

City of Mississauga
Corporate Report



<p>Date: June 10, 2022</p>	<p>Originator's files: CD.06.INC</p>
<p>To: Chair and Members of Planning and Development Committee</p> <p>From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building</p>	<p>Meeting date: July 5, 2022</p>

Subject

RECOMMENDATION REPORT (City-wide) – Inclusionary Zoning Official Plan Amendment and Zoning By-law Amendment

Recommendation

1. That the Inclusionary Zoning Official Plan Amendment and Zoning By-law Amendment, attached to the report titled “Recommendation Report (City-wide) – Inclusionary Zoning Official Plan Amendment and Zoning By-law Amendment,” dated June 10, 2022, from the Commissioner of Planning and Building, be approved, and that the City Solicitor be authorized to make any non-substantive stylistic and technical changes to the Official Plan Amendment and Zoning By-law Amendment, as may be required, prior to Council adoption.
2. That notwithstanding that subsequent to the public meeting held on May 30, 2022, change(s) to the zoning by-law amendment in the report titled “Recommendation Report (City-wide) – Inclusionary Zoning Official Plan Amendment and Zoning By-law Amendment”, dated June 10, 2022, from the Commissioner of Planning and Building, have been made, Council considers that the changes are minor and do not require further notice, pursuant to the provisions of subsection 34(17) of the Planning Act.
3. That the report titled “Recommendation Report (City-wide) – Inclusionary Zoning Official Plan Amendment and Zoning By-law Amendment” and attachments, dated June 10, 2022, from the Commissioner of Planning and Building, be forwarded to the Minister of Municipal Affairs and Housing.

Executive Summary

- Implementation of Inclusionary Zoning (IZ) will allow the City to require affordable housing

units in new development in protected Major Transit Station Areas (MTSAs).

- A statutory public meeting was held on May 30, 2022 to consider draft IZ policies and a draft zoning framework. Public submissions included concern about low set-aside rates, the need for financial incentives to developers, the need to prioritize households at risk, and the need for longer affordability terms and a greater depth of affordability.
- Staff have not made major revisions to the policy and zoning framework as a result of public submissions. Changes were made to add more clarity and detail to policies, and to select the price capping method to control affordability of ownership units over time.
- Staff are recommending approval of the attached IZ Mississauga Official Plan Amendment (MOPA) and IZ By-law, and are targeting the August 10, 2022 Council Meeting for final adoption.
- The Region of Peel has exempted the MOPA from Regional adoption. Staff continue to work with the Region of Peel on the administrative structure for IZ and will report back on related Implementation Guidelines at a later date.
- The MOPA and IZ By-law outline that IZ takes effect on the later of January 1, 2023 or the date of Provincial approval of a protected MTSA identified in the Region of Peel Official Plan.

Background

IZ is one of the actions identified in Mississauga's Housing Strategy, *Making Room for the Middle (2017)* that the City can take to increase the supply of affordable housing. The Housing Strategy focuses on assisting moderate-income households, who make up an important part of our workforce. In accordance with Provincial regulations, IZ will ensure that affordable units are developed alongside market units in protected MTSAs. Developers will be required to set aside some units for sale or rent at rates affordable to moderate-income households.

Upon completion of the IZ background analyses, Council directed staff to consult the public on IZ preliminary policy directions¹. Subsequently, a statutory public meeting was held on May 30th, 2022², to consider a draft IZ MOPA and zoning by-law framework.

This report addresses the feedback received and outlines any revisions to the draft policies and zoning framework. The final proposed official plan policies and zoning regulations contained in Appendices 1 and 2, respectively, set out a framework to guide how market development will contribute to the long-term affordable housing supply in Mississauga.

¹ Update Report and Preliminary Policy Directions: Item 5.4, available here: <https://pub-mississauga.escribemeetings.com/Meeting.aspx?Id=a8c18814-845c-4546-9241-3a329945f593&Agenda=Agenda&lang=English&Item=15&Tab=attachments>

² Statutory Public Meeting Information Report: Item 5.5, available here: <https://pub-mississauga.escribemeetings.com/Meeting.aspx?Id=921a1da0-a951-43d2-b129-1d69416f5e2c&Agenda=Agenda&lang=English&Item=12&Tab=attachments>

Comments

Feedback Received on the Draft OPA and Zoning Framework

Fourteen oral and written submissions were received on the materials presented at the public meeting. A summary of the key comments is provided below. Further details are provided in Appendix 3.

1. Set-Aside Rates, Offsets, and Location

Summary: Some participants requested that the set-aside rates be higher (e.g. 20 to 30%) while others were supportive of the proposed rates. The granting of density bonuses was mentioned as a possible mechanism to achieve higher set-aside rates. General comments were made about using financial incentives only where IZ requirements are exceeded. Building Industry and Land Development group (BILD) confirmed their support for IZ, but reiterated concerns about IZ feasibility in the context of rising costs and the need for offsets. BILD also communicated their support for clear and flexible aspects of the IZ policy framework (e.g. transition, phasing, parking reductions, offsite unit delivery). Several participants commented that IZ should not be limited to protected MTSAs.

Staff Response: The proposed set-aside rates reflect the results of the IZ market feasibility analysis and no changes are recommended at this time. The impact on the market will be monitored to determine if higher or lower set-aside rates are needed in the future. Provincial legislation limits the application of IZ to protected MTSAs in municipalities that are not prescribed by legislation to implement IZ, which includes Mississauga. Public feedback about this limitation will be shared with the Province.

2. Tenure and Project Size

Summary: Participants commented about the proposed exemption for purpose-built rental housing projects from IZ, noting that market rental housing is unaffordable. One participant suggested consideration could be given to applying IZ to luxury purpose-built rental housing. The minimum project size threshold to trigger an IZ requirement (50 units or 3,600 square meters) was considered low by some participants and high by others.

Staff Response: The feasibility analysis demonstrated that the land economics of requiring IZ in purpose-built rental housing could make development challenging. Even before IZ, only 7% of the city's new apartment unit completions have been purpose built rental over the last 20 years, compared to 93% condo. The purpose built rental market has been improving over the last couple of years and this exemption can be reassessed during the next IZ update.

The proposed policy provides a discounted set aside rate to encourage the creation of affordable rental units in ownership developments.

3. Affordability Depth and Term

Summary: Concerns were raised about the need for housing affordable to low-income households and family-sized units affordable to households across the moderate-income household spectrum. Some participants requested the units remain affordable in perpetuity to maintain the affordable inventory. Another participant suggested a 25-year term was appropriate because administration is challenging over the long term.

Staff Response: The policy framework allows for the delivery of units affordable to low-income households, though staff recognize that these types of units will be on an opportunity-basis and will require partnerships and funding from senior governments to be viable. The proposed affordability terms of 25 years for rental and 50 years for ownership may encourage affordable rental housing, will keep rental and ownership units affordable for the long-term, and are generally consistent with other North American jurisdictions. Through Implementation Guidelines, the Region of Peel or non-profit housing providers may be identified as eligible purchasers of an IZ unit, and this could extend the affordability period beyond the prescribed term.

4. Populations at Risk

Summary: Written correspondence on behalf of the Accessible Housing Network requested universal accessibility be required in IZ units and the common areas of buildings. Others raised concerns that the needs of populations at risk (e.g. seniors, people struggling with addiction) are not addressed through the proposed IZ policy and zoning framework.

Staff Response: Staff will consider these issues through the development of Implementation Guidelines and our work with the Region to establish priority segments of the population to be housed through IZ.

Changes to the Proposed OPA and Zoning Framework since the Public Meeting

Refinements to policy wording have been made in addition to the following key changes:

- More detail was added to specify the calculation of unit price / rent thresholds by unit type, and that bachelor units will not count as IZ units.
- After further consultation with Regional staff, the price capping method was selected to control the affordability of ownership, which emphasises the affordability of IZ units over a longer timeframe.
- More detail about administration and monitoring of units has been added, including that Implementation Guidelines will be developed in coordination with the Region.
- Locational criteria was added to the offsite delivery policy to allow offsite unit delivery in different IZ Areas but within 800 metres of the subject development.
- Instead of an IZ signalling policy for portions of Clarkson GO MTSA should employment land conversions occur, the area is now identified as IZ Area 4 with a set-aside rate of

10% (or 5% if affordable rental units are provided). IZ will only apply if residential uses are permitted, as is the case in all other MTSAs.

- The definition of “purpose-built rental housing” now includes rental units that are organized as a condominium, provided that a minimum of 80% of the dwelling units are owned by a single owner. This change effectively exempts this type of rental housing from IZ requirements and is subject to an agreement with the City.
- Specific sites have been identified for exemption from IZ due to their prior agreement with the City to deliver an affordable housing contribution.

The recommended IZ Official Plan and Zoning By-law amendments conform to the *Planning Act* and Ontario Regulation 232/18, which set out IZ implementation procedures and policy and zoning requirements. In a letter dated June 20, 2022, from the Region of Peel Chief Planner and Director of Planning and Development Services, Regional staff indicated that they had reviewed the MOPA and the IZ policies are consistent with the new Regional Official Plan, and is exempt from Regional approval in accordance with Region of Peel By-law 1-2000.

Next Steps

Once adopted, the Official Plan policies and zoning regulations will take effect on the later of January 1, 2023 or when the Province approves an applicable protected MTSA as identified in the new Region of Peel Official Plan. In addition to statutory exemption provisions, additional transition provisions in the IZ By-law allow certain applications to be exempt from IZ if filed prior to the IZ in-effect date.

Through recent Regional Council decisions³, the Region of Peel has indicated a commitment to develop a one-window approach for the administration of affordable housing units generated through initiatives like IZ. Over the coming months, staff will work with the Region to create the administrative framework, Implementation Guidelines, and overall monitoring plan for IZ and report back to Council with updates. The Implementation Guidelines will identify matters including but not limited to procedures for qualifying potential unit renters or purchasers, matching occupants to units, monitoring affordability of units, and other IZ requirements and program parameters.

Staff will also continue to advocate through the Strategic Communications and Initiatives division for permission from the Province to apply IZ city-wide, where it is demonstrated that development under an IZ framework is financially viable.

³ Item 8.4: <https://pub-peelregion.escribemeetings.com/Meeting.aspx?Id=df8632ad-3a8d-41b8-8121-6c28d3da661a&Agenda=Agenda&lang=English&Item=71&Tab=attachments>
 Item 8.1: <https://pub-peelregion.escribemeetings.com/Meeting.aspx?Id=5580723a-358d-4540-94de-f5d1f52adaff&Agenda=Merged&lang=English&Item=68&Tab=attachments>

Strategic Plan

Housing affordability stems from the Strategic Plan “Belong” Pillar. Two strategic goals relate to housing affordability – “Ensuring Affordability and Accessibility” and “Support Aging in Place.” Action 1 – “Attract and keep people in Mississauga through an affordable housing strategy” connects to the work on the City’s Housing Strategy, including IZ implementation.

Financial Impact

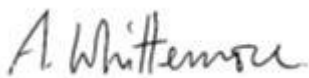
There are no financial impacts resulting from the recommendations contained in this report. Implementation of an IZ policy will have future financial impacts for the City and Region. Staff will report back on the financial impacts of IZ administration at a future date.

Conclusion

This report seeks final approval of a Mississauga Official Plan Amendment and Zoning By-law Amendment that will establish requirements for IZ in new developments in Mississauga. As the City grows, new development will continue to provide affordable housing units. IZ is one tool in the housing toolkit, and implementation of IZ is an important step in ensuring that the affordable housing stock in Mississauga continues to grow.

Attachments

- Appendix 1: Inclusionary Zoning (IZ) Mississauga Official Plan Amendment
- Appendix 2: Inclusionary Zoning (IZ) Mississauga Zoning By-law Amendment
- Appendix 3: Comments on Draft Inclusionary Zoning (IZ) Policies and Zoning Framework Presented at May 30, 2022 Public Meeting



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