

Inclusionary Zoning (IZ) Information Sessions



Bindu Shah, Shannon Brooks-Gupta & Claudia LaRota

City of Brampton

Information Sessions
August 16 & 23, 2022

Land Acknowledgement

We respectfully acknowledge that the City of Brampton is located on treaty lands and territory of the Mississaugas of the Credit and the traditional territory of the Huron-Wendat and the Haudenosaunee. The City of Brampton is a contemporary home to many First Nations, Inuit and Metis people today. Brampton appreciates and respects the history and diversity of the land and is grateful to have the opportunity to work and meet in this territory. The City of Brampton joins with First Nation groups in partnership, friendship and reconciliation.

Housekeeping Items

- Your microphone will be muted unless called upon during the Question period
- This meeting is being **recorded**
- You can submit comments to the City by e-mail:
housing@brampton.ca

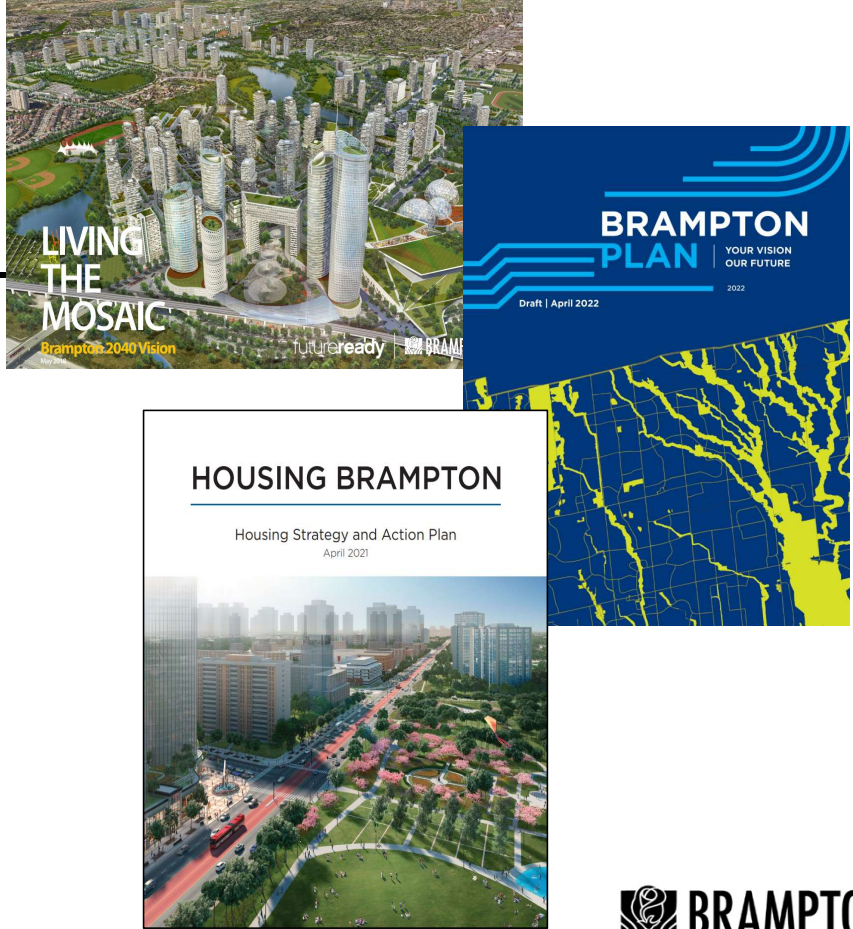
The personal information collected during this meeting is collected under the authority of the Municipal Act S.O.,2001, c.25. The information will be used for future reference and planning purposes for the City of Brampton's Planning, Building and Growth Management Department.

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Need for Affordable Housing in Brampton is Pressing

Outcomes from past engagement:

- 2040 Vision set the stage for a Brampton-made housing strategy, identifying a lack of housing choice for residents
- Housing Brampton was endorsed in 2021 to address housing challenges in the city
- Draft Brampton Plan supports innovative policies to implement a number of key deliverables of Housing Brampton



Inclusionary Zoning is a key deliverable of Housing Brampton

Six principles guiding the City's response to housing need:	How Inclusionary Zoning delivers on these principles
1. Reduce Barriers to Supply of Housing	<ul style="list-style-type: none"> • Considers local market factors to ensure that development in transit-supported locations meets and exceeds minimum intensification targets
2. Make Full Use of Regulatory Tools	<ul style="list-style-type: none"> • Leverage IZ as a new planning tool in Ontario
3. Incorporate Equity	<ul style="list-style-type: none"> • Develop an IZ policy framework that considers how residents of diverse backgrounds, incomes and situations are impacted
4. Collaborate with the Non-Profit Housing Sector	<ul style="list-style-type: none"> • Utilize partnerships, where possible
5. Advocate for the Right Housing	<ul style="list-style-type: none"> • Determine how to best meet the needs of Brampton residents
6. Demonstrate Innovation	<ul style="list-style-type: none"> • Learn from best practices while ensuring a made in Brampton policy framework

Purpose for Meeting & Agenda

Share information on the work conducted to date to prepare participants for a series of co-design, Technical Working Sessions to partner in developing an IZ framework

Agenda	Speaker
Introduction	Bindu Shah
What is Affordable Housing?	Shannon Brooks-Gupta
What is Inclusionary Zoning?	Shannon Brooks-Gupta
Legislated Requirements to Implement Inclusionary Zoning	Shannon Brooks-Gupta
Major Transit Station Areas	Claudia LaRota
Findings from Background Research & Analysis	Shannon Brooks-Gupta
Evaluating Other Cities	Shannon Brooks-Gupta
Policy Inputs to Date	Shannon Brooks-Gupta
Setting Our Intentions: Purpose for Technical Sessions	Bindu Shah

Polling Question:

Who is with us today? Are you a:

- Resident of Brampton
- Housing advocate
- Planner for a consulting firm
- Landowner
- Developer
- Government representative
- Non-profit organization representative
- Other

What is Affordable Housing?

What is Affordable Ownership?

Ownership: low- and moderate-income households spend 30% or less of annual household income on housing costs

Low- and Moderate-Income Households in Brampton are households that earn below \$115,700 annually (2021)...

....and can afford a house that costs **less than \$455,000.**

What is Affordable Rental?

Bedroom Type	Affordable Rents
Bachelor	\$1,063
1-Bedroom	\$1,423
2-Bedroom	\$1,601
3-Bedroom	\$1,714
Average	\$1,533

Brampton's 2021 Income Ownership Affordability Thresholds

Decile	Households Requiring Affordable Housing (6 th income decile and below)								
	Low Income Households			Moderate Income Households			High Income Households		
	1	2	3	4	5	6	7	8	9
Annual Household Income	\$36,327	\$53,607	\$69,047	\$83,867	\$99,353	\$115,696	\$135,092	\$159,830	\$199,264
Maximum Affordable House Price	\$143,068	\$211,124	\$271,934	\$330,301	\$391,291	\$455,656	\$533,488	\$635,334	\$797,769

Inclusionary Zoning will primarily help to deliver affordable ownership and affordable rental to moderate income households (\$83K - \$115K)

THE HOUSING CONTINUUM

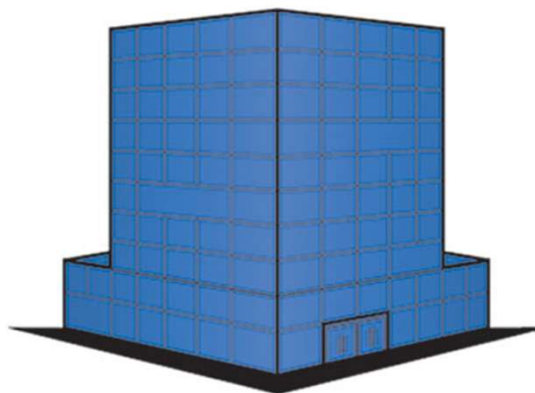


Service Manager responsibility, targeting Low Income Households (\$36K - \$69K)

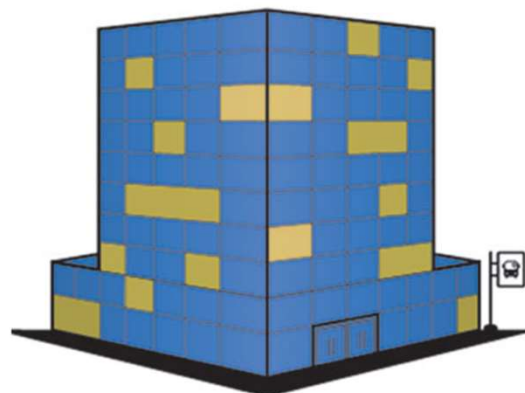
Market housing serves upper income households (\$135K - \$200K)

What is Inclusionary Zoning?

What is Inclusionary Zoning (IZ)?



Development with Market-Priced Units



Development with Market and Affordable Units

- Recently enabled planning tool under the *Planning Act* in 2018
- Supports the development of mixed income communities by requiring new developments (10 units or more) to provide affordable units
 - Only applicable in Major Transit Station Areas

Why does IZ matter?

Helps to deliver mixed-income communities

Provides affordable housing to moderate income households

Proven international planning tool that secures long-term affordability for a unit

Supports Brampton residents achieve affordable home ownership or rental housing

Legislated Requirements to Implement Inclusionary Zoning

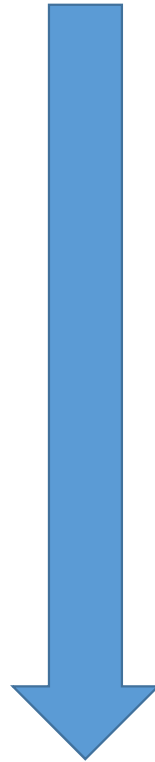
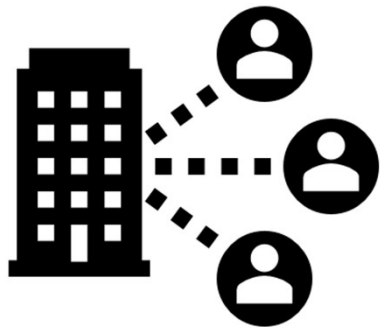
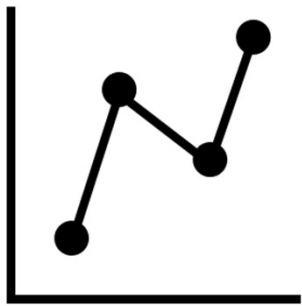
Upper levels of Government have provided the framework to enact IZ

The *Planning Act* & Ontario Regulation 232/18 identify legislated requirements to implement IZ

The Regional Official Plan Amendment directs Brampton to establish an Official Plan policy to implement IZ



Legislated Requirements for Inclusionary Zoning



Task	Status
Housing Needs Assessment	Completed April 2021
Market Feasibility Analysis	Completed December 2021
Peer Review of Market Feasibility Analysis	Completed December 2021
<i>Official Plan Amendment for IZ policies</i>	<i>Consultation Underway</i>
<i>By-law to implement IZ policies</i>	<i>Consultation Underway</i>
Monitoring/Reporting (2 years)	-
Review & Update of Assessment Report (5 years)	-

Regional Official Plan Amendment IZ Policy Framework (Policy 5.9.39)

Directive to Local Municipalities:

- Establish the minimum unit threshold and units secured for affordable housing
- Consider reduced IZ requirements where market conditions are not as strong
- Set the affordability threshold
- Reduced IZ requirements for purpose-built rental
- Transition the policy

Identifies the Region's Role:

- Collaborate in monitoring
- Update the Market Assessment Report
- Collaborate in the administration of IZ
- Partner to ensure the collection of net proceeds from the sale of units are returned to housing initiatives

Brampton's Framework must address several items

- Minimum size of development
- Project tenure
- Household incomes
- Range of unit types and sizes
- Number of affordable units or gross floor area (set aside rate)
- Affordability period
- Incentives
- Exemptions
- Permission or restriction of offsite units
- Transition period/phasing

Considerations for Policy Development:

- Increase the supply of affordable housing
- Ensure transit-supported communities and intensification of these key growth areas through IZ
- Evaluate options to make IZ feasible
- Regularly review policy to respond to market changes

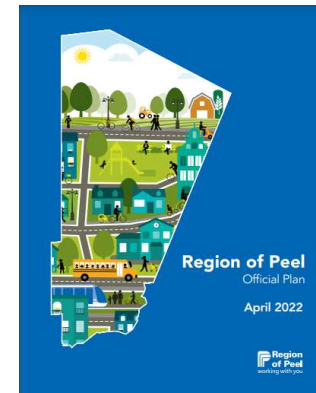


Major Transit Station Areas

Where can IZ policies be implemented?



- Section 16 of the Planning Act authorizes municipalities to implement IZ policies within protected **Major Transit Station Areas (MTSAs)**



- Peel Region's Official Plan identifies locations, boundaries and minimum density targets of protected **MTSAs**.
- Requires Brampton to identify land uses, minimum densities and heights.

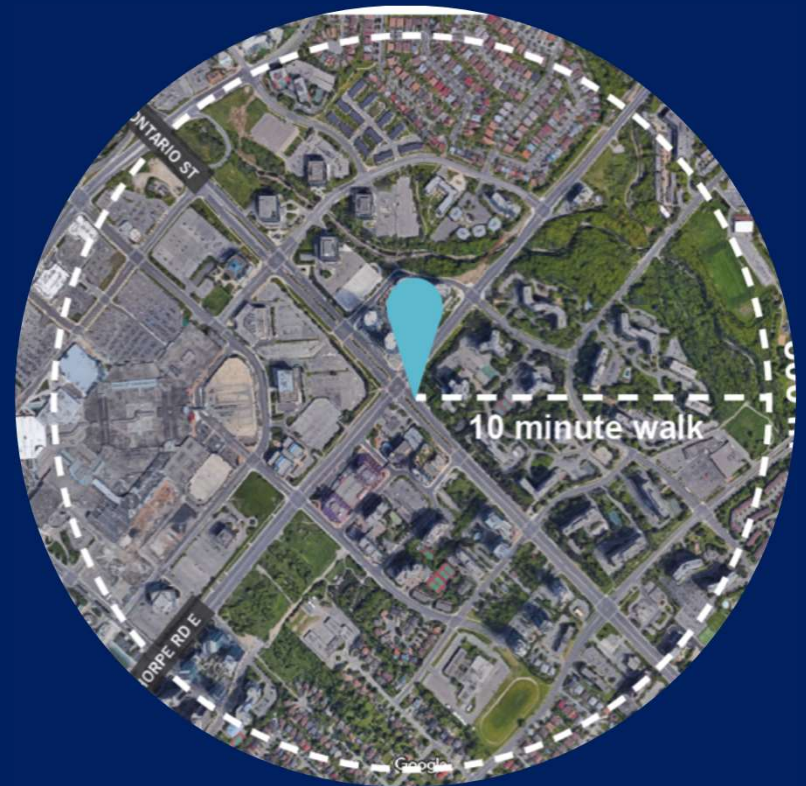
WHAT IS A MTSA?

The area around existing or planned higher order transit station:

- Light Rail Transit (LRT)
- Bus Rapid Transit (BRT)
- GO Station

MTSA

500-800 meter distance



MTSA Framework

The study will:

- ✓ delineate the boundaries of MTSAAs
- ✓ determine the mix of land uses
- ✓ determine the intensity and scale of development
- ✓ rezone lands
- ✓ establish urban design guidelines



Density Targets

URBAN GROWTH CENTRE



**200 residents + jobs
per hectare**

LIGHT RAIL TRANSIT



160 people + jobs per hectare

BUS RAPID TRANSIT



GO TRANSIT



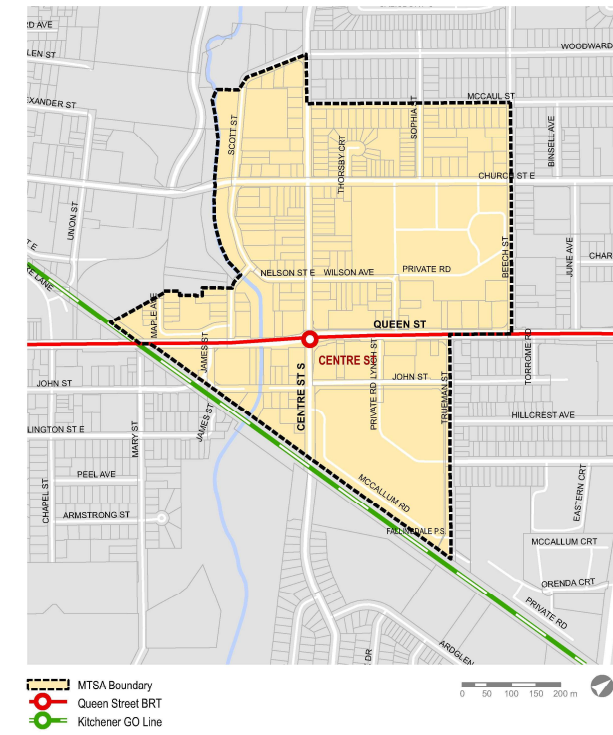
**150 residents + jobs
per hectare**

28 MTSA in Brampton

CITY OF BRAMPTON
MAJOR TRANSIT STATION AREAS



MAJOR TRANSIT STATION AREA QUE-1: CENTRE STREET



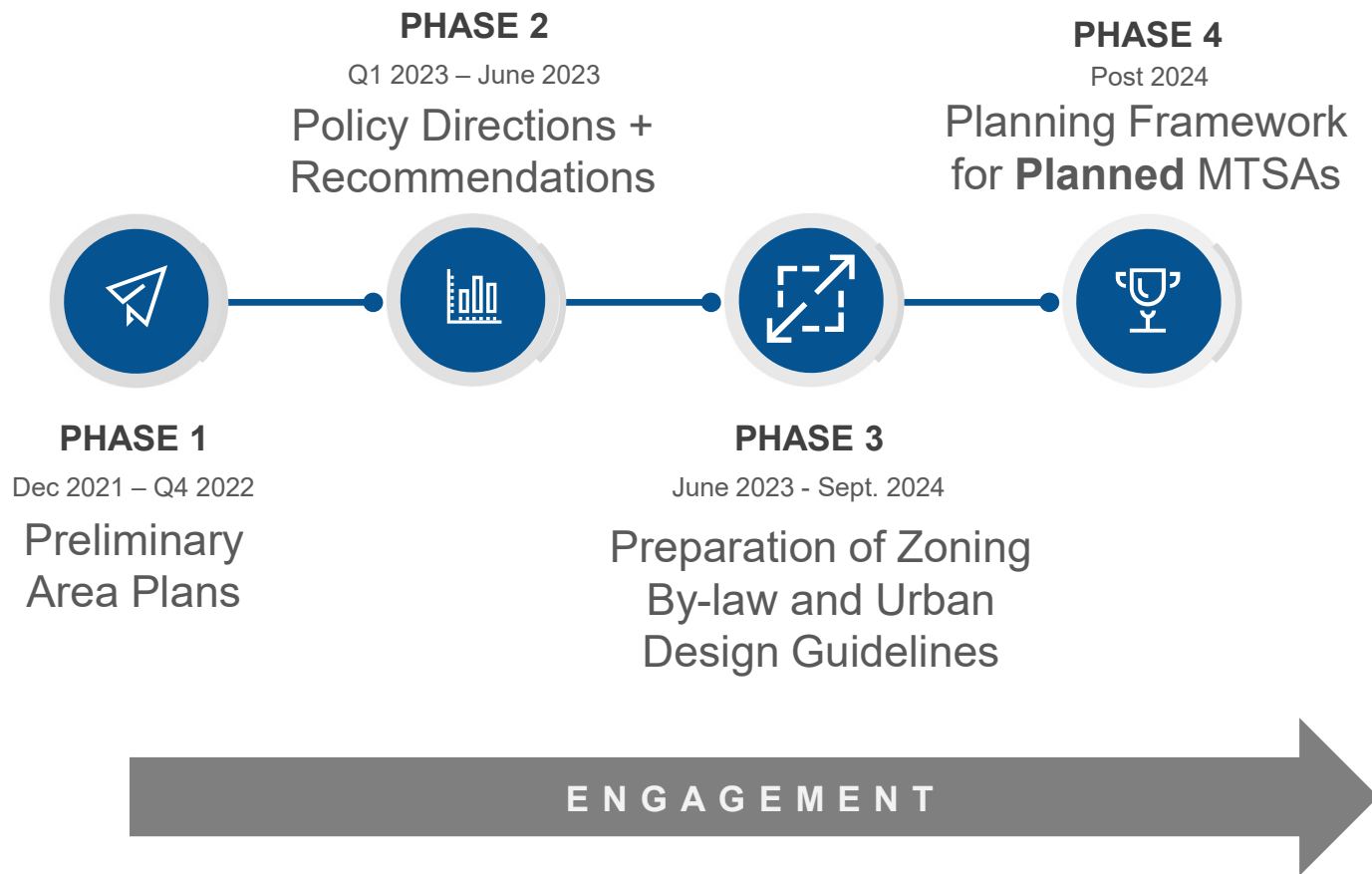
Kitchener GO Line

Hurontario LRT

Queen St. BRT

Others

MTSA Project Timeline



**Findings from
Background Research & Analysis**

Housing Needs Assessment



Housing Supply:

- Peel Region is experiencing rapid population growth and needs increased supply of housing
- Low supply of affordable options has led to a growing challenge of homelessness and housing instability

Housing Demand:

- Large growth in families with children, leading to a growing need for larger-size units
- Rental housing supply is not keeping up with demand
- House prices and average market rents in Peel Region are increasing at a much higher rate than household incomes

Affordable Housing Need:

- Need for a more diverse housing supply
- Increasing the supply of market rental units, including larger units is necessary
- Affordable ownership for moderate income households is a growing challenge

Market Feasibility Analysis

- Applied the Residual Land Value Model, a reputable pro forma analysis approach
- Reduced land value absorbs the cost rather than transferred to market units
 - Developers will pay less for the land
- Landowners need to be incentivized to sell based on a variety of factors
 - Uplift in land value occurring from infrastructure investments is a key component of delineated MTSAs

A) Revenue

B) Costs

C) Profit

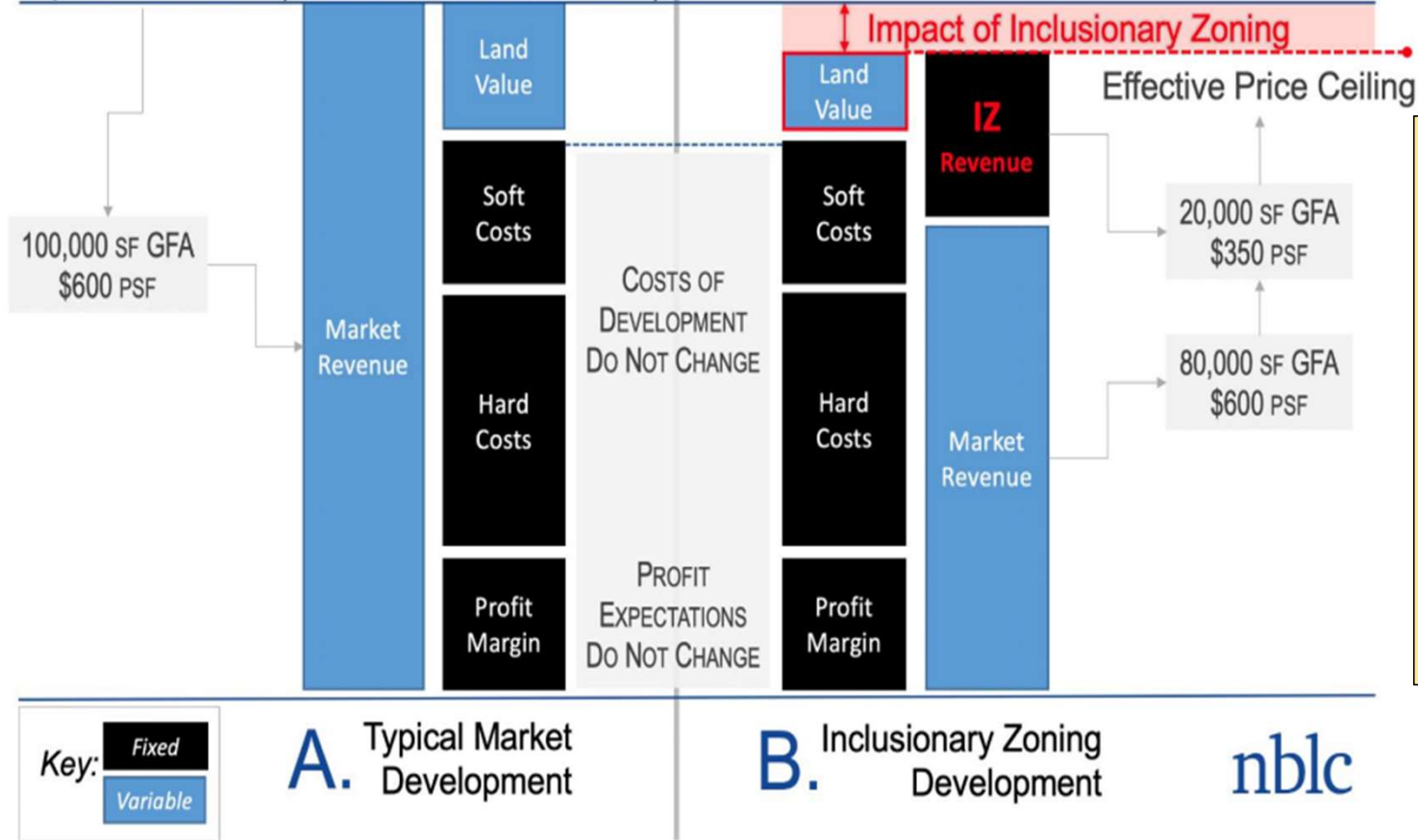
$$A - B - C = D$$

D= Residual Land Value

For IZ to be successful, market development must remain feasible
(considered minimum 15% profit)

Economics of Inclusionary Zoning

Equilibrium Price (max that market can bear)



A project is considered **viable** when the Residual Land Value (RLV) is equal to or higher than the asking price of land in the market.

A project is considered **unviable** when the Residual Land Value (RLV) is below the asking price of land in the market.

Source: NBLC, 2021.



Feasibility Analysis Assumptions & Findings

NBLC Study Assumptions:

- Set aside rate of 10%
- 25 years affordable or affordable in perpetuity (99 years)
- Financial incentives not applied (exception of Downtown Brampton, with 50% DC Waiver and floodplain mitigation)
- Affordability requirements:
 - Ownership: Incomes \$80K - \$110K (Deciles 4-6)
 - Rental: 100% Average Market Rents

Findings

- Each MTSA = different approach
- Phasing / transition policy is strongly encouraged
- Stronger market areas may not require incentives
- Consider offsets for weaker market areas
- Purpose-built rental shows limited viability



Sample Feasibility Findings for Brampton

Testing IZ for Condominium Developments in Four MTSA's

- Used parameters identified by NBLC at that time based on current market conditions
- Only considered the incentives provided in Downtown

Mount Pleasant (9 Storeys)
= IZ Feasible

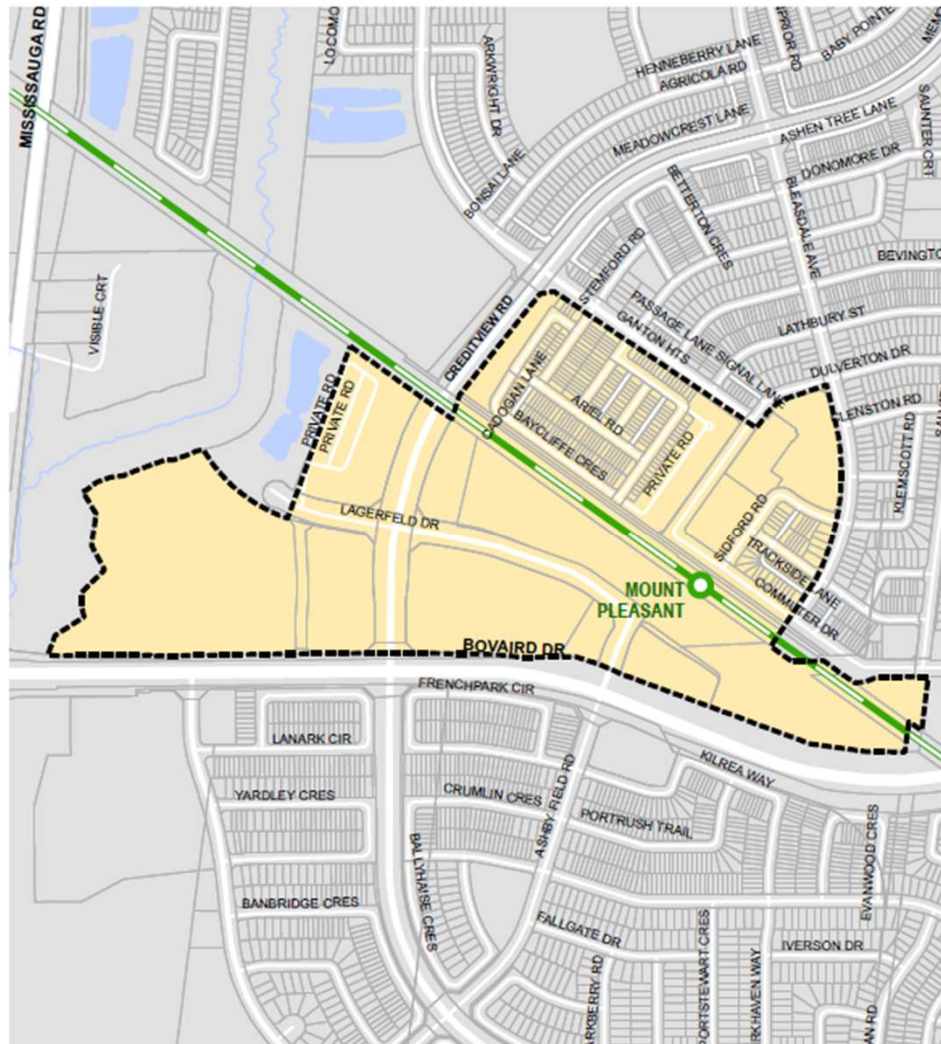
Gateway Terminal (27 Storeys)
= IZ Challenging

Downtown Brampton (10 / 39 Storeys)
= IZ Feasible

Bramalea GO (21 Storeys)
= IZ Challenging

**Markets can change rapidly and strengthen over time,
making IZ feasible in once challenging markets**

MAJOR TRANSIT STATION AREA KIT-4: MOUNT PLEASANT



 MTSA Boundary
 Kitchener GO Line

Case Example: Mount Pleasant

Prototype Context

Site Area	0.7 acres
# of Storeys	9
# of Units	189 units
Gross Floor Area (GFA)	170,783
Average Unit Size	750
Parking	1.2 (both resident/visitor parking)
Price per square foot	\$800
Condo parking price	\$35,000

Case Example: Mount Pleasant

Results of RLV Pro Forma Testing - Underutilized Land Use and Value Vacant Commercial (*\$1.24M) & Vacant Residential Land (*\$1.33M)		
Condo Development	Current Policy – **\$6.16M	Viable
	IZ Affordable Ownership - **\$4.40M	
	IZ Affordable Rental, 25 years - **\$4.65M	
	IZ Affordable Rental, In perpetuity - **\$3.70M	
Purpose- Built Rental Development	Current Policy - **(-\$7.22M)	Challenge
	IZ Affordable Rental, 25 years - **(-\$8.31M)	
	IZ Affordable Rental, In perpetuity - **(-\$9.37M)	

***As-Is-Where-is Land Value**
****Residual Land Value**

NBLC Report Recommendations



Markets need time to adjust



Consider offsets in weaker/moderate market areas



Balance IZ Goals with broader development objectives



Develop a Framework for Implementation and Evaluation

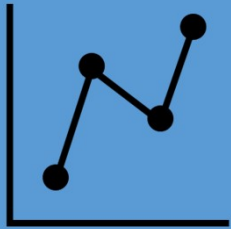
Peer Review Findings



urbanMetrics identified:

- RLV approach applied correctly
- Role of communication, education and outreach in implementation
- Gradual implementation is important

Peer review confirms RLV approach is reasonable for understanding market impacts of implementing IZ in Peel Region



Additional Testing & Analysis

- Currently being finalized and will be used during the Technical Working Sessions
- Looked at additional parameters impacting the viability of IZ in different markets, including:
 - 5%, 10% and 20% set aside rates
 - Role of Density:
 - Impact of additional density on viability for a project
 - Unit mix to support need for larger-size units in Brampton:
 - 50% larger-size units (40% 2-bedroom/2-bedroom + den; 10% 3-bedroom or more)
 - Current market conditions
 - Impact of condo fees on affordability of a unit

Evaluating Other Cities Inclusionary Zoning Policy Frameworks

Benchmarking

When the Province implemented IZ in Ontario, many of the best practices were integrated into the regulatory framework under the *Planning Act*.



Lessons Brampton can learn from other Cities:

- Different requirements depending on the size of the development (Los Angeles County)
- Providing for deeper levels of affordability would lead to lower set aside rates (New York City)
- If providing offsite units, a larger number of affordable units need to be provided (San Francisco)



Comparing Toronto & Mississauga

	City of Toronto	City of Mississauga
Set Aside Rate *Both scale up over time to allow market transition, dependent on market area and if affordable ownership or rental	5 - 10%	1.5 - 10%
	None for purpose-built rental	None for purpose-built rental
Development Size	100 units or more	50 units or more
Affordability Period	99 years	30 years for affordable rental 99 years for affordable ownership
Provision of Offsite Units	At the discretion of the City/ subject to criteria	At the discretion of the City/ subject to criteria
Financial Incentives	N/A	N/A

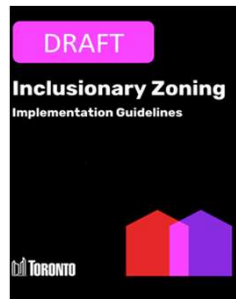
Toronto's Inclusionary Zoning Policy

Market Areas	Condominium Apartment Developments - 2022 Requirements (identified as a % set aside rate of total Gross Floor Area)	
	Affordable Ownership	Affordable Rental
Strong	10%	7%
Moderate	8%	6%
Weak	7%	5%

*Purpose-built rental developments not yet viable – implement in 2026

Example: # of Affordable Units in a New 300 Unit Condominium

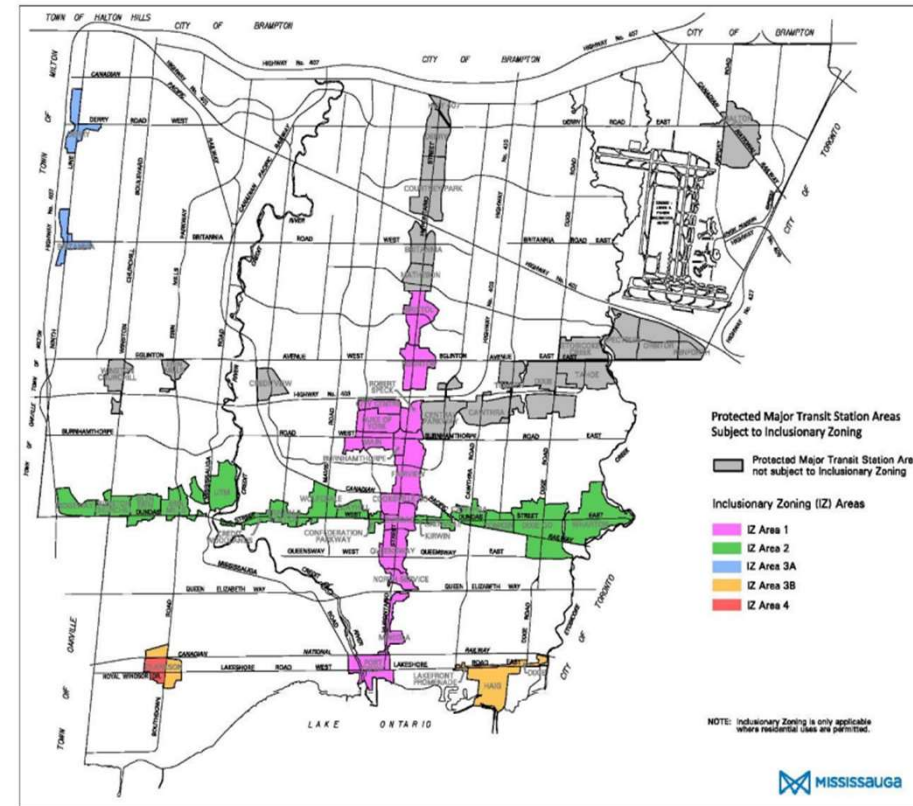
2022 Requirements		
Market	Ownership	Rental
Strong	30	21
Moderate	24	18
Weak	21	15



2030 Requirements		
Market	Ownership	Rental
Strong	66	48
Moderate	51	36
Weak	33	24

Mississauga's Inclusionary Zoning Policy

IZ Area	Tenure of Affordable Housing Units	Applies 2023	Applies 2024	Applies 2025
IZ Area 1	Ownership	4%	7%	10%
	Rental	2%	3.5%	5%
IZ Area 2	Ownership	3%	5%	7%
	Rental	1.5%	2.5%	3.5%
IZ Area 3A/3B	Ownership	3%	4%	5%
	Rental	1.5%	2%	2.5%
IZ Area 4	Ownership	10%	10%	10%
	Rental	5%	5%	5%



Policy Inputs to Date

Objectives for Developing IZ Policies:

- Create transit-oriented, mixed income and complete communities
- Deliver diverse housing options by increasing the supply of affordable housing units
- Long-term affordability maintained
- Principles of equity and inclusion are integral to the policy



Conformity Requirements

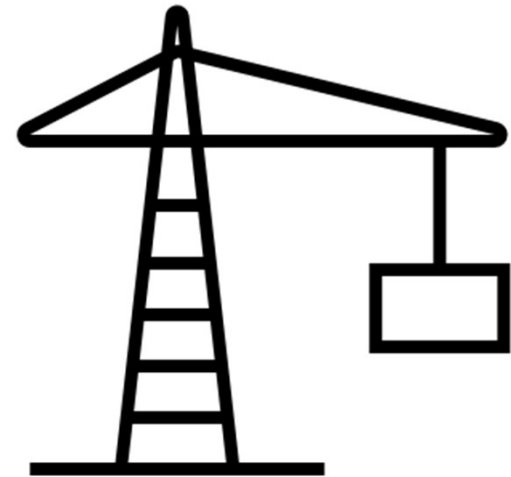
Official Plan Policies must address (O. Reg 232/18)	Brampton's Policies will identify:
Location / Area for IZ	<ul style="list-style-type: none"> • Applicable in all delineated Primary/Secondary Major Transit Station Areas in Brampton
Range of Household Incomes	<ul style="list-style-type: none"> • Affordable to moderate income households <i>*Explore opportunities for greater depths of affordability</i>
Price/rent of affordable housing unit	<ul style="list-style-type: none"> • Consistent with the measuring and monitoring undertaken for the Peel regional market area
Monitoring Units	<ul style="list-style-type: none"> • The City is working with the Region and other local municipalities in Peel to set up a framework to monitor and administer the units
Who is exempt from IZ?	<ul style="list-style-type: none"> • Non-profit housing providers are exempt • If a request for an Official Plan Amendment and an application to amend the Zoning By-law was made on or before the day the IZ policies were adopted by Council with: <ul style="list-style-type: none"> • an application for an approval of a plan of subdivision or • Approval of a description or amendment under s. 9 of the Condominium Act

Areas Requiring Consultation

Minimum Size of Development

Size of Development or Redevelopment Project:

- Projects proposing a certain number of units will be required to deliver IZ
- Regulation identifies that only developments/redevelopments with 10 units or more can have IZ applied
- Case Examples:
 - Toronto: 100 units or more
 - Mississauga: 50 units or more



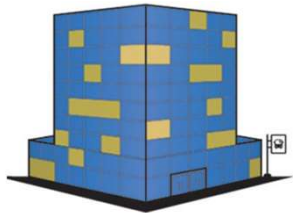
Tenure of Development and Units

- Purpose-built rental developments are not viable at this time
- Condominium developments are the only viable option as they provide:
 - Affordable ownership
 - Affordable rentals
- Through the findings, affordable rental seems to be more challenging for a project than affordable ownership

Staff are considering that purpose-built rental developments be exempt from IZ and different set aside rates be provided for affordable ownership and affordable rentals in condominium developments.

How many affordable units should be provided in new developments/redevelopments?

The set aside rate is the key metric we are trying to identify, which can be provided in the percentage of units and/or in Gross Floor Area of the development...



...it determines the percentage of the building area that is required to be affordable.

Policy Considerations:

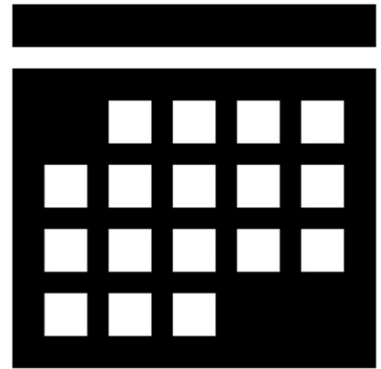
- Impacts the number of new affordable units in Brampton
- The land use planning framework, location and strength of the market all are factors to consider in what will be viable (different rates for different areas?)
- Set aside rate can change over time - long-term nature of this policy framework requires regular updates

How long should units stay affordable?

In early stages of discussing IZ in Brampton, it was determined that maintaining the long-term affordability of the unit was a key principle in developing the framework

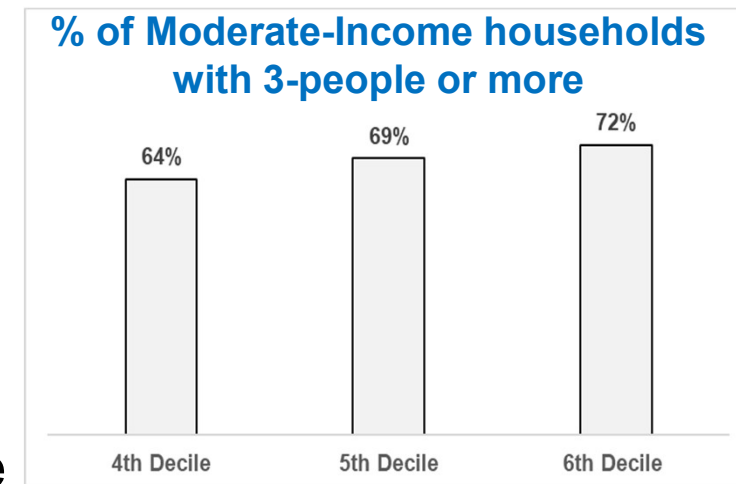
Policy Considerations:

- Goal is to maintain affordability in perpetuity
- Maintaining a state of good repair for the building
- Long term administration of the unit:
 - For an ownership unit when sold, the regulation provides a way for the municipality to receive a portion of the net proceeds from the sale
- Impacts of Condominium fees to overall affordability, especially over time



What should the range of unit sizes be?

- Through the IZ policy, the types and sizes of units can be identified
 - This includes the % of affordable units to be 1-bedroom, 2-bedroom and 3-bedroom in size
- For moderate income households in Brampton, close to 70% of households have 3 people or more



Policy Considerations:

- 50% be larger-size units (2-bedroom or more)
- 10% of those units be 3-bedroom or more



Should we allow for offsite units?

O. Regulation 232/18 identifies that offsite units may be provided, subject to restrictions:



Needs to be an Official Plan that sets out the conditions where they would be permitted



Must be in proximity to the development or redevelopment



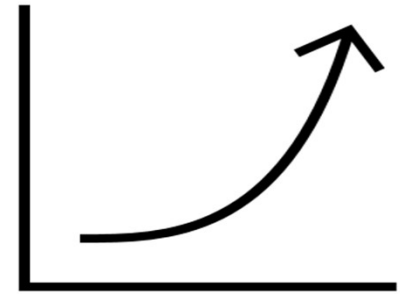
Land must be subject to the Inclusionary Zoning By-law



Cannot be used to satisfy the requirement for units for the offsite development/redevelopment

How do we phase in the policy framework?

Many other municipalities have "ramped up" their policies over time, helping the markets to transition.



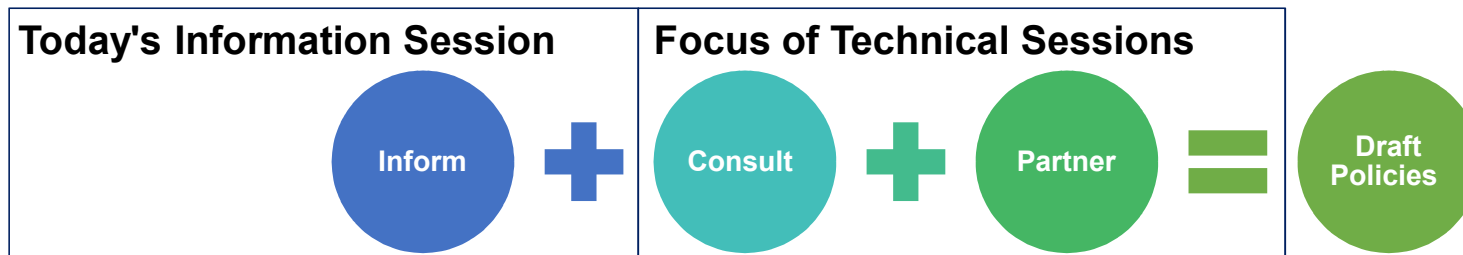
What is the best approach for Brampton?

- Provide incentives to support viability in weaker markets now or wait until the market is stronger to require affordable units?
- Lower set aside rates now that annually increase over time?

Setting Our Intentions: Purpose for Technical Sessions

A Collaborative Approach to Policy Development

Due to the economic and social implication of IZ, a co-design approach to developing the policy framework has been chosen.



Inform = provide relevant information to support residents and stakeholders in providing informed feedback

Consult = gather feedback based on this informed perspective, listening to differing perspectives to effectively understand everyone's collective starting point or knowledge on the matter

Partner = partner together with stakeholders to finalize a path forward for the IZ policy framework

Technical Working Sessions

Purpose of Technical Working Sessions:

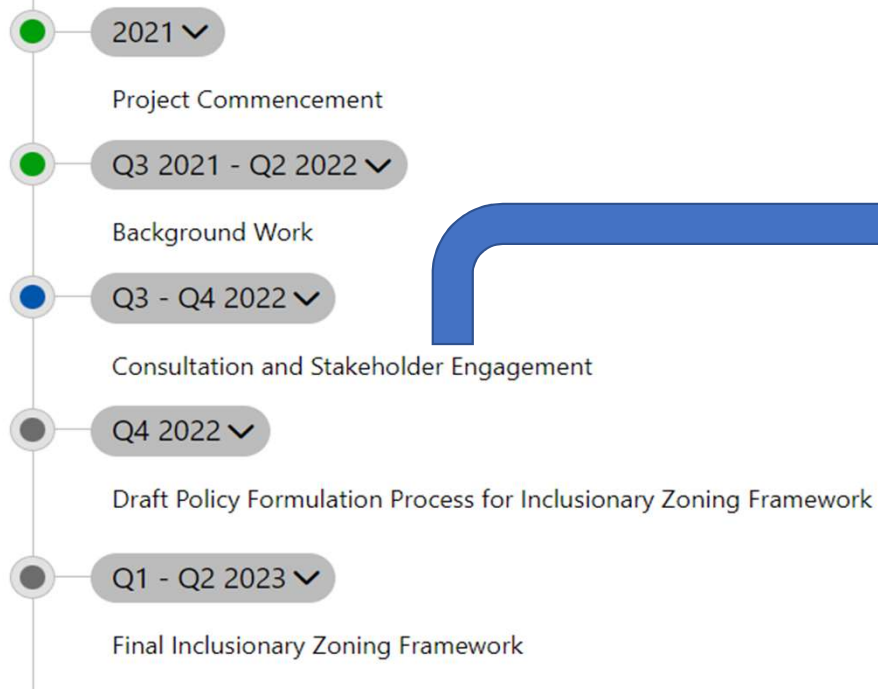
- Co-design approach
- Involve stakeholders/participants from a wide range of backgrounds and industries, using their knowledge and expertise to inform the policy development process
- Share the additional analysis and review background work conducted to date as a basis for formulating the draft policies

Expected Deliverables:

- Stakeholder engagement summary
- Clear path forward for draft policies well informed through transparent engagement
- Finalize draft policies to share through the Statutory Public Meeting

Next Steps in the Process

Project Timeline



VIRTUAL WORKSHOPS	
INFORMATION SESSION - AUGUST 16, 2022 Time: 10:00am - 12:00pm The City of Brampton is hosting an Information Session on Inclusionary Zoning.	*RESCHEDULED* INFORMATION SESSION - AUGUST 23, 2022 Time: 6:00pm - 8:00pm The City of Brampton is hosting an Information Session on Inclusionary Zoning.
TECHNICAL CONSULTATION - SEPTEMBER 9, 2022 Time: 10:00am - 12:00pm Technical Working Sessions will be held in September to bring together a wide range of stakeholders to provide their input and feedback.	TECHNICAL CONSULTATION - SEPTEMBER 26, 2022 Time: 2:00pm - 4:00pm Technical Working Sessions will be held in September to bring together a wide range of stakeholders to provide their input and feedback.
TECHNICAL CONSULTATION - SEPTEMBER 29, 2022 Time: 6:00pm - 8:00pm Technical Working Sessions will be held in September to bring together a wide range of stakeholders to provide their input and feedback.	

Technical Working Sessions:

- Throughout the month of September
- Sessions can be registered through [Brampton.ca/IZ](https://brampton.ca/IZ)

Polling Question:

Did you find this information session helpful?

- Yes
- No
- Somewhat

Please explain briefly what else you would like information on.

Staff Contacts for IZ in Brampton

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[Brampton.ca/IZ](https://brampton.ca/IZ)

Questions?