May | 2016

Policy Scan: Planning for Affordable Housing

Abra Adamo, PhD

for

L'Alliance pour mettre un terme à l'itinérance
Alliance to End Homelessness Ottawa

made possible with funding support from

United Way Centraide Ottawa

Policy Scan: Planning for Affordable Housing

Abra Adamo, PhD, Carleton University

In an era of public constraint, municipalities and community partners across Canada and internationally are actively exploring options to expand and preserve their affordable housing stock that do not rely exclusively on senior government funding. Many are experimenting with planning policy instruments to address the supply and distribution of affordable housing at a neighbourhood and urban scale, including requirements to rehabilitate and prevent the loss of existing affordable housing (to demolition, conversion or redevelopment), incentives for diverse and affordable housing inclusion in market-led developments (e.g. reduced fees or density bonuses), and statutory requirements for contributions of dedicated affordable housing as part of all new, large-scale builds (e.g. inclusionary zoning). In spring 2015, Ottawa's Alliance to End Homelessness initiated a project to establish a dialogue with stakeholders across Ottawa's housing sector. With funding from the United Way of Ottawa, the Alliance convened a Scoping Roundtable with sector partners to begin to identify key planning-related barriers and opportunities to affordable housing development in Ottawa. This report presents findings from a policy scan undertaken in the fall of 2015. Although by no means exhaustive, it draw on a number of policy examples from across Canada and internationally in order to identify avenues that could be explored to more effectively utilize the City of Ottawa's land-use planning and development policies to build new affordable housing, above and beyond what is currently possible with existing federal-provincial investment.

Table of Contents

Introduction **4**

1. Leadership and governance **5**
Institutional mechanisms to integrate affordable housing priorities into municipal planning initiatives 5
New multi-stakeholder Initiatives 6

2. Reducing the length of development approvals **9**
Streamlining the development approval process 9
Fast-tracked / expedited approvals 10
Building community support 12

3. Financial incentives for affordable housing development **16**
Reducing or waiving development charges, application and permit fees 16
Density bonusing 18
Incentive packages 20
Advocate for federal rental housing tax incentives 21

4. Alternative development standards **22**

5. Provincial policy change: inclusionary housing **24**

Conclusion **28**

References **29**

Introduction

The dismantling of federal housing programs in 1993, the downloading of responsibility for social housing to Canada's provinces, and the subsequent transfer of those responsibilities to local governments in Ontario without new financial resources or revenue-generating capacity has placed mounting pressures on municipal budgets. In this era of public constraint, many municipal governments and community partners here and abroad are exploring options to expand and preserve their affordable housing stock that do not rely exclusively on senior government funding. These include, among others, philanthropic campaigns, social finance tools, land trusts, and new/expanded partnerships with the private sector development industry and other non-traditional actors. Ottawa's *Broadening the Base* Initiative, Toronto's *Housing Action Lab*, as well as Melbourne Australia's *Transforming Housing Project* are indicative of this type of local innovation in the affordable housing sector.

Municipalities across Canada and internationally are also experimenting with a range of planning policy mechanisms to address the supply and distribution of affordable housing at a neighbourhood and urban scale. These include, for example, requirements to rehabilitate and prevent the loss of existing affordable housing (to demolition, conversion or redevelopment), incentives for diverse and affordable housing inclusion in market-led developments (e.g. reduced fees or density bonuses), and statutory requirements for contributions of dedicated affordable housing as part of all new, large-scale builds (e.g. inclusionary zoning) (Gurran 2008).

In spring 2015, Ottawa's Alliance to End Homelessness initiated a project to establish a dialogue with stakeholders across Ottawa's housing sector. With funding from the United Way of Ottawa, the Alliance led a Scoping Roundtable with sector partners to begin to identify key planning-related barriers and opportunities to affordable housing development in Ottawa. During the same period, a new community-university partnership was launched between the Centretown Citizens of Ottawa Corporation (CCOC), the Centertown Affordable Housing Development Corporation (CAHDCO) and Carleton University to undertake a research project examining many of these same issues. Given their complementarity, these two initiatives have joined forces to push forward an agenda to examine and advocate for changes in planning policy and governance with the potential to advance affordable housing creation in Ottawa.

Based on the issues identified during the Roundtable event, a policy scan was undertaken to begin to answer the following questions:

1. Are there specific barriers within the local and/or provincial planning system that limit the ability of non-profit and for-profit developers to build new affordable housing?

2. Are there existing planning policies, tools and/or incentives that could be used to fuller effect and provide immediate opportunities for greater affordable housing development by non-profit providers independently or in partnership with like-minded private sector developers?

3. What opportunities should be pursued – both immediately and over the longer term – to amend or create new municipal policies to enable more affordable housing in Ottawa? What, if any, changes to Ontario's *Planning Act* and Provincial Policy Statement might be required to make this possible?

4. What can we learn from elsewhere in Canada and internationally (promising practices, enabling conditions, readiness) that could be applied/adapted to Ottawa?

This report presents findings from a policy scan undertaken in the fall of 2015 and winter of 2015/16. Although by no means exhaustive, it draw on a number of policy examples from across Canada and internationally in order to identify avenues that could be explored to more effectively utilize the City of Ottawa's land-use planning and development policies to build new affordable housing, above and beyond what is currently possible with existing federal-provincial investment. Next steps will include an event with sector partners scheduled for spring 2016.

1. Leadership and governance

The extent to which city planning initiatives, policies and tools can be marshaled to advance the development of new affordable housing often depends heavily on a number of enabling conditions, especially municipal leadership and institutional readiness. Internally, to break down institutional silos, a number of Canadian municipalities have created new mechanisms to facilitate greater policy alignment and coordination across city departments involved in the delivery of affordable housing. A number have also launched major initiatives to identify and tackle significant planning-related barriers to housing affordability, build new partnerships across the sector, and identify and implement new planning policies to create new affordable housing opportunities within their jurisdictions.

Institutional mechanisms to integrate affordable housing priorities into municipal planning initiatives

Institutional mechanisms that bring together housing, planning, real estate, finance and other key city departments have the potential to improve coordination and ensure that city policies, plans and initiatives are better aligned across municipal government. In 2005, for example, the City of Toronto created an Affordable Housing Office to serve this function. The AHO has responsibility to coordinate the implementation of the Toronto's 10-Year Plan, *Housing Opportunities Toronto (HOT): An Affordable Housing Action Plan (2010-2020)*, the redevelopment of Toronto's social housing stock, and the creation of new affordable housing opportunities both as stand-alone projects and as part of the planning and execution of new large-scale, private sector-led development projects across the city (e.g. Toronto's waterfront, Olympic Village, etc.).

Affordable Housing Office, City of Toronto

As part of a 2005 restructuring of local government under Mayor Miller, the City of Toronto replaced its former Commissioners with two Deputy City Managers responsible for improving coordination and integration of policies and programs across all City divisions. During this process, Toronto's Affordable Housing Office, previously housed within the City of Toronto's Shelter, Supports and Housing Administration (SSHA) division, was established as a separate unit, reporting directly to one of the City's Deputy City Managers. This institutional change was intended to elevate the profile and authority assigned to the affordable housing portfolio and create a responsibility and coordination hub on housing issues across local government.

The AHO is responsible for:

1. Delivering Federal and Provincial affordable housing programs and city programs by working with the private and non-profit sectors to develop and maintain affordable rental and ownership housing, revitalize communities and create employment.
2. Working with SSHA as Municipal Service Manager and with other City Divisions (Planning, Finance, Economic Development, and Real Estate divisions etc.) to ensure the effective and efficient use of City, Provincial and Federal investments, in line with city priorities and other legislative and policy frameworks such as the HOT Plan.
3. Supporting the City Manager and Deputy City Manager in providing strategic intergovernmental relations advice on housing and homelessness issues.

A new Committee of Council, the Affordable Housing Committee, was established to oversee and facilitate the activities of the AHO, signaling a new level of political priority assigned to affordable housing by the Mayor's Office and City Council.

In Vancouver, following the 2008 election of a new Mayor and Council, the City of Vancouver advanced a number of institutional changes to facilitate greater inter-departmental coordination on housing issues. A number of committees, for example, bring together staff from housing, planning, real estate, finance and other key city divisions. The Major Projects and Public Benefits Committees, for example, help to ensure that housing and affordability issues are well-integrated into large-scale city planning initiatives and development decisions.

According to a Housing Planner in the City of Vancouver, the success of these initiatives is due in large part to the **political leadership** and support of the Mayor's Office and City Council and to **senior staff participation** from city departments whose policies directly influence the production of housing in Vancouver (Personal Communication, 27 October 2015).

Inter-departmental committees, City of Vancouver

A **Major Projects Steering Committee**, chaired by Vancouver's City Manager, drives staff collaboration across all city departments (including Housing, Planning and Development Services, Real Estate and Facilities, Finance etc.) to facilitate the execution of major development projects in Vancouver. Membership includes the General Managers of each department.

A **Housing Projects Committee** coordinates the delivery of affordable housing projects across all city departments. The committee is made up of senior staff from Housing Policy and Projects, Non-Market Housing, Real Estate and Facilities, Finance etc.

A **Public Benefits Steering Committee,** chaired by the Director of Planning, recommends to Council the type of public benefits to be considered from development projects involving a change in zoning. Membership includes staff from all municipal departments eligible to make a request for public benefits.

A **Housing and Planning Implementation Meeting** is scheduled twice per month to bring together the Director of Housing Policy and Projects and the Assistant Directors of Planning and Development Services to identify and address issues tied to the implementation of their departmental work plans and initiatives.

All **Neighbourhood Plan Working Groups** are assigned a Housing Planner to ensure that affordable housing issues are integrated into every step of plan development.

OPPORTUNITY: Under its 10 Year Housing and Homelessness Plan, the City of Ottawa created a new **Inter-Departmental Committee** to improve coordination across municipal government. The Committee presents a strategic opportunity to ensure that city planning and housing policies are better aligned and that major planning initiatives – including the city's intensification and transit-oriented development plans – incorporate explicit affordability goals. Crucially, the success of such a Committee will depend on the active participation of senior staff from across local government with the full support of the Mayor and Council.

New multi-stakeholder Initiatives

As cities across Canada implement plans to address housing and homelessness, many identify the declining stock of affordable rental and ownership housing in the private market as a pressing issue, increasing housing vulnerability and the risk of homelessness at a community scale. Toronto and Vancouver's 10 Year Plans, for example, set **targets to create new housing opportunities across the full continuum of housing** – including supportive housing, affordable below-market-rent (BMR) units, market rental, and affordable home ownership options. To achieve these, both cities launched special multi-stakeholder initiatives to identify barriers and advance new policy and planning efforts to enable more affordable housing by non-profit and private sector builders.

The City of Vancouver established a Mayor's Task Force on Housing Affordability in 2011, just months after the city's new 10 Year Housing and Homelessness Plan was approved by Council. The Task Force was asked to examine conditions that exist in Vancouver which may act as barriers to the creation of affordable housing, the steps necessary to protect existing affordable housing, and to identify opportunities for increasing the supply of affordable housing for households with low and moderate incomes. Notably, planning issues were a focal point of the Task Force's terms of reference and final recommendations.

Mayor's Task Force on Housing Affordability, City of Vancouver

In 2012, the Task Force released a Final Report, ***Bold Ideas Towards an Affordable City***, outlining four main recommendations:

1. *Increase supply and diversity of affordable housing*: The City should accelerate planning programs that increase density in large developments (e.g. Marine Gateway, South East False Creek, East Fraser Lands) and transit oriented locations, and those that increase housing diversity in residential neighbourhoods, including the creative use of underutilized city land, such as streets. Improving housing affordability and diversity should be a primary focus of these planning initiatives.

2. *Enhance the City's and the community's capacity to deliver affordable rental housing and social housing*: Create a new City-owned entity to deliver affordable rental and social housing by using City lands. Mobilize the community to support affordable housing through community land trusts and alternative financing models.

3. *Protect existing social and affordable rental and explore opportunities to renew and expand the stock*: Protect existing non-profit, social and co-operative housing that may be under threat and continue to protect the affordable market rental stock using the community planning process to focus on strategies to repair, renew and expand the stock neighbourhood by neighbourhood.

4. *Streamline and create more certainty and clarity in the regulatory process and improve public engagement*: Enhance certainty, efficiency and transparency of approval processes and clarify regulations in order to reduce development costs and enhance affordability.

The City of Vancouver has since developed an Action Plan to direct the implementation of the Task Force recommendations including Priority Actions for Immediate Implementation and Additional Actions for Implementation.

(City of Vancouver 2012)

To implement the recommendations of the Mayor's Task Force on Housing Affordability, the City of Vancouver created the Vancouver Affordable Housing Agency (VAHA) in 2012. The VAHA is a City-controlled, but legally separate, entity created to: 1) ensure resources and projects align with Council goals and objectives; 2) deliver housing as quickly, efficiently, and affordably as possible through standardized processes, economies of scale, and clear decision making; 3) identify where the greatest impact can be made, and act as a catalyst for innovative housing ideas and models; and 4) evaluate outcomes and share learning with the City and senior levels of government, driving standardization and streamlining of processes across multiple delivery platforms (City of Vancouver 2014).

In 2013, the City of Vancouver appointed a Chief Housing Officer (CHO) who works out the Office of the City Manager. The CHO is responsible for coordinating efforts to identify, appraise and deliver more affordable housing in Vancouver. Today, staff from the City's Housing Policy and Projects department report directly to the CHO who also serves as CEO of the VAHA.

The City of Toronto released *Housing Opportunities Toronto (HOT): A 10-Year Housing Action Plan* in 2010. A year later Ana Bailão, City Councillor and Chair of Toronto's Affordable Housing Committee, convened a **Private Sector Housing Roundtable** that brought together representatives of Toronto's development industry, building trades, private landlords, the Board of Trade and the United Way to address the severe shortage of private rental housing in Toronto. In 2012, a Roundtable Report entitled *Housing Makes Economic Sense* was prepared proposing 12 recommendations that would "reset" a number of City housing and planning policies and more strongly engage federal and provincial governments in investing in affordable housing. To stimulate new rental housing development, recommendations included federal action to provide a more positive tax environment and lending incentives, changes to Toronto's Official Plan and zoning regulations to create a more permissive planning environment to support infill rental housing, and strategic allocation of affordable housing development charge revenues to catalyze innovative public/private sector rental housing pilot projects.

By 2015, the City of Toronto was "underachieving", falling short of the HOT Plan's targets to create 1,000 new rental and 200 affordable home ownership units annually. Toronto's new Mayor, John Tory, and Ana Bailão introduced a new *Open Door Initiative* that builds on the Roundtable recommendations (which had gained little traction under the previous Mayor and Council). The Initiative proposes to: 1) unlock opportunities on private, public and non-profit land including working with Build Toronto, Parking Authority and Toronto Community Housing; 2) fast-track the planning-approval process; 3) expand City financial incentives to reduce construction costs; and 4) challenge provincial and federal governments and private and non-profit developers to scale up their efforts.

Open Door Initiative, City of Toronto

The new Open Door Initiative proposes a number of innovative planning solutions to advance the creation of affordable rental and ownership housing options by non-profit and private sector builders in Toronto:

1. Options for activating "quick-start housing developments" through the investment of $20 million from the Development Charges Reserve Fund for Subsidized Housing and seeking cost-sharing partnerships with the governments and private and non-profit developers.
2. Improving the City's approach to its surplus lands suitable for housing, including opportunities to reduce the cost of land through providing long-term leases to private and non-profit groups.
3. Finding opportunities with the development industry to pilot six-story wood construction buildings for affordable housing.
4. Developing a "gold star" fast-track planning approval process for affordable ownership, affordable rental and mid-range rental applications.
5. Considering reduced parking standards for private and nonprofit affordable rental housing well-served by public transit.
6. Encouraging city staff and City Councillors to increase efforts in all wards to prioritize the voluntary use of Section 37 contributions for affordable housing.
7. Expanding policies and procedures for the discount, exemption and waiver or deferral of City development charges, planning and building permit fees and property taxes for affordable rental housing.
8. Establishing criteria for grants and loans from the Development Charges Reserve Fund for Subsidized Housing.
9. Enhancing City efforts to encourage purpose-built, mid-range rental housing (up to 150% of the Canada Mortgage and Housing Corporation average market rent), and leveraging these opportunities to secure a portion of these buildings as affordable rental housing (at CMHC average market rent or less), resulting in buildings with a mix of rent levels.
10. Reviewing opportunities to increase affordability of new rental homes through income support programs such as housing allowances, rent supplements and provincial income supports and through a centralized, coordinated housing registry.
11. Securing additional provincial and federal government funding and/or legislative changes that would support the creation of long-term affordable rental and ownership housing in the City. .
12. Quantifying the financial and administrative implications of implementing the additional measures outlined in this request.

(Tory and Bailão, 2015)

What is noteworthy about both Vancouver's Task Force on Housing Affordability and the new Open Door Initiative in Toronto is the **commitment by municipal leaders** in both cities to examine planning-related barriers to housing affordability and opportunities to create/adapt/use planning policies to lower development costs and incentivize both non-profits and private sector developers to build.

The **City of Ottawa**'s **10 Year Housing and Homelessness Plan** is focused largely on what the City and community partners can deliver under existing Federal-Provincial funding agreements. Although an earlier Five-Year City Housing Strategy (2007-2012) encouraged the use of City planning policies to advance the development of new affordable rental and ownership housing in the private market, these priorities have not been incorporated in the new 10 Year Housing and Homelessness Plan. There is currently no identifiable governance body or City-led initiative underway to bring municipal officials and staff (across all departments) together with private sector developers and non-profit housing providers, and other community-based organizations serving low income households to develop a coordinated, long-term, consistent approach to facilitating the development of innovative affordable housing opportunities across the full continuum of housing in Ottawa.

OPPORTUNITY: A new citywide (and possibly City-led) initiative, perhaps aligned with Broadening the Base, could be established to examine barriers and opportunities to create new below-market, market rental and affordable home ownership opportunities in Ottawa. Ideally, such an initiative will explore institutional mechanisms to ensure that housing and planning policies are closely

aligned and that affordability issues are **fully integrated** into and **operationalized** across all new planning and development processes in the City of Ottawa (i.e. intensification, transit-oriented development, new large-scale development, and new neighbourhood plans etc.), moving forward.

2. Reducing the length of development approvals

The development approvals process covers the administrative process involved in development, including the application for permits, site plan applications, zoning amendments if necessary, and any appeals processes that may apply. Although necessary to ensure the adherence of development to municipal and provincial standards, a lengthy and complex approval process can cause delay and uncertainty for developers and impose significant costs to housing projects, potentially affecting their affordability and even financial viability. Cities across Canada and internationally are experimenting with policies aimed at reducing the length of development approvals in order to reduce costs and improve affordability of future housing projects.

Streamlining the development approval process

Reducing the length of time involved in approving a residential development by "streamlining the development approval process" has been a component of affordable housing strategies in a number of cities. In Ontario, the Ministry of Municipal Affairs and Housing brought the **Development Permit System** (DPS) policy into effect in 2007, intended to create a more streamlined and flexible planning approval process in Ontario municipalities. The DPS provides a "one-stop" planning service by combining zoning, site plan and minor variance processes into one application and approval (Province of Ontario 2008). Before a DPS can be implemented, a city's Official Plan must be amended to contain detailed policies and guidelines. It must include, for example, the area where a DP bylaw could be enacted; goals, objectives and policies of the bylaw; criteria for evaluating a proposed development, types of conditions that may be imposed, and opportunities for delegation. The policies may also include requirements for Section 37 community benefits, under the *Planning Act.*

The DPS is not applied city-wide, but rather to specific areas where local residents, landowners, and councilors want it and where it is appropriate for the local situation. The intention of the DPS is to create more certainty and predictability in the development process. At a neighbourhood scale, a DP bylaw would involve a comprehensive re-zoning of an area, with full community and stakeholder input, to make it appropriate for the specific location, including its physical character and the density it could reasonably support. It is meant to ensure that new development can only be built if it strictly conforms to this new zoning.

Once a DP bylaw is enacted, all developments must conform to the standards and policies set within it. That means, for example, that if there is a specified maximum building height of 100 metres, no development can exceed that limit. The bylaw could however specify ranges in building heights and other standards, leading to more flexibility. Section 37 benefits would be given in exchange for the "specified height" or maximum height listed in the DPS. A DP bylaw could include a specified amount of money the applicant must pay per building storey for example, up to the maximum. In terms of building use, the bylaw would set out which uses are permitted, but can also include "discretionary uses" that would be permitted. The bylaw may also include a variety of measures designed to protect public health and the environment by imposing conditions on the development (Urbantoronto.ca).

One of the most appealing and most touted aspects of a DPS is the streamlining of the review process. The DPS establishes **expedited timelines** for the review of development permit applications. Review timelines for the consideration of development permit applications are **45 days** compared to 120 days for a rezoning, 30 days for site plan approval and 30 days for minor variances. A shorter and more predictable approval process has the potential to reduce the costs of new development. The savings achieved by housing developers result from reduced wait times, which can help shorten the time before construction may begin and decrease the risk of holding undeveloped land for prolonged periods. Developers of affordable housing are especially affected by long wait times, as financing and funding opportunities are often based on the speed at which applications can be received and approved. The policy also gives affordable housing developers some confidence and peace of mind that resources and capital won't be extensively drained while waiting for building permits and approvals.

Moreover, since the local DP bylaw is established at a neighbourhood scale, by the community, **consultation** about a development that meets all of the criteria would not be required. In Toronto, "each and every development site is reviewed, approved and fought

over. With the DPS, the idea is to establish a neighborhood scaled by-law and then streamline the review process for each individual site (the city will get 45 days to respond to applications as opposed to the 120 days it gets today)" (Mitanis 2014). If a development proposal meets the criteria listed in the bylaw, third parties cannot appeal the issuance of a permit, also significantly reducing the length of the approvals process. "What this should do is shift the big fights – among developers, communities and the city – to the front end (when the neighborhood by-law is being established) and minimize the fights over each site" (ibid). Only the applicant can appeal against the rejection of the application or the conditions attached to it.

The DPS has been adopted in a number of small Ontario cities, including Brampton. The City of Toronto is looking to implement the DPS through an amendment to its Official Plan. The change requires that municipalities take on the upfront investment required to create and implement this consolidated system. Moreover, the ability to replicate the DPS in cities like Ottawa is highly dependent on coordination and communication across relevant municipal departments. All city staff involved must understand how to receive and process the applications, as zoning, site plan and minor variance applications and approvals will all be consolidated.

Fast-tracked / expedited approvals

A number of Canadian cities have also adopted a fast-track approvals process for affordable housing projects. Fast-tracked or expedited approvals processes prioritize applications for affordable housing development, allowing them to essentially "**jump the queue**" at City Hall. The intent is to reduce the costs and associated risks that accompany delays in the approvals process. The cities of Kamloops, Saskatoon, and Regina for example, have expedited approval processes in place that prioritize affordable housing applications over others in the approvals pipeline.

Fast-tracking affordable housing applications, Kamloops and Saskatoon

Under the City of Kamloops' *Affordable Housing Developers Package*, the City expedites the application process for developments that include affordable housing. The City works to prioritize development and building permit applications for affordable builds over other applications (City of Kamloops 2014, p.11).

Under the City of Saskatoon's Housing Business Plan, it has in place a "Priority Review Process" to reduce the length of approvals for affordable housing developments in the city. Projects go through the same review process; however, affordable housing applications are moved to the front of the line, saving time and money for affordable housing providers. According to the City, the priority review process has the greatest benefit in times when permit application volumes are high and when there is a backlog of applications awaiting review. The process aims to support the creation of 500 new affordable units per year, and ensures that applications for building approvals for affordable dwellings are reviewed before others. Both non-profit and private sector-led development applications are eligible for priority review, provided that they meet affordability criteria set by the Province of Saskatchewan. (City of Saskatoon 2013, p.16).

The City of Regina's new *Comprehensive Housing Strategy* (2013) includes a fast track planning approvals process for affordable and special needs housing developments. The new policy is identified as a "quick win" to be implemented in the first year of the strategy. Noteworthy here is the City's plan to monitor and evaluate the policy's effectiveness in terms of enabling new affordable housing development in Regina.

Fast track approvals, City of Regina's Comprehensive Housing Strategy

The City of Regina's *Comprehensive Housing Strategy*, launched in 2014, commits to implement a policy and process to fast-track affordable housing and special needs housing developments through the planning approval process, including measures to **track** and **evaluate** performance:

1. Add a policy to the official community Plan to fast-track affordable housing developments through the planning approval process (affordable housing developments would be those that would qualify for the city's capital incentives for affordable housing);
2. Evaluate opportunities and develop procedures to streamline and fast-track affordable housing developments through the planning approval process;
3. Continue to dialogue with the development industry to identify and resolve any problem areas;
4. Monitor the success/impacts of fast-tracking affordable and special needs housing developments before studying performance-based planning to help evaluate the need;
5. Once fast-tracking has been in place for some time, explore performance-based planning/ the development of a score card for developments to be recommended for planning approval.

(City of Regina 2013, p.22)

In Toronto, one of the goals of the City's new Open Door Initiative is to cut "red tape" and expedite affordable housing development. Measures include the creation of a "gold star" fast-track approvals process for affordable ownership, affordable rental and mid-range rental applications[1].

Interestingly, **the City of Ottawa** proposed a "Green Pathway" fast-track approvals process in 2008, intended to expedite LEED-certified development applications. In 2008, City Council voted to defer the program to allow time for further stakeholder consultation. Although never fully actualized, the initiative suggests a level of city-readiness to implement a fast-track approvals process for projects that contribute to Ottawa's Official Plan priorities.

In addition to fast-track approvals, local governments can also assign staff to assist non-profit and private sector developers of affordable housing to navigate the planning and development approvals process. The City of Edmonton's new *10 Year Affordable Housing Strategy* (2016-2025), for example, promises to create a new "housing facilitator" position to guide affordable housing proponents through the development permit process (City of Edmonton, 2015). Earlier this year, the City of Ottawa adopted a Planning Concierge pilot program to assist developers to move through the approvals process more quickly and efficiently. The Pilot program targets Ottawa's 20 largest (and mostly suburban) development companies, matching them up with their own dedicated City planner. Non-profit housing providers and smaller private developers are not eligible for the program. Moreover, the program has not involved the hiring of additional planning staff, raising questions about the potential impact of the program on approval times for affordable housing projects.

OPPORTUNITY: A fast-track approvals process (an "Affordable Pathway") for affordable housing projects could be a very effective planning instrument (and **non-financial lever**) to advance the construction of new affordable housing in line with the City's Official Plan and new 10 Year Housing and Homelessness Plan. An affordable housing facilitator could form part of this fast-track process. Ideally, this would involve new hiring rather than reassignment of planning staff.

[1] The City of Toronto's already has a "Gold Star" program for business development. City Planning, Economic Development and Toronto Building staff help expedite eligible industrial, commercial office and institutional projects in Toronto. Each project that receives this service is assigned an Economic Development Officer as part of the City Planning or Toronto Building case-managed team. The team provides customized one-on-one assistance to help businesses navigate the review and approval process.

Building community support

Community-based resistance to high-density and affordable housing developments can create significant roadblocks, delaying planning and development approvals for months. For affordable and market rental housing projects, such delays can be costly and even jeopardize the financial viability of some projects. In the course of the City of Montréal's affordable housing program, *Solidarité 5000 Logements*, community opposition reportedly caused, in some cases, four to six month delays for affordable housing projects (Region of Peel, 2010).

NIMBY – or Not-In-My-Backyard – is defined as "the protectionist attitudes and exclusionary / oppositional tactics used by community groups facing an unwelcome development in their neighbourhood" (FCM 2009, p.3). According to the Federation of Canadian Municipalities, proponents of affordable housing and residential intensification encounter a predictable set of NIMBY objections arising from residents and community associations:

1. Our property values will go down;
2. Increasing density in our neighbourhood will cause too much traffic;
3. Increasing density in our neighbourhood will strain public services and infrastructure;
4. The new residents won't fit into our neighbourhood;
5. Affordable housing and/or higher density housing spoils the character of the neighbourhood;
6. Affordable or high-density housing in the neighbourhood will mean more crime;
7. Our neighbourhood already has its "fair share" of affordable housing (FCM 2009a, p.4-6).

In addition to the above, Pomeroy (2014) found that community opposition to supportive housing for formerly homeless persons also includes concerns about anticipated behaviour of persons with addictions and mental health challenges, especially in areas with young children; an increase in visible homelessness (exterior queuing and loitering) perceived to impact local business and tourism; and high concentration of services and facilitated and related visual impacts.

Some community opposition is discriminatory and in violation of people's fundamental right to housing under Ontario's Human Rights Code. The **City of Toronto's Housing Charter** is an interesting municipal effort to assert residents' rights to housing, including residents' rights to live in their neighbourhood of choice, and to confront NIMBY-based community opposition that is discriminatory in nature.

Community opposition to high density and affordable housing projects is not, however, always driven by discrimination (or discrimination alone). In many cities, the adversarial nature of the planning and approvals process and the timing and nature of community consultation creates conflict. Ontario's *Planning Act* sets out obligations for municipalities to hold public consultations as part of the development approval process so that residents have an opportunity to provide input and identify concerns. The legislation also sets out the conditions and process to appeal a decision of Council to the Ontario Municipal Board. Overall, however, the requirements are often regarded as inadequate in a number of respects. During the development of the City of Ottawa's 2013 Public Engagement Strategy, Ottawa residents identified three main requirements of effective public engagement:

1. Having sufficient time and notice to become informed about a subject matter in order to participate in a meaningful way and to provide informed input;
2. Having the ability to participate early enough in the process, before a decision or concept is too far developed to be modified; and
3. Having input considered with the same 'weight' as that accorded to other sectors (i.e., developers or other business interests) (City of Ottawa, 2013).

Although the new Strategy includes an extensive Public Engagement Toolkit, it does not appear that Ottawa's planning and development approvals process has been modified significantly – for example, requiring pubic engagement earlier in the planning approvals process or experimenting alternative engagement models. Examples from other cities suggest possible ways forward.

The Toronto Housing Charter

The *Toronto Housing Charter— Opportunity for All* affirms the city's commitment to supporting the housing rights of all its residents. Approved in August 2009, the Housing Charter is designed to guide city council and staff in their efforts to assist those who face challenges finding affordable housing, from newcomers and single parents to seniors and those with disabilities. The Charter is contained in Toronto's new 10-year plan "Housing Opportunities Toronto" that provides a housing roadmap for city, provincial and federal investments, as well as public and private-sector actions.The Charter proclaims, among other things:

- All residents should have a safe, secure, affordable and well- maintained home from which to realize their potential.
- All residents should be able to live in their neighbourhood of choice without discrimination.
- All residents have the right to equal treatment in housing without discrimination as provided by the Ontario Human Rights Code, and to be protected from discriminatory practices which limit their housing opportunities.

Fighting discrimination in housing is not new to the City of Toronto. For a number of years, the city's Affordable Housing Committee has made clear their zero-tolerance policy when it comes to discriminatory comments at community public meetings. The Chair of the Committee begins each meeting with the same scripted remarks:

"This Committee and City Council are dedicated to enhancing the social and economic well-being of Toronto through the creation and preservation of affordable housing. To that end, we supportan individual's fundamental right to housing without discrimination as protected under Ontario's Human Rights Code.

I would ask any deputants to stick to the facts as they relate to the substance of the proposal, as I will not entertain comments which are based on prejudices or discrimination against future residents.

This committee is determined to confront NIMBY-ism whenever and wherever it arises. We will not allow ignorance or prejudice to block the right of individuals and families to live in affordable housing in any corner of our great City."

(Federation of Canadian Municipalities 2009a, p.8)

Early and effective stakeholder engagement. Pomeroy's research found that experience from a number of cities suggests that large "open mic" events can be difficult to manage and "often result in a small vocal minority raising unrealistic fears or grandstanding on frivolous or discriminatory issues" (Pomeroy 2014, p.17). To address this, a number of the cities reviewed have developed more strategic engagement, focusing on key leaders in the community in the form of "low-key one-on-one meetings", which help to identify a range of issues, concerns and possible solutions that could be constructively explored with the larger community. Importantly, such an approach may risk privileging already-dominant voices in the community engagement process requiring additional measures to ensure that engagement is inclusive and incorporates the voices, perspectives and interests of less powerful, often-marginalized stakeholders in community.

In 2014, Vancouver's *Engaged City Task Force Report* proposed a number of strategies to strengthen public engagement in planning and development processes. It included three "quick start" initiatives: 1) early public involvement in major rezoning proposals; 2) enhanced notice of planning changes; and 3) a "rethink" of public signs and notices. Two longer term "priority actions" related to the planning and development process include a proposed Charter of Roles, Rights and Responsibilities for the Planning Process and the Pilot Use of Community Reference Panels. The proposed initiatives are intended to enable earlier public involvement and ensure that all community voices (and not just the vocal majority or minority) are heard in planning and development processes.

Mayor's Engaged City Task Force, City of Vancouver

Charter of Roles, Rights and Responsibilities for the Planning Process. Debates over planning decisions in Vancouver often become heated, as residents debate each other, developers, city staff, and elected officials over competing visions for neighbourhoods. Sometimes the interactions become very challenging and uncomfortable for many participants. Some of those who oppose a vocal majority at a public meeting are fearful to express a divergent opinion in front of their neighbours. To help ensure an open and comfortable environment, the City proposes a clear 3Rs policy that applies to all rezonings and planning decisions: the roles, rights, and responsibilities for all participants. The policy would provide a guide for "rules of engagement"—a set of expectations for listening, information sharing, decision making, providing feedback, debating, and collaboration.

Community Reference Panels. Many Vancouver residents have expressed an interest in becoming more invested in neighbourhood and city-wide decisions, yet were concerned that some groups dominate consultations and can intimidate others with alternative views. Community Reference Panels are noncompulsory, randomly selected public juries who participate in consultation processes to provide policy advice to the public and elected officials. The City should explore the use of Community Reference Panels in future decision making, which would empower a broader spectrum of local residents in decision-making processes.

(City of Vancouver 2014, p.32)

Bringing new voices into the planning process. Community resistance to new affordable housing development might also be tempered by bringing new voices and perspectives into the planning process, including especially those of living on low income, single parent households, immigrants and refugees, and other vulnerable residents who, like community associations, have a stake in decisions about growth and development at a neighbourhood and city scale. Creating opportunities for a greater diversity of voices in planning and development decision-making has the potential to reframe debates about building height and density (as well as traffic congestion etc.) into conversations about how best to encourage the types of housing development and infrastructure investment that create more inclusive and diverse neighbourhoods and a more equitable city.

Toronto's new Planning Review Panel is an interesting initiative specifically designed to bring new voices into city planning processes. Toronto's Planning Division acknowledges that public meetings, online forums, and open houses attract thousands of residents that take time to share their experiences, perspectives, priorities, and concerns about their neighbourhoods and their city, yet traditional consultation methods don't always hear equally from Toronto's many communities. Over a two-year period, the Planning Review Panel will provide input into a number of strategic city-wide planning initiatives, with the goal of ensuring that planning decisions are more equitable and inclusive.

Planning Review Panel, City of Toronto

Purpose: To bring new voices to major city-wide planning initiatives in order to ensure that planning decisions are more inclusive and equitable. The Panel is intended to complement, not replace more traditional pubic consultation processes.

Selection: In September 2015, 12,000 randomly selected Toronto households received a letter in the mail from Toronto's Chief Planner inviting them to volunteer to become a member of this new panel. Over 500 Torontonians applied, and 28 were randomly selected to represent the city. Members were selected using a civic lottery, intended ensure demographic diversity and proportionate representation of Toronto with regard to geography, age, gender, household tenure, and visible minority status, and guaranteed the inclusion of at least one Aboriginal member. The Planning Review Panel was created so that a representative group of Torontonians could help the City Planning Division guide growth and change in Toronto.

Panel membership is intended to reflect the diversity of the City of Toronto: "They are factory workers, microbiologists, taxi drivers, public servants, engineers, teachers, students and retirees. They live steps from the CN Tower and on the borders of Pickering, Markham, Vaughan, Brampton, and Mississauga. They include refugees, immigrants, descendants of immigrants, and Aboriginal Torontonians. They are new arrivals to the city and 80-year Toronto veterans. They are new fathers, proud great- grandmothers, and young adults supporting parents or getting ready to set off on their own. They bring with them a wealth of experience and perspective about their city".

Mandate: Over the next two years, there will be twelve meetings of the Planning Review Panel, each examining one or more specific city planning initiatives over the course of a full day. Members will have the opportunity to hear presentations from City of Toronto staff, as well as to discuss these initiatives with independent experts and impacted parties. They will then work together to offer shared input, built from the diverse perspectives and experiences that they bring forward as Torontonians, and to find the points of consensus that unite them. In this task they do not endeavour to speak like city planners, but instead to engage in an enriching dialogue with experts and with each other in order to generate new public insight that benefits Toronto.

(City of Toronto, 2016)

Public awareness campaigns. In cities with Council-approved 10-Year Housing and Homelessness Plans, public awareness campaigns can be used to share information about local housing need, communicate the Plan's goals and targets, and to generate community-based support for specific city-wide and neighborhood-level policies and initiatives. In terms of messaging, Pomeroy (2014, p.15) suggests that public events could communicate that "affordable housing helps to create options for those working in lower wage service sectors that are important to the economy and help support commercial activities across neighbourhoods" and raise awareness that supportive and affordable housing options are less costly to taxpayers than emergency shelters and services.

Importantly, these ought to be truly inclusive public events, where local government officials and staff and community partners reach out broadly to include non-traditional stakeholders whose interests and voices are not always captured in planning and development processes.

Demonstration projects. Efforts to ease NIMBY-based opposition and build community buy-in may also hang on the success of a few well-executed demonstration projects that showcase innovative, design-driven affordable and/or mixed-income housing developments and their potential not only to "fit" but also add value to local neighbourhoods and advance the vision and goals of local community design plans.

Public Awareness Campaign, Vancouver's Supportive Housing Policy

In 2007, Vancouver City Council approved a policy to build supportive housing and set annual targets over a ten-year period to house people with mental illness and addictions. Before selecting specific sites, the City, in collaboration with the Regional Health Authority initiated an extensive public awareness campaign. This involved meetings with key groups such as resident associations, BIAs, together with a series of fairly large public events. These discussions raised awareness about mental health and addictions issues, the need for supportive housing, the experiences of people with mental health and addictions challenges and the evidence on impacts of such initiatives. The approach focused on pro-actively addressing and responding to fears and breaking down myths and stereotypes about the target population and any perceived impacts on neighbourhoods and included information about existing supportive housing and how resident behavioural issues are managed.

(Pomeroy 2014, p.15)

3. Financial incentives for affordable housing development

Cities across Canada are also creating financial incentives for developers of rental and affordable housing. Financial incentives can improve the economics of developing less profitable forms of housing, both rental and ownership. These incentives could include reducing or waiving development cost levies (referred to as development changes, or DCs, in Ontario), planning application and permit fees for non-profits and other developers of affordable housing, allowing for flexibility in parking space requirements, density bonus allowances, and property tax exemptions.

Reducing or waiving development charges, application and permit fees

Although development charges and other fees are useful tools for municipalities to offset infrastructure and development costs, they impose a significant financial burden on developers of affordable and market rental housing.

The *Development Charges Act*, created by the Province of Ontario in 1997, grants municipalities the authority to set development charges and utilize the revenue generated from these fees for "growth-related capital costs" (Ontario Ministry of Municipal Affairs and Housing, 2012). However, the implementation of these fees is not mandatory – it is a municipal decision. Therefore, municipalities can enact by-laws that position affordable (below-market) and market rental housing into its own special category – a category either completely or nearly exempt from paying development charges (City of Toronto Urban Development Roundtable, Rental Working Group, 2004 cited in City of Markham, n.d.).

Many cities across Canada already waive development charges and other planning-related fees for non-profit affordable housing projects. Both Toronto and Ottawa waive development charges, building permit fees, planning application fees, and parkland dedication requirements for non-profit housing (in Ottawa, this applies only to projects developed under the Action Ottawa Program). The Cities of Cambridge, Kitchener, Waterloo and Hamilton have adopted by-laws that waive development charges in downtown areas for all development including residential (a similar policy was in place in Ottawa until recently).

A growing number of cities are beginning to expand and apply these incentives to stimulate the development of purpose-built, below market and market rental housing by private sector builders. In November 2013, the City of Kamloops, in partnership with the *Homelessness Action Plan* and HomeFree (the Community Advisory Board that determines the direction of federal Homelessness Partnering Strategy funds in Kamloops), held an Affordable Housing Development Forum. The forum brought together local developers, non-profit housing providers, representatives from the banking and business sectors, City Councillors, representatives from BC Housing and the Canada Mortgage and Housing Corporation (CMHC), and other key stakeholders. The aim of the forum was to bring key partners together for a dialogue on building affordable housing in the community and to provide a "road map" to affordable housing development. One of the tangible outputs of the Forum was the City of Kamloops' Affordable Housing

Developers Package, which include a range of planning-based financial incentives including waived Development Cost Charges for affordable non-profit and private sector-led affordable rental development.

Waiving Development Cost Charges for affordable rental development: City of Kamloops

Across British Columbia, Development Cost Charge (DCC) exemptions are offered by many municipalities in accordance with provincial legislation (Article 933.1 of the Local Government Act). These exemptions are intended to increase the viability of the construction of affordable rental housing across BC.

As part of Kamloops' Affordable Housing Developers Package, the City of Kamloops offers DCC exemptions to builders of affordable rental housing. The value of DCC exemptions for affordable units vary by development, based on the number of units, but the development may be 100 percent exempt of this charge if all of the units in the development are considered not-for-profit rental housing according to Development Cost Charge Bylaw. Requests for DCC exemptions are typically made at the Development Permit or Building Permit stage, subject to entering into a housing agreement. Importantly, both for-profit and non-profit developers are eligible for DCC exemptions provided they meet the City's eligibility criteria.

To be eligible:

1. A developer must guarantee that it will be providing affordable, not-for-profit rental housing through a housing agreement, which requires Council's approval;
2. Only affordable housing units are eligible for this exemption (e.g. if 15 of 100 units are affordable according to a housing agreement, the DCC charges would be exempt on those units only);
3. Small units (under 29 m^2) are also eligible for this exemption, as per the Local Government Act. A restrictive covenant may be required to prevent consolidation of units unless DCCs are paid.

In addition to waiving DCCs, the City offers a number of other planning-based incentives, including reduced parking requirements and an expedited development approvals process for developments that include affordable housing.

(City of Kamloops 2014, p.7-8).

Along similar lines, the City of Calgary created a *Financial Incentive Pilot Program* (FIPP) in 2009. The FIPP was part of the City's Enterprise Housing Program strategy to create incentives to increase the supply of new affordable rental housing in Calgary. The incentives were geared toward increasing the feasibility of affordable housing development for non-profit organization and to help mitigate the costs to private for-profit developers interested in building affordable rental housing. Through the FIPP, private and non-profit developers of affordable rental housing in Calgary were eligible for pre-development grants, development and building permit fee rebates, and property tax rebates. Over a four-year period, the FIPP contributed to the creation of approximately 1,350 affordable rental housing units in Calgary. The pilot program concluded in 2013, but was not renewed.

The City of Toronto has extended to the private sector exemptions from development charges and property taxes for affordable rental housing. The new Open Doors Initiative proposes to expand policies and procedures for the discount, exemption or deferral of development charges, planning and building permit fees and property taxes for both non-profit and for-profit affordable rental housing. This may include extending incentives (and other measures) to include purpose-built, mid-range rental housing (up to 150% of the Canada Mortgage and Housing Corporation average market rent), and leveraging these opportunities to secure a portion of these buildings as affordable rental housing (at CMHC average market rent or less), resulting in buildings with a mix of rent levels (Tory and Bailao, April 27, 2015).

To address the severe shortage of market rental housing, the City of Vancouver extends the exemption, waiver or reduction of Development Cost Levies (DCLs) to new rental housing at market rates under its *Rental 100 Program* (see below). In 2014, DCL exemptions/waivers/reductions totaled $3.5 million (6% of total DCL revenue), all of which was to support affordable housing. Affordable housing exemptions/waivers were granted to 267 units of secured market rental housing under its STIR Program or the Rental 100 Program ($2.62 million) and 78 units of social housing ($0.83 million) in 2014 (City of Vancouver 2015a, p.6). Over the 2005-2014 period, these exemptions/waivers/reductions helped create 2,348 units of social housing ($19.3 million) and 1,302 units

of secured affordable market rental housing ($10.2 million) in the City of Vancouver (ibid).

DC Revenues*:* For municipalities, planning and development fees are an important source of revenue for growth-related infrastructure costs (including affordable housing, in many cities). In the last five years, development charges have been the fastest growing source of municipal revenue in the City of Ottawa, increasing by 125 percent (Fortin, 2014). Since the introduction of the City of Ottawa's 2009 DC Bylaw, the City has collected $189 for every single- and semi-detached home built in an Affordable Housing Development Charges Fund (City of Ottawa 2014). Over the last five years, the City collected approximately $2.1 million for this purpose. As part of its 2014 DC Bylaw Review, City staff recommended that DCs for affordable housing and childcare be removed from the bylaw. This decision was reversed.

OPPORTUNITY: Work with the City of Ottawa to extend the waiver of development charges, planning and building permit fees to non-profit (outside of Action Ottawa) and for-profit developers looking to build affordable rental housing in Ottawa. These incentives could be used to facilitate the creation of new below-market (and potentially market rental) units in new rental and/or mixed-tenure developments to alleviate pressure in Ottawa's dwindling rental housing sector. At the same time, to advance the City's new 10 Year Housing and Homelessness Plan, the City might investigate the feasibility of increasing the charge for affordable housing based on existing and future demand for affordable rental housing in Ottawa. However, given the expansion of the Ottawa's light rail transit system, the expectation is that investment in transit will be a key priority DC allocation, moving forward.

Density bonusing

Density bonusing is a common planning and regulatory measure used to stimulate the creation of rental housing in Canada. Under their Official Plans, many Canadian cities are pursuing higher density development in existing built-up areas through a planning strategy known as "intensification". Intensification is often achieved by upzoning – a planning decision granting property developers an increase in building height or density beyond what is permitted under existing bylaws. Important here is that upzoning typically results in increased revenue (more units to sell) for the property developer. Density bonusing is a zoning tool designed to capture and share a portion of that financial gain with local neighbourhoods. Property developers are granted a density increase above base zoning in exchange for the provision of community benefits, which may include cultural facilities, parks, childcare centres, affordable housing and other public amenities. Allocation of community benefits helps to address community infrastructure and service needs and improve the livability of growing neighbourhoods.

In the City of Vancouver, Community Amenity Contributions (CACs) are used to secure community benefits from new development requiring a change in zoning. Notably, given the priority assigned to affordable housing by the City of Vancouver and the institutional mechanisms in place to ensure that affordability issues are well integrated into neighbourhood planning and development processes, nearly half of all community benefits secured through CACs in 2014 were for affordable housing.

Community Amenity Contributions, City of Vancouver

Community Amenity Contributions (CACs) are used to secure public benefits from rezoning in Vancouver and other BC municipalities. According to the City of Vancouver, they are a critical planning tool to advance the creation of affordable housing under the City's 10 Year Housing and Homelessness Plan:

"In terms of enabling individual affordable housing projects, one of the City's most effective tools continues to be the provision of additional density as it improves the financial viability of social and market rental housing. In the absence of senior government capital or revenue subsides, projects to build housing with tenure other than ownership would largely not be possible without the City's granting of additional density" (City of Vancouver 2014, p.4-5).

In 2014, approvals of additional density secured public benefits were valued at approximately $234 million. Affordable housing was the largest recipient of community benefit contributions accounting for $111 million in public benefit value that year. This included 290 non-market rental housing units, all of which will be owned by the City, plus the provision of land for future affordable housing and pay-in-lieu to the City's affordable housing fund (City of Vancouver 2015b, p.2).

In Ontario, under Section 37 (s37) of the *Planning Act*, municipalities are permitted to pass by-laws increasing height and density in return for the provision of "facilities, services or matters", or what are commonly referred to as "community benefits". The City of Toronto adopted s37 Implementation Guidelines in 2007. In 2012, the City of Ottawa adopted its own implementation guidelines though they differ from Toronto's in a number of important respects. Most notably, the City of Toronto's Official Plan identifies affordable housing as a s37 priority under its *Large Sites Policy*.

City of Toronto, Section 37 Affordable Housing Priority

Under Toronto's Large Sites Policy, large residential developments provide an opportunity to achieve a mix of housing in terms of types and affordability. Under the Official Plan, on sites greater than five hectares, "where an increase in height and/or density is sought, "the first priority community benefit will be the provision of 20 percent of the additional residential units as affordable housing" (City of Toronto 2007).

The affordable housing requirement of the Large Sites Policy is being implemented in Toronto's East Bayfront-West Precinct, a mixed-use development in Toronto's Central Waterfront. In zoning by-law no. 1049-2006, the section 37 agreement secures "the provision of not less than 20% of the total number of dwelling units as new affordable rental housing."

New affordable units may be built on-site or the developer may give land to the City for the purposes of affordable housing development. With consent from the City, the developer may also pay cash in lieu of constructing the units or may build the units off-site or convey another piece of land near the proposed development for affordable housing purposes (Mah 2009).

Under Toronto's Official Plan "these policies cannot be viewed as being optional or the basic requirements as being open to negotiation, unlike the negotiation of other Section 37 community benefits where the type and quantity are not governed as tightly by Official Plan policy" (City of Toronto 2007).

Beyond the Large Sites Policy, however, Section 37 agreements have been underutilized as a tool to secure new affordable housing in Toronto for a number of reasons. Unlike inclusionary housing (a tool not yet permitted under the *Planning Act*), s37 may be used to deliver a wide range of public benefits and are negotiated between developers, Ward Councillors, and community associations for whom affordable housing may not be desirable or high priority. A recent study by the Institute on Municipal Finance and Governance (Moore 2013) found that s37 agreements negotiated between 2007 and 2011 focused primarily on the provision of "desirable visual amenities" such as parks, roads and streetscapes, and public art - affordable housing accounted for **only 6 percent** of all community benefits secured through Section 37 agreements in Toronto over the same period.

It is important to note, however, that s37 of the *Planning Act* does not limit the capacity of municipalities to prioritize affordable housing over other community benefits. Under Toronto's new Open Door Initiative, for example, the City hopes to encourage Ward Councillors to prioritize affordable housing as a community benefit in Section 37 agreements, moving forward. The City of Ottawa, in its s37 Implementation Guidelines, does not identify affordable housing (or other community benefit) as a priority.

In addition to identifying affordable housing as a priority, **Ottawa's s37 guidelines could be strengthened** both to grow the value of community benefits secured as part of new development and to dedicate a greater share of those benefits towards the provision of affordable housing – a priority of the Ottawa's Official Plan and new 10 Year Housing and Homelessness Plan. For example, under the current guidelines, s37 benefits can be pursued only for "larger projects" where "significant increases in height or density are being requested". To be eligible, proposed developments must be at least 7,000 square meters in size, which is intended to eliminate low- and mid-rise projects (so as not to deter such development). Moreover, under the current guidelines, s37 only applies to development applications where the requested height or density represents a 25 percent or greater increase over what is permitted through as-of-right zoning. So, that means, for example, that developers seeking a 20 percent increase in building height or density are exempt from s37 community benefits and the extra value (in the form of increased profit) is captured entirely by the developer.

Under the current guidelines, the method for calculating s37 benefits also undercuts the value of the benefits secured from new development. Section 37 benefits are calculated as a portion of the "value uplift" – a term that describes the increase in value of land as a result of rezoning. In a set of draft guidelines released in 2012, the City required that this uplift be based on the actual increase in value of a parcel of land, assessed at arm's length (Baltz 2012). However, in the guidelines adopted by Council, uniform uplift values are to be calculated annually and applied uniformly across each of two broad geographic zones of the city: 1) the inner urban area that includes Kitchissippi, Somerset, Rideau-Vanier, Rideau-Rockcliffe, Capital, and Alta Vista Wards); and 2) the outer urban area, stretching from Eagelson to Anderson, and down to Leitrim/Fallowfield (Kelly and Enta 2013). This means that large tracts of much less valuable land outside the central core and high-development main street corridors are included in the inner area. As a consequence, the average land value that is used to calculate the uplift undervalues the real profit gained by rezoning in very high-value areas where high-density development is concentrated.

There is also the issue of "draw downs". Under the guidelines, the value of the uplift is first calculated on the basis of the entire uplift and then drawn down by three factors: 1) relevance of zoning to the Official Plan, Secondary Plan, and/or Community Design Plan; 2) Retention or rehabilitation of built heritage; and, 3) implementation of public benefits in the proposed development (e.g. plaza, pathways, exceptional sustainability measures etc.). It further states that where the zoning is acknowledged to be not current relative to the OP, a Secondary Plan, or CDP, the percentage of uplift for S37 benefits will be reduced accordingly. The result of such draw downs is an overall reduction in the value of s37 benefits secured from new development. Where as cash in-lieu payments or direct investment in projects, the overall reduction limited what can be achieved in terms of delivering new affordable housing as a community benefit.

OPPORTUNITY: There are two opportunities that could be pursued to encourage the use of Section 37 agreements to deliver new affordable housing: 1) work with City Council to establish a city-wide policy dedicating a fixed percentage of all Section 37 benefits to affordable housing; or, 2) work with individual Ward Councillors to earmark a percentage of Section 37 benefits for affordable housing in their wards. This, combined with changes to the City's uplift calculation (to reflect the true gain in value as a result of rezoning) and the elimination of draw downs, would significantly enhance the power of s37 agreements as a planning tool to create new affordable units as part of high density neighbourhood development and the capacity of the City to deliver against its affordable housing targets under the Official Plan.

Incentive packages

In some cities, waiving of development charges, application and/or permit fees and the use of density bonusing are part of larger municipal initiatives to facilitate non-profit and private sector participation in affordable housing development. The City of Vancouver's *Short-term Incentives for Rental (STIR) program*, adopted in 2009, and its more recent *Rental 100: Secure Market Rental Policy* demonstrate the effectiveness of municipal polices in stimulating investment in affordable and market rental housing. The STIR program showed that to encourage investment in market rental and to make market rental competitive with condominium developments, a robust package of incentives is required. Similar to Kamloops' developer incentive package, the STIR used a range of incentives including waived development cost levies, reduced parking requirements, reduced unit sizes, expedited permitting processes, and additional density in exchange for the creation of market rental units. Incentive packages "give flexibility to developers, enabling customizable solutions for bridging the viability gap for purpose-built rental housing" (Metro Vancouver Regional Housing, 2012, p.35).

Rental 100 was developed based on the lessons learned from the STIR pilot program. One lesson from the STIR was that it is far more cost effective to create 100 percent rental buildings than mixed tenure buildings in Vancouver. According to the City, the cost of incentives for a 100 percent rental project averaged $4900/unit vs. $70,000/ unit in a mixed strata-rental project (Metro Vancouver Regional Housing 2012, p.36). This difference is due largely to $20.2 million in Community Amenity Agreements (CACs) that were allocated to create rental units in mixed strata-rental projects. Another important lesson was that STIR created primarily studio and 1-bedroom units. While smaller units help reduce costs, rental housing is a cost effective alternative to ownership for families. The new policy requires that 25 percent of units be targeted towards families (i.e. 2 and 3 bedroom units).

Rental 100: Secure Market Rental Policy, City of Vancouver

Vancouver's Rental 100: Secure Market Rental Policy was approved by City Council in 2012, as part of the City's *10 Year Housing and Homelessness Plan: A Home For Everyone*. The policy targets moderate income households and is designed to stimulate the construction of 3,350 new rental units over the next 9 years to meet the 10 Year Plan's affordable housing targets for market rental housing (5,000 new units by 2021).

The new Secure Market Rental Policy encourages projects where 100 percent of the residential rental housing units are secured for 60 years or life of the building, whichever is greater. Qualifying projects may be mixed use (e.g. include ground-floor commercial space), but all of the residential floor space must be rental. Notably, the policy requires that 25 percent of units be two bedrooms or larger, suitable for families.

Eligible incentives include:

- Development cost levy (DCL) waiver
- Parking requirement reductions
- Relaxation of unit size to 320 square feet (provided the design and location meet the City's liveability criteria)
- Additional density beyond what is available under existing zoning (for projects requiring a rezoning)
- Concurrent processing (for projects requiring a rezoning)

(City of Vancouver 2012).

According to Vancouver's Chief Housing Officer, the local development industry has responded so favourably to these incentives that in the last four years nearly 4,000 studio, one-bedroom and two-bedroom market rental units have been built, the most of any major Canadian city (Vancouver Sun, May 26, 2015). As an outcome, a recent 4-city study of municipal plans to end homelessness found that the City of Vancouver was the only city to experience a net gain in private market rental housing between 2009 and 2013 (Adamo et al. forthcoming). Despite a significant loss of some 7,600 rental units, the City of Vancouver enjoyed a net increase of 1,212 units due largely to the high volume of new market rental completions completed achieved through the STIR and new Rental 100 program over the 5-year period.

Notably, this type of incentives package is not unique to large municipalities. **Small municipalities** in British Columbia (e.g. Victoria, Kamloops, Richmond, Surrey) and elsewhere in Canada are experimenting with different combinations of incentives to advance affordable housing development within their jurisdictions (see, for example, Metro Vancouver Regional Housing 2012).

Advocate for federal rental housing tax incentives

In addition to financial incentives offered by municipalities as part of the planning and development approvals process, the need for more robust federal tax incentives to stimulate private market rental development has been identified (Côté 2013). Toronto's rental housing industry has advocated for the elimination of GST/HST on rental housing, tax deferrals on rental property sales and re-investments and higher capital cost allowance (CCA) deductions (Cote and Tam 2013, p.6; also see the recommendations of Toronto's Private Sector Housing Roundtable 2012). The C.D. Howe Institute has also proposed a "made-in-Canada" Low-Income Housing Tax Credit modeled on the program in the United States. Australia's National Rental Affordability Scheme (NRAS) is a similar mechanism to stimulate the production of affordable rental. Launched in 2008, the goal of the NRAS as to generate 50,000 new affordable rental units by 2014. Rather than creating social or public housing, NRAS is a partnership between the Australian Government and the States and Territories designed to make investment in affordable rental homes competitive with other asset classes. It provides financial incentives to private and non-profit businesses and community organizations that build and rent housing for at least 20 percent below market rents (Côté and Tam 2013).

Noteworthy here, as part of its 2015 federal election platform, the Liberal Party promised to stimulate the construction of new rental housing by removing all GST on new capital investments in affordable rental housing. According to the Liberals, "[t]his will provide $125 million per year in tax incentives to grow and renovate the supply of rental housing across Canada"

(https://www.liberal.ca/realchange/affordable-housing/). With a receptive federal government in place, opportunities to explore more comprehensive policy reforms to stimulate private market rental housing exist and should be pursued.

4. Alternative development standards

In many cities, zoning regulations and development standards are often outdated and don't reflect today's housing needs or construction practices. As a result, they may "unintentionally force tradeoffs between housing creation and the quality of retail and community facility spaces, or between the quality of housing and the ability to provide affordable housing" (City of New York 2015). According to the Federation of Canadian Municipalities, alternative development standards can take two different forms:

Planning policies and regulations – Official plans, neighbourhood plans and zoning bylaws set overall targets for development densities, the acceptable dimensions and configurations of individual lots, requirements for parking, and the acceptable types and sizes of homes and other buildings. By doing so, they can lay the foundation for housing affordability and diversity.

Engineering standards – Municipalities identify rules that shape the locations, dimensions and designs of rights-of-way, roads, curbs, sidewalks, boulevards, street trees, street lighting, stormwater and sanitary sewer drains, water distribution pipes and linear utilities (electricity, telecommunications and natural gas). They may also identify acceptable construction materials and techniques. By reducing the dimensions and resource requirements of physical infrastructure, these standards can contribute to housing affordability (Federation of Canadian Municipalities 2009b, p.3).

New York City's 10-Year Plan, entitled *Housing New York*: *A Five-Borough, Ten-Year Plan*, was released in 2014 and proposes a number of changes to land-use planning regulations and development standards in order to spur the production of new affordable housing across the city. In addition to a new mandatory inclusionary zoning policy requiring developers who want to build to set aside at least 25 to 30 percent of new apartments for people of low and moderate incomes, the plan seeks to reform zoning, building and housing codes, and other regulations to lower costs and unlock development opportunities.

Since the release of *Housing New York*, NYC's Department of City Planning, working with the Department of Housing Preservation and Development, nonprofit housing groups, architects, developers, and other practitioners, identified a set of problems that constrain new housing, and strategies to address them (see below).

In Canada, a number of cities have introduced reduced parking requirements, though not all make explicit the link to housing affordability. In 2010, for example, the City of Edmonton released a plan for the development of its downtown core, entitled *Capital City Downtown Plan*, which includes recommendations to implement relaxed parking requirements in the downtown core. Among other things, reducing parking requirements for affordable housing developments is intended to enable builders to make maximize the number of units that can be built on a given site, both increasingly the number of people housed and helping to generate more rental revenue for housing projects (City of Edmonton 2010). This is a particularly relevant tool for non-profit and market rental developments, given lower rates of car ownership (and greater reliance on public transit) among lower income households (Litman 2014). A tremendous need exists for lower parking requirements at affordable housing developments, both to reduce overall project costs and to better serve the needs of residents.

Across Metro Vancouver, a number of local municipalities have likewise reduced parking requirements, which offer a significant opportunity to improve housing affordability, particularly for market rental and entry-level homeownership units. Six of the region's 18 municipalities have adopted policies for reduced parking requirements for affordable housing and another 6 of 18 support reduced parking requirements in areas with good access to transit (Burnaby and Surrey are supportive of both policies). Under Vancouver's STIR and new *Rental 100: Secure Market Rental Policy*, reduced parking requirements are among the inventive offered to developed to reduce the cost of building market rental housing (Metro Vancouver Regional Housing, 2012). The cost savings can greatly improve the financial feasibility and sustainability of non-profit and affordable market rental development, helping to ensure that rents remain affordable.

Alternative Zoning and Development Standards, City of New York

In 2015, the Department of City Planning released three proposed planning amendments to advance the goals of the *Housing New York Plan*:

1. Promote senior housing to address the affordable housing needs of an aging population:

    a. Modernize zoning definitions to accommodate today's housing models and recognize regulated housing types;
    b. Rationalize Floor Area Ratios to make them consistent, with corresponding building height limits, to facilitate more and better housing for seniors;
    c. Allow flexibility for different types of senior housing and relax density restrictions that may prevent the creation of appropriately sized units;
    d. Reduce administrative obstacles and eliminate redundant special permits that burden nursing home development.

2. Modernize rules that shape buildings to encourage high-quality, mixed-income buildings and accommodate best practices in housing design:

    a. Modify building envelope regulations to accommodate best practices and affordable construction;
    b. Allow additional flexibility needed for higher floor area in buildings providing affordable housing for seniors or through the Inclusionary Housing Program;
    c. Encourage a variety and better design by allowing the variation and texture that typify older buildings in many neighbourhoods;
    d. Provide improvement controls for lots that are irregularly shaped or on sloped sites.

3. Reduce unnecessary parking requirements for affordable housing to avoid excessive costs that hamper the creation of affordable and senior housing:

    a. Eliminate parking requirements for new affordable units and senior housing in subway-accessible areas or where can ownership rates are low;
    b. Allow affordable senior housing developments with existing parking facilities near the subway to eliminate their parking facilities;
    c. Reduce parking requirements for affordable units and affordable senior housing in neighbourhoods further from subway stations;
    d. Create a process to allow, where appropriate, affordable housing developments with existing underutilized parking facilities to be redeveloped.

(City of New York 2015, p.2).

In 2012, the **City of Ottawa** passed Infill 1, a set of zoning changes to guide the scale of new low-rise housing development in mature neighbourhoods inside the greenbelt. Under Infill 1, buildings of twelve units or less are no longer required to provide parking. In 2015, the City launched a **Zoning By-law Review of Minimum Parking Requirements** for the city. With some exceptions, Ottawa's parking minima for most land uses have not been fundamentally revised since 1964. Not only are they outdated, parking minima are widely know to work against many of the City's key planning goals, including the provision of affordable housing. Recognizing this, the Official Plan supports reducing or eliminating parking minima in those parts of town where walking, cycling and/or transit use are viable alternatives to driving. The Minimum Parking Requirements review is intended to implement that direction. As part of the public consultation process, two discussion papers were released in May and October 2015, the latter outlining draft recommendations on changes to the minimum parking requirements under the Zoning By-law. A report and recommendation on how to amend the Zoning By-law will be presented to the City of Ottawa' Planning Committee in 2016.

OPPORTUNITY: Either as part of the Zoning By-law Review or as a separate policy initiative, an opportunity exists to work with the City of Ottawa to implement reduced parking requirements for affordable housing projects, market rental housing and mixed income developments that include a percentage of affordable units. While non-profit developers may benefit from the City of Ottawa's proposed parking reductions in key areas of the city (in the inner urban areas, along selected traditional mainstreets, and in close proximity to new light rail stations), land costs may preclude new affordable housing development in many of these high value areas. The Review of Minimum Parking Standards provides a timely opportunity to consider specific standards that would apply to affordable rental and supportive housing development in neighbourhoods across Ottawa, which better reflect the parking needs of low-income tenants and reduce the need for time-consuming minor variance applications (and potentially costly OMB appeals) for non-profit developers.

5. Provincial policy change: inclusionary zoning

By far single most important planning change with potential to enable more inclusive city and neighbourhood planning and more fair and equitable development practices in Ontario cities would be the passing of inclusionary zoning (IZ) legislation. For years, cities across Ontario have pressed the Ontario government to adopt legislation granting municipalities the authority to require developers of new market-rate real estate to incorporate affordable housing.

In the United States, roughly 500 cities and towns have IZ policies in place (Jacobus 2015). The concept of IZ first emerged in the US in the early 1970s, in response to legal challenges by housing activists against exclusionary and discriminatory practices in local housing markets (Gladki and Pomeroy 2007). In its simplest form, "an inclusionary housing program might require developers to sell or rent 10 to 30 percent of new residential units to lower-income residents. Inclusionary housing policies are sometimes referred to as 'inclusionary zoning' because this type of requirement might be implemented through an area's zoning code; however, many programs impose similar requirements outside the zoning code" (Jacobus 2015, p.7). To offset the costs of providing affordable housing units (and make projects financially viable), municipalities typically grant incentives to developers, including many of those already mentioned. The most common incentive is permission to build at higher densities. Others include expedited development approvals; deferral, reduction or waiver of planning and development fees; parking or design flexibility; public subsidies; and tax abatements (Jacobus 2015, p. 32; also see Gladki and Pomeroy 2007).

In the United Kingdom, the provision of affordable housing through the land-use planning system is secured through Section 106 (s.106) the *1990 Town and Country Planning Act*. In the UK, every development must obtain "planning permission". Based on the principle of "**planning gain**" – that is, the increase in the value of land which results from planning permission being granted for that land – the UK planning system expects the development industry to give a contribution (or portion of the "gain") back to local neighbourhoods in the form of community infrastructure or amenities (Morrison and Burgess 2014). Under s.106, local planning authorities with statutory development plans in place are permitted to enter into agreements with developers seeking planning permission to secure the provision of affordable housing as part of new residential development (above certain size thresholds). Local authorities may accept or deny applications based on a commitment to affordable housing provision (Crook et al. 2006; Austin et a. 2014). In an era of declining government spending, S106 agreements have been become the main way of achieving affordable housing – in 2006/2007, S106 agreements accounted for 65 percent of all newly completed affordable housing in the UK (Crook et al. 2011). During the subsequent economic downtown, however, market activity declined rapidly, as did the production of affordable housing through s.106 agreement, highlighting the dependence of inclusionary housing policies on market conditions (Morrison and Burgess 2014). Moreover, it is important to acknowledge that s.106 agreements still require government grants to be financially viable, developer contributions simply allow subsidies to be stretched over a larger number of affordable units, increasing "value for money" achieved from government spending (Whitehead 2007, p.37).

In Canada, Montreal, Vancouver and other BC municipalities have adopted IZ-like policies, although they differ in some respects from those of the US and UK. Notably, each city has adapted IZ to fit local circumstances and address local housing needs. In 1988 as part of the general plan for the development of the Expo Lands in False Creek, Vancouver adopted the "20 percent core need housing policy". The policy requires 20 percent of all units in large developments (of 200 units or more) created as a result of rezoning to be affordable (a similar policy was adopted in Burnaby n the 1980s). In terms of enabling legislation, BC's *Local Government Act* gives municipalities the authority to rezone land as the basis of negotiation for land development (s.903) and grant density bonuses for the purpose of building affordable housing (s.904). This enables municipalities like Richmond, Whistler and Langford to adopt IZ policies. Likewise, the *Vancouver Charter* allows the City of Vancouver to grant higher density to developers

that provide affordable and/or special needs housing (s.565.1). Moreover, the City can mandate that land be set aside for affordable housing as a condition of rezoning former industrial lands into residential neighbourhoods.

In Vancouver, the policy is not mandatory; rather, the City negotiates the inclusion of non-market housing in a new development project when the developer applies for rezoning from industrial or other non-residential use to residential use. The City establishes a legal agreement with the developer to include 20 percent of the base density of the development as non-market housing on a suitable site identified and agreed through the re-zoning negotiations between the City and developers. The developer, however, is only required to set aside land at non-market (60 percent of market) value. The land becomes a city-optioned site for affordable housing, to be built as development funding becomes available from senior levels of government (Chang 2009, p.11). Prior to 2002, BC Housing typically funded 75 percent of the purchase price, and the City the remaining 25 percent (prior to 1993, the federal government provided 2/3 of the provincial share). After purchase, the city would lease the site to a non-profit housing provider for at least a 60-year term. The developer then proceeds to build the project and transfers the building to the non-profit provider when completed, who is responsible for the on- going management of the project.

Importantly, the City's reliance on senior government funding to build affordable units under its inclusionary housing policy, has limited the effectiveness of the policy in recent years. The loss of federal funding in 1993 was followed, in 2002, by a change in BC Housing policy which effectively required development sites to be provided no cost. In 2007, BC Housing also began to focus its limited funding on the delivery of supportive housing for vulnerable populations. As a result, over a twenty-year period, only 65 percent of the 2,533 units negotiated since 1988 had been built or were under construction by 2008 (Mah 2009, p.32). The city has had to rely in recent years on payments-in-lieu to raise funds for the development of the affordable housing and to buy some of the optioned sites outright. In 2012, Vancouver's Task Force on Affordability emphasized that a different approach to inclusionary housing would be required, moving forward. In recent years, Vancouver and other BC municipalities use inclusionary housing policies in coordination with density bonusing, financial incentives and other planning tools to ensure financial viability of projects.

Noteworthy here is that IZ policies can be successful in **municipalities of different size**. Smaller BC municipalities, for example, have created IZ policies to address their specific local housing needs. The City of Richmond, with a population of 190,000, adopted IZ in 2007, under the umbrella of its Affordable Housing Strategy. In exchange for increased density proposed as part of a rezoning application, multi-family or mixed-used developments containing more than 80 residential units are required to build at least five percent of total residential building area as "low end of market rental" units, with a minimum four units, secured in perpetuity with a Housing Agreement registered on title. Since 2007, 1,371 units created through IZ in Richmond (Personal communication, March 30, 2016).

The City of Langford, with a population of roughly 30,000, has used IZ policies to promote **entry-level home-ownership** since 2004. Langford is a small, growing city west of Victoria on Vancouver Island. The central feature of Langford's *Affordable Housing Strategy* is the "1-in-10" Home Ownership Program which required one small lot and affordable housing unit for every 10 single-family lots created through rezoning (Metro Vancouver Regional Housing 2012, p.45). Affordable units were achieved through inclusionary zoning and bonusing, in combination with the waiver of development charges and other development fees and expedited approvals. The housing agreement established the maximum sale price of the homes at $165,000 and requires the homes to be sold to purchasers approved by the City of Langford Affordable Housing Committee. Units are targeted to households with a maximum annual household income of $60,000 for single-family units, $40,000 for multi-family units. Affordability is maintained through housing agreements registered on title.

Comparison of Canadian Inclusionary Policies with Typical Inclusionary Zoning Programs in the United States

	Montreal Inclusionary Housing Strategy	Vancouver 20% Core Need Housing Policy	Toronto Large Sites Policy	Typical American IZ Program
Affected Developments	Developments on private and public lands needing major change in use, density or height.	Developments on private lands needing change of use to residential	Developments on private lands needing increase in density or height	All developments generally, including as-of-right developments
Size Threshold	100 units	200 units	5 hectares	10-50 units, but possibly down to 2
Set-Aside Obligation	30% buildable floor area (15% social and community housing, 15% private affordable, mainly as low end of market home ownership	20% as affordable market rental.	20% as affordable market rental (at or below average market rents).	10-25% generally
Possible Contributions	For social housing: selling of land at reduced price (or cash-in-lieu). For private affordable: developer must sell (or offer to rent) 15 % of the private units at certain prices	Donation of land at reduced price or payment of fees-in-lieu	Donation of land at reduced price or payment of fees-in-lieu	Construction of affordable housing, but possibly donation of land at no cost or payment of fees in-lieu
Affordable Housing Provision	Social and community housing and low-end-of-market home ownership	Social and below-market rental housing	Affordable rental housing, at or below average market rents	Below-market ownership mainly, but also below-market rental

Source: Adapted from Drdla, 2010c. (http://inclusionaryhousing.ca/2010/01/20/case-studies-canadian-overview/)

In Montréal, the *Strategy for Inclusion of Affordable Housing in New Residential Projects* was adopted in 2005 and updated in December 2015. The Province of Quebec does not have IZ legislation in place, so the inclusion of affordable housing in Montréal is voluntary and negotiated on a case-by-case basis. The policy originally applied to large residential developments of 200 units or more, where developers were seeking a regulatory change in use, density or height. The size threshold was lowered to 100 units in the 2015 update (Ville de Montréal 2015). The strategy establishes a guideline that all new large residential developments provide a minimum of 30 percent of the new units as affordable housing, including 15 percent social and community housing[2] and 15 percent affordable private rental or home ownership opportunities. These targets were originally outlined in Montreal's 2004 Master Plan,

[2] Under the recently updated strategy, developers are required to provide a 20 percent contribution as a cash-in-lieu payment if social housing is not delivered on or near the project site.

providing the legal foundation for pursuing these affordable housing objectives under its inclusion strategy. New social housing is targeted to low and very low-income households while affordable private rental and entry-level home ownership units target households with moderate or median incomes in Montréal. Since 2008, the City has sought to secure a larger portion of private family units. As in Vancouver, the City of Montréal does not ask developers to build the actual units, though some may build turnkey developments (Mah 2009, p.38). To ensure development projects are financially viable, the policy relies on subsidies, incentives and other assistance from government sources. Half of the funding for new social and community housing comes from the Province of Quebec's AccèsLogis Program. In the affordable home ownership component of the inclusionary strategy, first-time homebuyers can benefit from the City's Home Ownership Program. The Société d'habitation et de développement de Montréal (SHDM) also contributes to the strategy, acting as a developer of private affordable units in some projects. By 2015, 70 inclusionary projects have been built, approved or are in the planning stage. Within these projects, totaling 44,000 units at full build out (Ville de Montréal 2015), Montréal hopes to create approximately 6,500 units of social housing in addition to cash-in-lieu contributions. In terms of new private affordable housing, it expects to deliver approximately 5,600 units at these sites, primarily in the form of low end of market home ownership[3].

According to Richard Drdla (2010b), Montreal's inclusionary housing policy represents an instructive model for other large Canadian cities: "It shows what can be done to effectively support inclusionary housing in the absence of the authority to impose mandatory provisions on all residential developments. The strategy can be seen, not as implementing an entirely new approach, but rather as harnessing the city's available powers, tools, incentives, and other resources in a more coordinated and focused way to provide affordable housing, and specifically within integrated mixed-income developments" (ibid). Likewise, Toronto's Large-Sites Policy (see above) represents a type of inclusionary housing policy possible under existing legislation in Ontario.

Research by Gladki and Pomeroy (2007) found that in Ontario, inclusionary models that provide 15 percent affordable units in new developments could be economically feasible if developers are granted an increase in building density and exemptions from municipal fees and charges to offset the costs. A number of bills to amend Ontario's Planning Act to allow for inclusionary zoning have been introduced and debated in the provincial legislature over the past 5 years. One of the benefits of inclusionary zoning is the significant potential to produce affordable housing, especially when applied on a mandatory basis. Because municipal resources are limited, inclusionary zoning is also particularly attractive as it is relatively inexpensive for municipalities to implement. In considering the potential for expanded use of inclusionary zoning, the CMHC identifies certain conditions that appear better suited for this measure:

1. larger developments: smaller projects may not be able to bear the cost of meeting inclusionary requirements;

2. high-growth areas: in cities experiencing slow urban growth, developers may "wait it out" if authorities impose IZ requirements that developers consider too costly. In active markets, developers would be less willing to employ this holdout strategy; and

3. higher-density neighbourhoods: in less dense districts, developers have trouble meeting inclusionary requirements and density bonuses often can't serve as an inducement because the project doesn't need the density increases (CMHC 2007, p.2).

Unit recently, progress towards new IZ legislation in Ontario had been slow. NDP MPP and opposition housing critic, Cheri DiNovo first introduced a private members bill, *Bill 198: Planning Amendment Act: Enabling Municipalities to Require Inclusionary Housin*g in June 2009. She introduced the same bill four more times in the succeeding new legislatures, most recently as Bill 3, which received first reading on July 14, 2014. Peter Milczyn, Liberal MPP, subsequently introduced his private member's bill, Bill 39: *Planning Statute Amendments Act*, in November 2014. This is an omnibus bill that contains various changes to Ontario's Planning Act, including those authorizing inclusionary zoning. Bill 39 received second reading and was referred to the Standing Committee on General Government on November 20, 2014.

[3] Under Montréal's Inclusion Strategy, the 15 percent requirement for affordable private rental/ownership units applies only to the portion of the development that is privately owned/operated (not to the total project, which also includes 15 percent social housing).

Both bills included important inclusionary zoning provisions that would:

1) enable municipalities to specify a percentage of the total housing units that must provided as affordable housing (in developments of 20 or more units in size);

2) allow for the provision of the affordable housing without requiring the municipality to provide financial or other assistance in return; and

3) enable municipalities to enter into agreements with the developers dealing with the affordable housing requirements, including the ownership and occupancy of the affordable units, that would be binding on the developers as well as all subsequent owners of the land (Drdla 2014).

Notably, recent progress has been made towards realizing this legislative change in Ontario. Under its renewed *Long-Term Affordable Housing Strategy* released on March 13, 2016, the Province of Ontario announced that new inclusionary zoning legislation would be forthcoming. According to Toronto's Chief Planner, Jennifer Keesmaat, inclusionary housing legislation would enable the City of Toronto to deliver significantly more affordable housing than is currently possible: "If the city required 10 per cent affordable units in developments of over 300 units...we would have secured 12,000 affordable housing units in the past five years alone," (Skinner 2015).

OPPORTUNITY: The City of Ottawa could begin to consult with its non-profit and private sector partners to develop an inclusionary housing policy, in advance of the new legislation. In addition, enabling one or more inclusionary housing **demonstration projects** would be very timely and go a long way towards addressing concerns about the economic feasibility and neighbourhood impact of inclusionary housing development etc. Such projects could be used to identify the number/percentage of units, tenure mix, affordability level, and partnership models possible in the Ottawa context.

Conclusion

This policy scan identifies a number of planning policies and tools that could be adopted or better utilized by the City of Ottawa and its private and non-profit partners to advance the construction of affordable housing across the city. Notably, these tools can be used alone or in combination to achieve different affordability goals. While certainly not a replacement for federally-funded rent-geared-to-income housing, **such planning tools can be used both to stretch existing government investment further** and **to advance new modestly affordable, below market rental projects that might not otherwise be realized** in the non-profit or for-profit housing sectors. Given the recent announcement of forthcoming IZ legislation in Ontario, these tools will also be key to ensuring the financial feasibility of new projects developed through inclusionary zoning in the coming years. A necessary first step is to expand the scope of the City of Ottawa's new 10 Year Housing and Homelessness Plan to include new initiatives and partnerships that acknowledge and capitalize on planning policies and tools already available to municipalities under Ontario's Planning Act and Provincial Policy Statement.

References

Baltz, J, (2012). Section 37 loopholes now big enough to drive a bus through. Spacing Ottawa, Retreived from: http://spacing.ca/ottawa/2012/01/30/baltz-section-37-loopholes-now-big-enough-to-drive-a-bus-through/.

Canada Mortgage and Housing Corporation (2007). Municipal Planning for Affordable Housing. Ottawa, ON: CMHC.

City of Edmonton. (2010). *Capital City Downtown Plan*. Edmonton, AB: City of Edmonton.

City of Edmonton. (2015). *Affordable Housing Strategy, 2016-2025*. Edmonton, AB: City of Edmonton.

City of Kamloops. (2014). *Kamloops Affordable Housing Developers Package.* Kamloops, BC: City of Kamloops.

City of Markham. (n.d.) *Bringing Affordable Rental Housing to York Region: Challenges and Recommendations for Markham, Ontario.* Markham, ON: City of Markham.

City of New York. (2014). *Housing New York: A Five-Borough, Ten-Year Plan*. New York, NY: Department Of City Planning, City of New York.

City of New York. (2015). *Housing New York: Zoning for Quality and Affordabilit*y. New York, NY: Department of City Planning, City of New York.

City of Ottawa. (2007). *City Housing Strategy, 2007-2012.* Ottawa, ON: City of Ottawa.

City of Ottawa. (2013). *A Home for Everyone: Our 10-Year Plan, 2014-2024*. Ottawa, ON: City of Ottawa.

City of Ottawa. (2013). *Public Engagement Strategy*. Ottawa, ON: City of Ottawa.

City of Ottawa. (2014). *City of Ottawa 2014 Development Charges Background Study*. Ottawa, ON: City of Ottawa.

City of Regina. (2013). *Housing Comprehensive Strategy*. Regina, SK: City of Regina.

City of Saskatoon. (2013). *Housing Business Plan 2013-2022*. Saskatoon, SK: Planning and Development Branch, City of Saskatoon.

City of Toronto. (2007). *Implementation Guidelines for Section 37 of the Planning Act and Protocol for Negotiating Community Benefits*. Toronto, ON: City of Toronto, City Planning Division.

City of Toronto. (2009). *Housing Opportunities Toronto: An Affordable Housing Action Plan.* Toronto, ON: City of Toronto.

City of Toronto. (2016). Planning a Great City Together: Introducing the Inaugural Toronto Planning Review Panel, Guiding Document 2016-2017. Toronto, ON: City of Toronto, City Planning Division.

City of Vancouver (2011). Vancouver's Housing and Homelessness Strategy: A Home For Everyone, 2012-2021. Vancouver, BC: City of Vancouver.

City of Vancouver. (2012). *Secured Market Rental Housing Policy: Vancouver's Housing and Homelessness Strategy: A Home for Everyone*. Vancouver, BC: City of Vancouver.

City of Vancouver. (2014). *Vancouver Mayor's Engaged City: Task Force Final Report*. Vancouver, BC: City of Vancouver.

City of Vancouver. (2014). *2013 Housing and Homelessness Strategy Report Card*. Vancouver, BC: City of Vancouver.

City of Vancouver. (2015a). *2014 Annual Report on Development Cost Levies*. Vancouver, BC: City of Vancouver.

City of Vancouver. (2015b). *2014 Annual Report on Community Amenity Contributions & Density Bonusing,* Report to Standing Committee on City Finance and Services, June 2, 2015. Vancouver, BC: City of Vancouver.

Chang, N. (2009). *Inclusionary Zoning for the Provision of Affordable Housing: A Comparative analysis of Vancouver and San Francisco*. Submitted to the Symposium on Affordable and Sustainable Housing, The University of British Columbia.

Cote, A. and Tam, H. (2013). *Affordable Housing in Ontario: Mobilizing Private Capital in an Era of Public Constraint*. Institute of Municipal Finance and Governance, Perspectives No.3. Toronto, ON: IMFG.

Crook, A., Monk, S., Rowley, S., and Whitehead, C. (2006). Planning Gain and the Supply of New Affordable Housing in England: Understanding the Numbers. *The Town Planning Review*, 77(3), 353-373.

Drdla, R. (2010a). Vancouver BC: '20% Core Need Housing Policy'. Retrieved from: http://inclusionaryhousing.ca/2010/01/19/case-study-vancouver-bc/.

Drdla, R. (2010b). Montreal QC: 'Inclusionary Housing Strategy'. Retrieved from: http://inclusionaryhousing.ca/2010/01/20/case-study-montreal-qc/.

Drdla, R. (2010c). Overview of Three Canadian Inclusionary Housing Policies. Retrieved from: http://inclusionaryhousing.ca/2010/01/20/case-studies-canadian-overview/.

Federation of Canadian Municipalities. (2009a). *My Backyard: A Municipal Guide For Responding To NIMBY*. Ottawa, ON: FCM.

Federation of Canadian Municipalities. (2009b). *Alternative Development Standards: A Guide for Practitioners.* Ottawa, ON:: FCM.

Fortin, C. (2014). *City Should Not Be At the Mercy of Developers*. September 24, 2014. Retrieved from: http://unpublishedottawa.com/letter/1318/city-should-not-be-mercy-developers .

Gladki, J. and Pomeroy, S. (2007). *Implementing Inclusionary Policy to Facilitate Affordable Housing Development in Ontario.* Prepared for the Ontario Non-Profit Housing Association. Toronto, ON: ONPHA.

Gurran . (2008). Affordable Housing: A Dilemma for Metropolitan Planning? *Urban Policy and Research*, 26 (1), 101–110.

Jacobus, R. (2015). *Inclusionary Housing: Creating and Maintaining Equitable Communities*. Cambridge, MS: Lincoln Institute of Land Policy.

Kelly, D. and Enta, C. (2013). *Use of Section 37 in the City of Ottawa*. Ottawa, ON: Soloway Wright.

Litmam, T. (2014). *Parking Requirement Impacts on Housing Affordability*. Victoria, BC: Victoria Transport Policy Institute.

Mah, J. (2009). *Can Inclusionary Zoning Help Address the Shortage of Affordable Housing in Toronto?* Ottawa, ON: Canadian Policy Research Networks.

Mayor's Task Force on Housing Affordability. (2012). *Bold Ideas Towards an Affordable City*. Vancouver, BC: City of Vancouver.

Metro Vancouver Regional Housing. (2012). *What Works: Affordable Housing Initiatives in Metro Vancouver Municipalities.* Vancouver, BC: Metro Vancouver Regional Housing.

Mitanis, M. (2014). Changing the Planning Process: Toronto Considers A Development Permit System. Retrieved from: http://urbantoronto.ca/news/2014/10/changing-planning-process-toronto-considers-development-permit-system.

Pomeroy, S. (2014). *Finding Common Grounds*. Report submitted to the City of Edmonton Homeless Commission, March 2014. Focus Consulting, in association with Gary Gordon and Associates and the Centre for Housing Policy, Washington DC.

Private Sector Housing Roundtable. (2012). *Housing Makes Economic Sense: Final Report of the Private Sector Housing Roundtable*. Toronto, ON: City of Toronto.

Province of Ontario. (2008). *Development Permit System: A Handbook for Municipal Implementation*. Toronto, ON: Ministry of Municipal Affairs and Housing.

Region of Peel. (2009). Background Paper: Tools and Practices to Address Housing Issues. Mississauga, ON: Region of Peel.

Rental Housing Supply Roundtable. (2012). *Advisory Document: Report of the Rental Housing Supply Roundtable*. Winnipeg, MN: Province of Manitoba.

Skinner, J. (2015). Social Planning Toronto looks at inclusionary zoning. Retrieved from: http://www.insidetoronto.com/news-story/5644583-social-planning-toronto-looks-at-inclusionary-zoning/ .

Tory, J. and Bailão, A. (2015). *Affordable Housing "Open Door" Program*, Letter to Toronto's Affordable Housing Committee, April 24, 2015.

Ville de Montréal. (2015). *Révision de la Stratégie d'inclusion de logements abordables:* Présentation des modifications apportées à la Stratégie d'inclusion. December 2015. Montréal, QC: Ville de Montréal.

Whitehead, C. (2007). Planning Policies and Affordable Housing: England as a Successful Case Study? *Housing Studies*, 22 (1), 25–44.