



August 2022

CITY OF MISSISSAUGA INCLUSIONARY ZONING POLICY: *What do people want?*



Context

The city of Mississauga in its report dated January 24, 2022 states that Mississauga's purpose-built rental unit vacancy rate is 2.4% and has remained below 3% in recent years, indicating low supply. Further, it notes that while Mississauga's middle-income renter households can generally afford to pay \$1,500 / month, the rents have increased in the current housing market. Hence, it says that without intervention, a significant segment of residents will continue to struggle to find housing that is suitable and affordable.

A recent report by Bullpen Research and Consulting showed that Mississauga had the GTA's highest average rent increase for condominium rentals — a 25 per cent year-over-year jump to \$2,820 per month in June 2022.

Low- and moderate income renters in Ontario face severe hardship as the housing crisis continues to worsen. The province of Ontario passed a provincial Inclusionary Zoning legislation in 2018 that authorizes cities to require developers to deliver affordable housing units in new developments. Many places across North America including Montreal, Vancouver, New York City, San Francisco, Boston, Chicago, Los Angeles, Portland, and others have implemented IZ policy to ensure provision of affordable housing.

About ACORN

Peel ACORN (Association of Community Organizations for Reform Now), is a membership based community union made up of low- to moderate-income people. Founded in 2004, ACORN Canada is a national, independent, membership-based organization with 160,000+ members in 24+ neighbourhood chapters across Canada.

ACORN believes that social and economic justice can best be achieved with a city-wide membership who are invested in their organization and focused on building community power for change.

Inclusionary Zoning - a tool to provide affordable housing

After persistent organizing and campaigning by ACORN and its allies, the province of Ontario began to introduce a legislation in 2016 enabling municipalities to establish Inclusionary Zoning (IZ) policies.

IZ is a powerful planning tool that ensures a predetermined amount of affordable housing is included in new residential developments. This tool dates back more than 40 years when it was implemented in several US jurisdictions. Given the current state of the housing crisis and its worsening situation in Mississauga, the importance of a policy such as IZ cannot be overstated. It's not the entire solution but a piece of it.

Several specific components in a IZ policy that define the requirements developers are obliged to meet:

- “Set Aside Rates” determine what proportion of a new development has to be affordable.
- “Affordability Periods” determine how long the affordable units need to remain affordable.
- “Affordability Levels” determines the rents on the affordable homes for tenants.
- “Thresholds” determine the minimum size of the developments that are required to meet inclusionary zoning requirements.
- “Incentives” outline any direct or indirect compensation offered to developers to help them meet inclusionary zoning requirements while still ensuring the project is economically viable.

Inclusionary Zoning: City of Mississauga

At this current juncture, within the powers that cities have to implement IZ, the city of Mississauga is progressing and has identified it as an important tool to realise its goals to achieve right to housing. At the same time, the city is soon going to finalize its IZ bylaw. **But, it is critical that it is done right!** This means that the policy framing as well as implementation is done in a way that is by and for the community.

Peel ACORN and allies have been pushing the city of Mississauga to adopt a strong IZ bylaw. While the City has held virtual and in-person consultations with communities and developers, at the end of the day, the people are what make the city and their demands must be met.

Draft IZ bylaw: City of Mississauga

At present, the draft IZ bylaw that is going to the Planning & Development Committee for discussion has the following features:

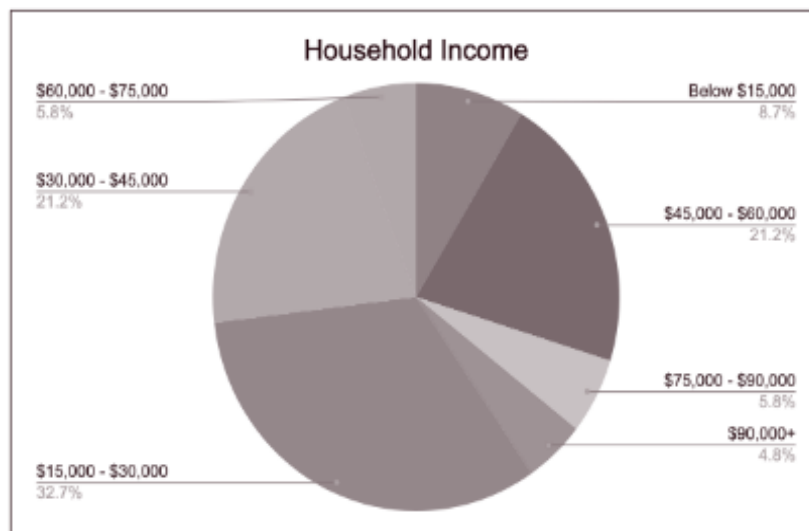
- Applies to buildings with over 50 units.
- The IZ units can be ownership or rental tenures.
- The policy will be phased out gradually, starting January 2023 to be phased out until 2025. During the phase out period, the set aside rates vary between 4 to 10% for ownership units and 1.5 to 5% for rental units depending on which area is the development happening.
- It applies only to condominium units and not to purpose built rentals.
- The period for which the units will be kept affordable varies for ownership and rental units. For ownership units, the city is considering extending the period to perpetuity. This is after a lot of pressure from community groups, including ACORN. For rental units, the affordability period that is being considered is still low at 30 years. A phase- out period of 5 years is being considered to avoid a sudden rent hike after 25 years. However, if a unit is vacated after the 25th year, the rental rate on that unit can revert to market value.
- As per the income threshold is concerned, the policy is targeted to middle-income households.
 - one-bedroom units will be priced at or below the maximum purchase price for the 4th income decile or rented at or below the maximum rent for the 4th renter income decile;
 - two-bedroom units will be priced at or below the maximum purchase price for the 5th income decile or rented at or below the maximum rent for the 5th renter income decile; and
 - three-bedroom units will be priced at or below the maximum purchase price for the 6th income decile or rented at or below the maximum rent for the 6th renter income decile.

Peel ACORN Survey: What kind of affordable housing do we want?

City staff have come out with a feasibility study that proposes these features. However, it is critical that with public consultation wrapping up and the city almost finalizing the IZ bylaw, an outside group consulted the people in Mississauga and issued a report in contrast to developer-focused consultations and feasibility studies.

Survey findings

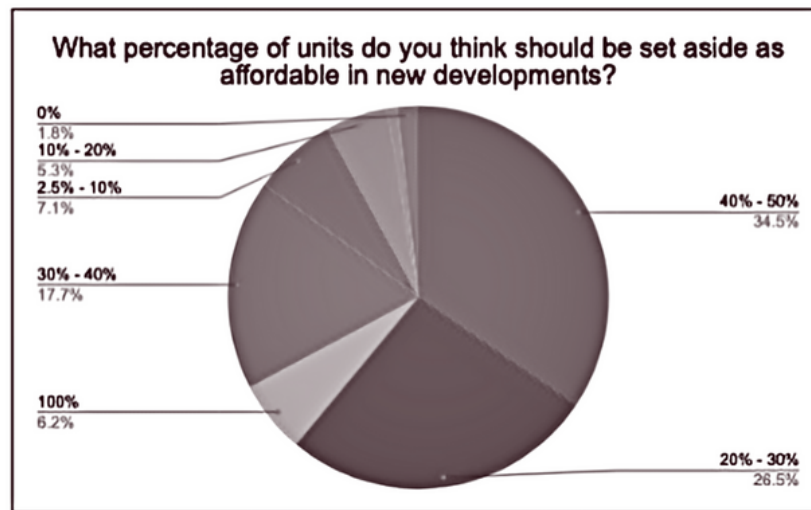
In order to understand what kind of affordable housing do people want in the Peel region, ACORN conducted a survey which was sent to the members online. Some responses were collected over the phone. The survey asked people as to what kind of affordable housing they want to see in the city. The survey is based on responses from 118 tenants from Mississauga and Brampton.



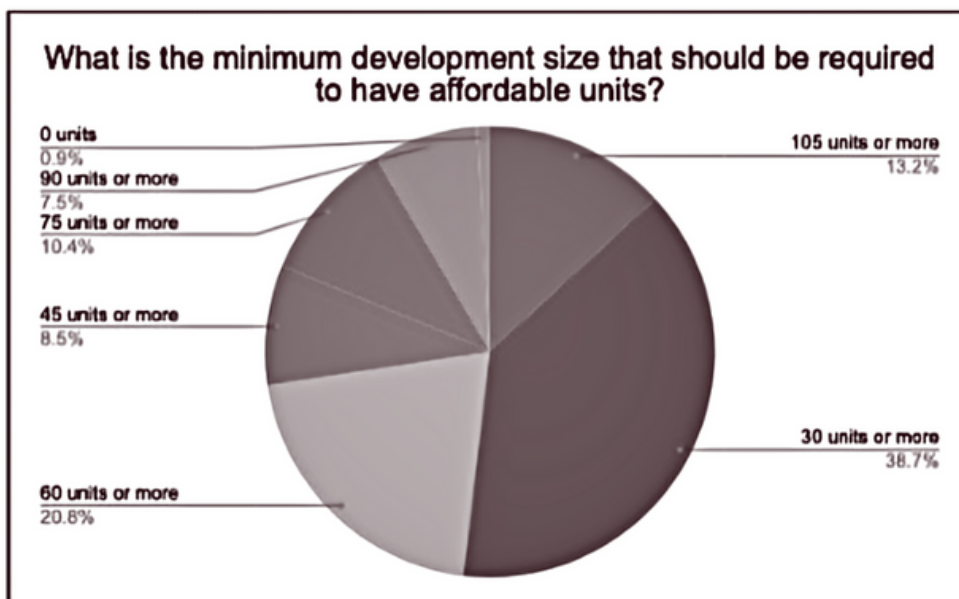
- Around a third of respondents who filled out the survey reported their annual household income between \$15,000 and \$30,000.
- Twenty one percent of the respondents have household income between \$30,000-45,000.
- Another 21% of respondents stated their income range between \$45,000-60,000.
- Very few respondents reported incomes above \$60,000.

1. What % of units do they think should be set aside as affordable in new developments?

It is clear from the survey that majority of respondents want the city to set aside more than 20% of units to be set aside as affordable. In fact, more than a third want 40-50% of units to be set aside as affordable.

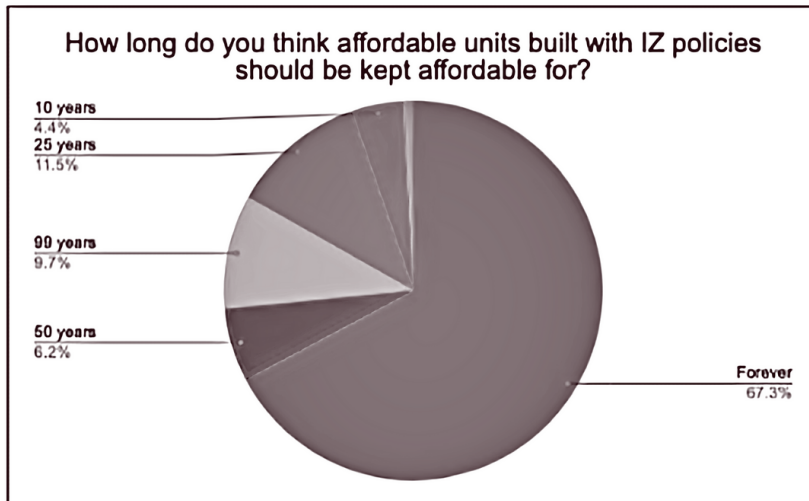


2. What % of units do they think should be set aside as affordable in new developments?



Around 40% of respondents said that they would like the minimum development size that should be required to have affordable units to be those that have 30 or more units.

3. How long should the units be kept affordable?

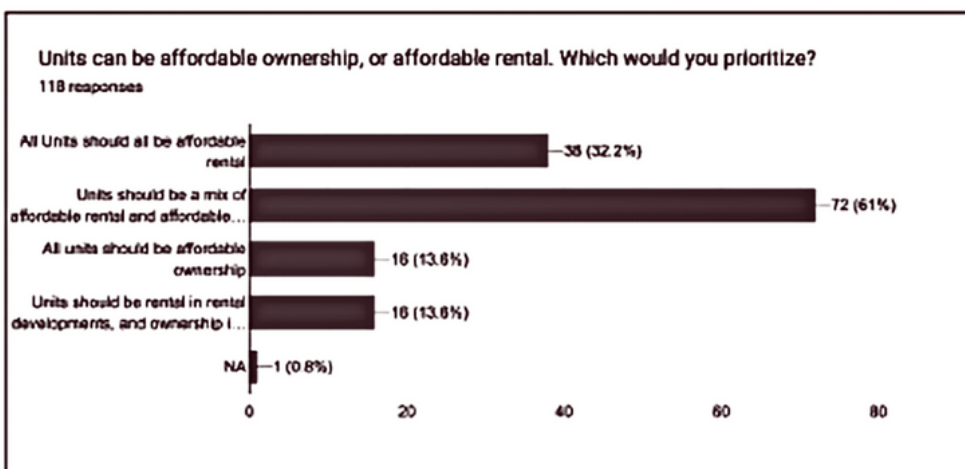


Around 70% of respondents stated that they would like the affordable units built with IZ policies to be kept affordable for perpetuity.

4. Where should IZ policies, requiring affordable units, apply?

Around 66% of the respondents said that they'd like the IZ to be applied all across the city. A negligible percentage of respondents stated that it should only apply to areas along major transit lines.

5. Units can be affordable ownership, or affordable rental. Which would you prioritize?



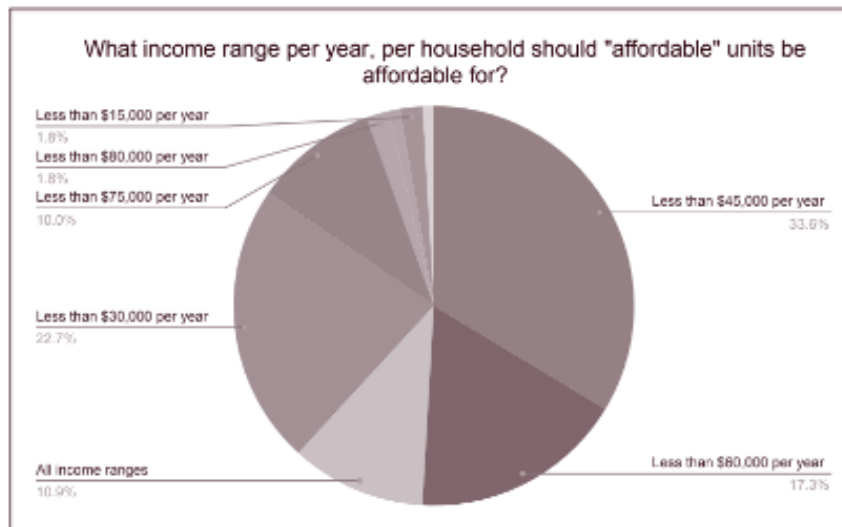
Slightly more than 60% of the respondents want the IZ units to be a mix of affordable ownership and affordable rentals.

6. What types of units should be required?

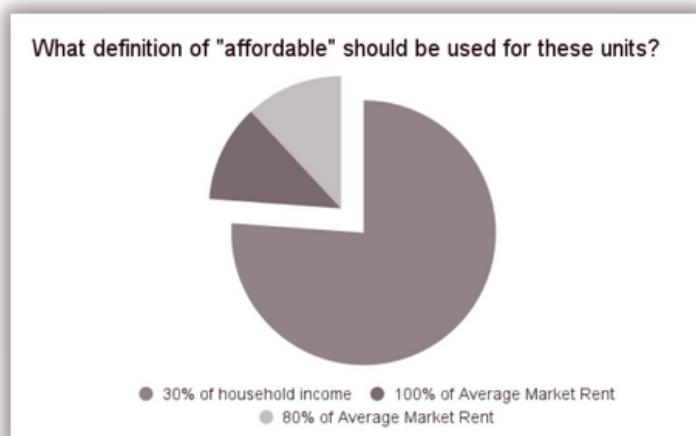
Most people mentioned that they'd like the IZ policy to build all types of units to ensure that families of all sizes are able to benefit.

7. What income range should "affordable" units be affordable for?

- Around a third of respondents would like the IZ policy to target people with household income less than \$45,000 a year.
- Roughly 20% want it to target those with household income less than \$60,000 per year.
- Another 21% of respondents would like the bylaw to target those with household income less than \$30,000 per year.



8. What definition of "affordable" should be used for these units?



Majority of the people want the definition of affordability to be based on 30% of household income.

Peel ACORN Demands

Peel ACORN has been pushing for a strong IZ bylaw in the Peel region. As the Peel ACORN survey demonstrates, the current Mississauga IZ bylaw does not reflect the kind of affordable housing that people want.

After persistent campaign by Peel ACORN and allies, the city is considering extending the affordability to perpetuity but that's limited only to ownership units. Following are the demands that are still unmet:

- **Low affordability period for rental units:** Peel ACORN strongly recommends that the period for which the units are kept affordable should be for perpetuity for both ownership and rental units.
 - We are in a chronic housing crisis which cannot be resolved in a very short period. Affordability period of 99 years or longer are most common and effective policies.
 - ACORN study shows that jurisdictions that have initially required shorter affordability periods have found a need to extend them, as the expiration of those affordability periods have produced sudden shortages of affordable housing. Research conducted by ACORN showed that Montgomery County, for example, increased its 5-year affordability period to 10 years in 1981, and then increased it again, to 99 years. Chicago, San Francisco, Davidson, North Carolina and Edmonton, Alberta - have increased their affordability periods, often in the face of pressures resulting from the expiration of affordability periods during times when housing needs remained high.
 - Furthermore, the cost for developers between 26th year and 99th year to maintain affordability is negligible and this is supported by city staff's Economic Feasibility Study document.
 - It would be detrimental for tenants to leave the units after 25 years and enter the units at market rents as well as uproot themselves from their communities.

Peel ACORN Demands

- **Low set aside rates:** Peel ACORN demands at least 20-30% of units to be set aside as affordable. While the policy is phased out and will be implemented by 2025, the set aside rates remain low, in some cases it is as low as 1.5%. Further, the set asides for ownership units is higher at 10% and rentals is at 5% which does not create a strong incentive for rentals. The City's own Economic Feasibility Study found that 10% set aside for rentals was viable for the highest zones. Every development should include the maximum amount of affordable rental housing feasible.
- **Limited types of buildings to be covered under IZ:** Currently, the policy covers Condominium ownership units only with affordability or rental tenure. However, it leaves purpose-built apartment buildings out of its purview. Many low- and moderate-income tenants live in purpose-built apartment buildings and would hugely benefit if the IZ policy is expanded to cover these buildings.
- **Limited reach:** The IZ currently covers protected MTSA's. Given the current state of housing crisis, it would be most useful if the policy is applied across the city as the ACORN survey also demonstrates the need for it.

As the city moves ahead to develop implementation guidelines and a framework to deliver and monitor affordable units, it would be critical to ensure public participation.

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