

GENERATING COMMUNITY BENEFIT FROM NEW DEVELOPMENT: WHAT'S IN IT  
FOR PARKDALE?

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# GENERATING COMMUNITY BENEFIT FROM NEW DEVELOPMENT: WHAT'S IN IT FOR PARKDALE?

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## ABSTRACT

Rapidly rising property values and shifts in living patterns have led to housing affordability pressures and gentrification in the Toronto neighbourhood of Parkdale. As a result, community groups are looking to find ways to preserve housing affordability through the creation of new housing units. This paper analyses policy tools that could potentially be used to generate affordable housing from new development. An understanding of current conditions was established and potential policy tools were identified. These include: inclusionary zoning, density benefit agreements, community benefit agreements, and community land trusts. A jurisdictional scan identified common themes and best practices for implementation of these policy tools. Interviews with key informants built upon this basis and provided insight into the applicability of these tools to Toronto. Recommendations were developed to assist community groups in responding to the implementation of these policies and to direct advocacy for further policy changes.

Key words: Affordable Housing, Inclusionary Zoning, Community Benefits, Community Land Trusts

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# 1.0 INTRODUCTION

## 1.1 CONTEXT

Over the past 20 years property values have soared in the Greater Toronto Area (GTA) and across Canada. This increase has been due to policy changes at the provincial and municipal levels (Growth Plan for the Greater Golden Horseshoe & Greenbelt Act), larger societal trends towards urban living, a low interest rate environment, and increasing foreign investment (Gordon, 2017).

As a result, a large wave of new development, especially in the form of condominium towers, has occurred throughout Toronto, producing physical and social changes in many communities. Over the same time period, federal and provincial governments have reduced funding for affordable housing, limiting the construction of new units and straining existing providers (Suttor, 2016).

In light of these pressures, political and social action is coalescing around the need to increase provision of affordable housing and extract greater community benefits from new development. This interest is manifest at all levels of government: the federal government has expressed a renewed interest in providing funding and support for housing; in Ontario the provincial government has introduced new legislation that permits the implementation of inclusionary zoning policies; and finally, the City of Toronto is increasingly pushing developers to provide additional community benefits through Section 37 policies.

The Parkdale community, located along Queen Street to the west of Toronto's downtown core, is experiencing increasing development pressure that threatens to alter the housing landscape within the neighbourhood. As a large number of existing units are provided below market rates, new development will likely increase pressures on the availability and price of housing.

The Parkdale Neighbourhood Land Trust (PNLT), formed in 2010, is a community organization that works to find ways to mitigate the impact of new development on the existing social, cultural, and economic fabric of the community through the use of innovative land ownership and development structures (Kamizaki, 2016). As this neighbourhood is seeing increased development, there is a desire to proactively understand ways in which the community can work with developers and the city to support housing affordability and provide additional benefits for the neighbourhood.

## 1.2 OBJECTIVES

This research project seeks to investigate how communities facing development and affordability pressures can leverage new development to generate tangible community benefits, including new affordable housing units.

Through investigation of available policy tools, best practices from other jurisdictions, and interviews with key stakeholders in Toronto, a series of concise recommendations will be developed. These are intended to help to inform the PNLT

and other community groups during the public consultation process for new development, and will support development of a strategy for generating community benefits.

## 2.0 METHODOLOGY

### 2.1 STUDY DESIGN

In order to approach the research question and address the objectives of this project, a multifaceted research methodology was utilized.

First, an analysis of existing academic literature and government policy documents was conducted to establish a baseline understanding of the issues facing affordable housing development, and to set the context within Canada and Toronto.

Next, a jurisdictional scan was undertaken to catalogue and evaluate policies governing affordable housing provision in select jurisdictions in Canada and the United States. This identified common themes between jurisdictions, and assisted in establishing best practices.

The next phase of the research project consisted of interviews conducted with key informants who are involved in the provision of affordable housing in Toronto to develop an understanding of the processes and realities affecting this field. These sections will help to inform analysis and the development of recommendations.

#### 2.1.1 LITERATURE REVIEW

The literature review utilized peer reviewed academic articles, government policy documents, news articles, and other sources to establish an understanding of the

issues surrounding affordable housing provision. The selected academic articles helped form a rigorous framework for analysis and provided insight into historical policy directions and effectiveness.

Government policy documents provided details on the specific regulations and processes governing the provision of affordable housing, both in Toronto and in other jurisdictions. News articles were utilized to provide further context and detail on the discourse surrounding affordable housing provision and provided insight into the political process surrounding these decisions.

#### 2.1.2 JURISDICTIONAL SCAN

The jurisdictional scan focused on jurisdictions that have implemented or are contemplating implementing policies to generate affordable housing units from new development projects. These cities were selected based on unique characteristics of their policies, perceived effectiveness, and comparability to the Toronto context. The scan catalogued details of policies to enable comparisons between cities. Through this comparison, differences in policy focus and implementation were highlighted, and common themes analyzed. From this jurisdictional scan, best practices were identified and analyzed in order to assist in formulating recommendations.

#### 2.1.3 INTERVIEWS

Participants for the key informant interviews were selected based on their professional involvement in affordable housing provision and new residential

development in Toronto. These professionals were interviewed to develop an understanding of professional opinions on ways to generate community benefits from new development, specifically the provision of affordable housing units. Interviews followed a semi-structured framework to allow for key questions to be answered, but to also allow for a broader conversation around related topics. These responses were summarized and analyzed for key themes, and were utilized to inform analysis and recommendations.

## 3.0 LITERATURE REVIEW

### 3.1 INTRODUCTION

In order to approach the issue of affordable housing provision and housing affordability more broadly, it is necessary to develop an understanding of the history and issues that affect the current legislative, political, and policy environment. To do so, existing academic literature, government policy documents, news articles, and other sources were analyzed to assemble this narrative.

Specifically, sources pertaining to defining affordable housing, the history of affordable housing in Canada and an analysis of the housing market and gentrification pressures in Toronto and Parkdale helped to form the context for this research project. Building on this, existing analyses of policy tools were reviewed, and included analyses of community and density benefit agreements, inclusionary zoning, and community land trusts. Finally, alternative policies and management tools were reviewed. This understanding helped to inform the final analysis and development of recommendations.

### 3.2 DEFINING AFFORDABLE HOUSING

What is affordable housing? The common definition of housing affordability is that it is related to the portion of an individual household's income that they spend on housing. The Canadian Mortgage and Housing Corporation (CMHC) considers 30% of income to be an appropriate percentage of income to be allocated to housing costs (Canada Mortgage and Housing Corporation, 2017). Similarly, the Government of

Ontario's Provincial Policy Statement considers affordability on the same basis, but also includes any housing with rents at any price below the market rate for the region or sales prices 10% below the market rate (Ministry of Municipal Affairs and Housing, 2014). The City of Toronto's Official Plan defines affordable as any rent or purchase price (including utilities and additional costs) that is at or below the average market rate for the city (City of Toronto, 2009).

These definitions, however, do not address the complexities and pressures that exist in certain housing markets, like Toronto or Vancouver, nor does it address the pressures facing low income households. As Chisholm (2003) notes, "if housing costs are perceived to be too high relative to household income, then a housing affordability problem is perceived to exist. The corollary is that a housing affordability problem is also perceived to exist if household incomes are low relative to the cost of housing." As such, it is necessary to consider other factors when evaluating the affordability of housing. Furthermore, other forms of social housing can be considered as affordable housing - these housing units provide shelter and supportive environments for high needs low income individuals, and are often reliant on government funding (Chisholm, 2003).

For the purposes of this paper, affordable housing is considered to encompass a broad spectrum of housing options, ranging from supportive to near market-value housing, with the understanding that varying levels of affordability are required to provide adequate housing opportunities within communities.

### 3.3 CONTEXT

#### 3.3.1 AFFORDABLE HOUSING IN CANADA

The funding, creation, and operations of affordable housing in Canada has had a tumultuous past, with varying levels of support being provided from all three levels of government (federal, provincial, and municipal) over the course of the last 100 years.

Several studies of the evolution of Canadian housing policy have been conducted - these show the ebbs and flows of funding and involvement in the provision of affordable housing. Early trends in social housing provision are explored by John Bacher, who examines conditions in the early to mid-part of the twentieth century in detail (Bacher, 1993). Adding to this basis, Greg Suttor identifies six key “turning points” in the evolution of housing policy in the latter portion of the century (Suttor, 2016). These points mark a shift between different trends in social housing provision, and often paralleled broader societal and economic changes.

Prior to the great depression, there was limited government intervention in the housing market. Concerns over affordable housing were mainly driven by public health considerations, and provision of housing was through private means and social service or religious organizations (Bacher, 1993). The challenges posed by the economic collapse of the great depression resulted in the emergence of federal housing policy (in 1935) which promoted an assisted market strategy. This relied on limited public subsidies for affordable housing, and reforms to the mortgage lending system to help spur the construction of new units.

The post-World War 2 era marks the first era of public housing provision, with modest volumes of social housing being produced, but no overall systemic solutions emerging. Housing production was focused on addressing a wartime backlog and accommodating rapid urban growth. In this era, the Canadian Mortgage and Housing Corporation (CMHC) was founded (in 1946), and the enactment of various iterations of the *National Housing Act* (in 1938, 1944, and 1949) began to solidify the role of the federal government.

Starting in the 1960s, further amendments to federal legislation and the widespread creation of provincial housing corporations greatly increased the rate at which affordable housing was produced. Suttor (2016) refers to this era as the “public housing heyday”. During this period, the affordable housing that was created largely consisted of low income rental apartment housing, developed in projects like Regent Park. The following two decades saw a shift from solely public provision of affordable housing, to more non-profit mixed income and cooperative models. Over this period, responsibility for affordable housing development began to be shifted to provincial governments however the federal government maintained a role in leading policy and funding.

In the 1990s federal involvement ended, as a result of changing political priorities and broader economic conditions. Responsibility for affordable housing was further devolved to the provinces, and federal funding and subsidies phased out. In

Ontario, this devolution was implemented to a greater extent than other provinces - responsibility for affordable housing was devolved to municipalities. This has presented specific challenges, as municipalities are unable to generate new sources of revenue for capital construction and ongoing maintenance and repairs (Hackworth and Moriah, 2006).

Starting in the mid-2000s, the federal government began re-engaging in the funding of affordable housing; however, control remains with individual provinces resulting in differing rates of provision. Most recently, the 2017 federal budget proposes allocating \$11 Billion of a \$22 Billion social infrastructure fund towards the creation and maintenance of affordable housing (Canadian Press, 2017). This has the potential to begin to address the longstanding shortfall in funding, and allow for the creation of new affordable housing projects across the country.

### 3.3.2 AFFORDABLE HOUSING IN TORONTO

In Toronto, affordable housing has been provided by a number of organizations, consisting of public housing providers and private non-profit and profit organizations.

The largest affordable housing provider is the Toronto Community Housing Corporation (TCHC), which was formed in 2002 by merging a number of government-run housing providers within the city of Toronto. The organization is responsible for 2100 buildings, which house approximately 110,000 individuals, who generally pay rents geared to income (Toronto Community Housing Corporation, 2017b). In recent

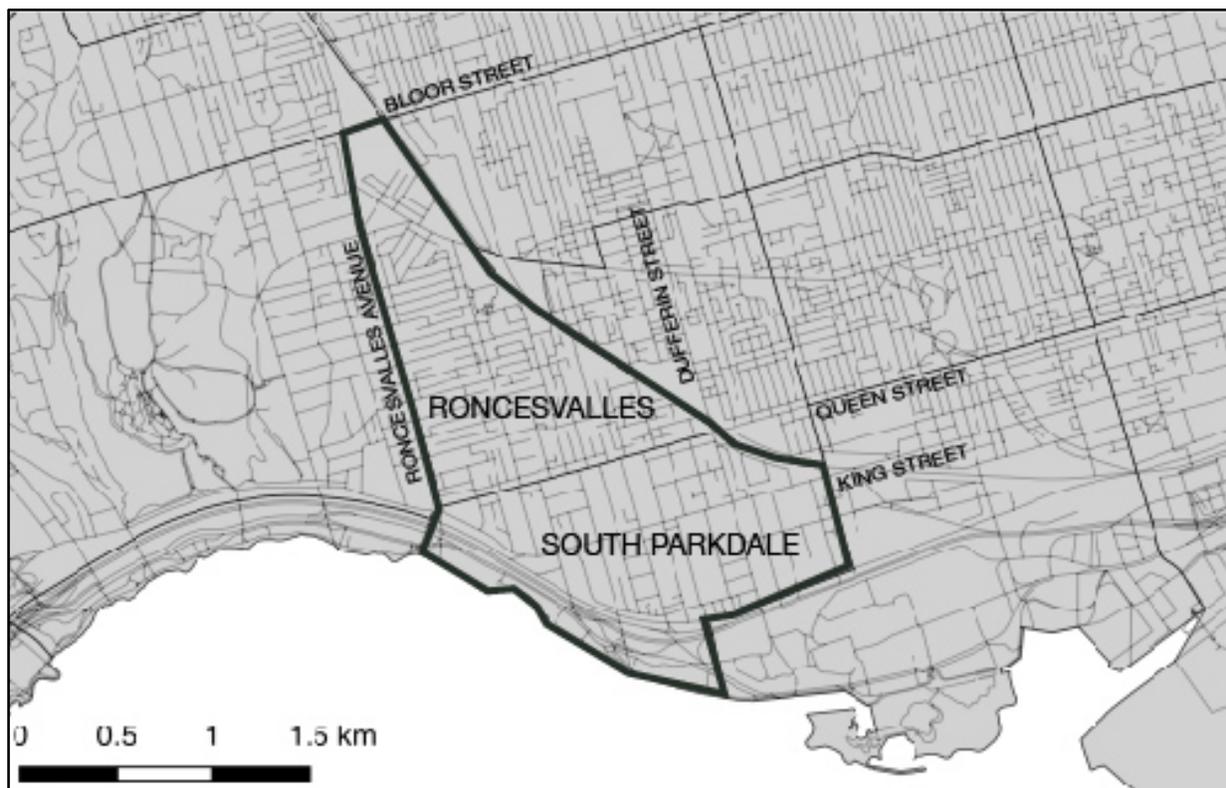
years, the TCHC has undertaken a number of redevelopment projects to rehabilitate and expand their affordable housing portfolio. In order to do so, they have partnered with private developers to comprehensively redevelop and reimagine existing affordable housing communities.

In Regent Park, for example, an ongoing partnership with the Daniels Corporation has seen the remaking of the community as a mixed use, mixed income community with over 2000 units of affordable housing and 5000 units of market rentals and condominiums (Toronto Community Housing, 2017a). However, this redevelopment will not increase the number of affordable TCHC units, and concerns have been raised about the social impact of the overall project (August, 2014). In addition, the TCHC currently lacks funding to complete further affordable components of the project (McKeen, 2017).

The St. Lawrence Market neighbourhood is often cited as a successful model of affordable housing provision, with a broad mix of affordable units (provided through coops and affordable rental buildings) and market units (in condominiums and market rental buildings) (Hume, 2014). However, the conditions that led to the creation of this neighbourhood are no longer present - as discussed previously, the creation of these types of affordable projects was reliant on federal and provincial support. As such, the creation of new, mixed income areas in Toronto to the extent of the St. Lawrence Market area has been less prevalent in recent years.

In recent years, the City has created a charter to guide the development of affordable housing. The Housing Opportunities Toronto (HOT) action plan sets out the framework for the creation of affordable housing in the city for the period from 2010-2020 (City of Toronto, 2009). In this plan, specific targets are set for affordable unit creation and funding, and annual progress reports are delivered to council to measure ongoing work.

### 3.3.3 PARKDALE



*Figure 1: Context Map*

The community of Parkdale, located west of Toronto's downtown core, is composed of two neighbourhoods (as defined by the City of Toronto): Roncesvalles and South Parkdale (see Figure 1). As Slater (2005) explores, Parkdale was originally a

separate village that evolved to become an affluent commuter suburb and was eventually amalgamated with the growing city. The community began to decline following the Great Depression, and was further impacted by the construction of the Gardiner Expressway. Broader societal changes in the 1970s, that included the de-institutionalization of psychiatric patients, significantly impacted the community given its proximity to the Centre for Addictions and Mental Health (CAMH) on Queen Street.

As a result, the existing housing stock of large Victorian houses was converted into low cost housing, enabling the community became a refuge for individuals with mental health conditions. In recent years, the availability of low cost housing has enabled immigrant and refugee populations to establish strong communities. In particular, the Tibetan and Roma communities (prior to 2012) were concentrated in Parkdale (Kamizaki, 2016).

Many residents in the community, particularly in South Parkdale, are low income and rely on the availability of low cost housing options. This housing stock, which includes rooming houses, older apartments, and other precarious housing arrangements is aging and facing pressure for redevelopment or re-marketing (to attract wealthier demographics).

The Parkdale Community Economic Development Plan identifies and analyses the housing affordability issues that are present in the Parkdale community (Kamizaki, 2016). A large percentage of residents in the community (especially South Parkdale)

are low-income, and are predominantly renters. Which, when coupled with rising rents and redevelopment, places extreme pressure on housing affordability and accessibility and increases the risk of displacement. For example, many existing rooming houses (converted from large single-detached houses), are being reconfigured to contain only one or two units, at a much higher price point. In addition, existing mid-1960s apartment towers are being renewed and rent prices are rising.

The planning study identifies specific strategies that the community can take to better respond to these pressures, in order to prevent displacement and broader community upheaval. These strategies include: the creation of a land trust, to retain property in community ownership; conversion of existing rooming houses to non-profit cooperatives; establishing an affordability benchmark for the community, in order to preserve and track changes to existing affordable housing; and, develop community capacity for responding to development proposals and engage in collaborative planning. Further areas of the report aim to address employment, culture, democratic participation, and financial matters.

### 3.3.4 GENTRIFICATION IN PARKDALE

The process of gentrification, first defined by British sociologist Ruth Glass in 1964, is tied to social and cultural changes within a community that result in an existing population becoming marginalized, and over time, displaced (Lees, Slater, and Wyly, 2008). As mentioned, the changes that the Parkdale area is undergoing heighten the

possibilities of displacement of marginalized populations and broader community upheaval.

Some academic work has been conducted that explores the impacts of gentrification in Toronto, and in Parkdale specifically. Lehrer and Weiditz (2009) and Skaburskis (2012) examine the broader changes to the property market in Toronto, and the subsequent changes to demographics and socioeconomic status. In particular, the continued trend of condominium construction and increasing displacement of low income individuals are highlighted. As Skaburskis notes, it is expected that “gentrification [will] continue to transform the inner city to displace the remaining lower-income households not living in social housing” (2012). He notes that the only likely effective way to prevent this displacement is by enacting housing programs that ensure a mix of social strata in inner city neighbourhoods.

Slater (2004), explores the history of the Parkdale and the gentrification process underway in the community, and identifies the role that City policy has had in “managing” gentrification. In particular, the licensing and enforcement of standards in rooming houses and other low rent apartments can be seen as driving landlords to raise rents and shift units to other market segments - a process that we can see being repeated over a decade later (Mathieu, 2017). The impact of this process of gentrification on residents of the community is explored by Mazer and Rankin (2011) in their study of the “cognitive maps” of different demographics in the area - that is, the way in which they see their community and where they identify they belong or are

welcome. Through this, a picture begins to emerge of the disparate communities that exist within the neighbourhood.

### 3.4 POLICY TOOLS

A number of policy tools exist that can be utilized to derive benefits from new development. This section will explore the most common tools used in North America, and will evaluate their effectiveness and applicability to Toronto. Figure 2 (below) provides a brief overview of these tools.

| <b>Policy Tool</b>          | <b>Potential Benefits</b>   | <b>Tradeoffs</b>   |
|-----------------------------|---|--|
| Inclusionary Zoning         | Affordable housing units provided on or off site, fees or land in-lieu of requirement | Increased development costs, additional density          |
| Density Benefit Agreement   | Affordable housing, community space, funding for community orgs/initiatives           | Additional density, potential overdevelopment, shadowing |
| Community Benefit Agreement | Jobs, training, community space, funding for community orgs/initiatives, housing      | Community acquiescence to negative impacts               |
| Community Land Trust        | Community ownership and stewardship of land   | Need for funding or land donation                        |

*Figure 2: Summary of Policy Tools*

#### 3.4.1 INCLUSIONARY ZONING

A key policy tool that can be utilized to generate specific community benefits from new development is inclusionary zoning (IZ). A key requirement of IZ is that new development provides a certain percentage of residential units as affordable units, often in exchange for additional development rights. This aims to offset the affordability

impacts of new development within a specific area provide affordable housing without direct public subsidy (Scheutz, Meltzer and Been, 2008). IZ has been used in many American cities, to varying extents and degrees of effectiveness. In addition, municipal and provincial governments are increasingly contemplating the use of IZ in Canadian cities in response to fast-paced residential development and the subsequent changes in housing affordability (Ministry of Municipal Affairs and Housing, 2017).

Implementation of IZ policies varies between jurisdictions, with different approaches to the specific requirements for affordable unit provision, levels of affordability, tenure, and other aspects. In addition, the application of the policy differs, with some cities choosing to apply IZ requirements city-wide and others limiting it to specific areas. Furthermore, incentives for providing affordable units vary as some cities only require affordable units when an increase in density is requested whereas others require affordable unit provision in every project, regardless of zoning changes. Most jurisdictions provide developers with an option to not provide units either within a development or on site, this non-performance option typically takes the form of payment of fees-in-lieu on a per unit basis, provision of land for future affordable unit development, or off site construction of affordable units (Scheutz, Meltzer and Been, 2008).

The City of Toronto is not currently authorized to implement mandatory IZ; however, in late 2016, the *Promoting Affordable Housing Act*, received Royal Assent, which opens the door to the use of IZ in Ontario. As of Q1 2017, specific regulations

have yet to be outlined, and implementation will require individual municipalities to pass amendments to their Official Plans and Zoning Bylaws. Crucially, these amendments will not be subject to a right of appeal to the Ontario Municipal Board (OMB), ensuring that IZ requirements will not be overturned or watered down. The City has provided some insight into policy directions for a future IZ program, however specific details have yet to emerge. Given that the Act allows municipalities to utilize both IZ and Section 37, it is likely that these programs are to continue concurrently (City of Toronto, 2016b).

While IZ can generate new affordable units from new development, it is generally not sufficient to solve housing affordability issues by itself, and in fact may contribute to housing affordability issues (Scheutz, Meltzer and Been, 2011). To compensate for the cost of providing affordable units, developers may raise the prices of market units within a project. In addition, IZ programs may not effectively target all levels of affordability, and as such can produce only housing targeted to a specific segment of the market (often middle income workforce housing) (Mah, 2009).

Concerns also exist that the use of multiple density benefit programs, such as Section 37 and IZ policies, would further increase housing costs and exacerbate affordability issues, unless policies are carefully designed to weigh the additional costs with the additional density granted (Clayton and Schwartz, 2015). These critiques and the concerns they raise bring into the question of the ability of IZ to address housing affordability. At the very least, they identify the need to ensure IZ policies are effectively

tailored to local housing market conditions to offset potential impacts. Furthermore, the targeting of IZ generated affordable units is critical to consider.

#### 3.4.2 DENSITY BENEFIT AGREEMENTS

Density benefit agreements (DBA) or density benefit incentives (DBI) are mechanisms utilized by many municipalities to obtain specific public benefits as compensation for additional development rights above the base zoning for a site (Mattinson, 2015 & Moore, 2013).

These agreements are intended to provide some degree of compensation to the community for the additional impacts that a proposed development may impose. This compensation typically takes the form of additional amenities within the community, which can include a broad range of contributions, including: public art, improvements to the public realm, affordable housing, funding for community organizations, and many others.

In Ontario, Section 37 of the Planning Act provides municipalities the authority to extract additional benefits from development that is facilitated by the rezoning of a site to allow for greater density or height. First implemented in the 1980s, this mechanism is intended to address the additional pressures on the community, and is not intended to replace or augment the existing development charges system which aims to recoup the costs of servicing new development. As a result, each Section 37

contribution must be negotiated individually, lest it be construed as an additional tax levied on the development (Devine, 2012).

Recent criticism of the negotiation process for Section 37 agreements has led the City of Toronto to revise its implementation guidelines in an attempt to better provide clarity and consistency in the provision of these community benefits (City of Toronto, 2014). These guidelines highlight the importance of responding to the needs of the specific community where the proposed development is located, and acknowledges the need for consultation with that community. However, the process by which this consultation is to occur is still left open to interpretation and variability.

Ideally, a community will have been proactively consulted to determine a priority list of local benefits that will then be considered during subsequent Section 37 agreement reviews. As this proactive process appears not to have occurred in many communities, the existing status quo process of negotiation continues. The local ward councillor continues to have a large degree of influence over the process, which may result in uneven distribution of 'benefits' throughout the ward (Keenan, 2015). While Section 37 agreements have been used to provide affordable housing, such as the Red Door Shelter on Queen Street East (Monsebraaten, 2015), competing interests for community benefits and relatively low rates of contribution have resulted in relatively few affordable units being provided through this mechanism (Mah, 2009).

### 3.4.3 COMMUNITY BENEFIT AGREEMENTS

In response to large infrastructure projects and other transformative changes that directly affect specific communities, community benefit agreements (CBAs) have emerged as a policy tool to attempt to produce direct benefits for affected communities.

This policy tool rose to prominence in the early 2000s, after the Staples Centre project in Los Angeles utilized a CBA to offset the impacts to the immediate community from construction and ongoing redevelopment (Been, 2010). In general, they seek to obtain acquiescence from communities that are affected by undesirable land uses or long-term construction impacts by providing tangible benefits to residents. These benefits typically consist of jobs for local residents, educational programs, environmental remediation, park spaces, and affordable housing, although the possible realm of benefits is quite broad and subject to variation based on the particular aspects of a project.

In Ontario, the *Infrastructure for Jobs and Prosperity Act* enacted in 2015, provides a framework for large infrastructure projects to provide specific community benefits. The intent of this policy is to allow for the leveraging of infrastructure projects to benefit the communities in which they are constructed, by providing jobs, training, and other neighbourhood improvements (Galley, 2015). In addition, Section 37 of the *Planning Act* (which will be discussed in greater detail in the following section) provides

a framework for securing community benefits from new development projects. In Toronto, community benefits agreements have been secured in the redevelopment of Regent Park, where jobs and training for local residents (in addition to other benefits) were secured, and the Eglinton Crosstown Light Rail Transit project, where jobs, training, and local procurement were secured.

#### 3.4.4 COMMUNITY LAND TRUSTS

Community Land Trusts (CLTs) are a policy and community organization tool that aims to remove land from the speculative property market to preserve affordability and provide long term stewardship of housing (Davis and Jacobus, 2008).

Through joint ownership models (where the CLT retains ownership of the land and other parties own buildings, or some combination thereof) and restrictions on resale prices CLTs are able to limit the appreciation of property value over time, ensuring long term affordability and requiring the land be used in a way that benefits the community. In general, CLTs are aimed at preserving housing affordability, and at providing access to communities that may otherwise be excluded from participation in the housing market. However, as Moore (2016) notes, CLTs can also be used for exclusionary purposes, by restricting sale or membership to specific group.

The creation of CLTs has often been driven by two forces: first, by municipalities wanting to provide effective management for affordable housing units, as in the case of the Chicago Community Land Trust; and second, by community organizing in response

to emerging pressures in a specific neighbourhood, such as the Dudley Street Initiative in Boston (Engelsman, Rowe, and Southern, 2016). In Parkdale, the emergence of a CLT was driven, in part, by increasing affordability pressures within the community (Goodmurphy and Kamizaki, 2011), and the organization seeks to “protect the social, cultural and economic diversity of Parkdale by redefining how land is used and developed” (Parkdale Neighbourhood Land Trust, n.d.). In this instance, it is hoped that the CLT will be able to preserve housing affordability and improve the available supportive housing stock through retention and renovation of existing rooming houses.

## 4.0 JURISDICTIONAL SCAN

Many jurisdictions in Canada, and the United States have enacted policies that are aimed at extracting new affordable housing units from new developments, often in exchange for additional development rights. These policies differ in their application - some jurisdictions have utilized mandatory inclusionary zoning, while others rely on voluntary programs. In addition, differing approaches have been used to manage the affordable housing units that are created from these policies.

This section will explore these policies in greater detail and provide summaries of the approaches used in various jurisdictions. (Refer to Section 8.2 for a chart showing a complete summary of jurisdictions and policy details.) Common themes and best practices will also be reviewed and summarized.

### 4.1 CANADA

In general, Canadian cities have not had the ability to implement mandatory inclusionary zoning policies. As a function of their constitutional status, they are reliant on provincial governments to provide the necessary legislative authority to enact such mechanisms. In Ontario, the provincial government has recently passed enabling legislation for inclusionary zoning (Ministry of Municipal Affairs and Housing, 2017), and discussions about similar legislation have been ongoing in Alberta (Government of Alberta, 2016).

In the absence of the ability to mandate the provision of affordable housing units, Canadian cities have taken alternative approaches to encourage the development of new affordable housing units.

#### 4.1.1 TORONTO

The City of Toronto does not currently have specific regulations in place to require the provision of affordable housing as part of new development. Policies exist at the municipal and provincial level to compel the replacement of existing rental units (in buildings over 6 units), and to limit rent increases to existing rental units (although this is limited to buildings constructed before 1991).

Section 37 of the Planning Act allows the City to collect community benefits in exchange for allowing additional development rights (density, height, etc.) (City of Toronto, 2014). These community benefits can include the provision of affordable housing in a new development, or funds to allow the construction of units off-site. However, there is no set formula for determining appropriate community benefits, and negotiations between city staff, politicians, the developer, and the community can produce inconsistent results.

Recently, the provincial government has passed legislation that will enable the use of inclusionary zoning (Ministry of Municipal Affairs and Housing, 2017). However, the inclusionary zoning regulations as proposed by Province do not yet provide

specific details on implementation - these details may be left to individual municipalities to implement through Official Plan and Zoning Bylaw amendments. The City of Toronto has provided some indication of the direction they wish to pursue, specifically noting that the target for unit set-aside should be 10%. However, they also request that cities have the option of restricting IZ usage to specific areas, and desire the ability to utilize it in conjunction with Section 37 (City of Toronto, 2016b).

The City's Official Plan also outlines requirements for providing affordable housing when large sites (larger than 5 hectares) undergo redevelopment. In these cases, developers must set aside 20% of units as affordable (City of Toronto, 2015). Unit provision can occur on or near the site, and developers can also choose to provide land or fees-in-lieu. This establishes the provision of affordable housing units as a priority community benefit for discussions around potential additional density or height (Drdla, 2010b). Building on this requirement, the City has implemented the Open Door Program to spur construction of affordable units. This program aims to make City-owned land available to affordable housing providers to construct new units, and includes fee waivers and other financial supports (City of Toronto, 2016a).

#### 4.1.2 MONTREAL

The approach taken by the Ville de Montreal to generate affordable housing from new development is largely through the application of voluntary guidelines. The city does not have specific authority to mandate the inclusion of affordable units, so is

reliant on developers for cooperation and participation. Incentives are provided to encourage developers to participate in this program.

Given the complexities of the governmental structure present in Montreal, the guidelines established by the city are then applied by each borough in accordance with specific area needs and conditions (Drdla, 2010a). The guidelines apply only to projects over 200 units, and establish an affordability target of 30% of units in a project. Of this 30%, the affordable units are intended to be divided equally between social housing and affordable workforce housing. The social housing component (15%) is intended to be affordable rental housing, targeted at low income individuals. In addition, the affordable housing component (15%) is intended to provide affordable ownership housing that is targeted at working individuals earning up to 120% of the AMI. Management of social and affordable units varies between projects and boroughs, although the SHDM (Société d'habitation et de développement de Montréal) is often responsible for managing affordable units, either under an ownership or rental model (Ville de Montreal, 2005).

#### 4.1.3 VANCOUVER

The City of Vancouver utilizes a number of policy programs to generate affordable housing and other community benefits.

The Affordable Housing Provision policy, which was first implemented in 2013, aims to spur the creation of new rental units and affordable housing (City of Vancouver, 2016a). This policy, which continues to be revised, aims to address both the general lack of rental units in the city, and to create more affordable rental or ownership options. The program is targeted at specific areas of the city, with major transit corridors being prioritized. Developers are offered incentives, such as density and/or height bonuses, to encourage the development of these unit types. In addition to rental housing, innovative forms of ownership, such as co-housing or community land trusts, are encouraged. The program is limited to 20 applications per year, and there are restrictions on the proximity of projects within specific areas. Management of units varies between projects, although developers are encouraged to partner with community organizations to ensure long-term affordability. In the case of affordable units, the City works to verify that units are being allocated to lower income households, and will implement legal mechanisms (restrictive covenants) to ensure affordable ownership units remain affordable.

The City of Vancouver also utilizes a density benefit system for developments that seek an increase in density or height. The Community Amenity Contributions (CAC) program aims to capture a percentage of the increase in value associated with a rezoning (City of Vancouver, 2017). The contribution can constitute a payment or can be satisfied through the production of in-kind benefits. In 2015, CACs contributed \$57 million in funding to affordable housing, and produced an additional 1200 market owned rental units (City of Vancouver, 2016b).

## 4.2 UNITED STATES OF AMERICA

In contrast to Canadian jurisdictions, cities in the United States often have the ability to utilize alternative policy tools to encourage the development of affordable housing. These tools typically take the form of inclusionary zoning; however, the implementation of this mechanism varies between cities. In addition to zoning incentives, some jurisdictions employ tax subsidies to encourage the construction of new affordable units.

In general, through the greater powers afforded to municipalities by the United States' system of governance, a broader spectrum of policy tools has been developed to create and support affordable housing; however, the market-oriented nature of these programs can limit their ability to create deeply affordable units.

### 4.2.1 NEW YORK CITY

New York City adopted inclusionary zoning ordinances, in 1987, with initial developer participation being voluntary and tied to specific density bonuses (Drdla, 2016b). The city recently undertook revisions to the regulations governing inclusionary zoning in order to address current housing market conditions and affordability pressures in various areas of the city (City of New York, 2016). These revisions made inclusionary zoning mandatory in certain neighbourhoods, and provided developers with more options for providing affordable units.

The general ratio of affordable unit provision varies between 20-30% for units provided on site, and 25-35% for units provided off site. For example, if units are provided at a higher level of affordability (40% of area median income), developers are only required to provide 20% of units at this level of affordability. In contrast, lower levels of affordability (i.e. 80% area median income), requires a greater percentage of units (30%) to be set aside. A further option allows developers to provide affordable housing targeted at specific workforce segments - this requires a lower level of affordability, and is intended to be used in employment areas where housing is limited. These recent changes have also aimed to establish the permanence of the provided affordable units - these are now required to be affordable in perpetuity, whereas previously the duration of affordability varied.

#### 4.2.2 BOSTON

The City of Boston implemented its inclusionary development policy (IDP) in 2000, in response to rapidly escalating housing costs and limited affordable housing provision (Drdla, 2009a). The program applies to projects with ten or more units, including those financed by the City, built on property owned by the City, or requiring zoning changes. Each project is required to provide 15% of the total number of market units as affordable units, which results in approximately 13% of units within a project being classified as affordable. Developers can also provide the required number of affordable housing units off-site. Alternatively, they can choose to provide an Affordable Housing Contribution (fee-in-lieu) calculated by multiplying the number of

affordable units required by an Affordable Housing Cost Factor (approximately \$200,000/unit) (City of Boston, 2015). These funds are then utilized by the City's affordable housing office to purchase land and/or construct affordable units throughout the city.

Management of affordable rental units created through this program is the responsibility of individual developers and property owners. Landlords must ensure that tenants meet the eligibility criteria set out by the City - income and rent limits are updated on an annual basis. These restrictions are defined in an Affordable Rental Housing Agreement and Restriction which limits the leasing of these units for a specified period of time (50 years is typical). Affordable ownership units are sold by the developer, and are required to be deed (title) restricted to ensure resale affordability.

#### 4.2.3 DISTRICT OF COLUMBIA

The District of Columbia employs an inclusionary zoning program to produce affordable rental and ownership housing. This program applies to new residential developments of 10 or more units, and certain renovation projects that expand the residential floor area of a building by more than 50% or add more than 10 units. Developers are required to provide 8-10% of residential floor area as affordable units (District of Columbia, 2009). The District's Department of Housing and Community Development manages the provision and occupancy of affordable units. Maximum income levels, rental prices, and sale and resale prices are set by the department

annually. Affordability of inclusionary zoning units is preserved through a standard rider clause on rental leases, and through restrictive covenants on the title of ownership units.

Residents interested in residing in an affordable unit must register with one of a number of community organizations, which are responsible for verifying income and managing entry into the affordable housing waitlist. In addition, potential residents must attend an orientation class that explains the processes and regulations of the inclusionary zoning system. Qualified residents are then selected through a lottery system that allocates available units based on a random selection, with weighting for local residency, employment, and time on the affordable housing waiting list (District of Columbia, 2017).

#### 4.2.4 CHICAGO

The Affordable Housing Ordinance employed by the City of Chicago utilizes inclusionary zoning to generate affordable housing units from new residential development. The requirements apply to projects where zoning changes have been requested to allow for greater density, new residential uses, or the inclusion of residential units at ground level (where previously not permitted). In addition, projects that receive land or financing from the City are subject to the program's requirements (Drdla, 2016a). Projects of 10 or more residential units are required to provide a minimum of 10% of units at affordable prices, except in situations where the City has

provided funding or land - these projects are required to provide 20% of units as affordable.

Recent changes to the program have introduced 3 zones across the city: downtown, high-income areas, and low-moderate income areas. Within these areas the requirements for on and off site provision and payment of fees-in-lieu vary to reflect the differing costs and challenges of affordable unit provision. For example, the fee-in-lieu rate for affordable units in the downtown area is set at \$225,000, versus \$50,000 for low-moderate income areas. Incentives are provided for developers who choose to build near transit (increased floor area) or who sell affordable units directly to the City or other authorized agencies \$25,000 reduction in fees-in-lieu) (City of Chicago, 2017a).

Management of affordable units generated under this program varies. Rental units can be managed by the developer or property owner under guidance provided by the City. Ownership units are typically transferred to the Chicago Community Land Trust (CCLT) which places a 99-year title restriction on the units to preserve long-term affordability. In addition, the CCLT's housing trust fund receives 50% of fees-in-lieu generated by this program to invest in additional affordable housing projects. Units managed by the CCLT are sold to income-qualified buyers who agree to lower future resale prices that guarantee a return on investment below the market value appreciation of the property (City of Chicago, 2017b).

#### 4.2.5 SAN FRANCISCO

The City of San Francisco's Inclusionary Affordable Housing Program applies to residential projects of 10 or more units. This program applies to both as-of-right projects and those requiring modifications to the zoning of their site (Drdla, 2009e). Developers can choose to provide the required affordable units on or off site (as affordable rental or ownership units), or pay fees-in-lieu (Affordable Housing Fee), however each option requires a different level of affordable unit provision. For example, large projects (with greater than 25 units) are required to provide 25% of on-site units as affordable, but are required to provide the equivalent of 33% of units if the off-site provision or fees-in-lieu option is chosen (City and County of San Francisco, 2016). This is designed to incentivize developers to provide units on site, rather than in alternative locations.

Affordable units are targeted at low to middle income households earning less than 90% of the AMI. Of note, priority is given to households already living/working in the city, and to those displaced by other revitalization efforts. The Mayor's Office of Housing determines appropriate sales and rental rates annually, and vets potential resident incomes. Following guidelines set out by this department, developers are responsible for the initial marketing and sale of affordable ownership units, and are generally responsible for the management and maintenance of affordable rental units. Long-term affordability, which is intended to be permanent, is secured through restrictive covenants and liens on title, and the City retaining a contractual right of first refusal to purchase affordable units if they become available for resale.

#### 4.2.6 PORTLAND

In light of the State of Washington removing restrictions on the use of inclusionary zoning, the City of Portland is currently evaluating the implementation of an inclusionary housing policy to spur the creation of affordable housing units within new developments in the city (City of Portland, 2016). The proposed policy changes have been approved in principle, and are now undergoing further development and consultation prior to implementation. As one of the newer inclusionary zoning programs in the US, this program proposes to incorporate key features from other jurisdictions.

Two affordability options are provided for in the policy - the first would require developers to provide 20% of units to households earning 80% of AMI or less, the second (considered the 'deep affordability' option) requires the provision of 10% of units to households earning less than 60% of AMI. Incentives are envisioned to encourage developers to provide affordable units on site. These could include density bonuses, exempting affordable units from parking requirements, and reductions in development charges and other fees. Off-site provision of affordable units could be accomplished through construction of new units or the rehabilitation and dedication of existing units as affordable, although this option would result in reduced incentives. A specific management structure has yet to be determined, but will likely be similar to the models used in other American cities.

#### 4.2.7 SEATTLE

Seattle's inclusionary housing policy is currently undergoing revisions to transition from the previous voluntary program, to a mandatory inclusionary zoning system (City of Seattle, 2016). The program only applies to specific zones and areas within the city, generally urban core areas that are located near transit. The provision of affordable units is directly linked to additional FAR received as a density bonus. Commercial developments are also eligible for this incentive - provision of affordable housing units or childcare facilities allows developers to construct additional commercial FAR.

Provision of affordable units can be accomplished through two options: first, the performance option requires affordable units be constructed on or off site, and second, the payment option, where fees-in-lieu are paid to support the development of affordable units across the city. The specific rate of affordable unit provision varies, as developers can negotiate the requirement at council for each project, however has typically ranged from 8-14% of units at 50-100% of AMI. Management of affordable rental units is the responsibility of the developer or landowner - they must remit records to the City annually to verify that affordability criteria are being met. Sales of affordable units are coordinated by the City's office of Housing, with maximum initial sales price and resale prices being restricted through restrictions placed on title.

#### 4.2.8 MONTGOMERY COUNTY

Montgomery County, Maryland, which is located close to Washington, DC, has employed inclusionary zoning to provide affordable housing units since 1973 (Drdla, 2009d). This policy has been revised over the intervening years to remain relevant to current market conditions and housing affordability trends.

Currently, all new residential developments (with the exception of large lot and unserviced subdivisions) are required to provide 12.5% of units as affordable units, regardless of any zoning or other incentives. On sites where an increase in density is proposed, a direct linkage is made between the increase in density and the affordable unit provision requirement. The affordability requirement increases by 0.1% for every 1% in increased density that is requested.

The required affordable units are targeted at moderate income households, earning 60-70% of AMI; however, income thresholds are often determined on a project-by-project basis in order to respond to area-specific needs (Montgomery County, 2017). Developers can meet the affordable housing requirement by paying fees-in-lieu, providing land in alternative locations, or by constructing units off site. These alternatives are typically only considered in situations where specific attributes of a proposed development will work to limit affordability, such as homeowner association (HOA) fees. The County enforces development standards to ensure affordable units provide adequate size and unit composition (number of bedrooms).

Developers are responsible for marketing and sales of affordable ownership units, based on standards and income levels provided by the county. Restrictions are placed on title to limit the amount of profit that can be generated upon resale during the affordability period and to ensure that units remain affordable.

#### 4.2.9 DAVIS

The City of Davis, California faces unique pressures in its housing market, as it is a small university city surrounded by prime agricultural land which both exacerbates housing demand and limits urban growth. As a result, the City has employed a number of progressive planning initiatives, including inclusionary zoning (Drdla, 2009c).

Starting in 1977, the inclusion of affordable housing units has been required in new housing developments within the city. The specific details of the policies have been continually revised to reflect current housing market trends. The current policies focus on providing two streams of housing from the inclusionary requirements: the first is targeted at lower income households (affordable housing program), and the second is targeted at middle income or workforce households (middle income housing program). Low income units are intended for households earning 30-80% AMI, while middle income units are intended for households earning 120-180% AMI. The rates of provision of affordable units varies based on the size, typology, tenure, and targeted market of a housing development, but generally ranges from 25-35% (City of Davis, 2017).

Developers receive a density bonus for providing affordable units on site - this typically allows the construction of additional units equaling the number of affordable units required. Fees-in-lieu are accepted when a specific hardship affects the provision of affordable units, such as the size or typology of a project. Affordability is secured through restrictive covenants, liens on property (for difference between permitted resale price and original price), and a right of first refusal for the City to purchase the units. Developers handle sales of affordable units through brokers approved by City, must follow an approved marketing process, and must use legal agreements prepared by the City. The City sets maximum resale and rental prices on an annual basis, and ensures required process and documentation is being followed.

#### 4.2.10 BURLINGTON

The City of Burlington, Vermont has been an innovator in the creation of affordable housing units, with inclusionary zoning policies being implemented in 1990 (Drdla, 2009b). The program is somewhat unique in that it considers the market segment proposed units are targeted to when determining the required affordable unit provision rate. Projects that are intended to be more affordable (i.e. middle income family housing) are required to provide fewer affordable units, whereas units targeted at the higher-end of the market (i.e. luxury condominiums or vacation properties) are required to provide affordable units at a higher rate (City of Burlington, 2017). However, specific areas of the city (such as the waterfront) have consistent rates of affordable

unit provision across all market segments to ensure affordable housing is provided. In these areas, alternative forms of affordable unit provision (i.e off site or fees-in-lieu) are not permitted.

Developers are incentivized to produce affordable units on site through fee waivers and density bonuses, and are penalized for off site provision through increased affordable unit provision rates. Development standards ensure that affordable units are comparable in size and layout to market units, preventing developers from providing substandard units. Affordable rental units are generally managed by the developer, based on rental rates and income levels set by the City. Ownership units are typically transferred to the Champlain Housing Trust (a Community Land Trust) for management, which ensures long-term affordable ownership (Buki, et al., 2017).

## 4.3 COMMON THEMES + BEST PRACTICES

From review of these jurisdictions, it is evident that policies used to generate affordable housing from new developments differ in both their approach and general requirements, and the management of affordable units varies. However, some common themes and potential best practices emerge from analysis of these policies.

### 4.3.1 COMMON THEMES

- Requirements for affordable unit provision should vary based on the tenure and location of provision. Cities can incentivize the provision of rental or affordable units, and can also dis-incentivize off site provision by adjusting the provision rate between these options.
- Opportunities for developers to provide alternative delivery of affordable units should be dis-incentivized and any fees-in-lieu collected should adequately reflect the cost of providing an affordable unit in a comparable location.
- The city department responsible for affordable housing provides marketing and operational assistance to developers to help lease or sell affordable units. This ensures that affordable units are effectively allocated and that households meeting the targeted income levels occupy the units.
- Lotteries can be used to ensure fair allocation of available affordable housing units. Often these are combined with a weighting system that provides some degree of priority for households already residing or working in a specific area.
- Community land trusts can be used to retain and/or manage ownership of affordable units and ensure that units remain affordable at time of resale. This

also provides an effective mechanism for handling fees or land received in-lieu of affordable unit provision.

| <b>Theme</b>                 | <b>Details</b>  | <b>Example</b>                   |
|------------------------------|---|----------------------------------|
| Affordable Unit Requirements | Requirements should vary based on the level of affordability, tenure (rental/ownership), and location of provision (on/off site)  | Davis, New York                  |
| Incentives                   | Incentivize the provision of rental or affordable units and dis-incentivize off site provision by adjusting the provision rate  | Burlington, Davis                |
| Alternative Provision        | Alternative delivery methods for affordable units should be dis-incentivized and any fees-in-lieu collected should adequately reflect the cost of providing an affordable unit in a comparable location | Chicago, Portland, San Francisco |
| Allocation                   | City provides marketing and operational assistance to lease or sell affordable units, ensuring that units are effectively allocated to households meeting the targeted income levels                    | District of Columbia, Seattle    |
| Lotteries                    | Used to ensure fair allocation of available affordable units, and are often combined with a weighting system that provides priority to households residing or working in area                           | District of Columbia             |
| Land Trusts                  | Used to retain and/or manage ownership of affordable units and ensure that units remain affordable at time of resale, also effective tool for handling fees or land received in-lieu                    | Burlington, Chicago              |

*Figure 3: Summary of Common Themes*

#### 4.3.2 BEST PRACTICES

- By specifying a fixed rate for the fees required when affordable units are not provided in a development, as in Boston and Chicago, developers are provided certainty as to the costs of in-lieu provision. In addition, this tool can be used to incentivize affordable unit provision.
- In the District of Columbia, the use of community organizations to register residents for affordable unit allocation allows residents to be connected to additional support services and advice.
- Chicago utilizes different zones within the city to set affordable unit provision rates and calculate fees-in-lieu. This allows the policy to reflect conditions in different areas of the city and can better address differences in land and construction costs in the downtown core versus the suburbs. In Seattle and Burlington, inclusionary zoning regulations only apply to specific areas of the city or have restrictions on the alternative provision of affordable units, allowing for adaptations to divergent conditions and pressures within the city.
- Providing a direct link between increases in density and affordable unit provision, as in Montgomery County, allows developers and communities to see a direct correlation between additional density and affordable units. Similarly, in Davis the number of additional units a developer is permitted to build above the base density is directly related to the number of affordable units provided.
- In order to address housing needs in varying segments of the affordable market, the inclusion of two or more options for affordable units can result in the provision of a broader range of affordable units. In Portland, a ‘deep

affordability' option would require the provision of fewer units, but at greater affordability. In Davis, there is an option to provide either low income or workforce housing.

- Linking the development of commercial space to the provision of affordable units, as done in Seattle, can ensure that housing is provided close to employment. This could also be used for other in-demand community amenities, such as childcare.
- Providing other incentives for the construction of affordable units, such as the waiving of parking requirements in Portland, or the reduction in application fees or development charges in Burlington, can encourage developers to provide units on site.

## 5.0 ANALYSIS

This analysis will evaluate policy tools identified through the literature review and jurisdictional scan, and attempt to determine the characteristics of each tool that would be required to successfully generate affordable housing units in Parkdale. In order to further integrate professional opinion and local context into the evaluation, the analysis will take into consideration comments generated during the stakeholder interviews. Through this, a better understanding about the suitability of these policy tools will be developed. However, it is important to note that individual policy tools, on their own, will likely not be successful in generating sufficient numbers of affordable units.

### 5.1 COMMUNITY + DENSITY BENEFITS

Policy tools that generate direct community benefits from a specific project have the potential to offset negative externalities associated with the construction process or final built form. In doing so, communities can leverage new development or infrastructure projects to provide needed amenities or other tangible benefits that may not otherwise be built or funded.

As noted previously, application of DBAs has become increasingly prevalent in Toronto, with Section 37 being used to secure a wide range of community benefits from new developments. CBAs are also beginning to be implemented to offset the impacts from large infrastructure projects, like the Crosstown LRT. Through these agreements, communities in Toronto have benefited from new park space, public art,

community centres, affordable housing, and many other forms of community improvements.

While these benefits can be beneficial to the communities that receive them, they do not necessarily reflect the direct impacts caused by a particular development. In addition, the process used to negotiate and secure these benefits is opaque and can lead to uneven results between development projects. Other jurisdictions have provided direct linkages between the additional development rights sought and the benefits received by a community. Furthermore, the process by which community priorities are established is important - received benefits should reflect the needs of the immediate community.

It is also important to recognize that accepting community benefits in exchange for a development is not to be equated with community acquiescence - that is the perception that a developer is able to 'buy' community support. This is clearly a very difficult distinction to make, and as a number of interviewees noted, critical in ensuring broad support from all residents. Having a clear vision of what benefits the community needs and the ways in which to provide them can help to avoid this perception.

In some instances, communities have elected to resist development pressures entirely, until community objectives are secured. In Vancouver's Downtown Eastside and Chinatown areas, a number of community organizations are advocating for no new development until affordable housing is secured within the community (Eagland, 2016).

While this approach can be seen as an attempt to limit pressures on affordability and as a bargaining tactic with government and service agencies, it is likely to have limited impact on affordability and housing issues as it is limited in geographic scope.

Community organizations are well placed to engage in negotiation for community benefits; however, they must have a clearly defined community need in mind. Clearly articulating this message will likely produce better results and produce a development that is more amenable to the community.

## 5.2 INCLUSIONARY ZONING

As a potential policy tool, Inclusionary zoning has attracted much attention in Toronto. The Chief Planner has speculated that over 12,000 affordable units could have been generated between 2011 and 2016 if IZ policies were in place (Monsebraaten, 2016). However, it is important to consider and question who these affordable units would be targeted at.

Looking at the cities examined in the jurisdictional scan, a large number of IZ programs target middle-income households, earning approximately 80% of the AMI. This is, in part, a reflection on the housing market pressures in cities that have chosen to enact IZ programs - it is likely that the AMI in these areas is quite high, and as a result households are able to spend more on housing. IZ programs have thus tended to target middle-income working class populations, but do not address other income levels. Interviewees raised concerns about this - while the provision of affordable units

is positive, this will not address housing affordability pressures at the lower end of the market and will not limit the likelihood of displacement.

Some cities have attempted to tailor IZ policies to multiple income levels by offering developers options for providing affordable housing units. These options typically present a sliding scale, with fewer units being required at higher rates of affordability versus more units required at lower levels of affordability. Multiple interviewees noted that this approach could have merit, but may still not produce units at low end of market. In addition, these units are hard to convince developers to build, given the need for resident supports that are often required - these are seen as not being compatible with market rate units or development business plans.

Further concerns exist with the typical tenure and ownership structure of units being built. Given market preference for condominiums (ownership model), to ensure compatibility with this form of tenure, it is likely that IZ units will be built as affordable ownership units. While this could be an opportunity for the community groups like the PNLT, in terms of retaining equity and benefiting from value increases, it could also limit the ability to provide housing for households that would not qualify for ownership programs.

The scale of development proposed in Parkdale may also result in fewer units being generated than necessary to offset potential price inflation caused by the introduction of market rate units into the neighbourhood. The local councillor noted

that new development is likely to be small or medium scale (given existing/proposed secondary plans) and will therefore not produce large numbers of affordable units. Further to this concern, if IZ is implemented only as a density benefit tool (i.e. effective only when developments receive additional density through rezoning) the number of units generated will be minimal.

### 5.3 COMMUNITY LAND TRUSTS

The use of Community Land Trusts to preserve neighbourhood housing affordability is a promising concept. Removing land from the speculative property market and conserving it for community benefit can ensure that it is used in ways that directly help residents. A number of interviewees expressed support for models (like CLTs) that remove land from the speculative market to preserve affordability. However, in order to do so startup funding or land donation is required. This is especially an issue given Toronto's rapidly escalating property prices, and potentially limits the impact a CLT could have in the immediate term.

In reviewing the role that CLTs can play in affordable housing advocacy and provision, two clear models emerge. The first, is of a community-led initiative that advocates for, and manages land and/or housing in a specific neighbourhood. Organizations like the Dudley Street Neighbourhood Initiative in Boston, is an example of how community initiative can be used to address housing affordability pressures.

The second model is one where the CLT is utilized city-wide to manage and ensure long-term affordability of housing units generated through IZ or DBA policies. This approach is used in Chicago and Burlington, where the Chicago Community Land Trust (CCLT) and Champlain Housing Trust (CHT) are responsible for managing most units generated from these programs. Of note, in Chicago the program is largely targeted at affordable ownership, whereas in Burlington the CHT provides affordable rent and ownership opportunities, and also partners with existing homeowners for assistance with capital repairs and affordability.

In general, interviewees were supportive of community organizations like the PNLT being involved in stewarding housing affordability; however, many expressed concerns that funding and land acquisition remain large barriers. In order to address these barriers, community organizations should advocate to be an integral part of any policy tool that generates affordable housing. This could take the form of ownership or management of on-site units, construction of off-site units, or receiving fees or land in-lieu. In doing so, CLTs can retain control over affordable units and ensure that they are targeted at the needs of the community.

#### 5.4 GENERAL OBSERVATIONS

The use of policy tools to leverage new development to generate new affordable housing units is a positive step towards supporting housing affordability. However, this alone will not generate sufficient numbers of units to address pressures on affordability in markets like Toronto. Interviewees noted the importance of increased funding for

affordable housing, both for capital and operating costs, as a way to truly address housing affordability. They noted that a return to previous funding models, where the federal government was more involved, would be necessary to support the development of needed supportive housing and shelter spaces. These types of housing will likely not be systematically addressed through DBA or IZ policies.

## 6.0 RECOMMENDATIONS

Following analysis of existing literature and policies and practices in other jurisdictions, a series of recommendations have been formulated to provide guidance to the PNLT and similar organizations. These recommendations are intended to be broad in scope, to allow the PNLT to tailor them as needed. In addition, given the uncertainty surrounding IZ regulations in Toronto, this will allow the PNLT to respond in an appropriate manner to any consultations that occur.

**Recommendation 1** - *Create a definition of “affordable housing” that works for Parkdale. This must reflect the specific conditions and needs of the community.*

Existing definitions of affordable housing as utilized by the Province and City may not adequately capture the housing needs of Parkdale. Ensuring that conversations around affordability reflect community needs is important when negotiating for community benefits and affordable housing provision.

**Recommendation 2** - *Determine an appropriate and reasonable amount of non-market housing to advocate for in new developments.*

Provision rates for affordable units vary greatly between cities that have implemented IZ or DBA programs. In addition, there is not yet clarity on what rates the City of Toronto will consider. The PNLT should be prepared to respond to

consultations on this topic with an understanding of what proportion of new units would need to be affordable. Furthermore, if the community wishes to advocate for units at a highly affordable rate, it would be appropriate to consider tradeoffs between differing affordability levels.

**Recommendation 3** - *Consider advocating for in-lieu contributions, either through funding or land, to allow the PNLT to construct affordable housing that best meets the needs of Parkdale.*

If the PNLT wants to pursue construction of highly affordable units, advocating for in-lieu contributions from new development could facilitate the purchase of land or contribute to construction costs and allow for the development of units that better meet the needs of the community.

**Recommendation 4** - *Advocate for involvement of the PNLT in managing affordable housing in Parkdale, such as units generated from IZ or Section 37, to preserve long-term affordability.*

The PNLT could be a key partner, along with other non-profit housing organizations, in managing affordable housing in Parkdale and ensuring that it remains affordable. Joint ownership models could work to allow the PNLT to retain ownership of land, while a partner organization operates the housing on site.

**Recommendation 5 - Continue advocating for increased public funding of affordable housing in Parkdale.**

The use of policy tools like IZ or DBAs will not generate sufficient affordable housing units to address affordability issues in Parkdale. Increased public funding is necessary to create new affordable housing units and support existing units. While the 2017 federal budget indicates that funding for affordable housing will be increased, this will only begin to address the housing shortfall that exists across the country. The PNLT is well placed to advocate for increased funding in Parkdale and in Toronto.

| <b>Recommendation</b>   | <b>Action</b> | <b>Actors</b>                                 | <b>Examples</b>                                       |
|---|---------------|---|---|
| Create a definition of “affordable housing” that works for Parkdale. This must reflect the specific conditions and needs of the community.                              | Define        | PNLT, PARC, Community Members                 | San Francisco Living Wage definition                  |
| Determine an appropriate and reasonable amount of non-market housing to advocate for in new developments.   | Define        | PNLT, Community Members, Development Partners | Portland ‘Deep affordability’ option                  |
| Consider advocating for in-lieu contributions, either through funding or land, to allow the PNLT to construct affordable housing that best meets the needs of Parkdale. | Advocate      | PNLT, Development Partners                    | Chicago Community Land Trust, Champlain Housing Trust |
| Advocate for involvement of the PNLT in managing affordable housing in Parkdale, such as units generated from IZ or Section 37, to preserve long-term affordability.    | Advocate      | PNLT, City of Toronto, Development Partners   | Chicago Community Land Trust, Champlain Housing Trust |
| Continue advocating for increased public funding of affordable housing in Parkdale.   | Advocate      | PNLT, City of Toronto, Province               | Dudley Street Neighborhood Initiative                 |

*Figure 4: Summary of Recommendations*

## 7.0 CONCLUSION

Policy tools like Density Benefit Agreements (DBAs) or Inclusionary Zoning (IZ) are unlikely to generate sufficient affordable housing units to address affordability and displacement pressures in communities like Parkdale. There are, however, ways that these policies can be implemented to ensure that the units that are provided are more in line with the needs of the community.

Organizations like the Parkdale Neighbourhood Land Trust (PNLT) can play a role in advocating for the provision of these more affordable units, and continue advocating for additional funding for affordable housing. In addition, the PNLТ is well-placed to be an integral partner in developing and stewarding any lands or funds received in-lieu of affordable unit provision.

Given the current state of IZ policy in Toronto, the PNLТ needs to continue to be a voice for affordable housing needs and Parkdale to ensure that the forthcoming IZ policy will allow new development to generate affordable housing that is appropriate for the community.

# APPENDICES

## A1 INTERVIEW SUMMARIES

### **Interview 1: Non-Profit Affordable Housing Provider**

- Discussion of definition of affordability. Standard definition ( $\frac{1}{3}$  of income) is not enough. Should include social and nonprofit housing. How do we address the lowest quintile of household incomes?
- In comparison to other jurisdictions in the world, Toronto is still relatively affordable. In the UK, politicians were advocating for up to 70% affordable housing provision in new development
- Charitable status is not a tax advantage, in the context of the costs of building and operating housing. Private sector gets similar tax breaks - no advantage for nonprofits.
- Inclusionary Zoning is not going to be relevant to low income or most vulnerable households. Will likely be targeted at affordable ownership models - middle income workers.
- Not helpful to set a percentage at this point - need to focus on affordability levels first. Who will units be targeted at? How will the units be built?
- How much will it cost the City to implement IZ? Open Door program has taken subsidies to implement. Addition of affordable units will likely raise costs across the board.
- Communitas Development in Edmonton is doing good work in developing nonprofit housing.

- Not enough development in Parkdale for IZ to make a significant impact in addressing affordable housing. Size of developments also a factor - how many affordable units are likely to be generated?
- Concerns with ownership model - is it a good policy choice to lock people into ownership units? Housing market is predicated on speculation.
- Land trust is best model to manage affordable ownership units - long term preservation of affordability.
- Community benefit agreements are an interesting concept - typically targeted at apprenticeship and training programs. Potential for affordable housing to be included in CBAs - dedication of land?
- Unlikely to benefit Parkdale, as there are likely no major projects coming to or near the community. DRL may provide opportunity for CBA and development around stations.

## **Interview 2: Non-Profit Affordable Housing Developer**

- Affordable ownership models can be tailored to many income levels, if mixed income levels are included to help ensure affordability.
- Traditional rent geared to income programs can encourage dishonesty - applicants may underreport income or other resources. Ownership models can tap into family or offshore resources.
- Building and operating affordable ownership housing can be up to 25% cheaper than rental housing.

- Additional social benefits can be derived from ownership model - improved connection to communities, etc.
- Inclusionary zoning is ineffective - limited number of units likely to be generated from new development.
- Concerns that upcoming policies will be targeted to industry needs, not housing needs - likely to be focused on unit numbers at targeted price levels, than unit quality or size.
- Need to release government owned land for community interest - connect land with non-profit developers and organizations to build housing.
- Land trusts may not resolve problem - 'burying' money in land limits availability for future projects.
- Affordable housing policy needs a drastic shift to address problems with provision. Market is not balanced to needs - spectrum of options needed, in line with resident needs.
- Current affordable housing models may 'trap' existing residents in inadequate housing - limited opportunities to transition from subsidized housing.
- Best approach IZ could take would be to provide land for non-profit organizations to utilize.
- Affordable housing is not exclusive to other community benefits - housing itself is important for community, but other facilities are also needed.
- Ownership model can ensure that community ties stay in place - reduce likelihood of displacement that may occur with rental housing.

### **Interview 3: Local Ward Councillor**

- Section 37 will never yield a large amount of money in Parkdale - most of what is built is midrise, or close to what zoning allows.
- Inclusionary zoning will be targeted to address midpoint of market, not what Parkdale needs. Especially in current market conditions - midpoint is a lot higher than it once was.
- Parkdale needs deep affordability - not typically captured under typical affordability definitions.
- What are existing affordable housing programs trying to achieve? Housing for stable, working populations. Doesn't address lowest portion of society.
- IZ can potentially address speculative pressures - only pay for construction costs of units to remove potential profits.
- Lowest portion of housing market needs ongoing supports - both in construction and in supporting ongoing operations and maintenance. Also need to increase support services to help people stay in housing.
- Real solution is to raise taxes to support affordable housing.
- Parkdale is unlikely to see significant growth compared to some areas of the city - existing zoning and OP designation limits potential growth.
- New units are being built in Parkdale, but this is coupled with loss of population density in existing housing stock - conversion of rooming houses, declining household sizes, etc.

- Negotiating with new development is unlikely to yield significant new truly affordable units - real solution is to remove housing units from speculative market and appropriately fund them.
- Deep affordability requires additional funding to support operations, maintenance, and support services. There will always be some part of society that will require these supports - tax dollars will be needed to support this.
- Market has already dictated efficient unit sizes - often market condos or rentals are similar to rooming houses.
- Consider internal subsidies within buildings - mixed income nonprofit model.
- Land trust model could work, but needs funding and land to succeed. May be more successful on city or regional level to spread costs and assets.
- Challenge is in delivering a public good through the market - market solutions will never address fundamental need to appropriately fund affordable housing.

#### **Interview 4: City Councillor and Affordable Housing Advocate**

- Inclusionary zoning alone cannot provide for low end of the market, although programs can be tailored to provide deep affordability - requires additional subsidies or other programs.
- Not sure if Province will allow City to provide 'deep affordability option as part of IZ policy.
- Section 37 and IZ have to work together - affordable housing should be considered as a core part of every building, and section 37 can address additional development concerns.

- Key will be in specific regulations released by Province - this will be the defining factor in what City is able to do.
- Housing affordability has evolved over the last 40 years - policies need to evolve and diversify to address current conditions.
- Supportive and social housing need more attention - workforce housing is easy to produce.
- Importance of support from other levels of government - City can't pay for this core need on its own.
- Increasing housing supply is important - population is increasing and they need places to go. Need to open up existing land for development - leverage existing public assets and resources.
- Open Door program is starting to pursue this strategy. City is also conducting a review of all real estate holdings across departments.
- Need to remember that affordable housing is not a community benefit - it should be considered a basic need. Developers know that Section 37 is the only mechanism that currently exists to generate community benefit, and it may not be worth setting a precedent with asking for affordable housing.
- Can be useful to leverage Section 37 to generate land for affordable housing - similar to large sites policy. Challenge is still to fund the construction of housing.

#### **Interview 5: City Staff Lead for Affordable Housing Policy**

- Parkdale is largely a stable neighbourhood from a development perspective (as per OP), as a result little Section 37 money is likely to be generated.

- Challenges facing Parkdale are mainly to do with conversion of rooming houses and gentrification. Existing housing stock (i.e. Victorian houses) in high demand.
- Challenge with land trusts is that there is limited funding - hard to participate in market place with high real estate prices. Most land trusts have been successful in lower cost markets. Certainly play an important role in advocating for public use of land.
- Inclusionary zoning is also based on development occurring - not clear that it will make a big impact in Parkdale.
- Still a long way to go for specific IZ policies - provincial regulations, City by-law, public hearings, etc. Need to decide details of implementation and how to address costs associated with it.
- Does it apply the same city-wide? Different needs in different communities.
- Significant administrative costs and time likely to be associated - need to ensure unit provision and enforce affordability over time.
- Need to determine specific affordability levels and connection to density bonusing - how will this impact approvals?
- IZ is not a remedy to all housing issues - typically produces mid-range affordable housing, not other levels of affordability.
- Tradeoffs exist when different options for IZ affordable unit provision are provided - is unit size (e.g. 3 bedroom) or tenure (rent/own) more important than affordability level?
- Policies must respond to market conditions - current market is building mainly small condos, meaning IZ units will likely be similar. We need larger, rental units.

- Potential for geographic disconnect - new building often happening away from where services are.
- IZ not right policy tool to address deeply affordable housing - need increased funding from all levels of government to build and operate these units.
- Existing policy directions seem to focus only on initial funding - larger structural changes to tax system needed to incentive construction of rental housing.
- British Columbia is doing a good job (at the provincial level) of encouraging and funding the development of affordable housing. Providing land for affordable housing and utilizing revenue from new sources of taxation (foreign buyers tax) to fund affordability initiatives.

A2 JURISDICTIONAL SCAN CHART

| Jurisdictional Scan - Affordable Housing Policies in Canada |  |                           |              |                               |                      |                                   |   |  |   |  |
|---|--|---------------------------|--------------|-------------------------------|----------------------|-----------------------------------|---|--|---|--|
| Jurisdiction  | Program  | Policy Tool               | Year Adopted | Participation                 | Duration             | % Affordable                      | Income Levels   | Details  | Management  | Resources  |
| Vancouver   | Community Amenity Contributions                              | Density Benefit Agreement | 1999         | Voluntary                     | Varies               | Varies                            | Varies  | <ul style="list-style-type: none"> <li>- Community Amenity Contributions (CACs) are obtained when developers rezone a site to allow greater density or development rights</li> <li>- two different methods apply for negotiating CACs - in some areas of the city, specific contribution targets have been set to direct the amount and destination of the funding at a set rate, in the remaining areas of the city contribution rates are negotiated for each project</li> <li>- CACs can be used for Community amenities, park space, cultural facilities, and affordable housing</li> <li>- participation is technically voluntary - developers who do not seek rezoning do not participate, but where rezoning is sought, Contributions are mandated</li> </ul>           | <ul style="list-style-type: none"> <li>- Management of affordable housing or other housing units generated through CACs varies based on the project</li> <li>- Given Vancouver's general shortage of rental housing, the City will often accept private market rate rental units as a community contribution</li> </ul>   | <a href="http://vancouver.ca/home-property-development/community-amenity-contributions.aspx">http://vancouver.ca/home-property-development/community-amenity-contributions.aspx</a>  |
|   | Affordable Housing Provision                                 | Density Benefit Agreement | 2013         | Voluntary                     | Varies               | Varies                            | Varies<br>20% below market target for Affordable Ownership option | <ul style="list-style-type: none"> <li>- Targeted at specific areas within the city - typically along major transit corridors</li> <li>- Designed to incentivize the creation of 100% rental buildings or create affordable ownership units (with long-term restrictions on resale)</li> <li>- Rental units are not specifically targeted at below market rates - policy aims to address a general shortage of rental housing in the city</li> <li>- Innovative forms of ownership, such as co-housing or CLTs, are encouraged</li> <li>- Program designed to incentivize developers who build affordable housing by allowing greater height and/or density on a specific site</li> <li>- Limit of 20 applications per year, and restrictions on proximity of sites</li> </ul> | <ul style="list-style-type: none"> <li>- Rental units are typically managed by private company (developer or management partner)</li> <li>- Affordable Ownership units management varies by project</li> <li>- Generally verified by City to be securing affordability through legal mechanism (restrictive covenant, etc)</li> <li>- Developers have option to partner with community group or land trust to maintain affordability</li> </ul> | <a href="http://vancouver.ca/people-programs/affordable-housing-interim-rezoning-bylaw.aspx">http://vancouver.ca/people-programs/affordable-housing-interim-rezoning-bylaw.aspx</a>  |
| Montreal  | Inclusionary Housing Strategy                                | Inclusionary Zoning       | 2005         | Voluntary                     | Varies               | 30% (15% Affordable + 15% Social) | <120%   | <ul style="list-style-type: none"> <li>- Applied only to projects over 200 units</li> <li>- Guidelines only - Montreal does not have the authority to mandate affordable housing provision</li> <li>- Each borough applies guidelines in accordance with specific area needs and conditions</li> <li>- Reliant on participation and cooperation of developers</li> <li>- Affordable component is targeted at ownership - moderate income workforce housing</li> <li>- Social component is targeted at rental - low income</li> <li>- Subsidies and grants are available to incent developers to participate</li> </ul>   | <ul style="list-style-type: none"> <li>- Management of affordable housing component varies between projects and boroughs</li> <li>- The SHDM (Société d'habitation et de développement de Montréal) is often responsible for managing affordable units, either under an ownership or rental model</li> </ul>  | <a href="http://ville.montreal.qc.ca/portal/page?_pageid=9437.1212.19636&amp;_dad=portal&amp;_schema=PORTAL">http://ville.montreal.qc.ca/portal/page?_pageid=9437.1212.19636&amp;_dad=portal&amp;_schema=PORTAL</a>  |
| Toronto   | Inclusionary Zoning (possible regulations suggested by City) | Inclusionary Zoning       | TBD          | Mandatory (in specific areas) | 20 Years (suggested) | min. 10%                          | TBD   | Inclusionary Zoning regulations as proposed by Province do not yet provide specific details on implementation - these details may be left to individual municipalities to implement through Official Plan and Zoning Bylaw amendments. The City of Toronto has provided some indication of the direction they wish to pursue, specifically noting that the target for unit set-aside should be 10%. However, they also request that cities have the option of restricting IZ usage to specific areas, and desire the ability to utilize it in conjunction with Section 37.   | Specific management arrangements have yet to be determined, however it is likely that existing community organizations will be involved.  | <a href="http://www.mah.gov.on.ca/Page13790.aspx">http://www.mah.gov.on.ca/Page13790.aspx</a><br><a href="https://www1.toronto.ca/City%20Of%20Toronto/Affordable%20Housing%20Office/Shared%20Content/pdf/A1605308_InclZoningSub_Aug9.pdf">https://www1.toronto.ca/City%20Of%20Toronto/Affordable%20Housing%20Office/Shared%20Content/pdf/A1605308_InclZoningSub_Aug9.pdf</a> |
|   | Section 37   | Density Benefit Agreement | 1983         | Voluntary                     | Varies               | Varies                            | Varies  | Section 37 allows the City to collect community benefits in exchange for allowing additional development rights (density, height, etc.). These community benefits can include the provision of affordable housing in a new development, or funds to allow the construction of units off-site. However, there is no set formula for determining appropriate community benefits, and negotiations between city staff, politicians, the developer, and the community can produce inconsistent results.  | Affordable units provided as a community benefit may be managed by the developer, community groups, or other parties.   | <a href="http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=7e570621f3161410VgnVCM10000071d60f89RCRD">http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=7e570621f3161410VgnVCM10000071d60f89RCRD</a>  |
|   | Large Sites Policy   | Density Benefit Agreement |              | Voluntary                     | Varies               | 20%                               | Varies  | <ul style="list-style-type: none"> <li>- The Official Plan 'Large Sites Policy' (3.2.1(9)) applies to the redevelopment of sites over 5ha, where rezoning is sought to allow additional height and/or density</li> <li>- States that the first community benefit priority is the creation of 20% of the additional units as affordable units</li> <li>- The developer may build these units themselves, or convey land on the site to the City for construction of affordable units - in some instances the City may allow developers to construct affordable units offsite, provide land offsite, or pay cash-in-lieu</li> <li>- These requirements are guidelines and are subject to negotiation with every proposal</li> </ul>  | Affordable units provided as a community benefit may be managed by the developer, community groups, or other parties.   | <a href="http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=03eda07443f36410VgnVCM10000071d60f89RCRD">http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=03eda07443f36410VgnVCM10000071d60f89RCRD</a>  |

**Jurisdictional Scan - Affordable Housing Policies in the United States of America**

| Jurisdiction         | Program                                 | Policy Tool         | Year Adopted    | Participation                     | Duration      | % Affordable   | Income Levels | Details  | Management  | Resources   |
|----------------------|---|---------------------|-----------------|-----------------------------------|---------------|--|---------------|--|---|---|
| Boston               | Inclusionary Development Policy         | Inclusionary Zoning | 2000            | Voluntary                         | 50 years      | 15%  | <70% - 100%   | <ul style="list-style-type: none"> <li>- Program applies to projects with ten or more units, those financed by the City, built on property owned by the City, or requiring zoning relief</li> <li>- Requires that each project provide 15% of the number of market units as affordable units, which results in approximately 13% of units being affordable</li> <li>- Developers can also provide the required 15% affordable housing units off-site, or by providing an Affordable Housing Contribution (fee-in-lieu) calculated by multiplying the number of affordable units required by an Affordable Housing Cost Factor (\$200,000)</li> </ul>                       | <ul style="list-style-type: none"> <li>- Rental units are not managed by the city - private landlords are responsible for ensuring tenants meet eligibility criteria.</li> <li>- these restrictions are set out in an Affordable Rental Housing Agreement and Restriction which limits the leasing of these units for a specified period of time.</li> <li>- the City provides updated income and rent limit details on a yearly basis</li> <li>- affordable units for sale are required to be deed (title) restricted</li> </ul>   | <a href="http://www.bostonplans.org/housing/key-documents">http://www.bostonplans.org/housing/key-documents</a>   |
| District of Columbia |   | Inclusionary Zoning | 2006            | Mandatory                         | Permanent     | 8-10%  | <50% - 80%    | <ul style="list-style-type: none"> <li>- Program requires 8-10 % of residential floor area be provided as affordable units</li> <li>- New residential developments of 10 or more units, and renovation projects that expand a building by greater than 50% and add more than 10</li> </ul>   | <ul style="list-style-type: none"> <li>- units for rent or sale are distributed through a lottery system - residents wishing to live in affordable units must enter competition</li> <li>- District sets income limits, rent levels, and sales prices annually</li> <li>- Lease agreements include rider clause limiting tenancy to qualified affordable housing tenants (determined through lottery)</li> <li>- Units for sale are title restricted to limit sales price and market-value appreciation</li> </ul>  | <a href="http://dhcd.dc.gov/service/inclusionary-zoning-affordable-housing-program">http://dhcd.dc.gov/service/inclusionary-zoning-affordable-housing-program</a>   |
| Chicago              | Affordable Requirements Ordinance       | Inclusionary Zoning | 2003            | Mandatory                         | 30 - 99 years | 10%  | <60% - 120%   | <ul style="list-style-type: none"> <li>- Applies to residential developments of 10 or more units and requires that developers provide 10 percent of their units at affordable prices.</li> <li>- Also applicable where a zoning change is granted that increases project density or allows a residential use not previously allowed, or the development is a "planned development" within the downtown area</li> </ul>   | <ul style="list-style-type: none"> <li>- affordable units are typically placed under the control of the Chicago Community Land Trust ***</li> <li>- CCLT homeowners agree to resell the home to another income-qualified buyer at an affordable price.</li> <li>- The affordable resale price is the original affordable price plus a portion of any increase in the market value giving the owner a return on his/her investment.</li> <li>- The subsidies stay with the home, keeping it affordable to the next family</li> </ul>   | <p><a href="https://www.cityofchicago.org/city/en/depts/dcd/supp_info/chicago_communitylandtrust0.html">https://www.cityofchicago.org/city/en/depts/dcd/supp_info/chicago_communitylandtrust0.html</a></p> <p><a href="https://www.cityofchicago.org/city/en/depts/dcd/supp_info/affordable_housingrequirementsordinance.html">https://www.cityofchicago.org/city/en/depts/dcd/supp_info/affordable_housingrequirementsordinance.html</a></p> |
| San Francisco        | Inclusionary Affordable Housing Program | Inclusionary Zoning | 1992            | Mandatory                         | Permanent     | 12% onsite (projects with 10-24 units)<br>25% onsite (projects with >25 units)<br>20% offsite (projects with 10-24 units)<br>33% offsite (projects with >25 units) | <55% - 90%    | <ul style="list-style-type: none"> <li>- Program applies to projects of 10 or more units</li> <li>- Applies to both as-of-right projects, and those requiring zoning modifications</li> <li>- Developers can either pay an Affordable Housing Fee (fees-in-lieu) or by selling or renting a percentage of the units at a "below market rate" (BMR) price</li> <li>- Prices are targeted to low or middle income households</li> <li>- Units can be provided offsite, at a higher rate than onsite provision</li> </ul>   | <ul style="list-style-type: none"> <li>- Affordability secured through Restrictive Covenants, liens on property (for difference b/w permitted resale price and original price), and a right of first refusal for the City to purchase the units</li> <li>- Program is run by the Mayor's Office of Housing, which determines appropriate resale and rental rates and vets the income of potential residents</li> <li>- Developers are responsible for initial marketing and sale of units, following guidelines set out by the City</li> <li>- Resale of unit may only be to income eligible buyer at permitted resale price - a lottery system is used to determine buyer from pool of interested applicants</li> <li>- Of note, priority is given to households already living/working in the city, and to those displaced by other revitalization efforts</li> </ul> | <a href="http://sfmohcd.org/inclusionary-housing-program%20">http://sfmohcd.org/inclusionary-housing-program%20</a>   |
| Portland             | Inclusionary Housing                    | Inclusionary Zoning | Proposed (2016) | Mandatory                         | Permanent     | 10% - 20%  | 60% - 80%     | <ul style="list-style-type: none"> <li>- Affordable units must be provided onsite at a rate of 20% at 80% AMI or 10% at 60% AMI (deep affordability option)</li> <li>- In exchange for providing onsite units, developments receive a density bonus, 10 year tax abatement, exemption from parking requirements for affordable units, and reductions in development charges.</li> <li>- Offsite provision of affordable units can occur with the construction of new units or the dedication of existing units as affordable. In exchange for offsite provision, the sending site receives reduced incentives.</li> </ul>  | To be determined - likely through private sector participation as in other American cities.   | <a href="https://www.portlandoregon.gov/phb/70578">https://www.portlandoregon.gov/phb/70578</a>   |
| Seattle              | Incentive Zoning                        | Inclusionary Zoning | 2001            | Voluntary (Mandatory IZ proposed) | 50 years      | 8% - 14%   | <50% - 100%   | <ul style="list-style-type: none"> <li>- only applicable in certain zones and areas of the city</li> <li>- provision of affordable units is directly linked to additional FAR received as a density bonus.</li> <li>- commercial projects are also eligible for FAR bonuses if they provide affordable housing or childcare facilities.</li> <li>- developers can meet incentive zoning requirements two ways: a performance option, where affordable units are built on or off site; or a payment option, where fees are paid to support the development of affordable units.</li> <li>- specific affordability targets and rates may be negotiated at council</li> </ul> | <ul style="list-style-type: none"> <li>- Developer responsible for managing affordable rental units - must remit records to City annually to verify that affordability criteria are being met</li> <li>- Sales of affordable units are coordinated by the City's office of Housing, with maximum initial sales price and resale prices being restricted through restrictions placed on title</li> </ul>   | <a href="http://www.seattle.gov/housing/housing-developers/incentive-zoning">http://www.seattle.gov/housing/housing-developers/incentive-zoning</a>   |

|                       |                                   |                     |      |           |               |             |            |  |  |   |
|-----------------------|-----------------------------------|---------------------|------|-----------|---------------|-------------|------------|--|--|---|
| Davis                 | Affordable Housing Program        | Inclusionary Zoning | 1977 | Mandatory | Permanent     | 25% - 35%   | 50% - 180% | <ul style="list-style-type: none"> <li>- program has 2 streams: lower income (affordable housing program), and middle income (middle income housing program)</li> <li>- intent is to require new development to provide both affordable units (at 50% - 8-% AMI) and workforce housing (at 120% - 180% AMI)</li> <li>- specific set aside rates vary based on the size of the development - generally ranging from 25% - 35%</li> <li>- the proposed tenure of a project will change the set aside rates - affordable rental housing is required to provide a greater rate than affordable ownership projects</li> <li>- developers can choose to pay fees-in-lieu only when there is a specific hardship that affects the provision of affordable housing on site (generally only in smaller projects)</li> </ul>   | <ul style="list-style-type: none"> <li>- Affordability secured through Restrictive Covenants, liens on property (for difference b/w permitted resale price and original price), and a right of first refusal for the City to purchase the units</li> <li>- Developers handle sales of affordable units through brokers approved by City, must follow an approved marketing process, and must use legal agreements prepared by the City</li> <li>- The City sets maximum resale and rental prices on an annual basis, and ensures required process and documentation is being followed</li> </ul> | <a href="http://cityofdavis.org/residents/affordable-housing-program">http://cityofdavis.org/residents/affordable-housing-program</a>                                 |
| Montgomery County, MD | Moderately Priced Housing Program | Inclusionary Zoning | 1973 | Mandatory | 30 - 99 years | 12.5% - 15% | 65% - 70%  | <ul style="list-style-type: none"> <li>- Developments not receiving a density increase are still required to provide 12.5% of units as affordable</li> <li>- Where a density increase is proposed, the affordability requirement increases by 0.1% for every 1% density increase</li> <li>- program targets moderate income households - 60% - 70% AMI</li> <li>- income thresholds determined on a project-by-project basis</li> <li>- exemptions exist for large lot subdivisions, or projects not connected to municipal water/sewer service</li> <li>- fees-in-lieu, land provision, or off site construction are permitted alternatives to providing units on-site, but these are typically only considered in situations where other attributes of a development (i.e. HOA fees) will limit affordability</li> <li>- specific development standards are implemented to control affordable unit size and composition</li> </ul>   | <ul style="list-style-type: none"> <li>- Developers responsible for sales of affordable ownership units</li> <li>- County sets affordability standards and income levels</li> <li>- Title restrictions limit the amount of profit that can be generated upon resale during affordability period</li> </ul>   | <a href="http://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/index.html">http://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/index.html</a> |
| Burlington, VT        | Inclusionary Zoning Ordinance     | Inclusionary Zoning | 1990 | Mandatory | 40 - 99 years | 15% - 25%   | 65% - 75%  | <ul style="list-style-type: none"> <li>- Unit set aside rates are determined based on the market a proposed development is intending to serve - projects that are more affordable are required to provide fewer dedicated affordable units than projects that target a more affluent demographic</li> <li>- Incentives to developers for complying include fee waivers and density bonuses</li> <li>- Developers may choose to construct affordable units offsite, but the provision rate is increased (i.e. more units must be provided than if built on-site)</li> <li>- Fees-in-lieu are also accepted as an alternative, but only on sites where provision of affordable units would be challenging</li> <li>- alternative provision of affordable units is not permitted in specific areas of the city (i.e. along the lakefront)</li> <li>- Targeted affordability period is 99 years or permanent, however developers may request that this is reduced to no less than 40 years to improve project feasibility</li> </ul> | <ul style="list-style-type: none"> <li>- City sets maximum annual rents for affordable rental properties</li> <li>- Champlain Housing Trust (a Community Land Trust) is responsible for management of affordable units and coordination of resale process</li> <li>- This model ensures that affordable ownership units are retained</li> </ul>  | <a href="https://www.burlingtonvt.gov/CEDO/Inclusionary-Zoning">https://www.burlingtonvt.gov/CEDO/Inclusionary-Zoning</a>   |

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## GLOSSARY OF KEY TERMS

**Affordable Housing** - generally considered to be housing that costs less than 30% of household income, however for this paper is considered to encompass a broad spectrum of housing options, ranging from supportive to near market-value housing, with the understanding that varying levels of affordability are required to provide adequate housing opportunities within communities.

**Area Median Income (AMI)** - a measure of the average income within a specific area, that is subsequently used to define the affordability of housing.

**Canada Mortgage and Housing Corporation (CMHC)** - the federal government department responsible for affordable housing policy and funding. Initially founded in 1946, the CMHC has played a varied role in the development of affordable housing across the country.

**Community Benefit Agreement (CBA)** - a policy tool used to counteract the potential impacts of redevelopment or infrastructure projects and to obtain community acquiescence. These benefits often include jobs, skills training, or affordable housing.

**Density Benefit Agreement (DBA)** - a policy tool used to generate tangible community benefits from new development in exchange for permitting additional density. These benefits can be provided on or off site, and may also consist of payment of fees-in-lieu.

**Fees-in-lieu** - an alternative performance option for developers when they are required to provide affordable units or other benefits. Payments are often contributed to general funds, but may also be assigned to specific projects.

**Inclusionary Zoning (IZ)** - a policy tool that aims to generate affordable housing units by requiring the provision of a set ratio of units within a development. These policies may be voluntary or mandatory, and the number of units provided may be tied to additional development rights.

**Section 37** - a policy tool in Ontario that is set out in the Planning Act, which allows municipalities to request that developers provide community benefits in exchange for additional development rights. These agreements are negotiated on a project specific basis, and the provision of benefits varies. Examples of community benefits

provided under Section 37 include privately owned public spaces (POPS), funding for community initiatives, or affordable housing.

**Toronto Community Housing Corporation (TCHC)** - the organization responsible for operating the majority of publically owned affordable housing units in Toronto. Formed in 2002 from a merger of a number of housing providers, TCHC manages units in over 2100 buildings.