



**Planning and Housing Committee PH28.1 - Inclusionary Zoning Official Plan Amendment, Zoning By-law Amendment**

**October 28, 2021**

Dear Members of the Planning and Housing Committee,

We are writing to you as representatives of the Right to Housing in Toronto (R2HTO), a network of organizations and individuals working to support the implementation of the right to housing by the City of Toronto.

The affordable housing crisis in Toronto continues to deepen, leaving many Torontonians living in unstable housing conditions while many people are experiencing homelessness. There are many immediate steps that can be taken to respond to this crisis such as increasing and sustaining relief measures and other supports, but the housing affordability problem will not be solved if we do not acknowledge the fact that there aren't enough affordable housing options to meet the diverse needs of residents. City staff have calculated that out of the 230,000 units created over the past five years, only 2% were affordable, a definition that does not even account for deeply affordable units.

We are therefore happy to see the City move forward with the proposal on Inclusionary Zoning. The policy is a useful tool to help solve part of the problem of affordable housing supply. The policy rightly captures some of the value that is generated from private development and redirects it to create affordable housing options and mixed income communities in areas that the private market would otherwise have failed to do so on its own. This is a fair strategy.

For too long, current zoning policies have enabled developers to construct condos and detached homes that meet the housing needs of only a portion of our population, leaving those living on lower incomes at the whim of the private development industry. As the housing crisis deepens, year-over-year, moderate income households are also finding it difficult to live in affordable homes. It is clear that current housing policies are failing the needs of our residents, threatening the very fabric of our communities and people's right to accessing adequate housing.

The current IZ proposal has many pieces to it that can help minimize these risks. For example,

- **Making Inclusionary Zoning Mandatory:** We applaud the fact that the policy is mandatory. It demonstrates the City's commitment to ensuring that developers participate in this important initiative. It makes sense to clearly require that such commitments are adhered to especially in a city where the housing market is booming.
- **Defining affordability based on income:** it is encouraging to see the city defining affordability based on income, specifically that no household is spending more than 30% of its income on shelter. The city has done well in ensuring that components such as condo fees have also been factored into the definition of affordable homeownership, while ancillary items such as utilities are incorporated into the definition of affordable rents.
- **Perpetual Affordability:** We are also happy to see that with the period of affordability extended to 99 years, this essentially makes the policy a permanent fixture, - critical to ensuring that over time the gains we make in creating affording housing options through the policy, is not eventually lost. We have seen such scenarios of affordable housing loss play out in cities such as Chicago.
- **Providing incentives:** Furthermore, we appreciate that the City has been highly restrained with the incentives on offer for developers. The most significant one is implied through rezoned areas coming with more density. Indeed, this is the rare incentive that shows some potential for driving more development of affordable units. Coupled with the fact that implementation guidelines strive to be more inclusive, for example in opening up the selection process for IZ units to temporary residents who have applied for permanent residents, the current policy has a lot of promise.

There are, however, aspects to the IZ proposal that must be improved to ensure an effective policy in building affordable housing that meets the needs of residents. In particular,

- **Need to be ambitious on set-aside rates and phase-in period:** we submit that the existing set aside rates for condo units and purpose-built rentals in particular are too modest. Plus, the phasing in period has been extended in a way that the affordable housing needs of many of Toronto's residents continues to be neglected for a longer period. We appreciate that geographic variations are taken into account. Some areas just do not have the appropriate market conditions for the policy to be implemented. But in the areas that do – in other words, the strong and moderate market areas - there is room to increase the set aside rates substantially and likely more quickly.
  - For example, a study by Maytree concluded that in “as-of-right” developments, 25% of high-value sites could be set aside as affordable while developers remain viable. In rezoned areas, this proportion could go up to as high as 30%. This can happen reasonably quickly too. We urge the Committee to use opportunities in the near term to re-evaluate the evidence, more meticulously track progress

during the phasing in period, and consider the possibility of increasing the set aside rate to a higher threshold. In particular, we question some of the assumptions that have been used in the financial impact analysis to inform some of the set aside rates. For example, a threshold has been used of 15% to account for potential market shocks on account of the policy, the rationale of which appears to be unclear. Broadly, the new calculations likely exaggerate the risks of supply being constrained.

- **Minimizing barriers to access the program:** We have some additional concerns around the barriers that some may face in accessing this program. A needs-based approach ought to be applied in a number of other ways too. For example, the draft guidelines proposes that a household must have a “composition of at least one person per bedroom.” However, guidelines ought to be more flexible given scenarios such as households with caregivers may require more room but in the current definition would be considered as “over-housed.”
  - The guidelines also indicate that a random draw process conducted by the City will ensure all eligible households are provided with equal opportunity to access a unit that matches their household composition. We recommend considering adding additional needs-based criteria, and that the selection process prioritizes accordingly.
- **Periodically review and adjust the policy framework:** Finally, we are cognizant of the dynamic nature of the housing market in Toronto, and that over the coming years, this policy will evolve. It makes sense, therefore, to review the policy every three years as the City has proposed. To ensure that the integrity of the policy is upheld over the long haul, we propose that the review is grounded in a rights-based framework, similar to that recognized in the HousingTO 2020-2030 Action Plan. This is imperative since the original policy was designed before the City committed to progressively realizing the right to housing through its Housing Charter.

Thank you,

On behalf of the Right to Housing in Toronto

Right to Housing Toronto

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