

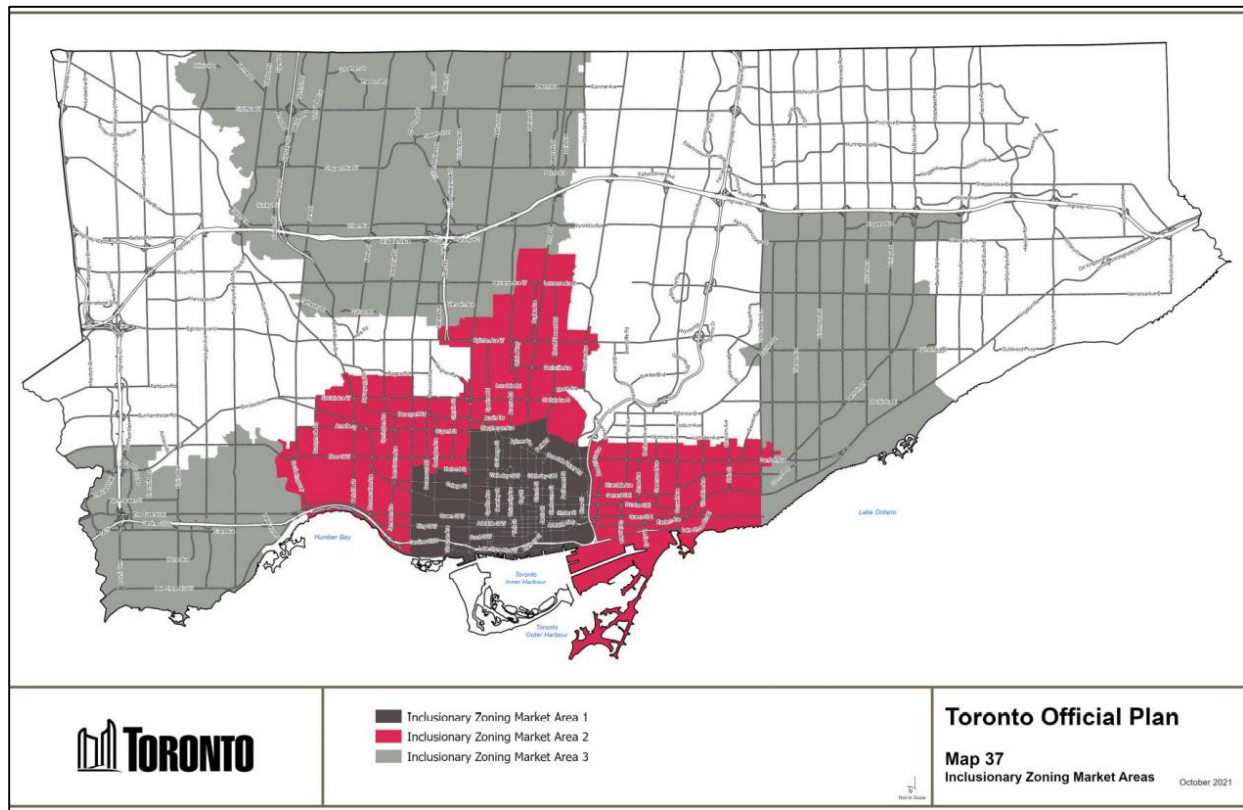
Appendix 1: Summary of City of Toronto Inclusionary Zoning (IZ) Policy Adopted by Toronto City Council on November 12, 2021

This Appendix provides a summary of the policy framework adopted by the City of Toronto on November 12, 2021. Toronto is the first municipality in Ontario to adopt an IZ policy framework. IZ requirements will take effect September 18, 2022.

Table 1: City of Toronto Policy Framework

Policy Area	Requirements / Details
Policy Goals and Objectives	<ul style="list-style-type: none"> • Increase affordable housing supply for low and moderate income households; and, • Support diverse range of housing options, inclusive communities.
Location, Set-aside Rate, Phase-in	<ul style="list-style-type: none"> • See Figure 1 and Table 2 below.
Minimum Project Size	<ul style="list-style-type: none"> • Projects with a minimum 100 residential units or 8,000 square meters of residential gross floor area (GFA) will be subject to IZ.
Project Tenure	<ul style="list-style-type: none"> • Condominium buildings only at the outset of the policy. • Requirements for rental buildings within IZ Market Area 1 (5%) and IZ Market Area 2 (3%) will be phased in starting in 2026.
Affordability Term	<ul style="list-style-type: none"> • 99 years.
Unit Types and Sizes	<ul style="list-style-type: none"> • The unit mix of the affordable housing units created through IZ will reflect the unit mix of the market component of the development.
Providing units on Another Site	<ul style="list-style-type: none"> • Possible to do so at City's discretion if result would provide an improved housing outcome (e.g. additional affordable units, larger family-sized units, more deeply affordable units). • Offsite units must be ready for occupancy commensurate with completion of the onsite market development. • Process would require a site-specific zoning by-law amendment to meet affordable housing requirements offsite.
Incentives	<ul style="list-style-type: none"> • Only considered where a development proposes to exceed IZ policy requirements i.e. additional affordable units or deeper affordability.
Exemptions	<ul style="list-style-type: none"> • Non-profit housing providers (with 100% ownership interest or an ownership interest that is greater than 51% and a minimum of 51% of the dwelling units will be affordable housing units). • Student residences, retirement / nursing / residential care homes.
Affordable Ownership Definition	<ul style="list-style-type: none"> • Purchase price (inclusive of HST) is at or below an amount where the total monthly shelter cost is not more than 30% of before-tax monthly income, for middle-income households. • Shelter cost means <ul style="list-style-type: none"> ○ A mortgage principal and interest based on a 25-year amortization, 10% down payment, conventional 5-year mortgage as report by Bank of Canada in January of applicable year, and mortgage insurance premium; ○ Property taxes calculated on a monthly basis based on the purchase price; and, ○ Standard condominium fees.

Policy Area	Requirements / Details
Affordable Rental Definition	<ul style="list-style-type: none"> • Shelter cost cannot exceed 30% of before-tax monthly income for City of Toronto middle-income renter households. • Shelter cost includes rent, heat, hydro, hot water and water.
Net Proceeds from the Sale of an Affordable Ownership Housing Unit	<ul style="list-style-type: none"> • During the 99 year affordability period: The City would receive no more than 20% of the net proceeds of the sale (resale price minus purchase price paid by owner) equivalent to no more than 2% of the sale price, for administration fees. • First sale after the 99 year term: The City would receive 50% of the net proceeds (market resale price minus affordable purchase price and any legal, administration or real estate fees paid by the owner); The City's proceeds would then be reinvested in affordable housing.
Transition	<p>IZ requirements take effect on the later of September 18, 2022 or approval of a PMTSA by the Minister. Projects would be exempt where:</p> <ul style="list-style-type: none"> • A complete application for a zoning by-law amendment was filed and came into force prior to the passing of a CBC by-law and a Section 37 agreement securing community benefits was executed on or before the later of September 18, 2022 OR notice of approval of a "Protected Major Transit Station Area by the Minister; or, • A complete application for a zoning by-law amendment, site plan approval, minor variance, or building permit is made on or before September 18, 2022.

Figure 1: City of Toronto – Geographic Areas Subject to IZ (“IZ Market Areas”)**Table 2: City of Toronto IZ Set-Aside Rates and Phase-in to 2030, Condominium Buildings Only***

		2022	2023	2024	2025	2026	2027	2028	2029	2030
Condominium building securing affordable rental:										
■	IZ Market Area 1	7%	7%	7%	8.5%	10%	11.5%	13%	14.5%	16%
■	IZ Market Area 2	6%	6%	6%	7%	8%	9%	10%	11%	12%
■	IZ Market Area 3	5%	5%	5%	5.5%	6%	6.5%	7%	7.5%	8%
Condominium building securing affordable ownership:										
■	IZ Market Area 1	10%	10%	10%	12%	14%	16%	18%	20%	22%
■	IZ Market Area 2	8%	8%	8%	10%	11%	13%	14%	15%	17%
■	IZ Market Area 3	7%	7%	7%	8%	8%	9%	10%	11%	11%

*Set-aside Rates for rental buildings will commence in 2026 for IZ Market Areas 1 and 2 only.