

Regulations for the *Promoting Affordable Housing Act, 2016: Inclusionary Zoning*

London Housing Advisory Committee
October 10, 2018



Timeline

- December 8, 2016: *Promoting Affordable Housing Act, 2016*, received royal assent.
- December 18, 2017: Draft Regulations posted to EBR for comment.
- January 22, 2018: Report to PEC with comments on Draft Regulations.
- April 11, 2018: Final regulations released by Province (O. Reg. 232/18).
- August 13, 2018: Report to PEC with summary of Ontario Regulations and next steps.



Suite of Housing Programs: Potential New Program - IZ



*Potential new program

- Regulation, not incentive.



Ontario Regulation 232/18

- Official Plan Policies – *enable I.Z.*
- Assessment Report – *required to define market, housing, and need*
- Matters and measures under O. Reg. 232/18
 - Tenure
 - Set Aside
 - Price
 - Affordability Period
 - Exempted developments
 - Off-site units
 - Unit Standards – *design not specified*
 - Share of Proceeds Related to Equity



Tenure

Draft Regulations	O. Reg. 232/18
IZ regulations only applied to multi-unit projects intended to be owned. i.e. Purpose-built rental buildings were exempt from Inclusionary Zoning under the draft regulations.	Exemption removed, and IZ can be applied to ownership and rental projects.



Set Aside

Draft Regulations	O. Reg. 232/18
Maximum of 5% of the total units in a project to be affordable units. or Maximum 10% of total units in an area designated as a Rapid Transit Station area.	Now left up to local municipalities. No percentage or number of affordable units prescribed in O. Reg. 232/18



Affordability Period

Draft Regulations	O. Reg. 232/18
The length of time the units are to remain affordable. Prescribed as no less than 20 years and no more than 30 years, with a period of no more than 10 years after the affordability period ends where the affordable price and sale provisions established in the by-law would continue to apply.	Prescribed lengths removed. Now left up to local municipalities. "Transition period" also removed from regulations.



Price

Draft Regulations	O. Reg. 232/18
Purchase price of the affordable units was prescribed in the draft regulations. Regulations prescribed "transition period" as market rate.	Purchase price of units during the affordability period has been removed and is now at the discretion of local municipalities. *May also now apply to rental price, as well as purchase price of units.



Exempted Developments

Draft Regulations	O. Reg. 232/18
<ul style="list-style-type: none"> - Only applied to developments of 20 units or more. - Exempted rental developments. - Exempted proposals made by a non-profit housing provider. - Any application made before the day that an inclusionary zoning by-law was passed. - Any application for an Official Plan amendment, zoning by-law amendment, site plan, plan of subdivision or condominium made on the day before an Official Plan policy authorizing IZ was adopted by Council. 	<ul style="list-style-type: none"> - Buildings of fewer than 10 units exempted. - IZ now applicable to Rental developments.



Location of Affordable Units (Off-Site)

Draft Regulations	O. Reg. 232/18
Affordable Units could be permitted on a different site than the market-rate development proposal site, provided that: <ul style="list-style-type: none"> - Offsite units must be located in proximity to the proposed development; - The land that the units are to be transferred to must be zoned to permit IZ; - Offsite units must be available for occupancy within 36 months; - Offsite units cannot count towards any affordable housing requirement on the receiving site; and - No more than 50% of the units in the offsite development can be affordable housing units. 	<p>Off-site units are still permitted.</p> <p>Reference to the maximum 50% of the receiving site being affordable has been removed.</p> <p>Reference to the availability of units within 36 months of the market units has been removed.</p> <p>Municipalities must identify in their Official Plan policies and IZ by-law if off-site units are permitted and if so, the conditions under which off-site units would be permitted.</p> <p>i.e. Municipal discretion to determine conditions and define "proximity".</p>



Incentives

Draft Regulations	O. Reg. 232/18
<ul style="list-style-type: none"> - Unless lands under development are subject to a Community Planning Permit System (CPPS), the IZ regulation would required a financial contribution to be paid by the municipality (i.e. incentive to build the affordable units). - Contribution to be equal to 40% of the difference between the average market price of the affordable housing units and the affordable price for the affordable housing units. - Contribution could be satisfied by reductions in planning application fees, exemption from cash-in-lieu of parkland requirements, reduction in parking requirements, or an exemption from all or part of the applicable development charges. 	<p>IZ in other jurisdictions is a regulatory tool, not an incentive program.</p> <p>The requirement for municipal incentives/contributions has been removed from the final O. Reg. 232/18.</p>



Sharing Equity and Municipal Contributions

Draft Regulations	O. Reg. 232/18
<p>Draft regulations established a formula for determining the share of equity from the proceeds of the sale of an affordable unit (scalar formula: the longer current occupant owned, the larger a share).</p> <p>Draft regulations were very detailed, however, any affordable housing agreements developed under the IZ by-law would require significant staff resources to both establish and administer.</p> <p>Matters such as sale proceeds, establishing the affordability price and sale price, and possible restrictions on who affordable units could be sold to (other family members, for example) would all need to be considered in these agreements.</p>	<p>Final regulations do not include scalar agreements.</p> <p>Instead O. Reg. 232/18 identifies that a by-law may be established and the municipal portion cannot exceed 50% of the proceeds.</p> <p>Local municipalities can establish the apportionment and conditions.</p>



Next Steps

- August 13, 2018 PEC Report identified changes to regulations under the finalized O. Reg. 232/18.
- Targeted for 2019 Work Program.
- Next report will be:
 - Options and approaches to implement Inclusionary Zoning in London; and
 - Results of consultations with the London Home Builders Association and London Development Institute.
- Council also directed preparation of a draft Municipal Assessment Report to establish a framework for policies for IZ.

