

November 17, 2022

Ministry of Municipal Affairs and Housing
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Submitted electronically - PlanningConsultation@ontario.ca

Re: More Homes, Built Faster Act – Proposed Amendment to O. Reg 232/18: Inclusionary Zoning

The Residential Construction Council of Ontario (RESCON) is Ontario's leading association of professional residential builders. We are committed to providing leadership and fostering innovation in the industry. Our members build the communities and homes of the future. Thank you for this opportunity to provide input with respect to the recent announcement regarding significant changes to planning and housing development policies across Ontario.

We recognize that the overall intent of Inclusionary Zoning is to support, within the context of Ontario's housing supply and affordability crisis, the creation and sustainability of affordable housing units within developments. Through the Planning Act (Reg. 232/18) the provincial government extended to municipalities the mechanism under which they could establish Inclusionary Zoning policies within their communities. The parameters of these permissions were broad in scope reflecting a stated desire to permit communities to tailor their policies to their respective needs.

Limitations under the existing provincial permissions centred on developments with over 10 units, located within Protected Major Transit Station Areas or in Community Planning Permit System areas directed by the Minister of Municipal Affairs and Housing.

The current legislative parameters, while *prima facie* appearing laudable in supporting additional affordable housing units through Inclusionary Zoning permissions, would create contrary outcomes as the realities of market pressures and impacts for residential construction projects are significant when policy directives are excessive, protracted or unresponsive to market realities.

We recognize that the well-intentioned goal of Inclusionary Zoning is to mandate the creation of affordable housing supply within developments for low and moderate-income families, contribute to a variety of housing types and ultimately to address perceived and identified housing inequity across Ontario communities.

RESCON works closely and in support of the residential construction sector across this province. It is our experience, based on broad consultation and a deep understanding of the realities of the sector, that excessive Inclusionary Zoning policies will have the opposite effect to the stated goal of more affordable housing being constructed.

In terms of residential construction projects, like all business undertakings within a market economy, the economics of a given endeavour must support the investment being made to bring the proposal to fruition. We maintain that excessive Inclusionary Zoning policies which set a minimum content which is unreasonable and unrealistic, along with impractical terms for the proposed units, undermines the viability of residential construction projects. In this regard, development proposals that become economically unviable will simply not be constructed, shuttering the potential creating many new housing units, which is unacceptable in a province experiencing a housing affordability and supply crisis.



We would also point out that studies of Inclusionary Zoning policies, especially where they are deployed aggressively, demonstrated that they reduce construction and in fact resulted in higher housing prices in markets where price escalation is occurring. Similarly, the impact of housing costs for those not eligible for Inclusionary Zoning units demonstrates increased prices for these consumers.

Similarly, in terms of equity, while we strongly support the creation of affordable housing as component parts of new communities, it is patently unfair that new homeowners within a residential construction project are required to bear the financial burden of an excessive Inclusionary Zoning standard with respect to number of units being built. As such, undue and excessive Inclusionary Zoning policies are neither fair nor practical for builders or ultimately end users, the consumer.

Therefore, if Inclusionary Zoning protocols are to proceed, they must be fair to future purchasers of new homes, reflect economic realities associated with housing construction and constitute reasonable timelines in terms of periods of affordability.

In this regard, we are supportive of the parameters being established by the More Homes, Built Faster Act with respect to Inclusionary Zoning.

In establishing the upper limit of required Inclusionary Zoning units to 5% of a given residential construction project, the legislation creates a more practical policy that also provides residential developers with increased predictability and more manageable business cases to construct housing in Ontario, particularly within large municipalities where costs are higher.

With respect to the term of the Inclusionary Zoning units, the establishment of a maximum period of 25 years also supports predictability and viability for both those building the needed residential construction units and those who will be the future owners of homes in these developments. Affordability periods in excess of 25 years or in perpetuity, are simply neither practical nor realistic and do not serve the goal of more affordable housing construction.

Finally, while there has been much debate within the housing sector in recent times regarding the definitions associated with affordability, we are in general supportive of the affordability definitions contained within the More Homes, Built Faster Act.

We do not have any objections to a standard of 80% of average resale purchase price for ownership units and 80% of market rent in the case of rental units.

We recognize that for a number of municipalities already implementing Inclusionary Zoning policies, or preparing to do so, what is outlined in the More Homes, Built Faster Act may seem to constitute a reversal of some of the content of their by-laws in this regard.

However, we strongly believe that the proposed standards outlined within the More Homes, Built Faster Act are a marked improvement over many of the policies that have been put in place or are advancing in some of Ontario's municipalities.

Finally, in terms of housing affordability and supply, we note that under the province's Planning Act municipalities (Section 1.4.1) are supposed to maintain a three-year supply of land available for development

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however this has never been enforced. It would be prudent to review action to encourage the implementation of this requirement.

If our shared mutual objective is to secure the creation of satisfactory levels of affordable housing, including within the context of Inclusionary Zoning, then such policies must be practical, implementable and equitable to all involved including both those building housing supply and future tenants and owners.

Yours truly,



Richard Lyall
President
Residential Construction Council of Ontario

