

Proposed Amendment to O. Reg 232/18: Inclusionary Zoning

Submission to the Ontario Ministry of Municipal Affairs and
Housing

December 9, 2022

Submission by: Right to Housing Toronto



Ministry of Municipal Affairs and Housing
777 Bay Street
Toronto, Ontario, M7A 2J3

Dear Minister of Municipal Affairs, Steve Clark,

Re: Proposed Amendment to O. Reg 232/18: Inclusionary Zoning

We are representatives of the Right to Housing Toronto (R2HTO), a network of organizations and individuals working to support the implementation of the right to housing by the City of Toronto. We are writing to you to express our concerns regarding proposed amendments to Regulation 232/18. These changes will negatively impact the ways in which municipalities can implement inclusionary zoning policies in Toronto. As such, we recommend the province not move forward with any of the changes.

Over the last few years, we have advocated for the City of Toronto and Province of Ontario to adopt a more rights-based approach to housing. This means maximizing all available resources and making use of all available policy tools to create affordable housing options with a focus on those who need it the most.

Inclusionary zoning is one useful option to help move the needle forward in implementing the right to adequate housing. At the same time, we have submitted in the past that the tool only makes a limited difference in the lives of our city's lower income households. To the extent that moderate income households may benefit, the results will take time to show and will likely only help a segment of this population because of the depth of the housing affordability crisis.

Given its limitations, it is imperative that the policy be designed in a way that can maximize impact to the extent possible. Broadly, this means giving municipalities the flexibility to apply the policy wherever it deems economically viable within their jurisdiction. It means mandating that developers set aside the highest possible number of units for affordable use in new developments. These requirements should be a permanent arrangement where affordability is maintained for as long as possible. Continuous efforts should also be made to tie the policy to other initiatives that help produce more deeply affordable housing options.

Unfortunately, the province's proposed regulatory changes add further restrictions to how municipalities can implement the policy. New limitations on set aside rates, periods of affordability and affordability thresholds will significantly reduce the number of affordable housing units that can be developed through an effective inclusionary zoning policy.

In fact, these restrictions are additions to a prior round of amendments which limited the powers of municipalities to apply the policy to the boundaries of PMTSAs. Notwithstanding such constraints, municipalities across the province have proceeded with conducting several studies and consultations to determine inclusionary zoning policies that would produce affordable

housing options while ensuring the development sector remains viable. Phase in periods have also been incorporated to help enhance cost certainty and in turn assist the development industry in adjusting to the new requirements.

The proposed amendments disregard the evidence-based and consultative policymaking process that went into developing a set of arrangements that suited the socio-economic and demographic context of the city of Toronto. For example, many municipalities have found it feasible to produce new developments with set aside rates that are significantly above the proposed limit of 5%. Similarly, some have concluded that it is viable to maintain periods of affordability that stretch far beyond the proposed cut off at 25 years. The City of Toronto's inclusionary zoning policy sets affordability timelines effectively into perpetuity.

The analysis behind the proposed amendments introduced by the province contends that these changes would reduce the cost burden for developers by making processes more predictable. It also claims that the changes would produce more affordable housing. Both claims are flawed. While it may be true that the limitations may cut a few more costs for developers, this is not being achieved through any improvements in the process of developing the policy. Instead, it is being done by weakening key elements that ensure affordable housing is actually developed – set aside rates, periods of affordability and the definition of affordability.

It is unclear why additional perks are being offered for the development industry when existing procedures are already in place to account for their viability when a policy is created. In addition, review processes and phase-in periods are in place to keep refining the policy as markets evolve in a transparent and predictable way.

What the proposed changes will create is more uncertainty for municipalities, including the City of Toronto, in their broader efforts to create the affordable housing options that its residents have been demanding with increasing desperation. By reducing the potential of the inclusionary zoning policy to create affordable housing through setting limits on the set aside rates, municipalities will be forced to scramble for alternative options within their limited policy toolkit to fulfill their affordable housing targets. To the extent that affordable housing options are developed through this policy, the limitations on affordability periods means these units would eventually lose their affordability. The arbitrary threshold on affordability proposed by the province also risks limiting the number of people who can benefit from the policy such as newcomers and young adults as housing prices escalate.

Taken together, the proposed changes offer no benefit to residents of Toronto who are desperately waiting for affordable housing options nor the municipalities who have adopted evidence-based inclusionary zoning policies. The benefits mainly consist of some financial relief for the development sector. We therefore recommend that the province scrap the proposed amendments entirely and maintain the current inclusionary zoning regulations.

Thank you,
On behalf of Right to Housing Toronto (R2HTO)