



Is Inclusionary Zoning a Needed Tool for Providing Affordable Housing in the Greater Golden Horseshoe?

Presentation by:

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To:

CUR Inclusionary Zoning Seminar

October 26, 2015

Background on IZ

History

- **Inclusionary Zoning: A municipal policy that links the provision of affordable housing units to market housing development.**
 - **Notion of IZ as a ‘win-win’ policy**
- **Originated in the United States in the 1970s**
- **2 Goals:**
 - **Affordable housing provision**
 - **Mixed-income communities**

Background on IZ

Variation in IZ's Application

Formula based	OR	Negotiation based
Mandatory	OR	Voluntary
Specified % of affordable units in new residential development (eg. 20%)	OR/AND	Cash contributions or, provision of other sites
Municipal cost-free such as, Density bonus or, Expedited approvals	OR/AND	Municipal cost of subsidy, such as, Development charge exemptions Property tax relief Direct grants Fee waivers

Background on IZ

What qualifies as affordable housing?

- **No universal definition**
 - In Canada, core housing need determined by high ratio of shelter costs to income (30% +)
- **CMHC core housing need:**
 - **Affordability**
 - **Adequacy**
 - **Suitability**
- **Lower-end market housing available through:**
 - **Aging housing (filtering)**
 - **New lower-end market housing (no government subsidy)**
 - **Social housing (government subsidy)**

Findings

Mixed outcomes in provision of affordable housing through IZ

- Outcomes dependent on:
 - Housing market structure/conditions
 - Regulatory context
 - Structure of IZ policy
- IZ typically provides units at or slightly below lower end of market
 - Deeper level of affordability still required
 - To meet this need, including core housing need, government subsidy required

Findings

Possible developer responses to IZ policies

1) Absorbed by the developer	If existing margins are high enough, may not change a project's financial viability
2) Passed forward to buyers of new homes	Difficult for developers to do because of competition from existing housing stock
3) Capitalized in the purchase price of land (reduced prices)	Can only happen in the long term – Developers must have certainty on affordability and tradeoff provisions in advance of purchase
4) Developers choose not to build in the jurisdiction	If there are alternate municipalities in the region, they may, to some extent, provide viable substitutes

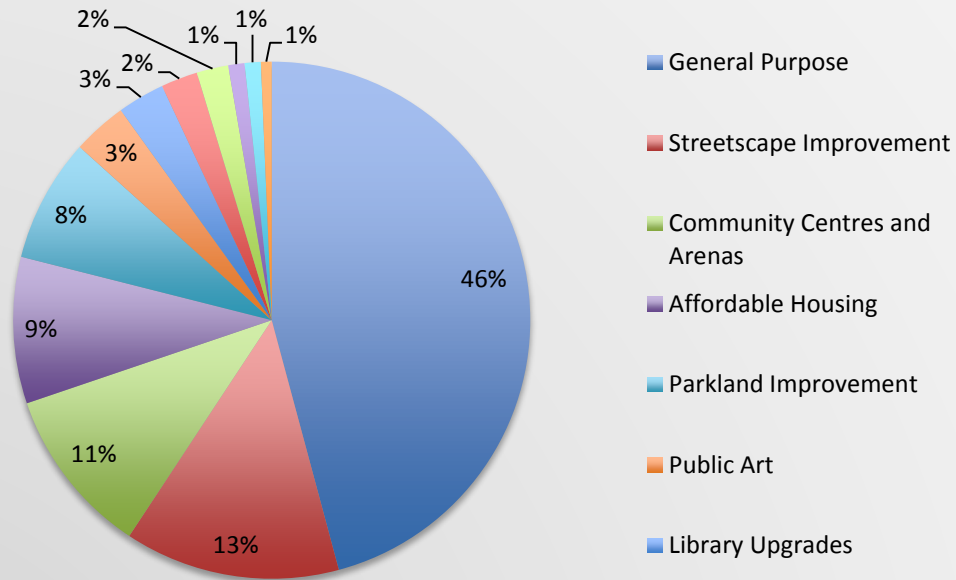
What other housing affordability tools exist?

- **Tools available for provision of affordable housing:**
 - **Development charge relief programs**
 - **Property tax relief programs**
 - **Zoning for secondary units**
 - **Section 37**
 - **Increased supply of serviced land**

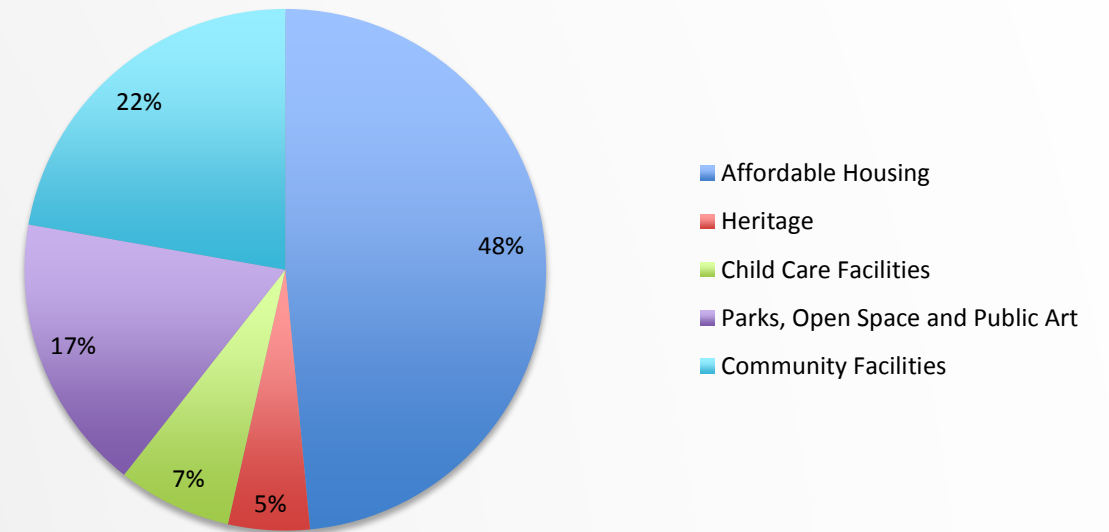
Tools for affordable housing

Section 37

Section 37 Exactions, City of Toronto, 2013-2014



Community Amenity Contribution Exactions, City of Vancouver, 2014



Recommendations

- 1) The Province need not pursue new legislation to permit IZ.**
- 2) Section 37 should give greater priority to affordable housing and provide more certainty regarding future financial contributions.**
- 3) The Province should consider requiring second suites be permitted as a matter of right.**
- 4) The Province should enforce PPS policy 1.4.1 requiring municipalities to maintain a 3-year supply of serviced sites.**