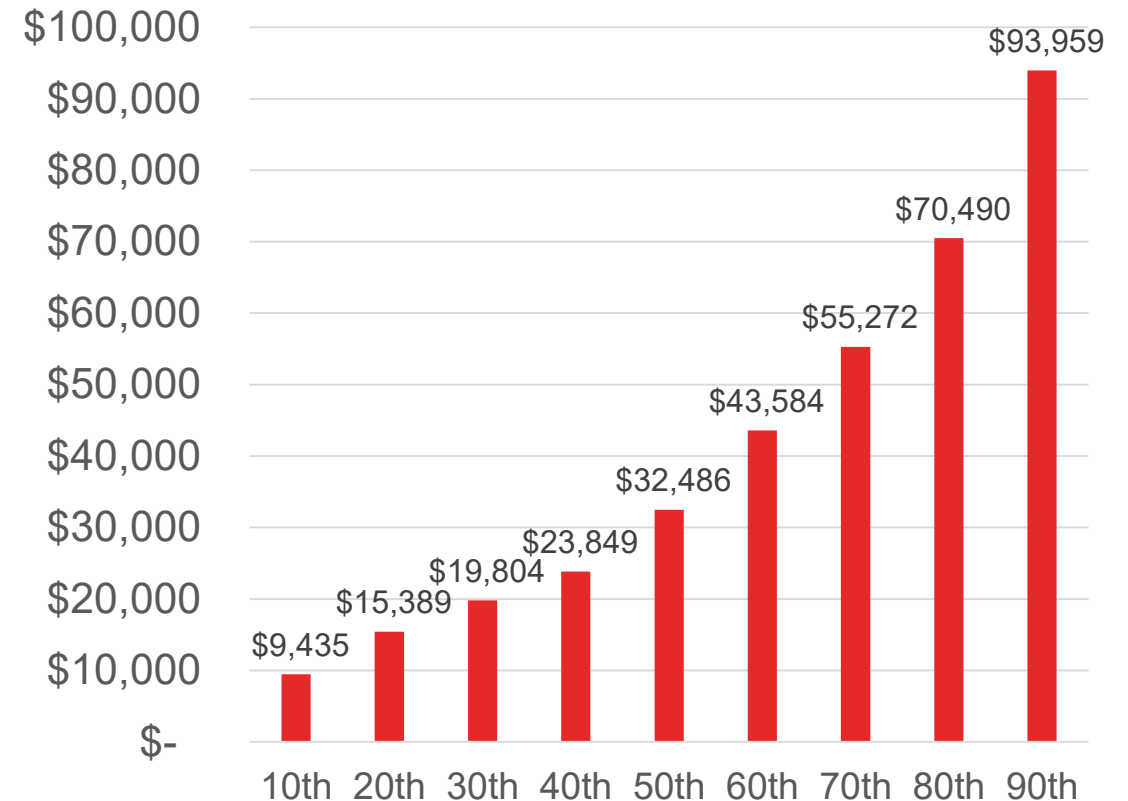
**1 in 4** spending **>50%** of  
their income on housing

**1 in 5** living in **unsuitable**  
housing

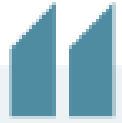
# Some Key terms

- **Average Asking Market Rent:** the average rent of an available rental unit.
- **Average Market Rent:** the average rent charged at all tenanted units in purpose built rental buildings.
- **Income Percentile:** A measure of how a household's income compares to other households across the City.

Estimated 2021 One Person Renter  
HH Income Percentiles



# Why is affordable housing important?

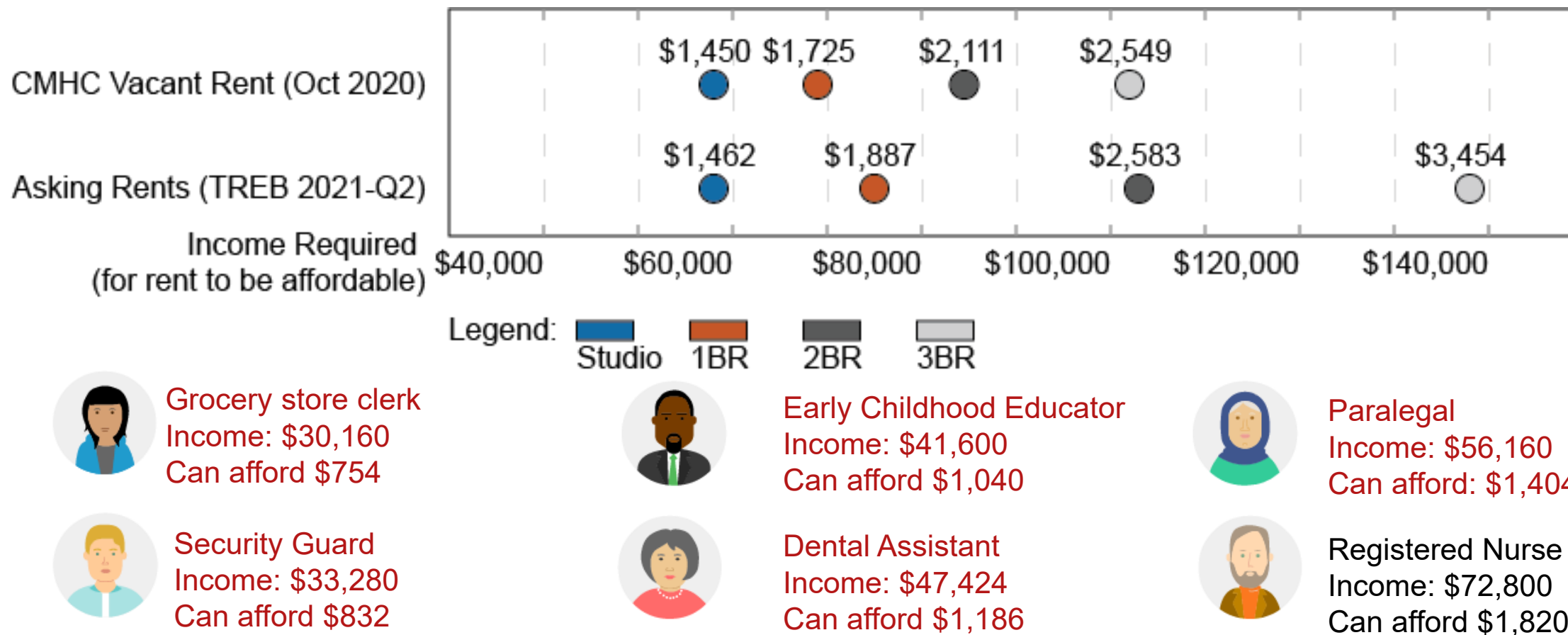


It is the policy of the City of Toronto that fair access to a full range of housing is fundamental to strengthening Toronto's economy, its environmental efforts, and the health and social well-being of its residents and communities.

-Toronto Housing Charter – Opportunity for All

# Why is affordable housing important?

## Many key workers cannot afford market rents



# How the City currently defines affordable:

The Official Plan definition of affordable housing is based on average market rents

- **Affordable rents** are at or below the city-wide average market rent by unit type (number of bedrooms) as reported by CMHC
- **Affordable ownership prices** are calculated by converting average market rents to equivalent monthly mortgage + property tax payments

# How do others define affordability?

- Many U.S. affordable housing programs are designed around “area median income”. As an example, **NYC’s Mandatory Inclusionary Zoning** program has different targets depending on the depth of affordability provided vs. AMI.
- Vancouver’s **Moderate Income Rental Housing Pilot Program** is designed to serve households with incomes from \$30,000 (for studio units) up to \$80,000 (for 3-bedroom units).
- The federal **Rapid Housing Initiative** provides funding for housing that is affordable (no more than 30% of income) to households in severe housing need or at imminent risk of homelessness.
- The **Provincial Policy Statement** states that affordable housing should be affordable to low and moderate income households (lowest 60% of income earners).



# Recommended Affordable Rent Definition

**Affordable rental housing and affordable rents** means housing where the total monthly shelter cost (rent plus utilities) is at or below the lesser of:

- (1) one times the average City of Toronto rent; or
- (2) 30% of the before-tax monthly income of renter households in the City of Toronto as follows:
  - 1. studio units: one-person households at the 50th percentile income; (\$32,486)
  - 2. one-bedroom units: one-person households at the 60th percentile income; (\$43,600)
  - 3. two-bedroom units: two-person households at the 60th percentile income; (\$73,901)
  - 4. three-bedroom units: three-person households at the 60th percentile income. (\$74,301)

# Affordable Rents (2021)

Unit Type	AMR (Current Definition) & Associated Income	Proposed Income Limit and Associated Rent	Proposed Definition & Income
Studio	\$1,211 \$48,440	\$812 \$32,486	\$812 (-\$399) \$32,486
One-Bedroom	\$1,431 \$57,240	\$1,090 \$43,600	\$1,090 (-\$341) \$43,600
Two-Bedroom	\$1,661 \$66,440	\$1,847 \$73,901	\$1,661 (-\$0) \$66,440
Three-Bedroom	\$1,887 \$75,480	\$1,858 \$74,301	\$1,858 (-\$29) \$74,301

# Recommended Affordable Ownership Def.

**Affordable ownership housing** is housing which is priced at or below an amount where the total monthly shelter cost is affordable, based on paying no more than 30% of before-tax monthly income, to all households in the City of Toronto as follows:

1. studio units: households at the 30<sup>th</sup> percentile income; (\$44,552)
2. one-bedroom units: households at the 40<sup>th</sup> percentile income; (\$58,286)
3. two-bedroom units: households at the 50<sup>th</sup> percentile income; (\$73,628)
4. three-bedroom units: households at the 60<sup>th</sup> percentile income. (\$91,611)

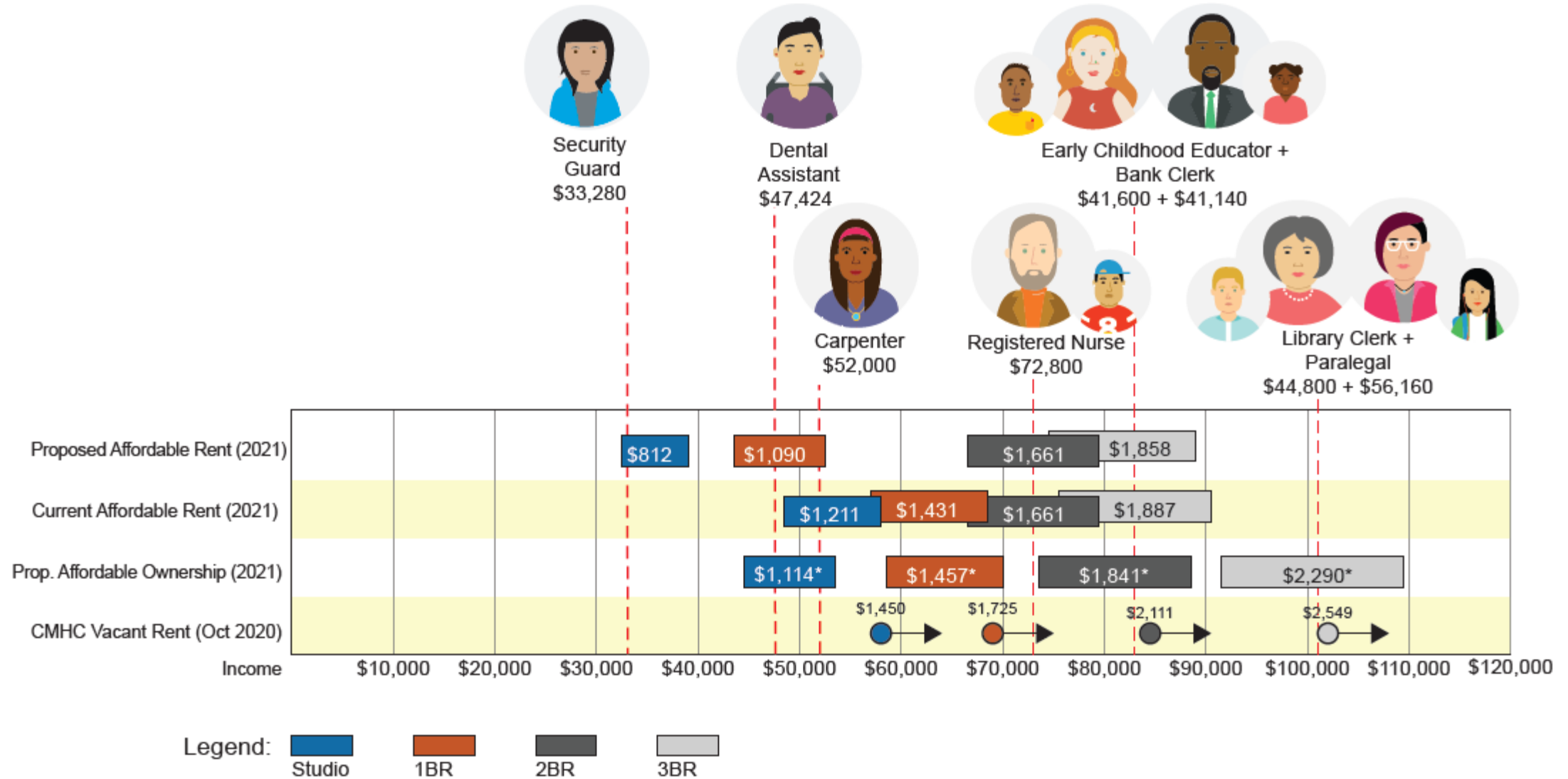
Total monthly shelter cost for affordable ownership housing includes:

- Monthly mortgage payments: 25-year amortization; 10 per cent down payment; conventional 5-year mortgage interest rate as reported by the Bank of Canada (4.79%).
- Property taxes calculated on a monthly basis based on the purchase price
- Standard condo fees.

# Estimated Affordable Ownership Prices (2021)

Unit Type	Current Definition	Prices under recommended definition and target income
Studio	\$214,848	\$150,978 \$44,552
One-Bedroom	\$253,879	\$190,137 \$58,286
Two-Bedroom	\$294,684	\$242,551 \$73,628
Three-Bedroom	\$336,376	\$291,653 \$91,611

# Household Incomes and Affordable Housing



# Next Steps



2021

Recommended changes  
to Official Plan definitions



2022

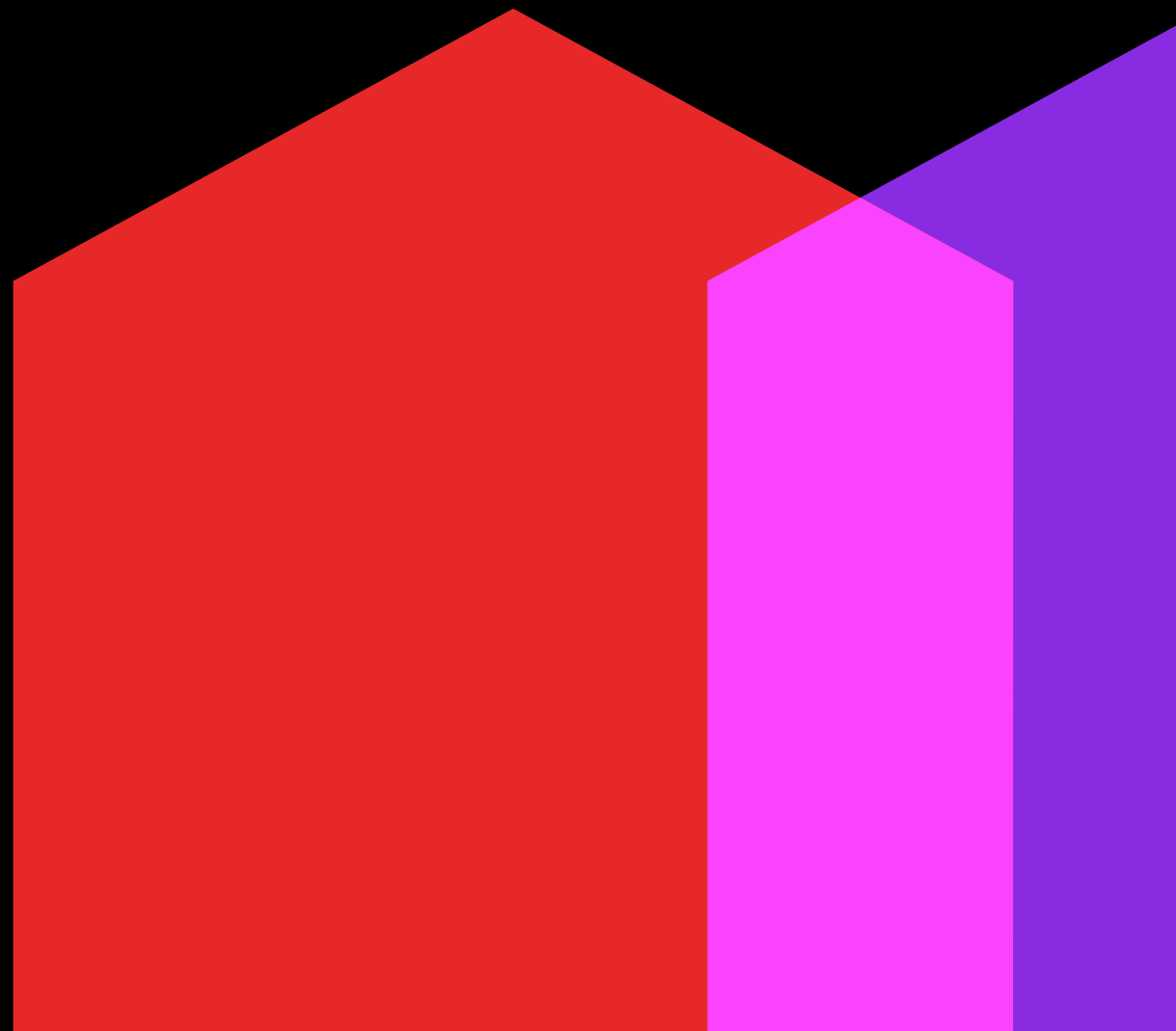
Review of City programs  
and policies related to  
affordable housing.



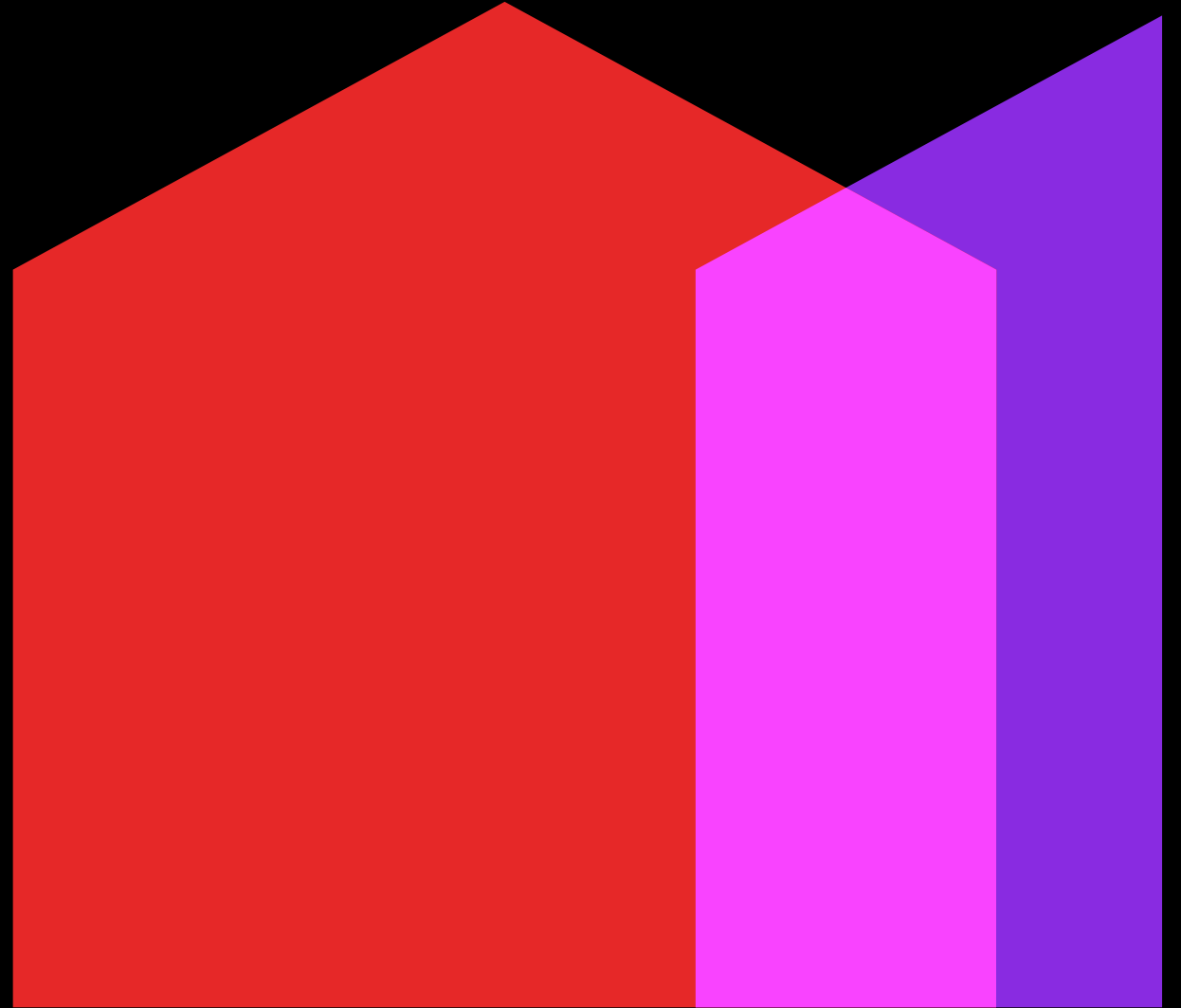
2023

Updating the City's by-  
law which permits  
funding of affordable  
housing units

Questions?

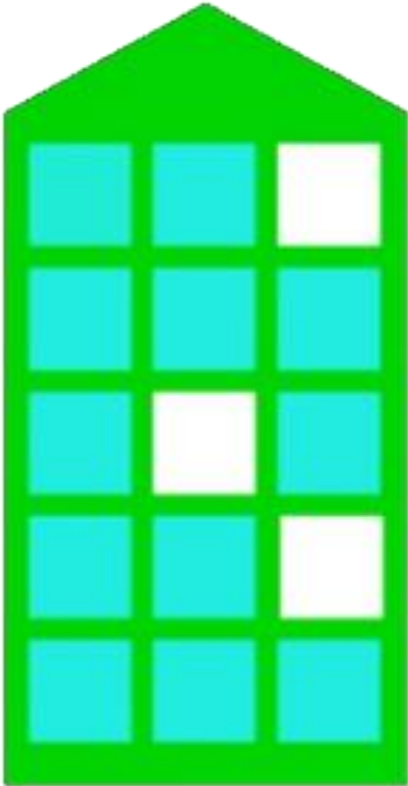


# Inclusionary Zoning





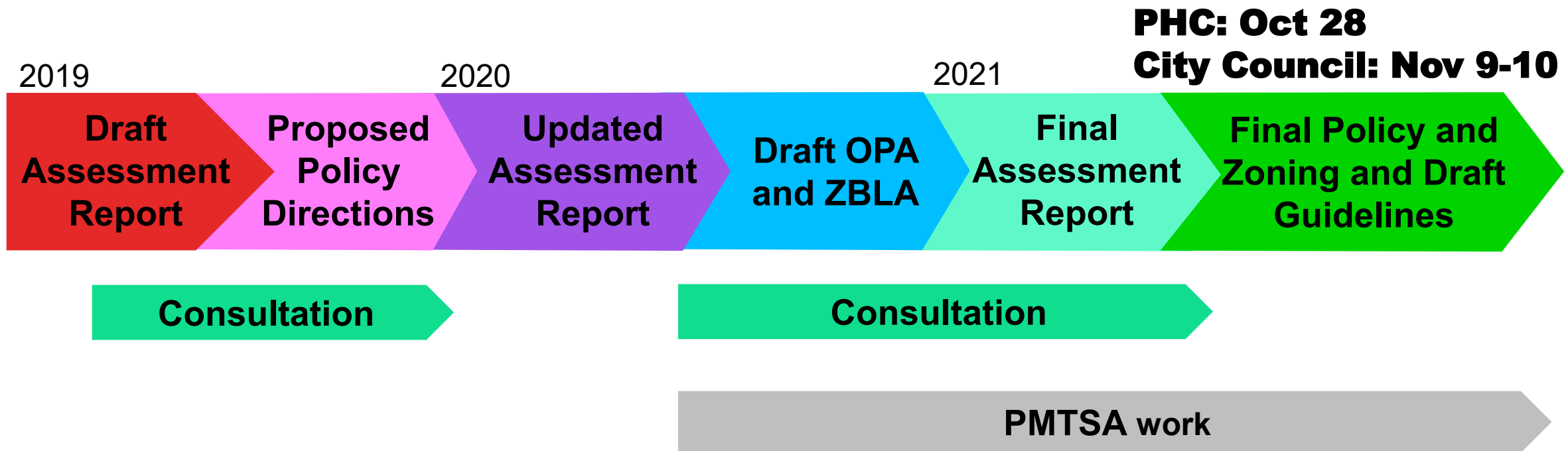
# What is Inclusionary Zoning (IZ)?



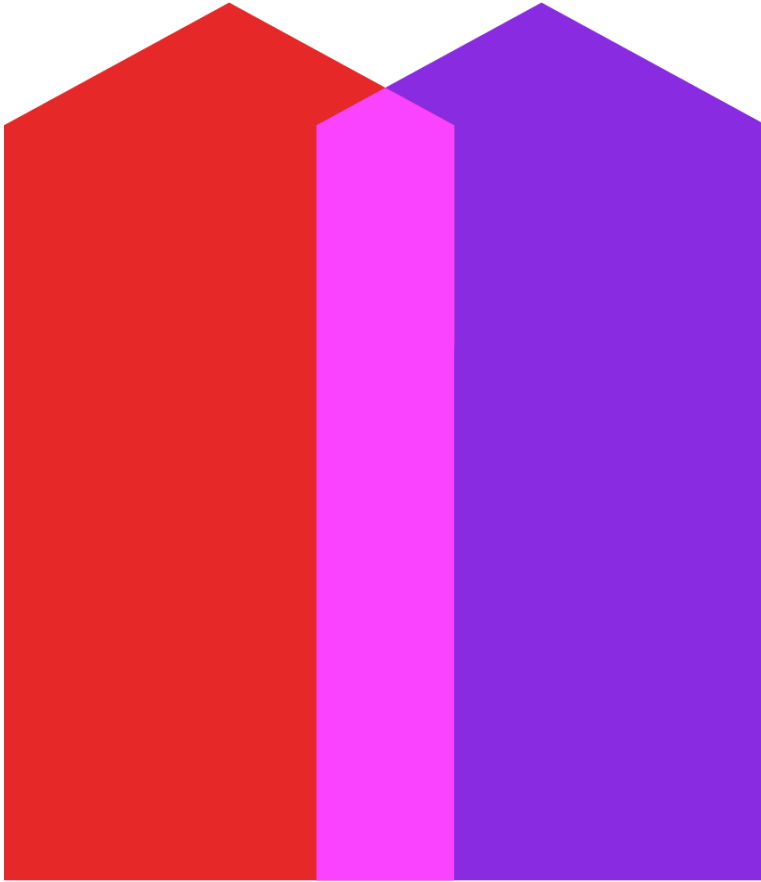
 affordable units

Policy that will require affordable housing in new developments, supporting mixed-income communities

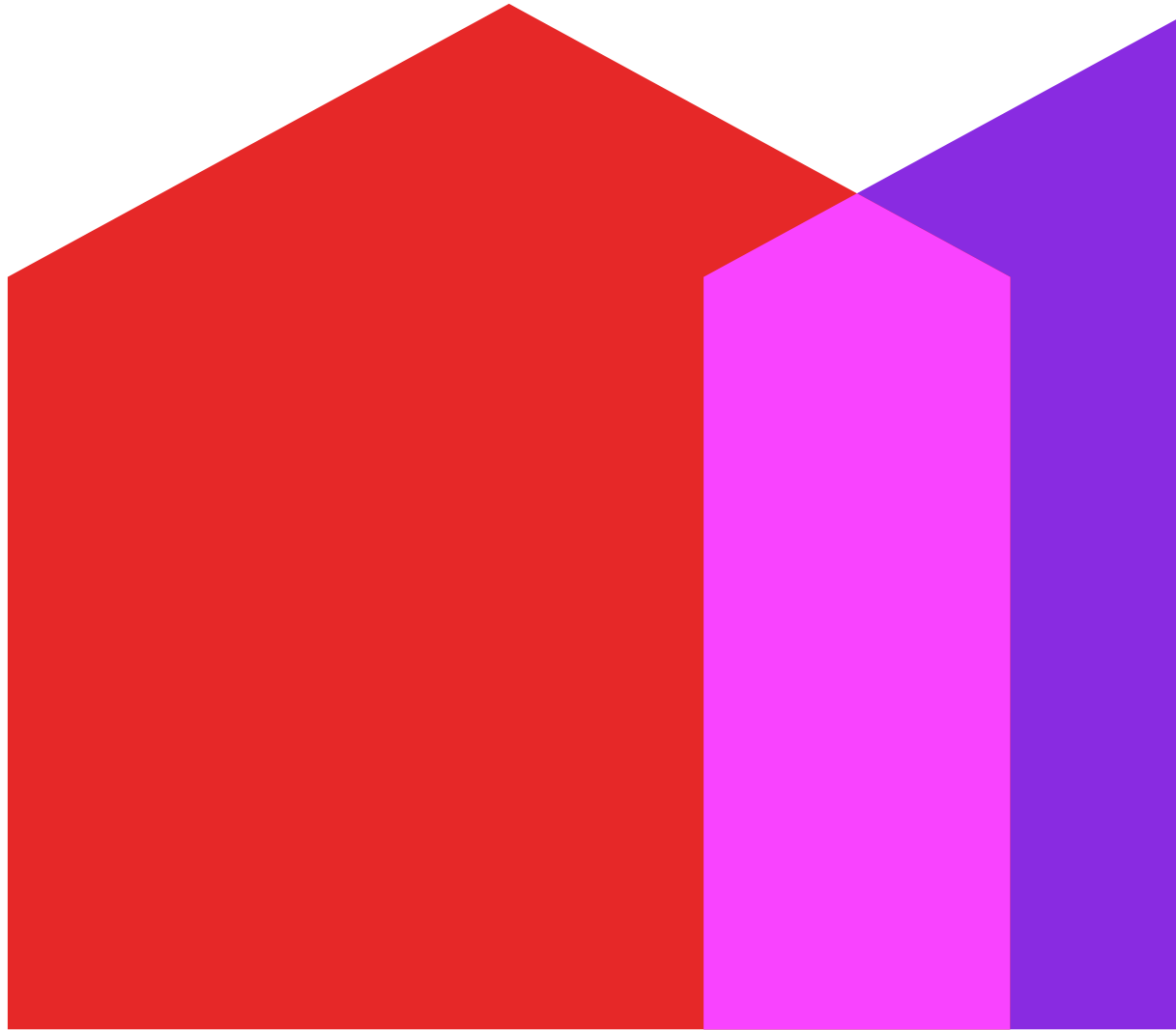
# Toronto's IZ Roadmap



# Key Principles for Toronto's IZ policy



- Increase the supply of affordable housing
- Create more inclusive, complete and equitable communities
- Continue to encourage market housing development by supporting a diverse range of housing supply



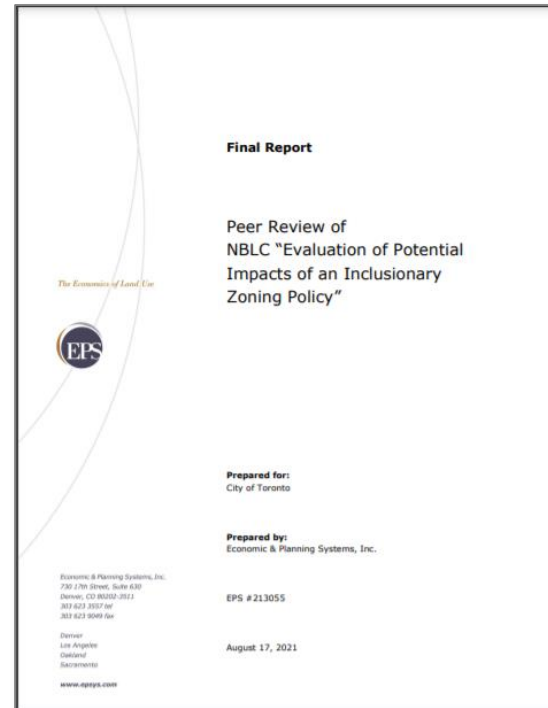
# **Assessment Report Updates**

# Proposed policy informed by detailed background analysis

## Financial Impact Analysis, updated 2021



## Peer Review, 2021



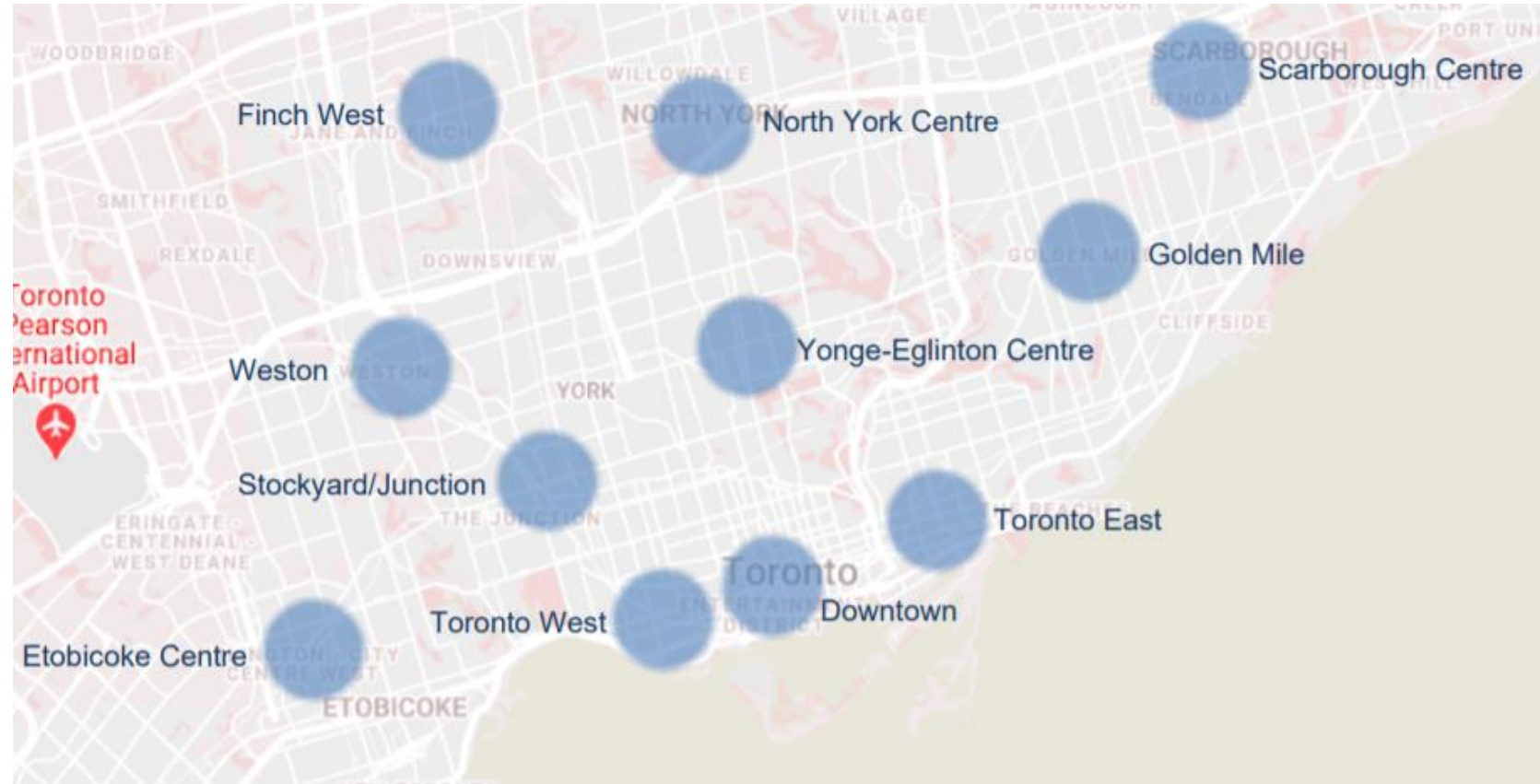
## Housing Need and Demand Analysis, updated 2021



# Financial Impact Analysis:

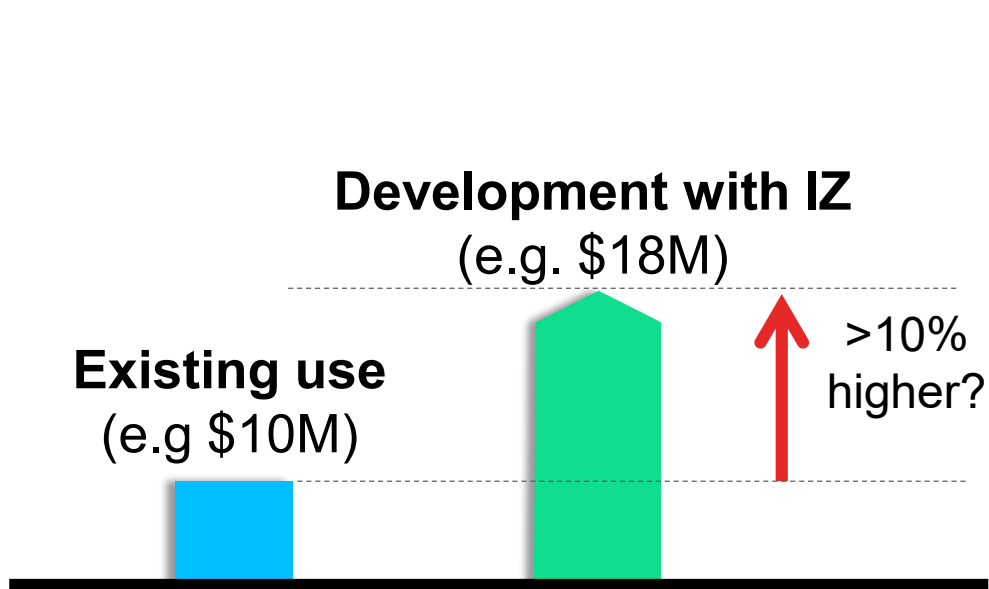
What changed?

- Proposed affordable definitions
- Market data and cost information (2021)
- Second feasibility test – as recommended by peer reviewer

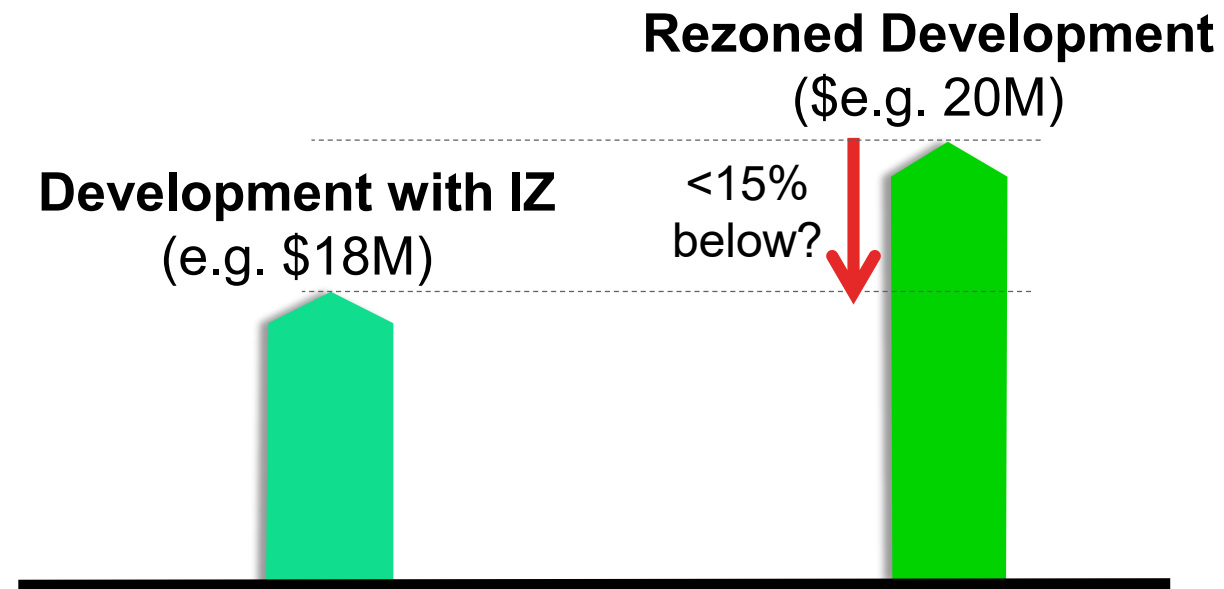


# Financial Impact Analysis – Two Feasibility Tests

**Test #1: at least 10% above existing land value**



**Test #2: less than 15% below rezoned residual land value**



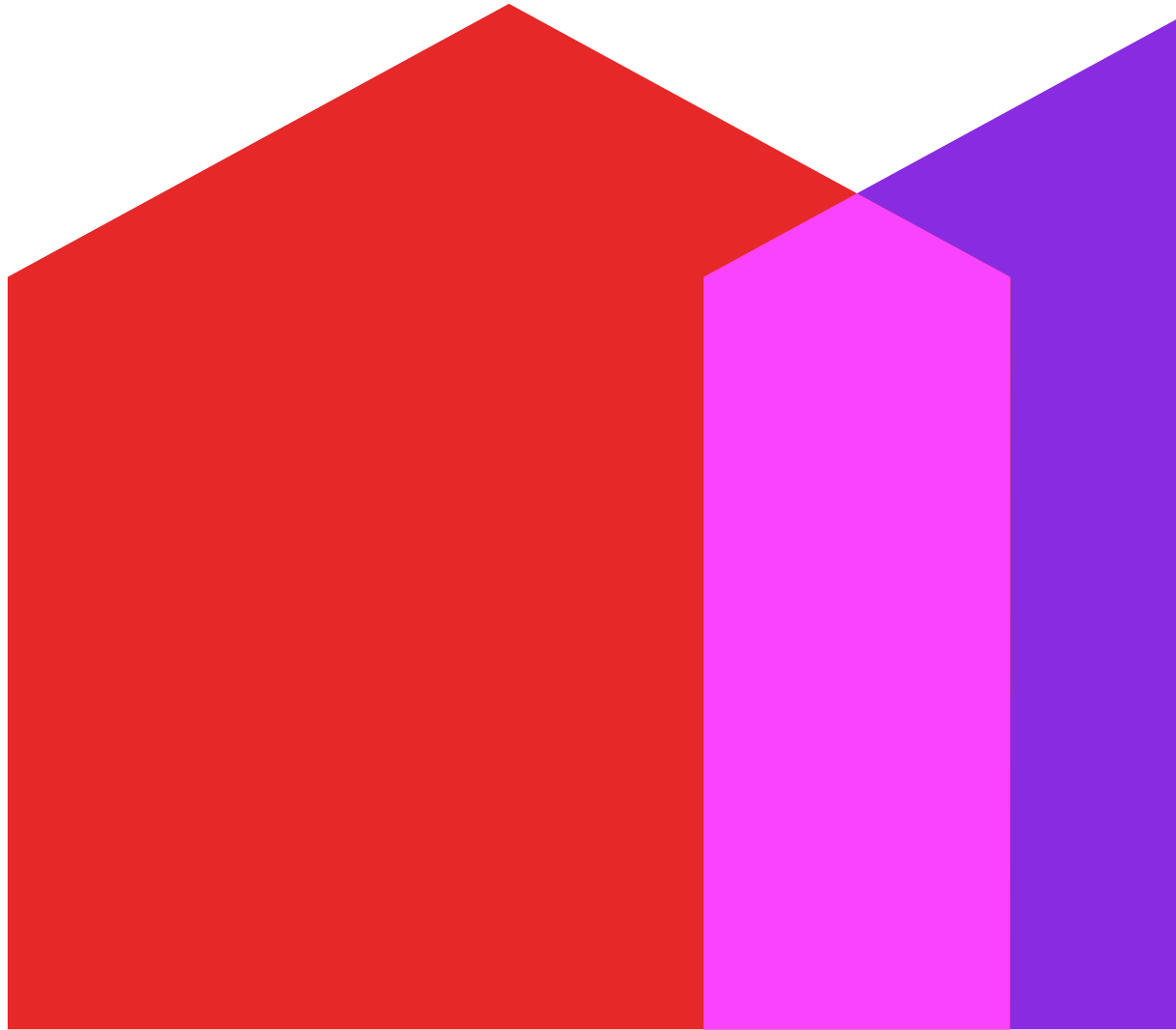
# Test 1 Results

		Condo with Affordable Ownership			Condo with Affordable Rental			Purpose-Built Rental	
		10%	20%	30%	10%	20%	30%	5%	10%
<b>Market Area 1</b>	1. Downtown	✓	✓	✓	✓	✓	✓	✓	✓
	2. Toronto West	✓	✓	✓	✓	✓	✓	✓	✓
<b>Market Area 2</b>	3. Stockyards/Junction	✓	x	x	✓	x	x	✓	x
	4. Toronto East	✓	✓	✓	✓	✓	x	x	x
	5. Yonge Eglinton Centre	✓	✓	x	✓	✓	x	✓	x
<b>Market Area 3</b>	6. North York Centre	✓	✓	x	✓	✓	x	x	x
	7. Golden Mile	✓	✓	x	✓	x	x	x	x
	8. Scarborough Centre	✓	x	x	✓	x	x	x	x
	9. Finch West	✓	x	x	✓	x	x	x	x
<b>No IZ</b>	10. Etobicoke Centre	x	x	x	x	x	x	x	x
	11. Weston	x	x	x	x	x	x	x	x



# Test 2 Results

		Condo with Affordable Ownership			Condo with Affordable Rental			Purpose-Built Rental	
		4%	8%	12%	4%	6%	8%	4%	6%
<b>Market Area 1</b>	1. Downtown	✓	✓	x	✓	✓	x	✓	x
	2. Toronto West	✓	✓	x	✓	✓	x	✓	✓
<b>Market Area 2</b>	3. Stockyards/Junction	✓	x	x	✓	x	x	✓	x
	4. Toronto East	✓	✓	x	✓	✓	✓	x	x
	5. Yonge Eglinton Centre	✓	✓	x	✓	✓	x	✓	x
<b>Market Area 3</b>	6. North York Centre	✓	✓	x	✓	✓	x	x	x
	7. Golden Mile	✓	x	x	✓	x	x	x	x
	8. Scarborough Centre	x	x	x	x	x	x	x	x
	9. Finch West	✓	x	x	✓	x	x	x	x
<b>No IZ</b>	10. Etobicoke Centre	x	x	x	x	x	x	x	x
	11. Weston	x	x	x	x	x	x	x	x



# **Inclusionary Zoning Policy Updates**

# IZ applies to PMTSAs in IZ Market Areas

- **Protected Major Transit Station Areas (PMTSAs):** generally 500-800 metres around stations with detailed planning framework approved by Minister
- **IZ market areas** have experienced the greatest amount of new housing supply, significant price escalation and growth in rental prices and demonstrated IZ can be implemented without jeopardizing development viability.
- Market Areas will be reviewed after 3 years.

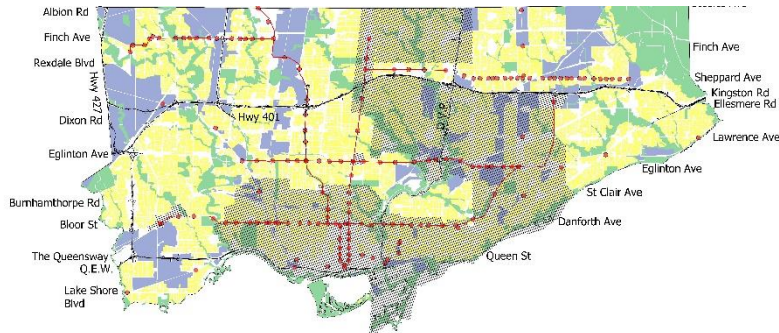




# Geographic Application - What's changed?

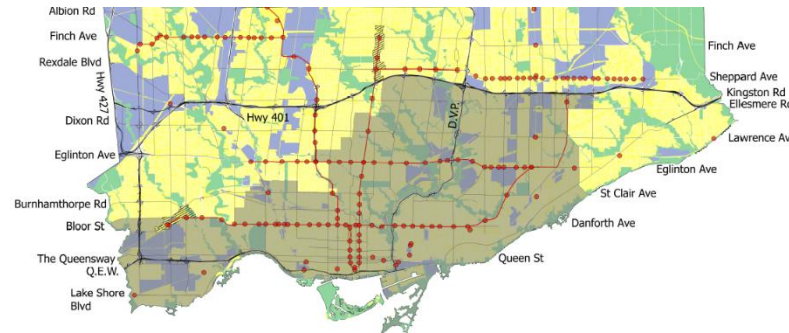
## Draft Policy 2019

- IZ applies to strong and moderate market areas



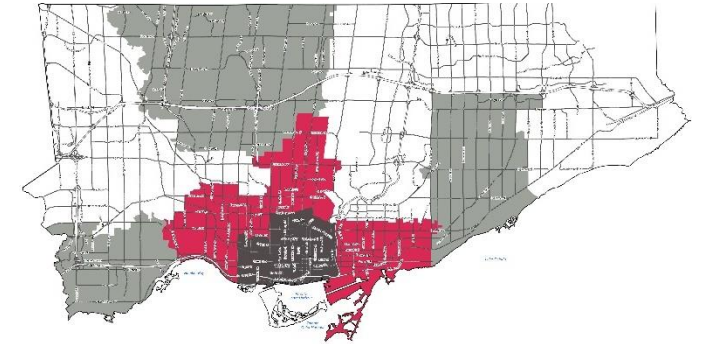
## Draft Policy 2020

- IZ applies in PMTSAs and within a strong and moderate market area

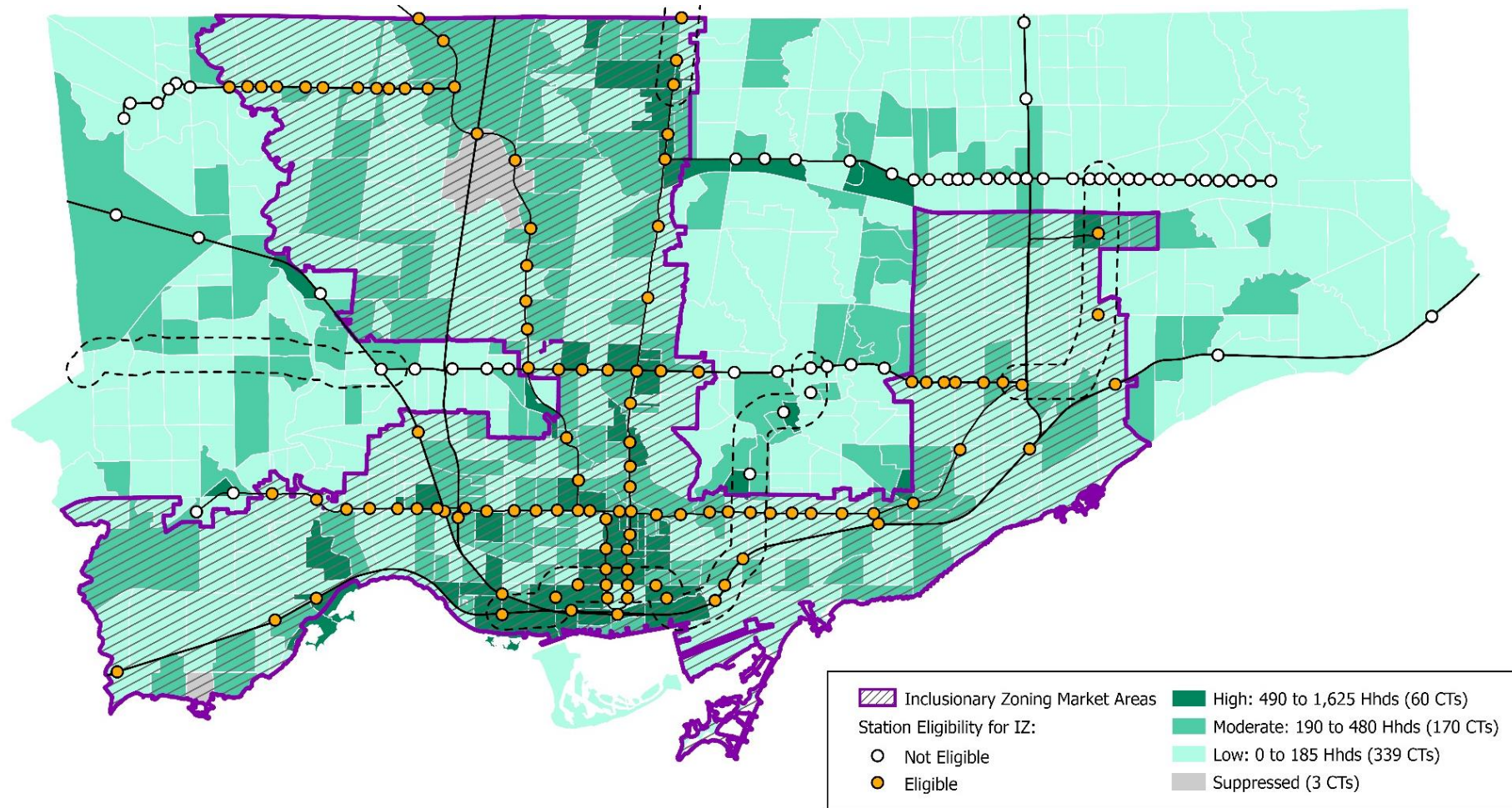


## Proposed Policy 2021

- IZ applies in PMTSAs and within an IZ market area 1, 2 or 3



# IZ Market Areas and number of renter households spending more than 50% of income towards rent



Source: 2016 Census, Statistics Canada custom tables.  
Geography: 2016 Census Tracts, Statistics Canada; Proposed Inclusionary Zoning Official Plan Amendment, Map 37: Inclusionary Zoning Market Areas.  
Prepared by: Toronto City Planning, Planning Research and Analytics - October 2021



# New units will remain affordable to low and moderate income households for the long term

## Draft Policy 2019



25 years

## Draft Policy 2020 & Proposed Policy 2021



99 years

- **Affordable rents:** increases limited to provincial Guideline for sitting tenants, initial rents for new tenants based on affordable rent definition
- **Affordable ownership:** resale restrictions will limit the maximum resale price to the initial purchase price plus CPI increases for each year of ownership
- Legal agreements will be registered on title to ensure units stay affordable

# **Implementation Guidelines outline how units will be advertised and accessed**

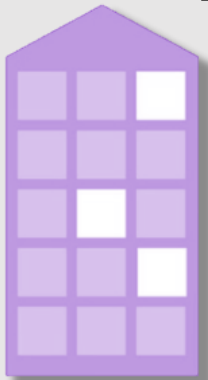
- Affordable rental units will be listed through the City's centralized housing access system
  - City determines initial eligibility, conducts random draw of interested households, and provides a list of prospective tenants to the owner
  - Owners responsible for doing credit checks, landlord reference and final screening (eligibility practices must adhere to Ontario Human Rights Code)
- Third party administrator will manage random draw and administration of affordable ownership units



# IZ will be gradually phased-in over time

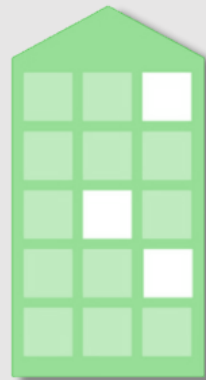
- In 2022: **5-10%** of condominium developments must be affordable
- In 2030: **8-22%** of condominium developments must be affordable
- Percentages depend on IZ Market Area and whether affordable ownership or affordable rental units are secured

## Example: Affordable housing required in a 300 unit condominium development



### 2022 Requirements:

Market Area 1: **21** rental or **30** ownership  
Market Area 2: **18** rental or **24** ownership  
Market Area 3: **15** rental or **21** ownership



### 2030 Requirements:

Market Area 1: **48** rental or **66** ownership  
Market Area 2: **36** rental or **51** ownership  
Market Area 3: **24** rental or **33** ownership

# Phase-in to 2030

	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Condo building securing affordable rental:</b>									
Market Area 1	<b>7%</b>	7%	7%	8.5%	10%	11.5%	13%	14.5%	<b>16%</b>
Market Area 2	<b>6%</b>	6%	6%	7%	8%	9%	10%	11%	<b>12%</b>
Market Area 3	<b>5%</b>	5%	5%	5.5%	6%	6.5%	7%	7.5%	<b>8%</b>
<b>Condo building securing affordable ownership:</b>									
Market Area 1	<b>10%</b>	10%	10%	12%	14%	16%	18%	20%	<b>22%</b>
Market Area 2	<b>8%</b>	8%	8%	10%	11%	13%	14%	15%	<b>17%</b>
Market Area 3	<b>7%</b>	7%	7%	8%	8%	9%	10%	11%	<b>11%</b>

Financial incentives not provided for base requirements. Opportunities to layer on incentives (e.g. Open Door) to secure more affordable units or more deeply affordable units.

# Affordable housing requirement - What's changed?

## Draft Policy 2019

- Percentages based on density increase
- **10-20%** of condo developments must be affordable

## Draft Policy 2020

- Percentages based on total development
- **5-10%** of condo developments must be affordable
- No signal for how rates would change over time

## Proposed Policy 2021

- Percentages based on total development
- **5-10%** of condo developments must be affordable in 2022
- Requirements increase annually beginning in 2025
- **8-22%** of condo developments must be affordable in 2030

# Supporting mid-rise and rental projects

- Purpose-built rental developments exempt from IZ requirements until 2026

	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Rental building:</b>									
Market Area 1	-	-	-	-	5%	5%	5%	5%	5%
Market Area 2	-	-	-	-	3%	3%	3%	3%	3%
Market Area 3	-	-	-	-	-	-	-	-	-

- Mid-rise developments exempt if proposing less than 100 units and less than 8,000 square metres of residential gross floor area (GFA)

# Mid-rise and rental projects – What's changed?

## Draft Policy 2019

- Rental: **2.5-5%** of density increase must be affordable
- Mid-Rise: exempt if total development proposes **<100** units in the Downtown or **<140** units in other IZ areas

## Draft Policy 2020

- Rental: **3-5%** of total development must be affordable
- Mid-Rise: exempt if total development proposes **<100** units and **<8,000m<sup>2</sup>** in the downtown and central waterfront or **<140** units and **<10,000m<sup>2</sup>** in other IZ areas

## Proposed Policy 2021

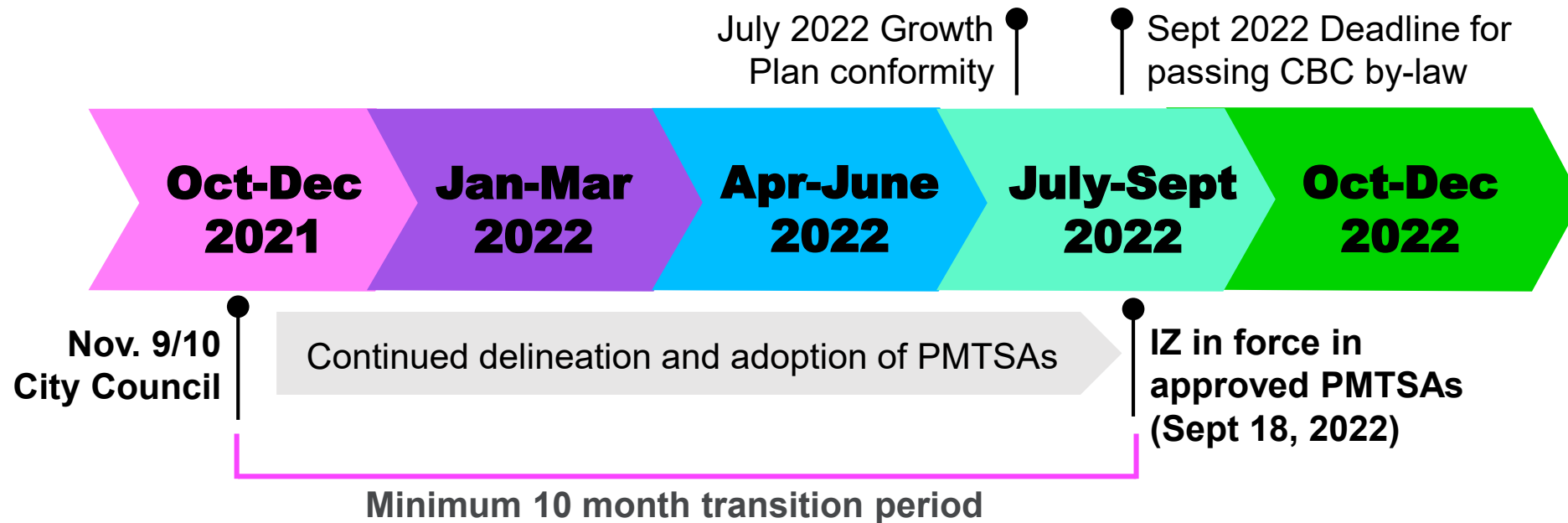
- Rental: **3-5%** of total development must be affordable beginning in **2026**
- Mid-Rise: exempt if total development proposes **<100** units and **<8,000m<sup>2</sup>**

# Promoting integrated, family-sized affordable housing

- Shared common entrances, amenities, elevators, etc.
- Units may be provided offsite only where they provide for an improved housing outcome
- Stand-alone buildings may be considered where units will be managed, leased or conveyed to a non-profit housing provider
- Unit mix and sizes in line with City's affordable housing guidelines and proportional with market units
- Equivalent finishes as market units
- Target of 20% accessible units and guidance for universal design features

# Providing a clear transition period

- Developments exempt if complete applications for zoning and site plan submitted or zoning in-force with Section 37 agreement registered before **September 18, 2022**
- Implementation depends on Minister's approval of PMTSAs



# Ongoing Monitoring and Assessment of IZ

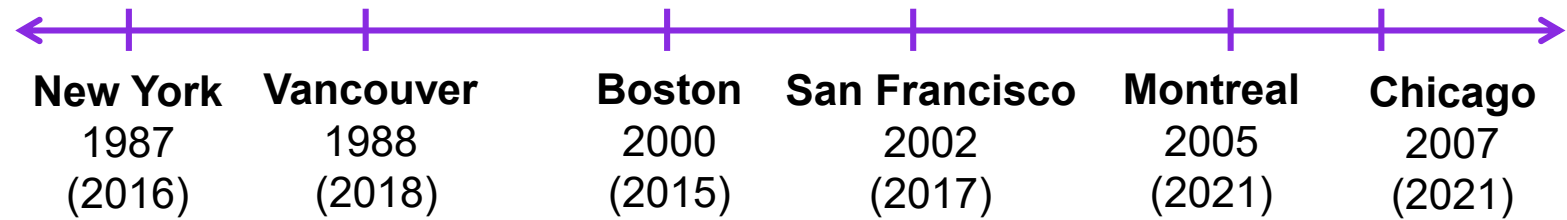
Three Year Review in 2025 will include:

- Updated assessment report: financial impact analysis, housing need and demand analysis, market area analysis
- Review of market indicators to understand impacts, if any, on land values, development approvals, ownership prices and rents
- Re-evaluate mapping and phase-in schedule, including rate for purpose-built rental

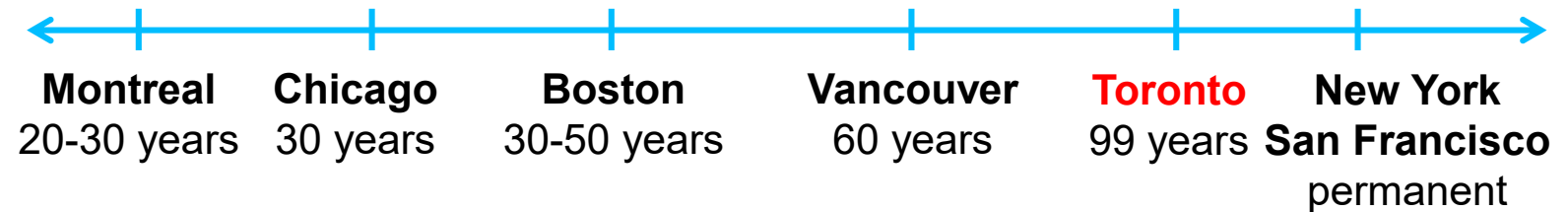


# How Does Toronto Compare?

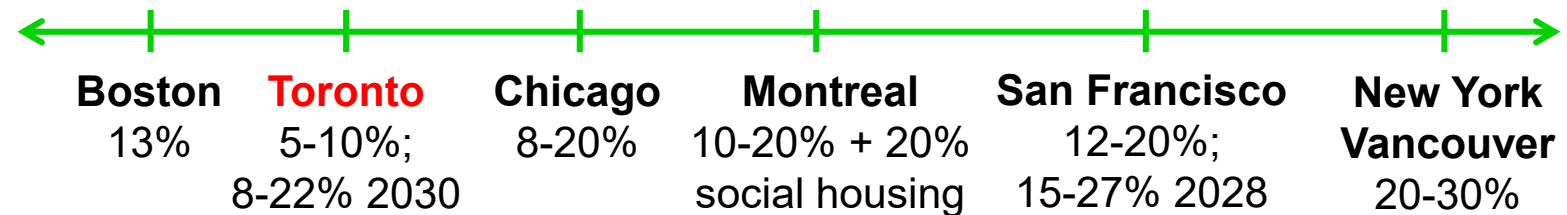
Year Policy First Adopted  
(Last Updated)



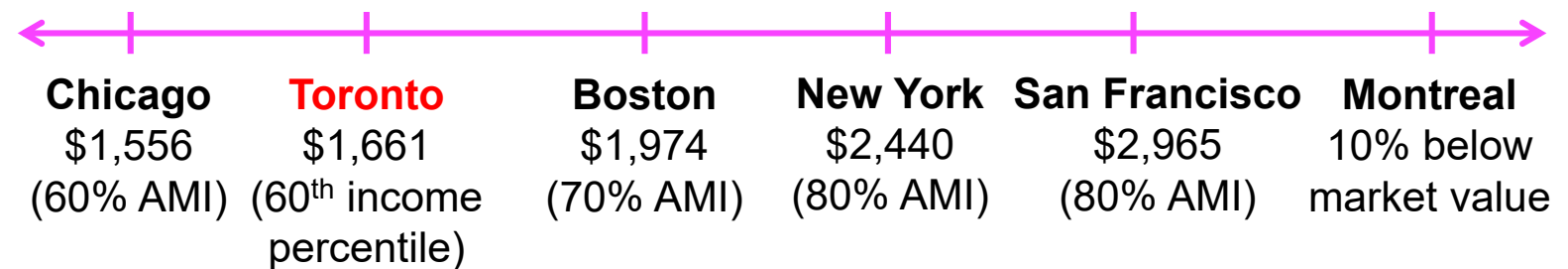
Affordability  
Period



Required On-site  
Affordable Housing\*



Affordable Rent  
Two-Bedroom  
Unit (CAD)



# Next Steps

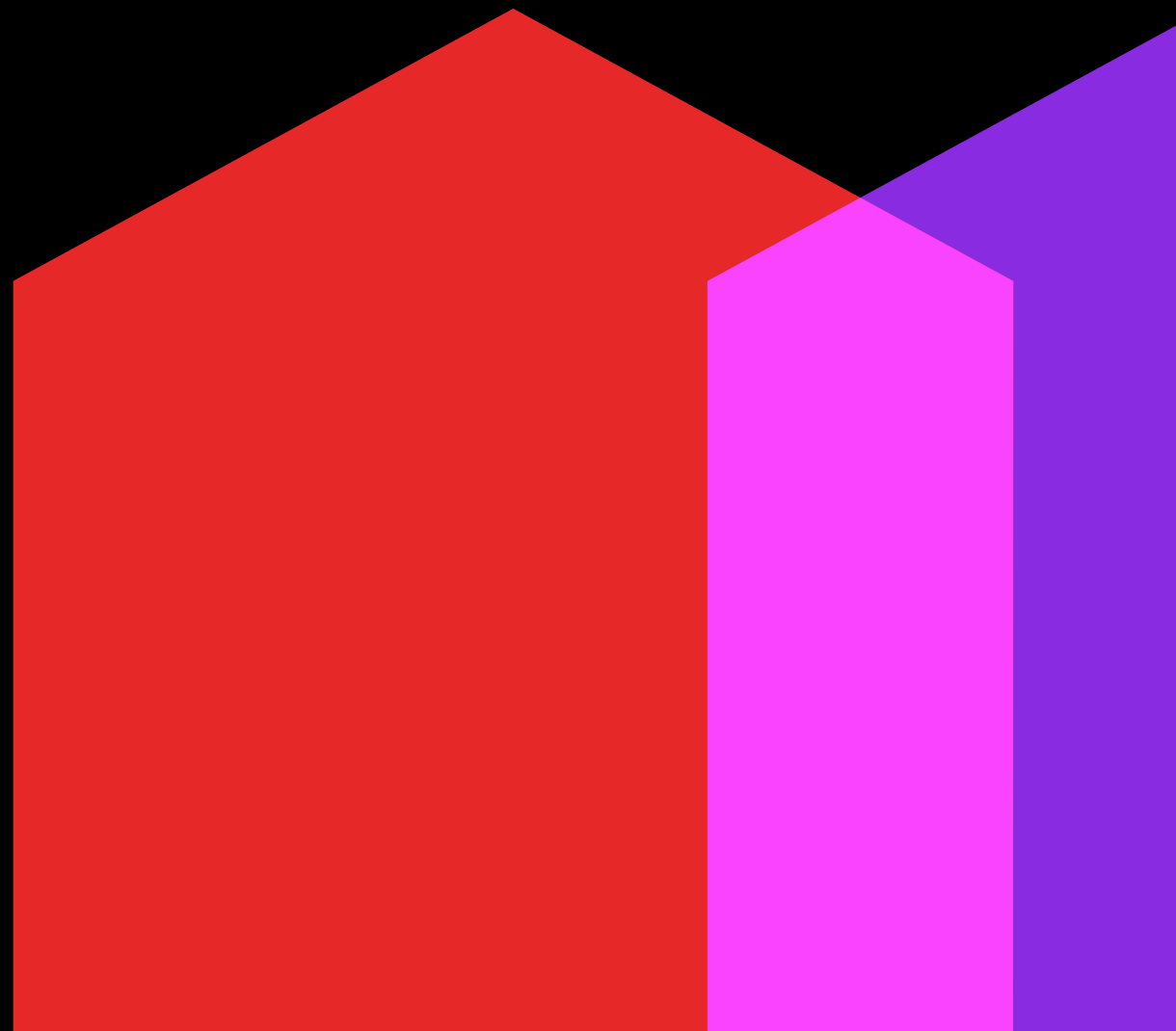
- **October 28, 2021** – Planning and Housing Committee



To submit comments or register to address the Committee directly, email [phc@toronto.ca](mailto:phc@toronto.ca) or call **416-397-4579**

- **November 9-10, 2021** – City Council
- Continue work on Protected Major Transit Station Areas
- Report back on Draft Implementation Guidelines in the first half of 2022

Questions?



# Thank you for participating!

## Contact Us

**Christine Ono**, Senior Planner

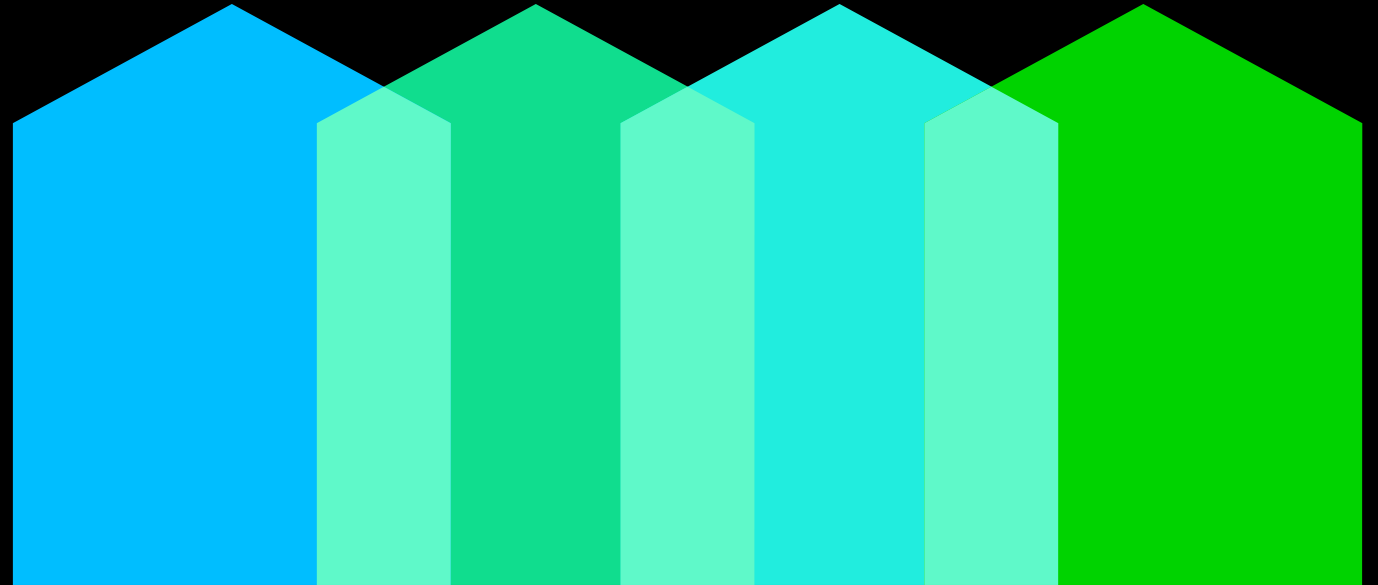
Email: [Christine.Ono@toronto.ca](mailto:Christine.Ono@toronto.ca)

Call: 416-392-1255

**Graham Haines**, Senior Planner

Email: [Graham.Haines@toronto.ca](mailto:Graham.Haines@toronto.ca)

Call: 416 392-8124



[toronto.ca/InclusionaryZoning](https://toronto.ca/InclusionaryZoning)  
[#InclusionaryZoningTO](https://twitter.com/InclusionaryZoningTO)