

December 7, 2022

Ministry of Municipal Affairs and Housing  
[PlanningConsultation@ontario.ca](mailto:PlanningConsultation@ontario.ca)

**RE: ERO 019-6173 Proposed Amendment to O. Reg 232/18: Inclusionary Zoning**

To Whom it may Concern,

Thank you for the opportunity to provide feedback on the Ministry of Municipal Affairs and Housing's ERO 019-6173 Proposed Amendment to O. Reg 232/18: Inclusionary Zoning.

Municipalities and the province have long ignored our self-made housing crisis. Pursuing home ownership (that little plot of land with a house) over rental housing and intensification is unsustainable. Urban sprawl's spiralling infrastructure maintenance costs provide a near-term cash advantage (growth pays for growth) for a long-term (unsustainable) financial obligation, the perfect Ponzi scheme.<sup>1</sup> Exclusionary zoning regulations need to end, replaced by inclusionary zoning. We must return to creating valuable, people-scaled neighbourhoods.<sup>2</sup>

I support the province's goal to *"ensure cities, towns and rural communities grow with a mix of ownership and rental housing types that meet the needs of all Ontarians."*<sup>3</sup> Unfortunately, the government hasn't addressed the right mix of ownership and rental housing. Still, homeownership dominates.

I support amendments that provide development cost certainty and promote a consistent approach to inclusionary zone criteria across the province, yet these amendments need more work.

**Affordable housing percentages**

Current provincial regulation doesn't cap affordable housing. How was the 5% cap determined? Which governments, NGOs, and cities were consulted? Did the provincial government consider the demand for affordable housing (current market versus supply, minimum wage jobs relative to local affordable housing)? Tourism-focused municipalities may need more affordable housing to sustain their local workforce.

What does *"Community Planning Permit System (CPPS) areas ordered by the Minister"* mean? Does this statement imply municipality initiated and approved by or imposed?

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<sup>1</sup> The Growth Ponzi Scheme by Charles Marohn. Strong Towns <https://www.strongtowns.org/the-growth-ponzi-scheme>

<sup>2</sup> The Growth Ponzi Scheme by Charles Marohn. Strong Towns <https://www.strongtowns.org/the-growth-ponzi-scheme>

<sup>3</sup> ERO 019-6173 Proposed Amendment to O. Reg 232/18: Inclusionary Zoning

I think 5% should be the minimum provincial level, with municipalities supported to exceed it based on local needs. Many jurisdictions require 15 to 20%.<sup>4</sup> I question whether inclusionary zoning should wait for a CPPS. Small towns without transit need affordable housing. Every new 10-unit or more residential development should use inclusionary zoning.

Unaffordable housing disproportionately affects minorities, women, and immigrants.<sup>5</sup> Given provincial comments about increasing immigration, we must provide enough accommodation. The 5% minimum must include current and projected market demand to ensure affordable housing.

Retail services and food tend to cluster around transit.<sup>6</sup> These jobs pay minimum wage. Wouldn't it make sense to house these workers near their workplaces, offsetting their public transit costs with household savings? This approach would benefit service industry workers and may attract more workers to counter post-COVID job losses.

Low-income workers ride public transportation more and own fewer cars. Unlike wealthy workers, they don't need parking. Increasing the minimum affordable housing percentage in Protected Major Transit Station Areas (PMTSAs) would reduce parking demands and possibly lessen construction costs by balancing underground parking spaces with more dwelling units. Developers spent \$80,000 to \$100,000 per underground parking space three years ago.<sup>7</sup> Depending on the property, it could cost \$165,000 in January 2022.<sup>8</sup>

Add more affordable housing to existing downtown residential buildings and repurpose their parking spaces as daily charged parking to compensate for lost rent revenue.

Given the trend of working from home, has the government considered incentives to repurpose downtown office space for affordable housing?

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<sup>4</sup> Wellesley Institute Submission in Response to the Proposed Regulation Under the Planning Act Related to Inclusionary Zoning. January 25, 2018

<sup>5</sup> Wellesley Institute Submission in Response to the Proposed Regulation Under the Planning Act Related to Inclusionary Zoning. January 25, 2018

<sup>6</sup> Startups Are Abandoning Suburbs for Cities With Good Transit. Bloomberg CityLab Transportation <https://www.bloomberg.com/news/articles/2019-07-18/cities-with-good-public-transit-lure-new-startups>

<sup>7</sup> "Greenlighting new Toronto parking space requirement policy was right move." Richard Lyall. Canadian Real Estate Wealth. January 7, 2022. <https://www.canadianrealestatemagazine.ca/news/greenlighting-new-toronto-parking-space-requirement-policy-was-right-move-334978.aspx>

<sup>8</sup> "Greenlighting new Toronto parking space requirement policy was right move." Richard Lyall. Canadian Real Estate Wealth. January 7, 2022. <https://www.canadianrealestatemagazine.ca/news/greenlighting-new-toronto-parking-space-requirement-policy-was-right-move-334978.aspx>

## Affordable price and rent

Provincial regulations don't specify affordable price/rent. The proposed changes will prevent municipalities from setting affordable ownership prices below 80% of house resale prices and 80% of average market rent (established by Canada Mortgage and Housing Corporation (CMHC)).

The generally accepted affordable housing definition suggests housing, heat, and electricity costs should not exceed 30% of a household's gross annual income.<sup>9</sup> Depending on an individual's gross income, the province's definition of affordable housing may differ significantly from what other provinces and national associations consider affordable housing.<sup>10</sup>

At \$15.50 per hour (minimum wage)<sup>11</sup> and a 37.50-hour work week, a person would earn \$30,225 per year and \$2518.75 per month. Using CMHC's affordable housing criteria, their monthly housing cost shouldn't exceed \$755.62 per month.

Greater Toronto's 2022 living wage is \$23.15 per hour,<sup>12</sup> representing \$45,142.50 per year or \$3,761.87 per month. Using CMHC's affordable housing criteria, their monthly housing cost shouldn't exceed \$1,128.56.

Using CIBC's mortgage affordability calculator<sup>13</sup> and allowing an \$8,000 down payment, the maximum housing purchase price would be \$147,464.00 based on a monthly mortgage payment of \$897.00. Assuming current housing prices are in the \$500,000 range, the province's proposed 80% criterion is \$400,000. This housing price is not affordable for many residents.

Assuming the average 2022 market rent (AMR) for a one-bedroom apartment is \$1,446 and a two-bedroom is \$1,703, the province's affordable rent rates would be \$1,157 and \$1,362, respectively.<sup>14</sup> These rates exceed both the minimum and living wage earner's income.

ERO 019-6173's proposed affordability rates do not realistically represent accepted affordability housing rates. The proposed rates need to be changed. Based on CMHC's definition, it may be reasonable to reduce or exempt affordable housing from DCs, CBCs, and parkland dedication

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<sup>9</sup> About Affordable Housing in Canada. Canada Housing and Mortgage Corporation (CMHC) <https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada>

<sup>10</sup> Bill 23, More Homes Built Faster Act, 2022 Submission to ERO #019-6172. Municipal Finance Officers' Association of Ontario. November 21, 2022.p.11

<sup>11</sup> Ontario Working for Workers by Raising the Minimum Wage, April 05, 2022.

<https://news.ontario.ca/en/release/1001954/ontario-working-for-workers-by-raising-the-minimum-wage>

<sup>12</sup> Calculating Ontario's Living Wages November 2022. Anne Coleman and Robin Shaban. Ontario Living Wage Network p.4

<sup>13</sup> <https://www.cibc.com/en/personal-banking/mortgages/calculators/affordability-calculator.html>

<sup>14</sup> Current City of Toronto Average Market Rents & Utility Allowances <https://www.toronto.ca/community-people/community-partners/social-housing-providers/affordable-housing-operators/current-city-of-toronto-average-market-rents-and-utility-allowances/>

requirements, but excluding housing that is 80 percent of the market price is unacceptable. Denying municipalities DCs, CBCs, and parkland dedication for these units under this definition is immoral.

### **Longer affordability periods**

Provincial regulations do not identify an affordability term. While the proposed maximum 25-year period for housing to remain affordable seems reasonable, short affordability periods limit inclusionary zoning's impact and pass the problem to future generations.<sup>15</sup>

"Affordability for more than 30 years – often permanent – is used in many jurisdictions."<sup>16</sup> These jurisdictions typically lengthened affordability periods as inclusionary housing programmes matured. Almost all programmes with less than perpetual affordability periods restart their terms when a property is resold.<sup>17</sup> Allowing in-perpetuity affordability for long-term affordable rental units and removing rigid equity phase-outs for homeownership units could strengthen the proposed regulations, providing affordable units for decades.<sup>18</sup>

### **Transfer of affordable units to non-profits**

Many municipalities will lack the resources to monitor and steward affordable units to ensure lasting affordability.<sup>19</sup> Third-party partnerships offer a means to provide the stewardship and oversight role.<sup>20</sup> Yet, the proposed amendments do not discuss the means to transfer affordable units to non-profit/co-op housing providers. Enabling this transfer ensures long-term affordable rentals "consistent with the mandate of such providers."<sup>21</sup>

The proposed amendments need to discuss the transfer of affordable units to non-profit/co-op housing providers.

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<sup>15</sup> Wellesley Institute Submission in Response to the Proposed Regulation Under the Planning Act Related to Inclusionary Zoning. January 25, 2018

<sup>16</sup> Wellesley Institute Submission in Response to the Proposed Regulation Under the Planning Act Related to Inclusionary Zoning. January 25, 2018

<sup>17</sup> Achieving Lasting Affordability through Inclusionary Housing. Robert Hickey, Lisa Sturtevant, and Emily Thaden. 2014 Lincoln Institute of Land Policy.

<sup>18</sup> Wellesley Institute Submission in Response to the Proposed Regulation Under the Planning Act Related to Inclusionary Zoning. January 25, 2018

<sup>19</sup> Achieving Lasting Affordability through Inclusionary Housing. Robert Hickey, Lisa Sturtevant, and Emily Thaden. 2014 Lincoln Institute of Land Policy.

<sup>20</sup> Achieving Lasting Affordability through Inclusionary Housing. Robert Hickey, Lisa Sturtevant, and Emily Thaden. 2014 Lincoln Institute of Land Policy.

<sup>21</sup> Wellesley Institute Submission in Response to the Proposed Regulation Under the Planning Act Related to Inclusionary Zoning. January 25, 2018

## **Reduce municipal cost burden**

Concerning is the province's proposal to exempt affordable housing and inclusionary zoning units from development fees, community benefits fees, and parkland dedication. Based on an unrealistic affordability percentage, the 80% rate excludes too many units. Proposed changes reduce developers' construction costs for new home buyers, with municipalities absorbing the difference. This shell game passes the costs to existing homeowners, many of whom paid them when they bought new homes.

Before implementing these changes, a complete and thorough municipal review of the impact of any future increases in taxes, fees, and levies to compensate for this loss needs to happen, hopefully, followed by a lowering of the 80 percent rate. An across-the-board drop in development charges does not address the inequity associated with different-sized communities where a tax base of 1 million residents may better weather a decrease than 30,000 residents. Property taxes in my community are higher than in Toronto because we have a small tax base and a significant amount of deteriorating infrastructure. Pushing mandated growth to smaller rural communities exacerbates the issue.

This government must also advocate for a more equitable transfer of federal construction taxes to municipalities.<sup>22</sup>

The legislation says nothing about developers passing on cost savings to homebuyers. This oversight needs fixing.

Thank you for considering my suggestions, and I respectfully request that you pause your changes to allow for more feedback and a more holistic approach to problem-solving. To solve a single problem, one must consider the interconnectedness of all things. What effect will the change or improvement have on other things that interact with it?

A comprehensive approach can significantly impact the quality of the outcome. In our haste, I am most concerned that we will overlook potentially more serious issues than those we are currently attempting to address.

Yours truly,

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<sup>22</sup>Housing Ontario's People Everywhere (HOPE) Rescon's 15 Recommendations For Immediate Action On Housing Affordability & Supply.

<https://cms.rescon.com/media/PDFs/Recommendations%20Housing%20Ontario's%20People%20Everywhere.pdf>