

# City of Mississauga Corporate Report



Date: July 15, 2022  To: Chair and Members of Planning and Development Committee	Originator's files: CD.06-INC
From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building	Meeting date: August 8, 2022

## Subject

**Inclusionary Zoning Affordability Term**

## Recommendation

That the Inclusionary Zoning Official Plan Amendment and Zoning By-law Amendment approved by Planning and Development Committee on July 5, 2022 through Recommendation PDC-0071-2022 (Council Resolution 0153-2022), be amended by changing the affordability term for affordable ownership units to 99 years, and by changing the affordability term for affordable rental units to 30 years, including a 5-year phase out of the affordable rental requirements commencing at year 25, as illustrated in Appendix 1 and 2 to the report titled "Inclusionary Zoning Affordability Term," dated July 15, 2022, from the Commissioner of Planning and Building.

## Background

On July 5, 2022, Planning and Development Committee (PDC) approved an Inclusionary Zoning (IZ) Official Plan Amendment (OPA) and Zoning By-law Amendment (ZBA).<sup>1</sup> In response to questions raised by members of the public, PDC also directed staff to examine longer affordability terms. This report provides supplementary information and new recommendations for the affordability term for affordable ownership and rental units secured through IZ.

## Comments

### Affordability Terms in Other Jurisdictions

There are several hundred jurisdictions in North America – most of which are in the US – with forms of inclusionary zoning programs in place. It can be difficult to compare practices across

<sup>1</sup> Recommendation Report, Item 5.8, available here: <https://pub-mississauga.escribemeetings.com/Meeting.aspx?Id=44e134f0-1086-405f-b147-dcdc52993249&Agenda=Agenda&lang=English>

jurisdictions due the significant variation in program parameters, as well as various local economic, political, regulatory, and funding factors that affect program design and execution. There is limited experience on very long affordability terms (e.g. 60+ years), since even the oldest of IZ programs were established in the 1970s and 1980s and are therefore only 40 to 50 years old at present. In general, there is a wide range of practices with respect to the affordability term, from 10 years to perpetuity.

The first jurisdiction to adopt an IZ by-law in Ontario was the City of Toronto. Staff in Toronto originally recommended a 25-year affordability period for both rental and ownership units, but this was changed to 99 years after members of the public expressed that long-term affordability was the biggest priority.<sup>2</sup>

The City of Ottawa is currently considering a 99-year affordability period for affordable ownership units and a 25-year affordability period for affordable rental units.<sup>3</sup>

#### **Affordability Term for Ownership Units**

A 50-year affordability term for ownership units was originally recommended by staff at the July 5, 2022 PDC meeting. Factors that guided this recommendation included:

- 50 years would secure affordability for a long timeframe (i.e. a mortgage amortization period for two subsequent households) and is similar to an accounting life.
- The municipality would be able capture some of the net sale proceeds of a unit before it becomes older and possibly declines in value.
- Affordability term of ownership units does not affect the developer of the units – the unit is passed from one individual owner to another over the term

Staff has reassessed the 50-year recommendation and suggest that extending the term to 99 years would be reasonable. The primary issue of extending the term to 99 years relates to a lack of data on the anticipated value (and related impacts on affordability) of high-rise condominium units far into the future. However, IZ implementation guidelines can address unforeseen circumstances resulting in a unit not being viable as an affordable unit.

Staff investigated the option of a perpetual affordability term and note that 99 years is often used as an enforceable equivalent to perpetuity in legal agreements.

#### **Affordability Term for Rental Units**

Staff proposed a 25-year affordability term for affordable rental to encourage the creation of these units through IZ. Since purpose-built rental housing projects will be exempt from IZ

<sup>2</sup> Toronto Report, available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.1>

<sup>3</sup> Ottawa Report, Item 16.2, available here: <https://pub-ottawa.escribemeetings.com/Meeting.aspx?Id=aaff3cb4-a5a7-4d95-ac14-5c4fe85d3116&Agenda=Agenda&lang=English&Item=85&Tab=attachments>

requirements in this by-law (due to financial viability), the delivery of affordable rental units will stem from IZ requirements in ownership projects. It is likely that condominium developers will opt to provide affordable ownership units unless they are otherwise incentivized to provide affordable rental units.

Staff continue to recommend a shorter timeframe for affordable rental housing. However, participants raised concerns about an “affordability cliff,” whereby the affordability period ends and there is a sudden uptick of tenants of the same building unable to find alternative units with affordable rent. This unintended outcome could occur because newly built rental units are not subject to provincial rent control. To respond to this concern, staff are recommending a phase-out period of 5 years, to ensure tenants are not subject to sudden hikes in rent and have ample time to relocate if necessary. The affordability term is now recommended to be 30 years, but if a unit is vacated after the 25 year, the rental rate on that unit can revert to market value.

### **Next Steps**

Attached as Appendix 1 and 2 to this report are the redlined versions of the approved OPA and ZBA approved on July 5, 2022, illustrating recommended changes to the affordability terms. Staff are recommending approval of these changes. Final Council passage of the OPA and ZBA is targeted for the August 10, 2022 Council meeting.

## **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**

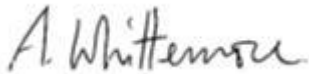
This report recommends changes to the IZ OPA and ZBA approved by PDC on July 5, 2022, in response to concerns raised about the affordability terms for affordable ownership units and affordable rental units. The recommended changes include extending the affordability term for ownership units to 99 years, and adding a 5-year phase out to the affordability term for rental units. Throughout IZ implementation, the impacts of the policy parameters, including the affordability term, will be monitored to understand whether improvements can be made.

---

## Attachments

Appendix 1: Recommended Changes (Redlined) to IZ Official Plan Amendment Approved through Recommendation PDC-0071-2022

Appendix 2: Recommended Changes (Redlined) to IZ Zoning By-law Amendment Approved through Recommendation PDC-0071-2022



---

Andrew Whitemore, M.U.R.P., Commissioner of Planning & Building

Prepared by: Catherine Parsons, MCIP RPP, Planner, City Planning Strategies Division