

City of Mississauga
Corporate Report



<p>Date: November 20, 2024</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>Originator's files: CD.06-INC</p>
	<p>Meeting date: December 9, 2024</p>

Subject

PUBLIC MEETING INFORMATION AND RECOMMENDATION REPORT

Inclusionary Zoning Update and Amendment

Recommendation

1. That notwithstanding planning protocol, the report titled "Inclusionary Zoning Update and Amendment" dated November 20, 2024 from the Commissioner of Planning and Building be considered the public meeting and a combined information/recommendation report.
2. That the proposed Official Plan Amendment and Zoning By-law Amendment attached to the staff report dated November 20, 2024 from the Commissioner of Planning and Building be approved.
3. That staff be directed to retain consultants to undertake an updated Inclusionary Zoning assessment report in accordance with legislative requirements.
4. That all necessary implementing by-laws be enacted at a future City Council meeting.

Executive Summary

- Inclusionary Zoning (IZ) came into effect on January 1, 2023 subject to transition provisions and phasing. The first IZ units will be secured by the end of 2024.
- Staff propose that the 2024 IZ rates remain in effect until an updated assessment report is completed and that the update commence in 2025.
- Housekeeping amendments are proposed to address transition, the Region of Peel, and legislative changes regarding parking in protected Major Transit Station Areas.

Background

Municipalities are authorized to adopt Inclusionary Zoning (IZ) to secure affordable housing in protected Major Transit Station Areas (PMTSAs) under the *Planning Act, R.S.O. 1990, c. P.13* subject to requirements specified in Ontario Regulation 232/18, which include:

- A public status report at least every two (2) years; and
- An update financial assessment report at least every five (5) years.

On August 10, 2022, City of Mississauga (City) Council adopted an Official Plan Amendment (OPA) and Zoning By-law Amendment (ZBA)¹ to bring IZ into effect on January 1, 2023 subject to transition provisions and phasing. The phased-in set-aside rates were based on the 2021 financial assessment report² prepared by N. Barry Lyon Consultants and subsequent peer review³ by urbanMetrics.

Comments

IZ Status Report

IZ has been in effect for almost two (2) years, the by-law had a phase-in period allowing developers time to prepare for the requirement. As a result, staff will secure the City's first four (4) IZ units through a legal agreement by the end of 2024. A complete IZ status report, meeting legislative requirements, is contained in Appendix 1.

1. IZ Amendments

(a) Set-Aside Rates

The next IZ set aside rate increase is scheduled for January 1, 2025 (far right column of Table 1 below). However, staff propose that the 2024 rates (see column outlined in red in Table 1 below) remain in effect until an updated financial assessment report is completed. The financial assessment report serves as the basis for determining set-aside rates that achieve affordable housing without unduly impacting the overall housing market. Since IZ prescribes the amount of affordable housing required, it is not subject to negotiation and is predictable for both the City and the development industry.

¹ <https://www.mississauga.ca/wp-content/uploads/2022/09/14131206/MOPA140.pdf>

² <https://peelregion.ca/sites/default/files/2024-08/nblc-iz-feasibility-analysis-dec-2021.pdf>

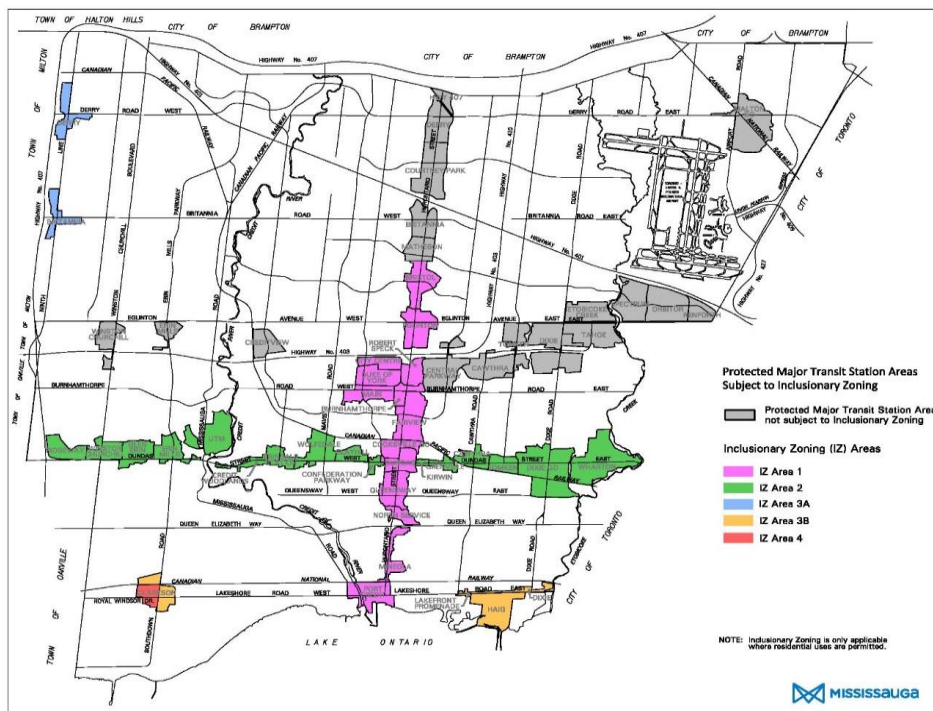
³ <https://peelregion.ca/sites/default/files/2024-08/urbanmetrics-iz-assessment-peer-review-dec-14-2021.pdf>

Table 1 – Minimum Required Percentage of Residential Gross Floor Area (GFA) in Ownership Housing to be Affordable Housing

IZ Area	Tenure of Affordable Housing Units	Applies January 1, 2023 to December 31, 2023	Applies January 1, 2024 to December 31, 2024	Would have applied January 1, 2025
IZ Area 1	Ownership	4%	7%	10%
	Rental	2%	3.5%	5%
IZ Area 2	Ownership	3%	5%	7%
	Rental	1.5%	2.5%	3.5%
IZ Areas 3A and 3B	Ownership	3%	4%	5%
	Rental	1.5%	2%	2.5%
IZ Area 4	Ownership	10%	10%	10%
	Rental	5%	5%	5%

The rates contained in the Official Plan and Zoning By-law (see Table 1 above) are based on the 2021 NBLC financial assessment report and correspond to the areas shown in the map below (Figure 1). Purpose built rental buildings do not have to provide any IZ units and the lower “rental” requirements in Table 1 refer to rental units within ownership (condominium) developments.

Figure 1 – Inclusionary Zoning Areas



Since 2021, there have been changes to the housing market, that both make IZ units more difficult to develop (i.e. slowing sales of ownership units, higher interest rates, and cost escalation) and less difficult to develop (fee exemptions for development charges, parkland dedication, and community benefit charges). Staff propose that updating the financial assessment report should be advanced to commence in 2025 rather than waiting the five (5) year maximum duration permitted by legislation.

Through the Official Plan update, staff are also proposing to allow builders to exceed the height schedules in MTSA's by the equivalent number of floor(s) associated with the IZ gross floor area.

(b) Housekeeping Items

Since IZ is in full force and effect, certain dates in official plan policies that aided with transition can be deleted as they are no longer relevant to the ongoing implementation of IZ. Amendments to policies referencing the Region of Peel (Region) are proposed to allow for greater flexibility around collaboration between the City and the Region for the long term administration of IZ. Finally, policies providing reduced parking requirements for IZ units should be deleted as Bill 185 removed minimum parking requirements in PMTSA's and therefore a reduction is not required.

The proposed amendments are detailed in Appendices 2 (OPA) and 3 (ZBA).

Next Steps

There were several legislative changes being contemplated during the 2023-2024 time period that affected IZ. As a result, some of the IZ administrative work was paused, particularly at the Regional level. Now that more legislative certainty exists, City staff have accelerated discussions with Region of Peel staff on the long-term administration of IZ units, particularly with respect to tenant selection. The objective is to make the process as easy as possible for developers to avoid creating any delays to the development of new housing. The IZ Implementation Guidelines being developed will continue to evolve over time as feedback is received from stakeholders.

Subject to Council approval, the procurement process for the updated assessment report will be launched in 2025 followed by future IZ amendments, where required.

Strategic Plan

IZ aligns with two Belong strategic goals (Ensuring Affordability and Accessibility; Supporting Aging in Place) and the action to attract and keep people in Mississauga through an affordable housing strategy.

Financial Impact

Budget for the updated financial assessment report is available from the capital project Municipal Growth Management (PN 22954 with a budget of \$300K).

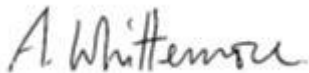
Currently the City is managing the administration of IZ units through existing resources. However, as more units come on stream there will be financial impacts for the City and Region. Staff will report back on the financial impacts associated with the long-term administration of IZ units in 2025.

Conclusion

Staff are committed to assessing the impact of IZ on an ongoing basis and proposing amendments as necessary to maximize the supply of affordable and all housing in Mississauga.

Attachments

- Appendix 1: Inclusionary Zoning Status Report
- Appendix 2: Proposed Mississauga Official Plan Amendments
- Appendix 3: Proposed Zoning By-law Amendments



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